Lighting the Way to Bring Smiles to All

- Roadmap to a World of Smiles -

“10-Year Long-Term Vision" and "Medium-Term Management Plan Update"

2025/5/13

Since its "second founding" in 2020,

Sanrio has been on a V-shaped recovery path and has

continued to show robust growth.

In May 2023, as a "Value Creation Story"
we set a goal for the next 10 years of

achieving 1 trillion yen in market capitalization and

50 billion yen in operating profit,

and thanks to our fans and investors

around the world who have loved and supported Sanrio,

we were able to achieve these goals well in advance of schedule.

However, while we have achieved our numerical goals,

we still have a long way to go to realize our vision.

**We would like to redefine "what Sanrio aims to be in 10 years",
and present it as our "Long-term Vision."**

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Sanrio's 10-year Long-Term Vision

Medium-term Management Plan Update

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Sanrio's 10-year Long-Term Vision

Medium-term Management Plan Update

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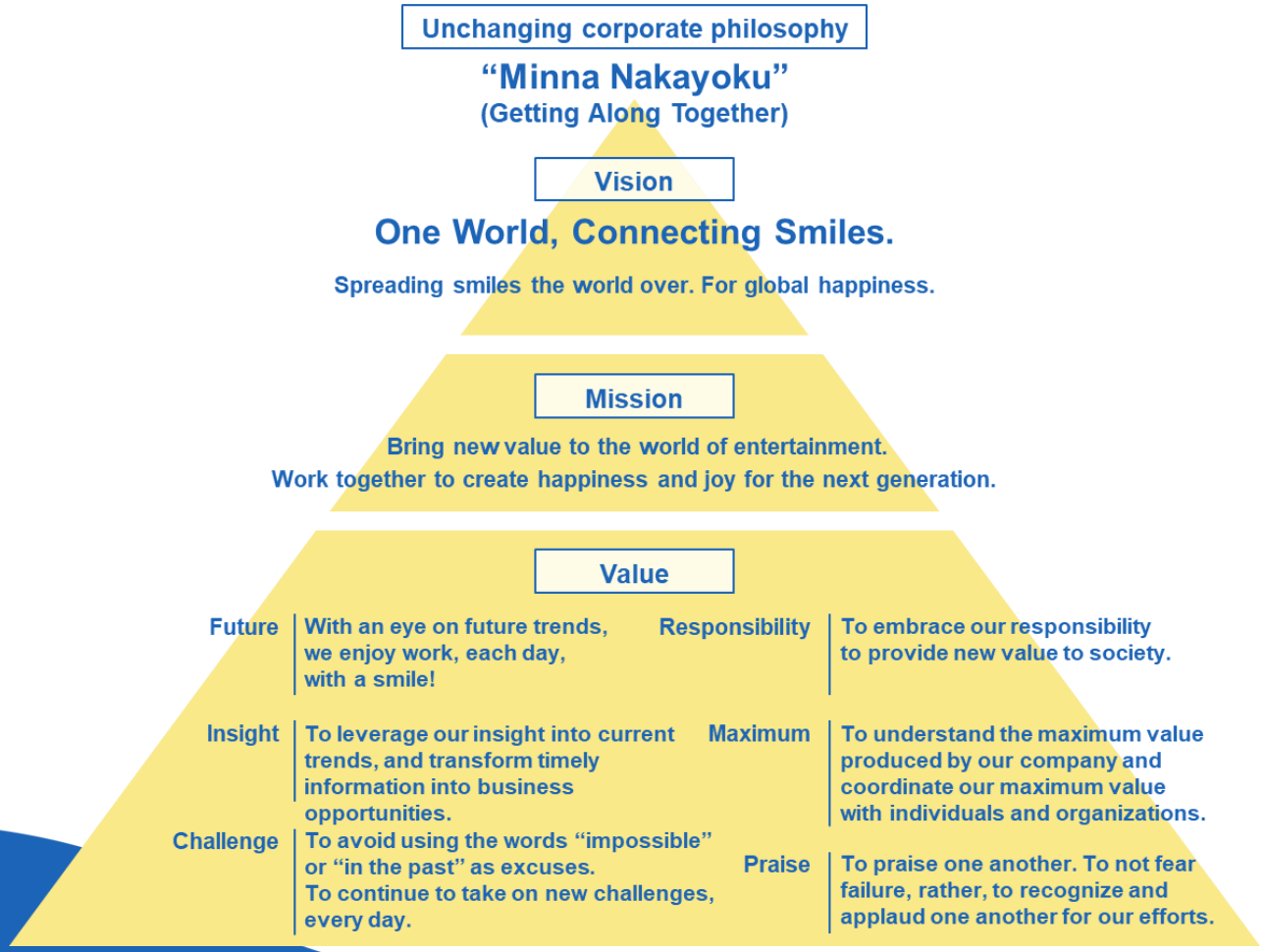
Sanrio's VMV[1]

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



Note 1: VMV = Vision, Mission and Values

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Contribute to Society through Smiles

Sanrio brings a smile (entertainment) to every moment and invites our customers to feel close to / be deeply absorbed in Sanrio content.

“Contribute to Society through Smiles”

Invites each and every customer to feel close to us and encourages customers to value themselves

Support creators inside and outside the company and activities that nurture creativity

(e.g. support for secondary creation)

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Embodiment of Our VMV[1] = more Sanrio Time

Sanrio Time measures the smiles delivered to everyone. In this past year alone, we have increased Sanrio Time 1.5 times the previous year.

Fiscal 2024: 60.9 billion hours/year

↓

Fiscal 2025: 113.6 billion hours/year

Fiscal 2024: 400 million hours/year

↓

Fiscal 2025: 500 million hours/year

Notes:
1. VMV = Abbreviation for Vision, Mission, and Values
2. Time Feeling Close to Sanrio = Calculated by multiplying the annual number of units sold by the unit time for each category
3. Time Absorbed in Sanrio = Total time spent on searches, major physical touch points, and major digital touch points

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Embodiment of Our VMV[1] = more Sanrio Time

We are taking on the challenge of transforming our business to create smiles for **as many people as possible**, for **as much time as possible.**

Objective ❶

Expand from "goods-centered" focus to delivering smiles for "as much time as possible" in each person's life

Vertical

To achieve our VMV, aim for vertical x horizontal expansion

↓

This cannot be achieved simply by expanding the customer base for merchandise.
It requires **establishing touchpoints that offer products and services that align with people's everyday lives**

↓

Evolve Sanrio's business

Horizontal

Objective ❷

Deliver smiles to as many people as possible, including those who have no contact with Sanrio at present

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Notes:
1. VMV = Abbreviation for Vision, Mission, and Values

Position of Long-Term Vision

Long-term strategy to work on over the next 10 years to achieve VMV[1]

Unchanging corporate philosophy
"Minna Nakayoku" (Getting Along Together)

Vision: One World, Connecting Smiles.

Mission: Bring new value to the world of entertainment.
Work together to create happiness and joy for the next generation.

