



May 29, 2026

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Notice Regarding the Introduction of a Performance Equity Compensation (PEC) Plan

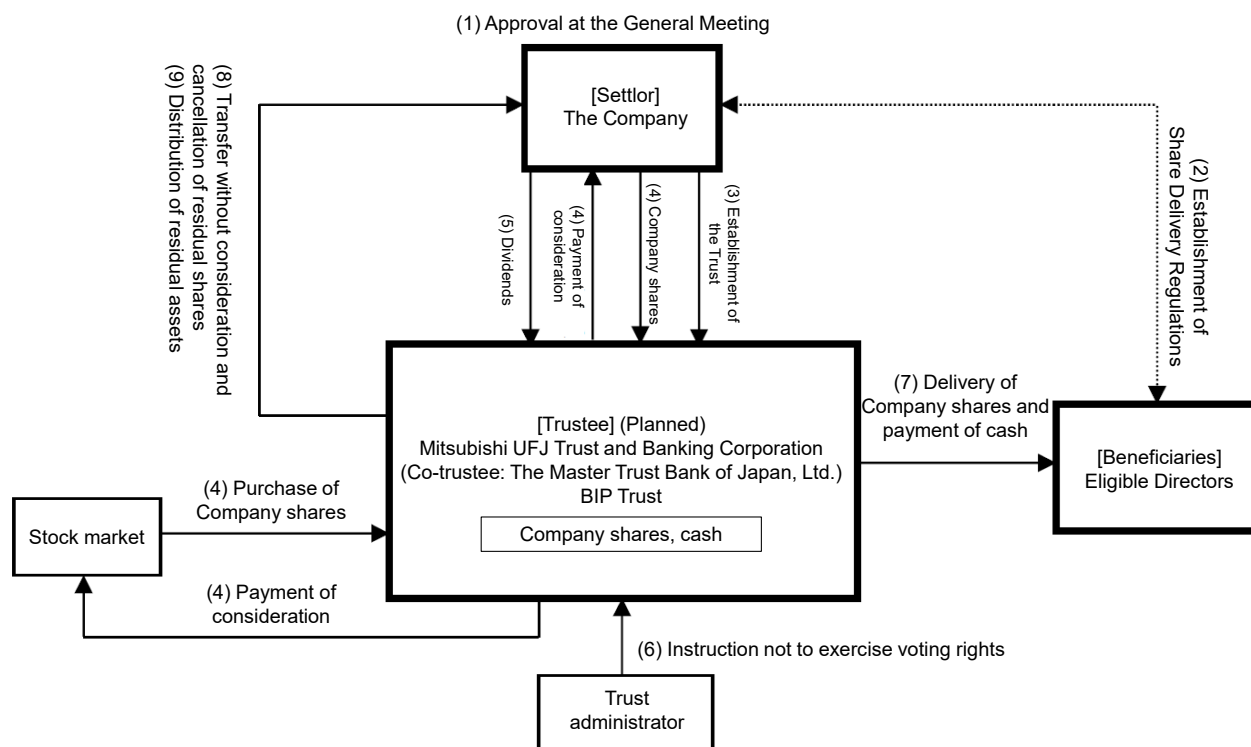
At the meeting of the Board of Directors held on May 29 2026, Sanrio Company, Ltd. (the "Company") resolved to revise the executive compensation system for its directors (excluding directors serving as Audit and Supervisory Committee members and outside directors) and to introduce a new performance equity compensation plan (the "Plan") for the directors of the Company (excluding directors serving as Audit and Supervisory Committee members, outside directors, and directors residing outside Japan; the "Eligible Directors"), in place of the current restricted stock remuneration plan. The Company has also resolved to submit a proposal relating to the Plan to the 66th Ordinary General Meeting of Shareholders scheduled to be held on June 25, 2026 (the "General Meeting").

In addition, subject to the approval at the General Meeting of the proposal regarding the determination of the amount and details of compensation, etc. associated with the introduction of the Plan, the current restricted stock compensation plan will be abolished, and no new grants of restricted stock will be made thereafter. However, restricted stock already granted will remain in effect.

1. Purpose of Introducing the Plan, etc.

- (1) The Company will introduce the Plan in place of the current restricted stock compensation plan for the purpose of clarifying the linkage between the compensation of Eligible Directors and the Company's performance and share value, and of increasing the awareness of Eligible Directors of their contribution to the improvement of medium- to long-term performance and the enhancement of corporate value by sharing with shareholders both the benefits and risks associated with fluctuations in the Company's share price.
- (2) The introduction of the Plan is subject to approval at the General Meeting.
- (3) The Plan adopts a structure known as a Board Incentive Plan ("BIP") trust. Under the Plan, Company shares and cash equivalent to the proceeds from the sale of company shares (collectively, the "Company Shares, etc.") will be delivered and paid (collectively, "Delivery, etc.") to Eligible Directors based on factors including their position and the degree of achievement of performance targets, etc. Following the introduction of the Plan, compensation for the Company's Eligible Directors will consist of "base compensation," "bonuses," and "performance equity compensation" under the Plan.
- (4) The Company has established a Nomination and Remuneration Advisory Committee, composed of a majority of independent outside directors, as an advisory body to the Board of Directors for the purpose of enhancing the independence, objectivity, and accountability of the Board's functions relating to executive compensation. The introduction of the Plan has been deliberated by the Committee.