Indicators of the degree of VM achievement
"Sanrio Time"
"Sanrio Materiality"

Values to be maintained to realize VM (Vision and Mission) = **Value**

Future, Insight, Challenge, Responsibility, Maximum, Praise

Value Creation Story

Growth strategy for next 10 years to achieve VM
"Long-term Vision"

10-year indicators
Long-term target levels

Specific strategies for next three years "Medium-term Management Plan"

3-year indicators
Medium-term KGI/KPI

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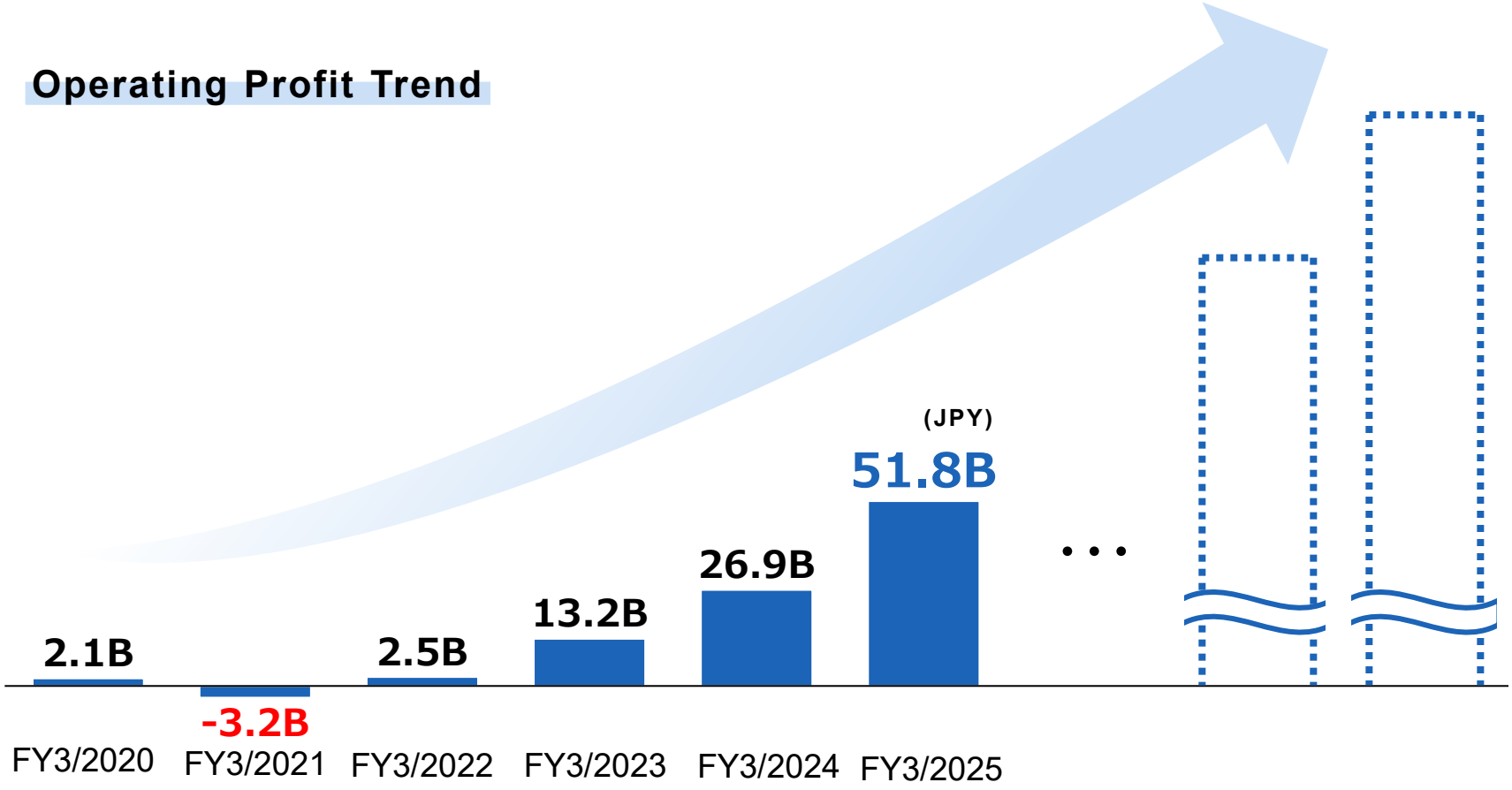
Notes:
1. VMV = Abbreviation for Vision, Mission, and Values

Review of Growth to Date

V-shaped recovery since Sanrio's "Second Foundation."
We aim to achieve record-high profits and achieve even greater heights.

Operating Profit Trend



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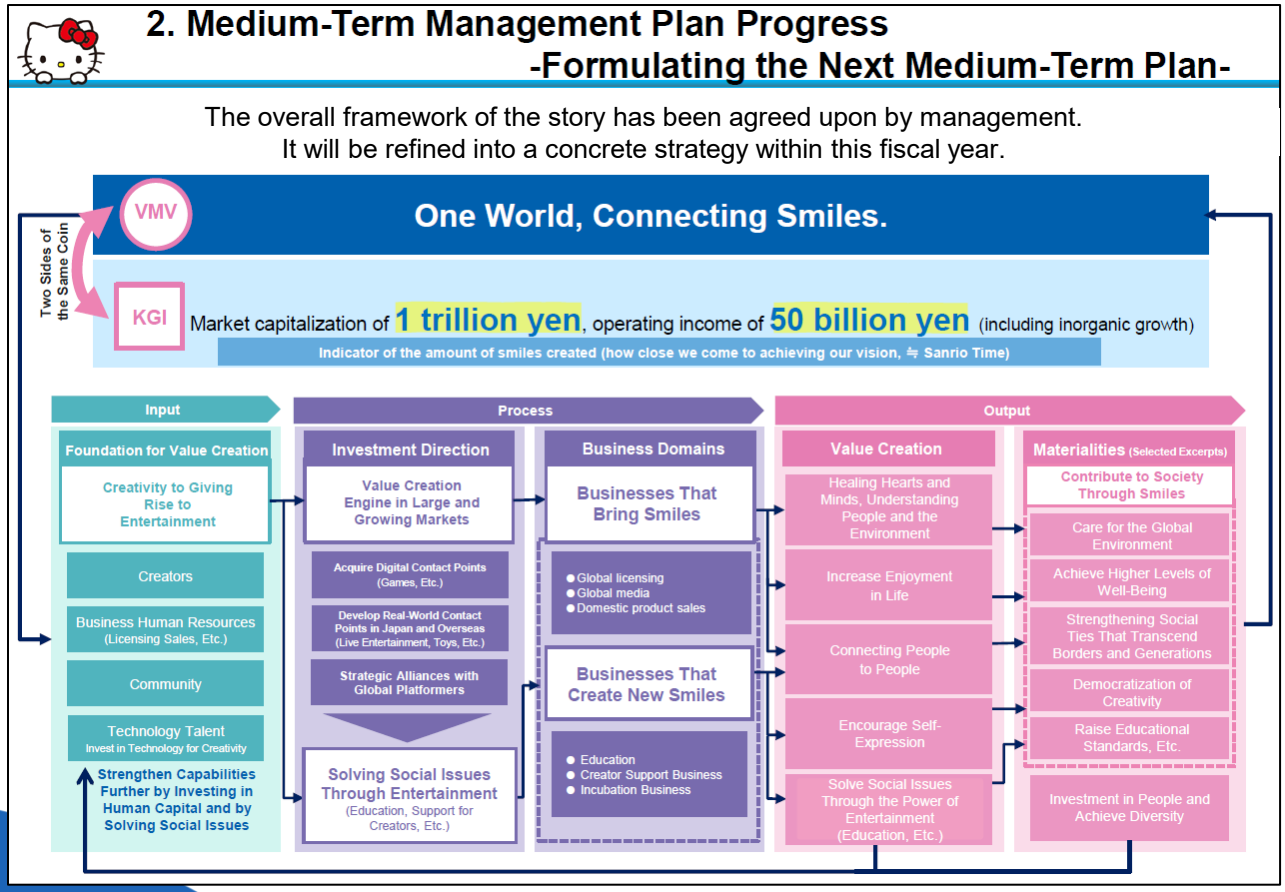
Value Creation Story Presented in May 2023

In this process, we have also succeeded in achieving the goals in the value creation story announced in 2023
10 years ahead of schedule



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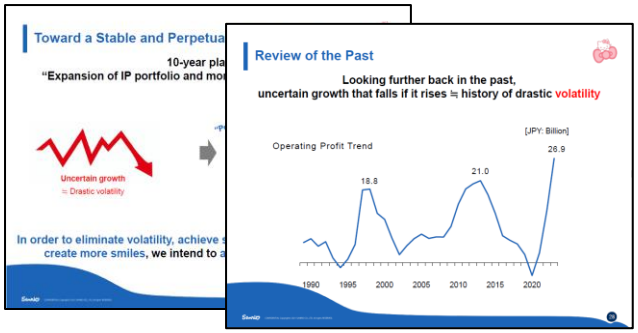
Challenges to Overcome for Sustainable Long-Term Growth

On the other hand, volatility remains a problematic issue.
Topicality, stock, and narrowness of IP in Europe and the U.S. are issues.