[Structure of the Plan]



- (i) The Company will obtain the necessary approval relating to executive compensation at the General Meeting in connection with the introduction of the Plan.
- (ii) The Company will establish Share Delivery Regulations as regulations relating to the Plan by resolution of the Board of Directors.
- (iii) Within the scope approved at the General Meeting referred to in (i), the Company will contribute funds as the source of compensation for Eligible Directors and establish a trust (the "Trust") with Eligible Directors who satisfy the beneficiary requirements as beneficiaries.
- (iv) The Trust will acquire Company shares from the stock market or from the Company (through disposal of treasury shares) using the funds contributed in (iii) above as the source of funds, in accordance with instructions from the trust administrator. The number of shares to be acquired by the Trust will be within the scope approved at the General Meeting referred to in (i) above.
- (v) Dividends on Company shares held in the Trust will be paid in the same manner as for other Company shares.
- (vi) Voting rights with respect to Company shares held in the Trust will not be exercised during the trust period.
- (vii) In accordance with the Share Delivery Regulations, points will be granted to Eligible Directors during the trust period based on factors including their position, duties and the degree of achievement of performance targets, etc. Upon retirement, Eligible Directors will receive delivery of Company shares corresponding to a certain percentage of the number of points granted to them

(with any odd-lot shares rounded down), while Company shares corresponding to the remaining points will be converted into cash within the Trust in accordance with the provisions of the trust agreement, and the Eligible Directors will receive cash equivalent to the proceeds from such sale.

(viii) Any residual shares remaining at the expiration of the trust period will, if the Trust continues to be used under the Plan or another incentive plan of a similar type, become subject to Delivery, etc. to Eligible Directors. If the Trust is terminated upon the expiration of the trust period, such residual shares will be transferred from the Trust to the Company without consideration, and the Company plans to acquire such shares without consideration and subsequently cancel them.

(ix) Any residual dividends relating to Company shares held in the Trust at the expiration of the trust period will, if the Trust continues to be used, be utilized as funds for the acquisition of shares. However, if the Trust is terminated without continuation, such residual dividends are expected to revert to the Company within the aggregate amount of the residual funds for share acquisition and the trust expense reserve (collectively, the "Trust Retained Funds"). In addition, any portion exceeding the Trust Retained Funds is planned to be donated to organizations having no conflict of interest with the Company or the Eligible Directors.

* If, as a result of the Delivery, etc. of Company Shares, etc. to Eligible Directors who satisfy the beneficiary requirements, no Company shares remain in the Trust, the Trust will terminate before the expiration of the trust period. In such case, the Company may contribute additional funds to the Trust, within the scope approved at the General Meeting, as funds for the acquisition of Company shares for Delivery, etc. to Eligible Directors.

2. Details of the Plan

(1) Outline of the Plan

The Plan, covering three consecutive fiscal years (hereinafter the "Covered Period;" the initial Covered Period is the three fiscal years from the fiscal year ending March 31, 2027 to the fiscal year ending March 31, 2029), is a stock compensation plan in which a trust acquires the Company's shares using cash contributed by the Company in an amount equivalent to the compensation for Eligible Directors to sustainably enhance the corporate value for the realization of the long-term vision announced by the Company. Through this trust, the Eligible Directors will be granted or paid (hereinafter the "Grant, etc.") the Company's shares or cash equivalent to the proceeds from the sale of these shares (hereinafter the "Company Shares, etc.") based on their position, the degree of achievement of business performance targets, and other factors (see (2) and the following sections for details).

(2) Trust Period

The initial trust period shall be approximately three years from August 2026 (planned) to August 2029 (planned); provided, however, that the trust period may be extended upon expiration thereof as described in (3) below.

(3) Trust Amount and Method of Acquisition of Company Shares by the Trust

The Company will establish a trust (hereinafter the "Trust") for a period of three years, under which Eligible Directors will be beneficiaries, by contributing trust funds of up to 600 million yen for each Covered Period for the acquisition of the Company's shares to be delivered to Eligible Directors. The Trust, under the direction of the trust administrator, will acquire the Company's shares using the trust funds as a source of payment, either through the stock market or the Company (through the disposal of treasury shares). The Company will award points (as described in (4) below) to Eligible Directors

during the Covered Period and provide from the Trust the Grant, etc. of the Company Shares, etc. equivalent to these points upon retirement as a Director of the Company.