Awareness of issues

Unable to withstand erratic fluctuations in volatility in the past



Deep dive into issues related to volatility

Awareness of issues in background

There is still not enough buzz in Europe and the US

Growth cannot be stockpiled

A wider variety of IP assets is needed

Short- and medium-term issues ⟷ **Medium- and long-term issues**

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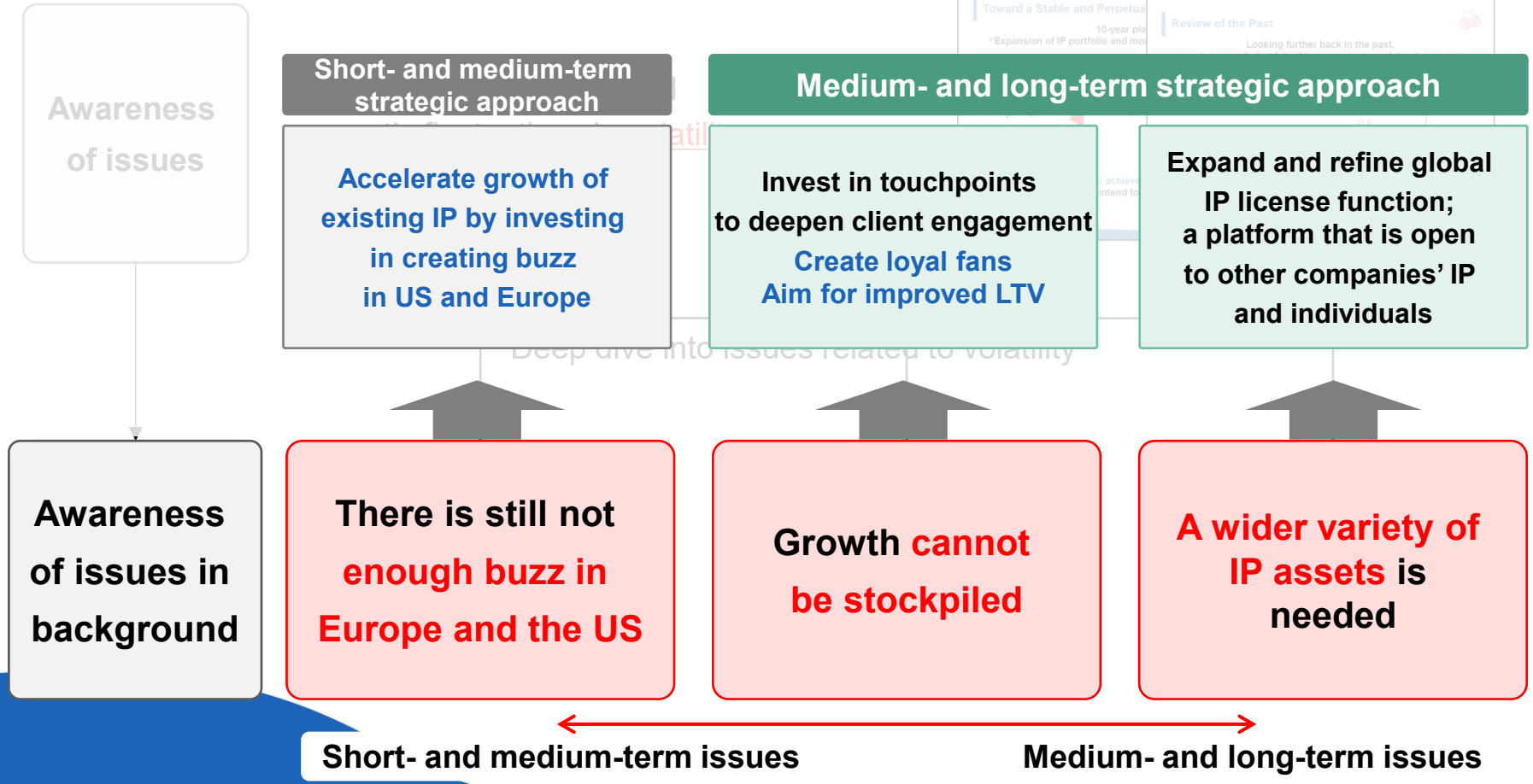
Strategic Approach for Long-Term Permanent Growth

We want to take a long-term perspective to overcome these issues



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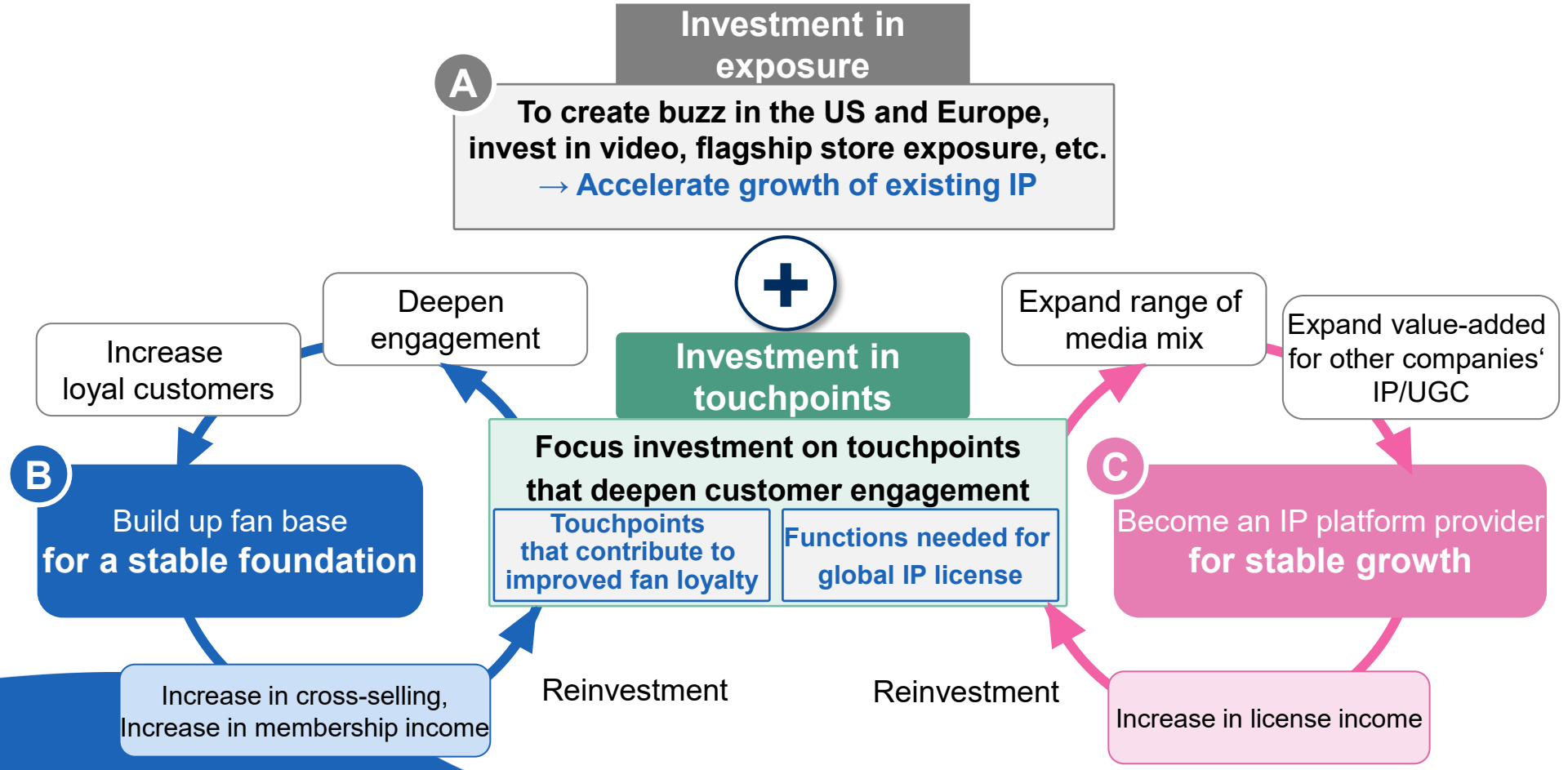
Sanrio's Long-term Vision

Expand the entertainment platform to deepen fan engagement and aim to become a "Global IP Platform Provider"



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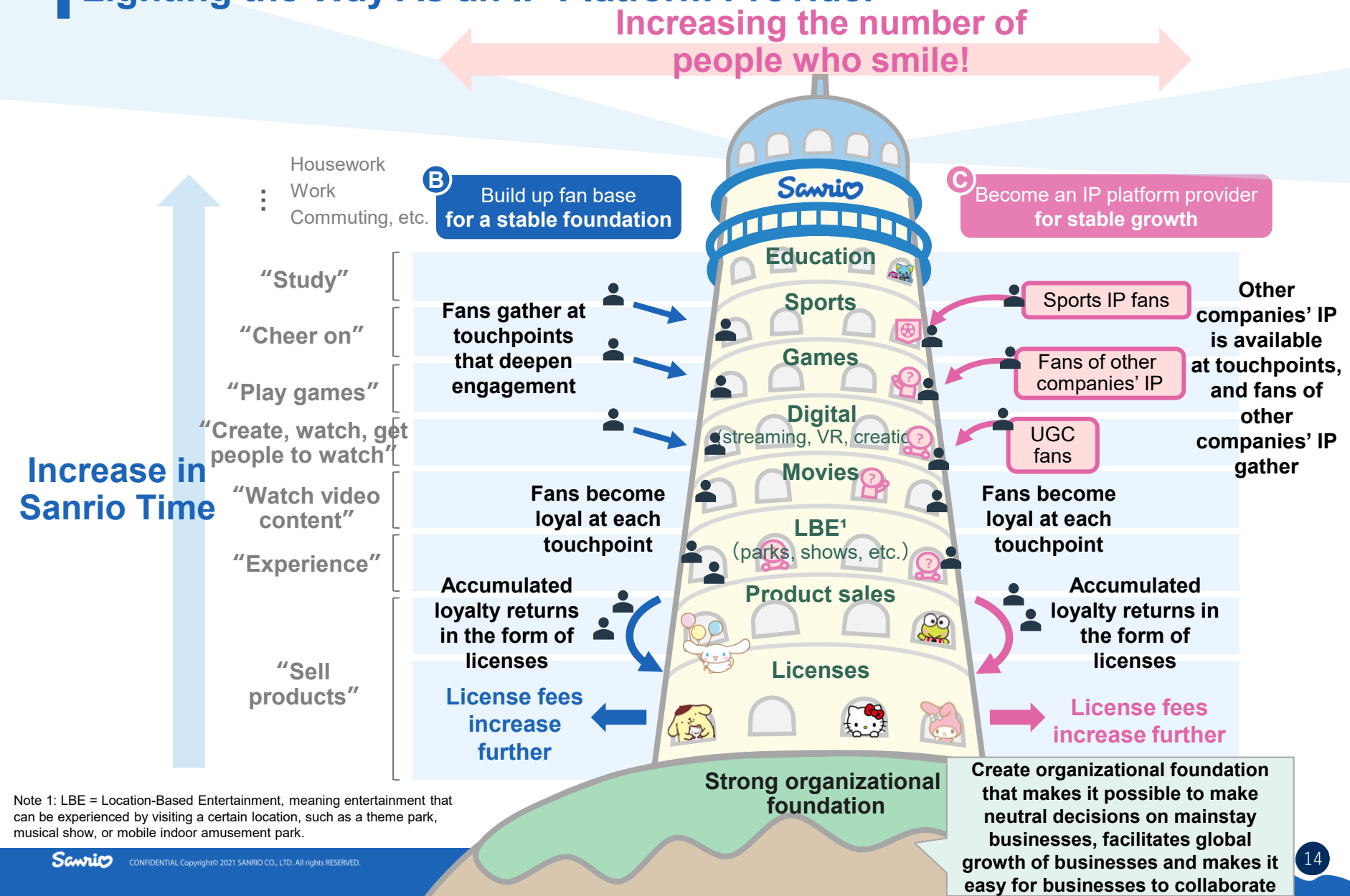
Vision for the Future:
Lighting the Way As an IP Platform Provider



Note 1: LBE = Location-Based Entertainment, meaning entertainment that can be experienced by visiting a certain location, such as a theme park, musical show, or mobile indoor amusement park.

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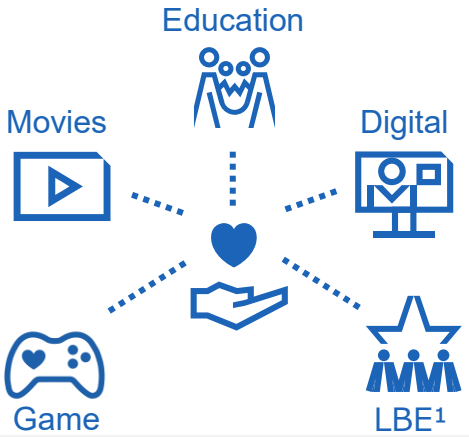
Momentum to be Generated by Becoming an IP Platform Provider❶

Deepen customer engagement through engrossing experiences

Value offered to Sarnio fans

Influx of fans of **other companies' IP fans** who have come to like Sanrio through collaborations

Deepen engagement in Sanrio from fans throughout the world through engrossing touchpoints (video, games, LBE[1], digital, education, etc.)



By registering your Sanrio ID at stores throughout the world, e-commerce sites, digital services and LBE[1] facilities, customers can receive Sanrio information that is personalized for them

AI characters learns the user's likes and provides information

Scanning purchased goods
Give the customer a little something special

When loyalty increases and customers become premium members,
they will be told about limited products, content, events and other

Note 1: LBE = Location-Based Entertainment.
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Momentum to be Generated by Becoming an IP Platform Provider❷

Sanrio's creativity has turned other companies' IP into IP that can be integrated into people's lives on a global scale

Value offered to other IP holders

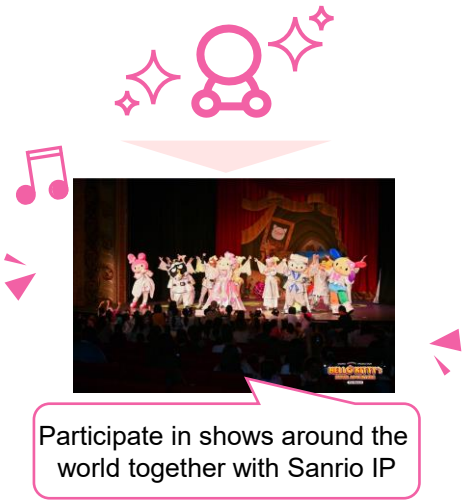
Various other companies' IP develop into Lifewoven IP[1] that can be easily integrated into daily life thanks to Sanrio creativity