In addition, upon expiration of the trust period of the Trust, the Trust may be continued through amendment of the trust agreement and additional trust contributions. In such case, the fiscal years corresponding to the medium-term target period established by the Company as of such expiration date shall constitute the new Covered Period and the trust period of the Trust will be extended by the number of years corresponding to the new Covered Period.

For each extended period, the Company will make additional contributions up to the upper limit of the trust money contributed to the Trust approved at this General Meeting of Shareholders and will continue to award points to Eligible Directors during such extended trust period. The Trust will also continue to make Grants, etc. of the Company Shares, etc. However, if additional contributions are to be made and there remain, as of the last day of the trust period prior to the extension, the Company's shares (excluding the Company's shares corresponding to points awarded to Eligible Directors for which the Grant, etc. remains incomplete) or cash (hereinafter the "Remaining Shares, etc.") within the trust assets, the total amount of the Remaining Shares, etc. and the trust funds additionally contributed by the Company shall be within the amount approved at this General Meeting of Shareholders. The extension of the trust period may be repeated in the same manner thereafter and is not limited to a single extension.

If the trust agreement is not amended and no additional trust contributions are made upon the expiration of the trust period (upon the expiration of the extended trust period, if the trust period has been extended as described above), no further points will be awarded to Eligible Directors thereafter. However, until the Grant, etc. of the Company Shares, etc. to Eligible Directors who are expected to satisfy the beneficiary requirements is completed, the trust period of the Trust may be extended for a limited period of time.

(4) Calculation method and upper limit of the number of the Company Shares, etc. subject to Grant, etc. to Eligible Directors

The number of the Company Shares, etc. to be subject to Grant, etc. to Eligible Directors shall be determined based on points calculated as follows: points based on their position and responsibilities will be awarded and accumulated at a fixed time each year, and after the end of the Covered Period, such accumulated points shall be multiplied by a performance-based coefficient (varies within a range of 50% to 150%) determined according to the degree of achievement of performance targets and other factors*.

One point shall correspond to one share of the Company's common stock. If a stock split or reverse stock split of the Company's shares held in the Trust occurs during the trust period, the number of the Company's shares per point and the upper limit of the Company's Shares, etc. subject to Grant, etc. from the Trust shall be adjusted in accordance with the split ratio or reverse split ratio of the Company's shares.

The upper limit of the number of points awarded to Eligible Directors related to the Covered Period of the Trust shall be 894,000 points. The upper limit of the number of the Company Shares, etc. subject to the Grant, etc. to Eligible Directors from the Trust related to the Covered Period of the Trust shall be the number of shares corresponding to such upper limit of the number of points (hereinafter, the "Upper Limit of the Number of Shares to be Granted"). Accordingly, the Upper Limit of the Number of Shares to be Granted corresponding to the initial Covered Period that covers three fiscal years will be 894,000 shares.

If the Trust is extended as described in (3) above, the Upper Limit of the Number of Shares to be Granted during the extended trust period shall be the number of shares corresponding to the upper limit for one fiscal year multiplied by the number of years of the extended trust period. This Upper Limit of the Number of Shares to be Granted is set based on the latest stock price, taking into account the upper limit of cash contributed by the Company as described in (3) above.

*For the initial Covered Period, the growth rate of operating profit, TSR, and non-financial indicators such as evaluations by external rating agencies are planned to be used as business performance indicators.

(5) Method and timing of the Grant, etc. of the Company Shares, etc. to Eligible Directors

Eligible Directors who satisfy the beneficiary requirements shall, in principle, receive the Grant, etc. of the Company Shares, etc. equivalent to the accumulated number of points calculated in accordance with (4) upon retirement as a Director of the Company. At that time, such Eligible Directors will receive the Company's shares corresponding to a certain percentage of the points (shares less than one unit are rounded down) by conducting the prescribed beneficiary rights determination procedures. With respect to the Company's shares corresponding to the remaining points, such shares will be converted into cash within the Trust and Eligible Directors will receive a cash payment equivalent to the proceeds from such conversion.

In the event that an Eligible Director passes away during the trust period, in principle, all of the Company's shares corresponding to the accumulated number of points calculated in accordance with (4) awarded as of that time will be converted into cash within the Trust, and the heirs of such Eligible Director will receive a cash payment equivalent to the proceeds thereof.

(6) Voting Rights Relating to Company Shares Held in the Trust

In order to maintain neutrality of the management, no voting rights shall be exercised on the Company's shares within the Trust during the trust period.

(7) Dividends for the Company's shares within the Trust

Dividends for the Company's shares within the Trust shall be received by the Trust and allocated to trust fees and expenses of the Trust.