Other companies' IP

Sanrio's creativity

Develop into Lifewoven IP[1]

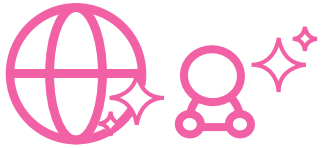
For example, **collaboration and co-creation with** Sanrio IP at **shows**, etc., for **global** exposure



Participate in shows around the world together with Sanrio IP

Through further expansion, **can be developed into IP that is interwoven into people's lives and loved for a long time on a global scale**

- **Collaborative campaigns with neighboring stores**
- **Product sales at venues**
- **Collaborative virtual events**
- **Transmission of information to Sanrio members**



It is precisely because of the **co-creation with Sanrio IP, which is** simple and **has "blank spaces" that** can be easily expanded**, and has a high affinity with other IPs**, that we are able to **create an IP that is long-lasting and integrated into people's lives**,

Note: **Lifewoven IP** refers to IP that is not dependent on temporary fads but is loved for a long time, seamlessly woven into people's lives and touching their heartstrings. True to its name, it represents content that goes beyond mere entertainment, becoming a comforting presence that enriches everyday moments and remains cherished over time.

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Momentum to be Generated by Becoming an IP Platform Provider❸

Sanrio's creativity and platform features encourage creators to take on global challenges

Value offered to creators

UGC developed by creators from Japan and overseas has evolved into Lifewoven IP[1], which is easily integrated into daily life, thanks to Sanrio's creativity

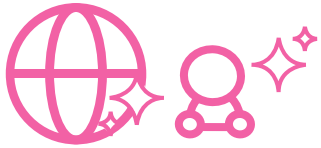
Develop into Lifewoven IP[1]

Worldviews can be expressed by using platform functions to develop videos and games

Possible to make videos and games that are difficult for individuals to achieve on their own

Ultimately, it will be established as IP that can expand globally and will be loved for a long time

Goods from licensee networks	**Debut in Sanrio stores all over the world**
Debut on virtual Puro	**Create attractions in parks all over the world**



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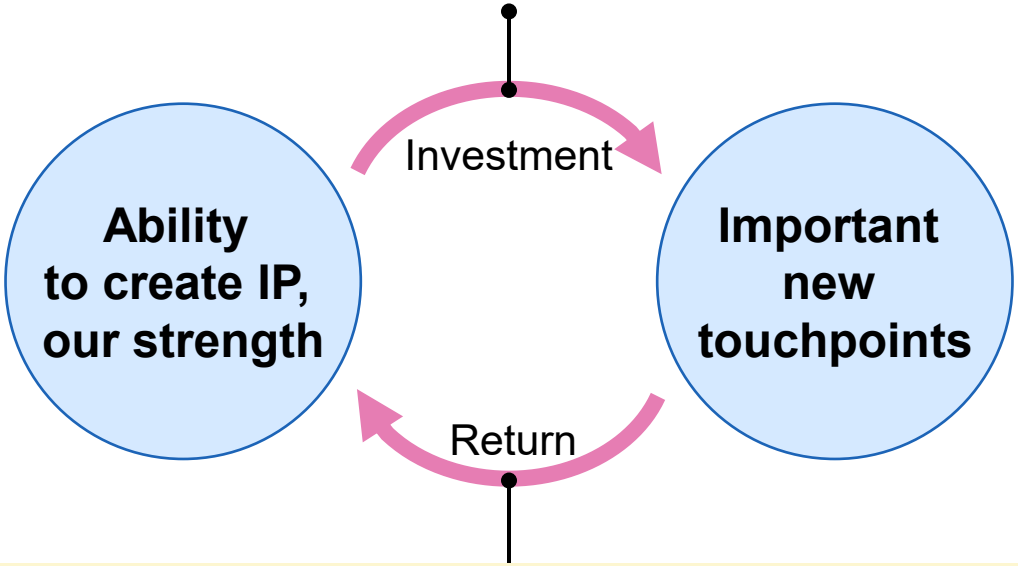
Significance of Investment in Touchpoints

Aim to become an IP platform provider through investments in video, games, LBE[1] and other and refine IP creation capabilities (returns in the form of licenses as a result)

We will invest in important new touchpoints that have been missing by taking advantage of our strength, i.e., the ability to create IP.



We will further refine our ability to create IP and return it to global licensing with the new touchpoints.

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Note 1: LBE = Location-Based Entertainment.
This refers to entertainment experiences that can be enjoyed by visiting a specific location, such as theme parks, musical shows, and mobile indoor amusement parks.

Long-Term Targets

Build up entertainment levels and expand IP portfolio;
Aim for market capitalization of 5 trillion yen in 10 years.

Unchanging corporate philosophy
"Minna Nakayoku" (Getting Along Together)

Vision: One World, Connecting Smiles.

Mission: Bring new value to the world of entertainment.
Work together to create happiness and joy for the next generation.

Values to be maintained to realize VM (Vision and Mission) = **Value**
Future, Insight, Challenge, Responsibility, Maximum, Praise

10-Year Growth Strategy to Achieve VM (Vision and Mission)
Long-term Vision

By the fiscal year ending in March 2035 …

Indicators toward achieving VM
Sanrio time 300 billion hours/year
(Currently 114 billion hours/year)

Target level for 10 years on
Market capitalization: 5 trillion yen

Important KPI

Share of North American markets 10%

Ten-year average Operating profit growth rate
Over 10%[1]

Triple GMV[2]
(Currently over 1 trillion yen[3])

Become a Global IP Platform Provider

Notes:
1.The figures are before goodwill amortization in the case of a large-scale M&A.
2.GMV = Gross Merchandise Value (total transaction volume).
3.Based on the company's own estimates.

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Investment Areas and Next Steps

In the short term, we will strengthen exposure in Europe and the US, and in the medium to long term, we will make investments in touchpoints to deepen engagement

Short term → **Medium and long term** → **Fiscal year ending March 2035**

Investment in creating buzz in Europe and the US

Investment in video production for US and Europe

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

Invest in North American LBE[1] investment such as flagship stores

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

Invest in touchpoints that deepen engagement

Investments in large-scale LBE that deepen engagement

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

Strengthen **digital capabilities** to deepen engagement
Continue to invest in strengthening digital touch-points such as streaming, VR, fan clubs, etc.

Expand IP platform capabilities and IP

Appealing **game development function investment** as a PF
Extensive consideration of not only investment but also domestic and international acquisitions

New IP sourcing that can be handled
Wide range of considerations including contracting and acquisitions with an eye to expanding attributes such as sports IP.

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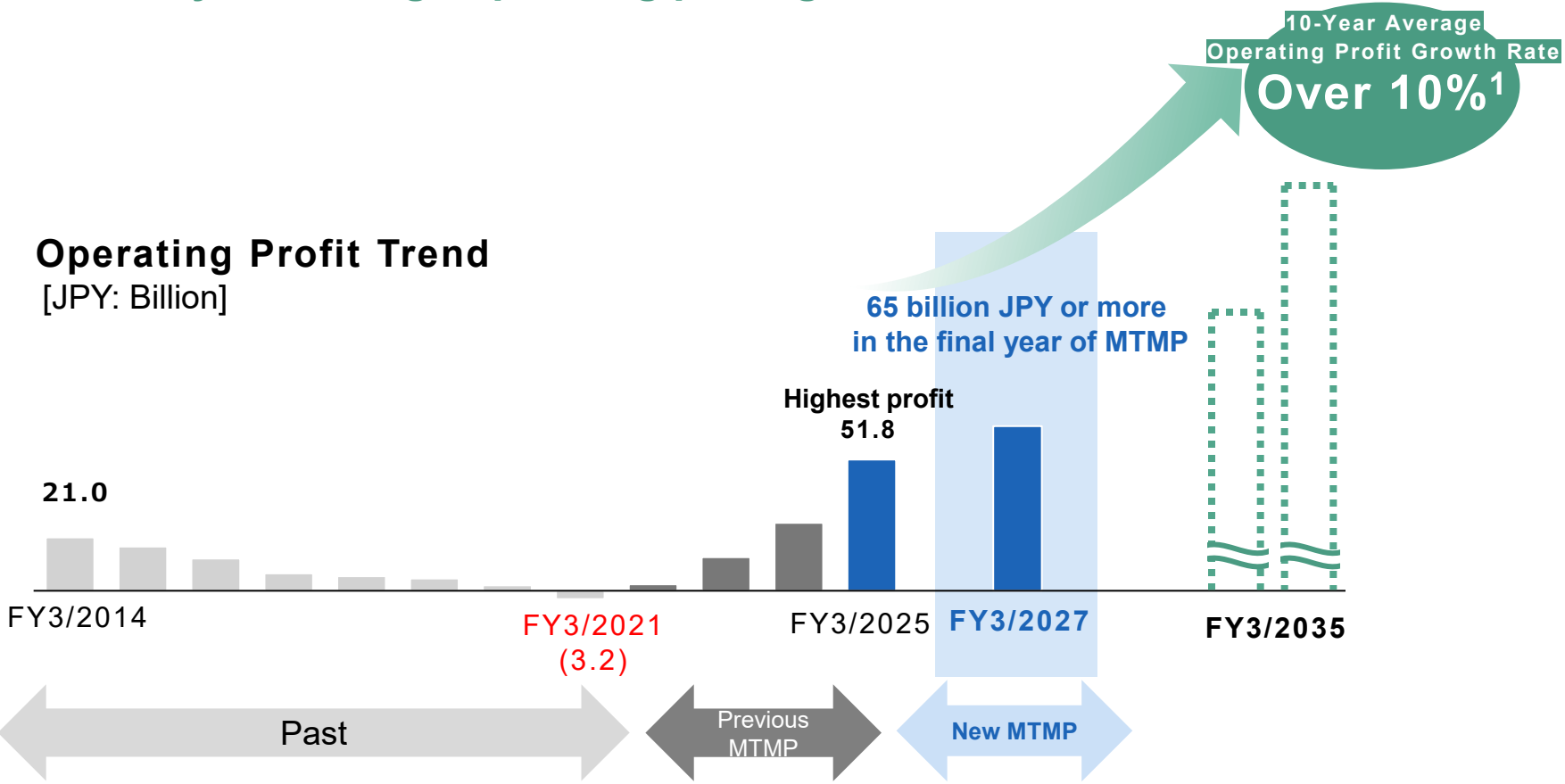
New MTMP Targets

Aim for operating profit of 65 billion yen or more
in the final year of the medium-term plan,
and beyond that, aim for
a 10-year average operating profit growth rate of 10% or more



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Note 1: Figures are before goodwill amortization in the case of a large-scale M&A.

Quantitative Targets and Financial Policy

Quantitative targets (FY3/2027)	■ **Sales:** 135 billion JPY→**（after adjustment）175 billion yen** ■ **Operating** Profit: 40 billion JPY→**（ after adjustment ）over 65 billion yen**
Financial discipline (~ FY3/27)	■ Consider management that significantly exceeds the cost of capital, with a **target ROE level of 30%** ■ **Contribute to the strategy of the value creation story** over the three-year cumulative period from FY03/2025 to FY3/2027 **Consider organic investments (approx. 30 billion yen) and M&A and minority investments (50 billion yen and up)** ■ Consider M&A targets with priority **given** to those that **will maintain** ROE at **30%** level **over the medium term even after acquisition** ■ Emphasizing not only dividends but also **the expansion of TSR (Total Shareholder Return)** through stock price appreciation. ■ **For large investments such as M&A, rigorous review will be conducted through the Investment Committee**, and comprehensive decisions will be made based on both qualitative and quantitative aspects. ■ **Credit rating should be at the A-rated level. Goodwill/net asset ratio at the time of M&A should be within 70%,** but it is acceptable for the rating to temporarily fall below the A-rated level. ■ **If funding becomes necessary in the future, we will consider fundraising options with a focus on capital cost**, prioritizing them in the following order: bank senior loans and straight bonds > hybrid instruments (subordinated loans, subordinated bonds, etc.) > public equity offerings and convertible bonds.

Note: 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.

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Medium-Term Management Plan Progress

Progress in FY25: Outline

1st Approach

"Change our approach to branding"
Review marketing and sales strategies to make Evergreen global IP

[Growth in North America]
・To intensify growth in North America, progress being made as planned in **strengthening sales to key licensees in the cycle of value creation, establishing design development and supply processes, and hiring specialists in each area**
・**Planning and consideration of global marketing initiatives, with a focus on North America**, is **also** underway

[Growth in Mainland China]
・Although some **content production with Alifish** has been delayed due to external factors, it is on track for completion by the end of FY3/2027.
Supervision process has been established to improve efficiency of content production process**,** and **contract management and financial management functions** are being developed.
Countermeasures for infringing goods are beginning to produce results, **including multiple PR measures through government media, offline surveys, and online takedowns** to promote IP protection and enforcement activities by strengthening cooperation with the Chinese authorities.

2nd Approach

"Develop the foundation"
Develop a foundation for global growth

[Build human resource infrastructure]
・Implemented **the career path and training policies and measures for "creative x global human resources"** set forth in the medium-term business plan

[Establish an aggressive finance and governance structure]
・**Two executive officers (in charge of M&A and global strategy)** were appointed in the first half of the year, and in the second half, **the team structure was expanded by hiring experienced personnel in each area**.
・Governance was strengthened by **dissolving policy shareholdings** held by megabanks.
・As part of our aggressive financial strategy, we established an **Investment Committee and investment process** to ensure regular operations.
・**Obtained a domestic credit rating** in the first half of the year. **Launched Integrated Report in 2H and received several awards including LACP Vision Awards.**
Also, designed meeting entities and management processes between head office and subsidiaries and started operating them.

3rd Approach

"Change creatives and monetization underlying the new MTMP"
Expand IP portfolio and monetize in multiple layers

[Continue to grow in mature markets (Japan)]
・Domestic product goods and licensing business grew strongly in both the first and second half of the year, driven by inbound sales. The system (distribution, sales system, etc.) was reinforced and the **distribution center** has completed an **expansion of its floor space to accelerate sales further.**
・Theme park business offering a real-world experience: Strong performance by investing in existing facilities and through seasonal promotions
Announced that Oita Airport would become **"Oita Hello Kitty Airport",** and **plan is underway to turn Harmonyland into an entertainment resort**.

[Create the time deeply absorbed in Sanrio]
・In the edutainment business, a new English conversation school **"WeAct!"** was opened in November using the "Sanrio English Master" English teaching materials. The digital business released **"Charaforio**," a creative writing platform, in August, significantly achieving the MAY target number for members. The game business started **full-scale development of three titles.**

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Updates to Medium-Term Roadmap

	FY25/3	FY26/3	FY27/3	FY28/3
Character Anniversaries	50th Anniversary (HELLO KITTY 50TH ANNIVERSARY)	50th Anniversary; 20th Anniversary	30th Anniversary	25th Anniversary
Sanrio character ranking	Sanrio character ranking	Sanrio character ranking	Sanrio character ranking	Sanrio character ranking
Games*			In-House 2 Title Launch	Ongoing Launches
		Ongoing Launches of Licensed Games		
Animation*		My Melody Kuromi on Netflix	Co-Production with Alifish	In-House Animation
		Licensed Animation		
Social media		Launch of a YouTube Channel for Pre-School-Age Children	Release of Cinnamoroll YouTube Anime	
		Continuous Release of Original Contents on Platforms like YouTube and TikTok		
Movie*			Release of co-produced films	
		Licensed to Warner Bros. for Movie Production (Timeline: TBD)		
Digital	Expansion of Sanrio+ Features & Content to Support Permanent Virtual Puroland Operations			
Real-Life			New parade at Puroland	
	Continuous Events at Sports Venues, Cafes, and Other Locations			

Note 1: Underlined are the updated locations. Schedule is subject to change without prior notice.