(8) Treatment of Residual Shares and Dividends upon Expiration of the Trust Period

In the event residual shares remain upon the expiration of the trust period, the Company plans either to continue using the Trust by amending the trust agreement and making an additional contribution to the Trust, or to have such residual shares transferred from the Trust to the Company without consideration and subsequently canceled pursuant to a resolution of the Board of Directors.

In addition, any residual dividends relating to Company shares held in the Trust arising upon the expiration of the trust period will, if the Trust continues to be used, be utilized as funds for the acquisition of shares. However, if the Trust is terminated, any portion exceeding the Trust Retained Funds is expected to be donated to organizations having no conflict of interest with the Company or the Eligible Directors.

(9) Process for Determining Directors' Remuneration

Under this scheme, the number of points to be awarded to Eligible Directors is calculated in accordance with the Share Grant Regulations established in advance by the Board of Directors, and the number of shares in the Company and other securities to be granted is determined based on those points. Furthermore, before being finalized, it is envisaged that the results of such calculations and the status of implementation will be reported to the Nomination and Remuneration Advisory Committee on which independent outside directors constitute a majority.

(Reference)

[Review of Directors' Compensation]

At the meeting of the Board of Directors held on 29 May 2026, the Company resolved to revise the compensation system for directors as set out below, with the aim of enhancing the Company's corporate value over the medium to long term and further sharing value with our shareholders.

The Company introduces this scheme to replace its current Restricted Stock Remuneration Plan; however, the maximum amount that the Company may contribute to the trust under this scheme—which is the compensation limit of the Plan—remains within the same range as the amount of monetary compensation claims currently paid in respect of Restricted Stock Remuneration Plan, and therefore no change is involved. Furthermore, the maximum number of shares to be granted under this scheme is set with reference to the latest share price and other factors, taking the remuneration cap into account. The compensation allocation under this scheme is set with a view to the maximum level of performance achievement; therefore, not all of it will necessarily be paid out as compensation.

(Before the revision)	Monetary compensation		Non-monetary compensation
	Base compensation	Bonuses	Stock compensation
			Restricted Stock Remuneration Plan
Ratio	65	10	25
Compensation Limits, etc.	600 million yen per year		200 million yen per year* ¹ 100 thousand shares per year* ¹
Performance-related	Not established	Established	Not established

(After the revision)	Monetary compensation		Non-monetary compensation
	Base compensation	Bonuses	Stock compensation
			Performance Equity Compensation (PEC) Plan
Ratio	50	25	25
Compensation Limits, etc.	600 million yen per year		200 million yen per year* ² 298 thousand shares per year* ²
Performance-related	Not established	Established (Varying between 50% and 150%)	Established (Varying between 50% and 150%)

*1 Under the current Restricted Stock Remuneration Plan, the annual cap refers to the amount of monetary compensation payable in respect of restricted shares during each financial year, while the number of shares refers to the total number of restricted shares allocated to the relevant director. The figure of 100 thousand shares per year refers to the number of shares prior to the share split, which has taken effect on 1 April 2026 at a ratio of five shares for every one ordinary share. Taking this share split into account, the maximum number of shares under the current Restricted Stock Remuneration Plan is equivalent to 500 thousand shares per year.

*2 Of the maximum limits under the Plan, the annual amount refers to the sum equivalent to the trust funds contributed by the Company in each fiscal year, while the number of shares refers to the number of shares equivalent to the number of points granted to the relevant directors in each fiscal year.

[Details of the Trust Agreement]

(1) Type of Trust	A money trust other than a specified individually-operated money trust (trust for the benefit of a third party)
(2) Purpose of Trust	To provide incentives to Eligible Directors
(3) Settlor	The Company
(4) Trustee	Mitsubishi UFJ Trust and Banking Corporation (planned) (Co-trustee: The Master Trust Bank of Japan, Ltd. (planned))
(5) Beneficiaries	Persons who have retired as directors and satisfy the beneficiary requirements
(6) Trust administrator	A third party with no conflict of interest with the Company (certified public accountant)
(7) Trust agreement date	August 2026 (planned)
(8) Trust period	From August 2026 (planned) to August 2029 (planned)
(9) Plan commencement date	August 2026 (planned)
(10) Exercise of voting rights	Voting rights will not be exercised
(11) Type of acquired shares	Common shares of the Company
(12) Upper limit of trust funds	600 million yen (planned) (including trust fees and trust expenses)
(13) Share acquisition period	To be confirmed
(14) Share acquisition method	Acquisition from the stock market or from the Company (disposal of treasury shares)
(15) Residual asset beneficiary	The Company
(16) Residual assets	Residual assets receivable by the Company as the residual asset beneficiary will be limited to the amount of the Trust Retained Funds.

(Note) The timing set forth above may be changed to an appropriate timing in light of applicable laws and regulations and other relevant considerations.

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