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Appendix

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Q&A on Long-Term Vision

No	Q	A
1	In brief, what is the vision for Sanrio in 10 years?	■ Sanrio aims to become a "Global IP Platform Provider." ■ The goal is to reduce volatility and achieve stable growth by accumulating a "mountain of IP."
2	Why did Sanrio devise a 10-year goal in the first place? How are the short term, medium term and long term balanced?	■ In order to seriously achieve Sanrio's vision of "One World, Connecting Smiles" and its mission to "add new value to entertainment and co-create the next generation of fun and joy with everyone," we must implement measures in continuous process over a span of 10 years. ■ There are also issues that cannot be solved in the short term, such as (1) growth cannot be stockpiled and (2) a greater range of IP assets is needed to achieve long-term permanent growth . ■ The policy is to give the greatest priority to strategic investments with a 10-year time horizon, but since Sanrio places importance on market capitalization, short- and medium-term performance is also important, and the Company will conduct management that optimizes the balance between short-, medium-, and long-term performance.
3	Why is Sanrio aiming to become an IP platform provider?	■ By adding the ″Lifewoven" element (≈ incorporating features that make the design feel familiar in daily life)—to other companies' IPs, we can further promote penetration into everyday life. In other words, we can aim to become a platform that can aim for long-term LTV (i.e., longevity for IP). ■ In addition, by supporting various IP initiatives—such as the global expansion of Japanese IPs and the debut of individual creators' IPs—we can bring smiles to places where there were none, aligning with our VMV[1]. In this context, Sanrio IPs are not only well-suited for collaborations but also offer the "flexibility" to allow for derivative works and other forms of creative expression. ■ This has the potential to provide a strong push and go beyond simply handling IP. These are elements that other companies' platforms rarely have, and we see them as differentiating factors.

1：VMV＝Vision Mission Value

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Q&A on Long-Term Vision

No	Q	A
4	What features should an IP platform have?	■ In addition to the "global MD[1] function" and "global licensee network" already in place, the "global licensing platform" is equipped with functions such as "global video production," "global LBE[2] production," "game development," and "creative support. Sanrio's creativity will be combined with the Global Licensing Platform to create added value. ■ ”Global functions" are important in increasing the number of contracts, and it is essential that these be expanded through investment.
5	What are the priority areas for investment? Will you consider M&A?	■ The areas that will likely receive larger investments are video, games, and LBE[2]. These are touchpoints that contribute to deeper engagement and are also necessary for IP platform functions. ■ Since it takes time to achieve the goals set forth in the value creation story through organic investment alone, we will actively consider M&A after comprehensively considering both the qualitative and quantitative aspects through the Investment Committee.
6	How do you encourage loyalty among fans overseas?	■ Overseas, where most of the products are licensed, such as in North America, it is difficult to provide opportunities to become loyal and the benefits that come with being a loyal fan. ■ Therefore, it is expected that investments will be required in touchpoints such as LBE[2] and digital/games that are likely to deepen engagement and increase loyal customers. ■ Moreover, from a short-term perspective, the Company will use archived content, video content, purchasing experience at flagship stores, and other touchpoints as starting points from which to deepen engagement and broaden its membership base.

Notes:
1. MD = Merchandising. Refers to a series of activities related to product planning, manufacturing, and sales.
2. LBE = Location-Based Entertainment. Refers to entertainment experiences that can be enjoyed by visiting a specific location, such as theme parks, musical shows, and mobile indoor amusement parks.

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Q&A on Long-Term Vision

No	Q	A
7	What are the challenges in expanding business in Europe and the US?	■ Looking at our IP search volume and other data, searches are skewed toward the West Coast even within North America. The reason for this is that the recognition and favorability of our IP on the East Coast and in Europe is lower than on the West Coast, and because consumer recognition and favorability is low, retailers are not placing licensed products. ■ It is important to create a buzz by investing in digital and real exposure. Specifically, video production is an excellent touchpoints for IP sales expansion in North America and content that will have a global reach and expanding exposure at flagship stores, which is relatively easy to achieve in a short period of time among regular real-life touchpoints, is promising.
8	What is important in creating a stable foundation?	■ Licensed product contact is the main focus and no information about the customer means that it is a one-time experience, which is problematic. ■ Going forward, we will invest in touchpoints where engagement is deepened. In addition, we will create a structure (exclusive content, exclusive events, etc.) that will attract customers to Sanrio's overall loyalty program and reward members at each touchpoint, so that they will stay in the Sanrio world and become loyal users.
9	Why has a goal of 5 trillion yen in market capitalization been set?	■ We understand that market capitalization is evaluated by the market in terms of profitability, capital efficiency, and future growth expectations. ■ We hope you can accept Sanrio's desire to maximize corporate value by implementing the strategies set forth in this value creation story, rather than simply expanding sales and profits.
10	What will the profitability be in 10 years?	■ The core of sales will remain the highly profitable licensing business, and profitability and capital efficiency should remain at high levels for the next 10 years ■ Investments outside of the licensing business will deepen customer engagement and refine creativity. As a result, the increased value is returned and the licensing business grows. The emphasis is on continuing stable growth by reducing volatility through investment in touchpoints.

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3. Medium-Term Management Plan: Implementation and KPI Progress

1st Approach: Review marketing and sales strategies to make Evergreen* global IP

✓ = Achieved

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

Marketing and sales investment for English-speaking North America; strengthened collaboration with Alifish and anti-infringement countermeasures in Mainland China; development of new regions, all of which are progressing smoothly

Note:
- Evergreen is defined as IP recognition, favoritism, etc. that is always fresh and maintained.
- Footprint refers to expanding into new regions and leaving traces behind.
- SEA: Southeast Asia
- CAGR refers to compound annual growth rate.

3. Medium-Term Management Plan: Implementation and KPI Progress

2nd Approach: Develop a foundation for global growth

✓ = Achieved
△ = Progress is underway but not completed yet.

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

Driving global growth through development of human capital infrastructure and investment structure/processes, which is progressing as planned

Note:
- Explore capital alliance partners, etc. globally, including domestically and internationally

3. Medium-Term Management Plan: Implementation and KPI Progress

3rd Approach: Expand IP portfolio and monetize in multiple layers*

✓ = Achieved

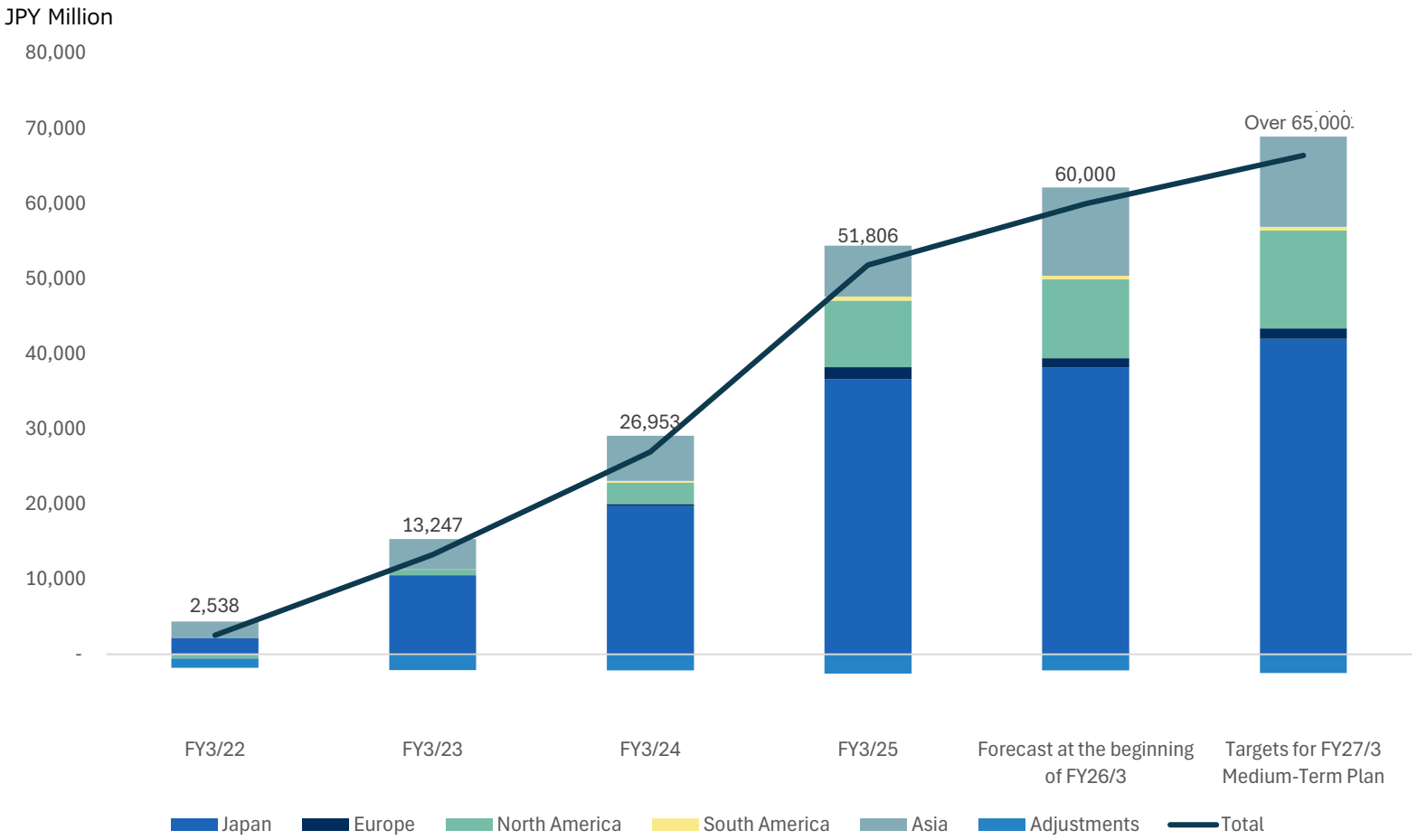
	Measures	MTMP targets (announced)	Progress in FY3/2025	This FY Plan
Continue to grow in mature markets (Japan)	[License] • Develop mega-clients • Expand Sanrio dormant IPs and other company IPs	✓ ¥15 billion in direct OP (CAGR* of 10%)	• Target clients saw rapid growth in gross profit vs. • MR* expanded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

Existing businesses in Japan: Strong growth with tailwind from inbound tourist market. Strengthen systems to further accelerate sales

Edutainment, digital and game businesses: Also progressing as planned

NOTES: - Monetization in multiple layers refers to strengthening revenue sources through existing character businesses and adding new businesses to diversify revenue sources.
- LBE is the location-based entertainment. - CAGR is the compound annual growth rate; - GMV is the gross merchandise value. - SEM is "SANRIO English Master", English learning materials for kids.; - SET is SANRIO ENTERTAINMENT CO., LTD.; - SPL is the Sanrio Puroland: HL is Harmonyland. - MR is the MR. MEN LITTLE MISS; - User-Generated x (UGX) is a generic term that includes user-generated content and user-generated intellectual property.

Medium-Term Plan Update:
Breakdown of Operating Profit Targets by Reporting Segment



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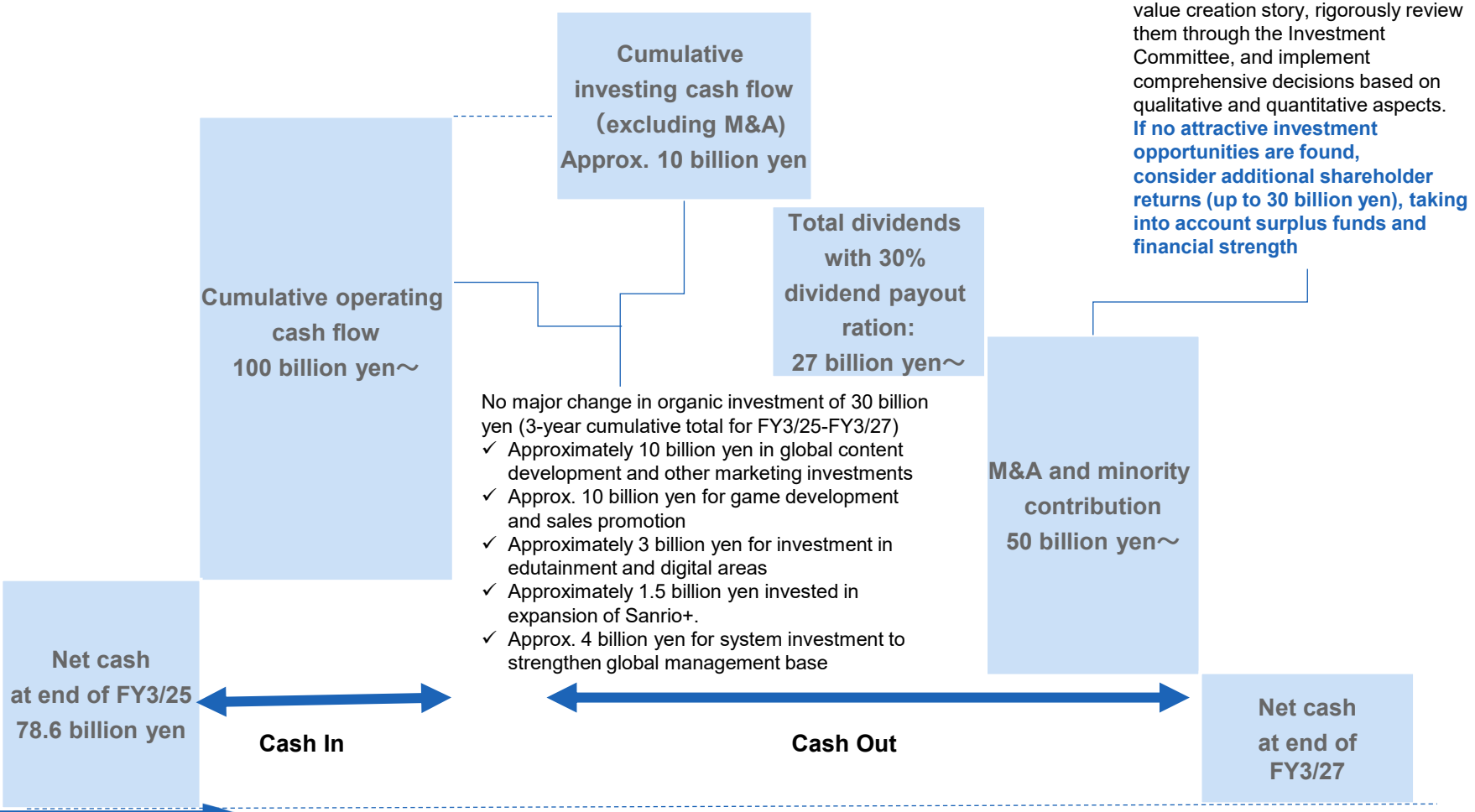
Medium-Term Management Plan Update: Capital Allocation Policy (FY26-FY27)



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