June 23, 2026

Summary of Financial Results for the Fiscal Year Ended March 31, 2026 (FY2025) [Japanese GAAP]

Company name: Sanrio Company, Ltd. Listed Stock Exchange: Tokyo Stock Exchange
Stock code: 8136 URL: https://www.sanrio.co.jp/english/corporate/ir/
Representative: Tomokuni Tsuji, President and Chief Executive Officer
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Scheduled date of Annual General Meeting of Shareholders: June 25, 2026
Scheduled date of filing of Annual Securities Report: June 30, 2026
Starting date of dividend payment: July 21, 2026
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for FY2025 (April 1, 2025 – March 31, 2026)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2025	194,088	33.9	77,859	50.3	79,335	48.4	54,608	30.9
FY2024	144,904	44.9	51,806	92.2	53,453	89.1	41,731	137.3

Note: Comprehensive income (millions of yen) FY2025: 58,981 (up 23.2%) FY2024: 47,864 (up 112.3%)

		Operating Profit before Consolidation Adjustments due to Differences in Fiscal Year-ends of Consolidated Subsidiaries	
		Millions of yen	%
FY2025		78,453	41.0
FY2024		55,644	98.1

	Basic Earnings per Share	Diluted Earnings per Share	Return on Equity (ROE)	Return on Assets (ROA)	Operating Profit to Sales
	Yen	Yen	%	%	%
FY2025	45.33	44.74	41.6	36.3	40.1
FY2024	35.32	33.66	48.6	29.8	35.8

Reference: Equity in earnings of unconsolidated subsidiaries (millions of yen) FY2025: - FY2024: -

Notes: 1. The Company conducted a 5-for-1 common stock split effective on April 1, 2026. Basic earnings per share and diluted earnings per share are calculated as if this stock split had taken place at the beginning of the previous fiscal year.
2. “Operating profit before consolidation adjustments due to differences in fiscal year-ends of consolidated subsidiaries” refers to figures based on the official financial statements of the subsidiaries before making the necessary adjustments for significant discrepancies in intercompany transactions arising from differences in fiscal year-ends.

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2026	234,684	155,971	66.4	128.49
As of Mar. 31, 2025	202,406	107,608	52.9	90.21

Reference: Shareholders’ equity (millions of yen) As of Mar. 31, 2026: 155,785 As of Mar. 31, 2025: 107,031

Note: The Company conducted a 5-for-1 common stock split effective on April 1, 2026. Net assets per share are calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(3) Consolidated cash flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2025	52,554	(20,859)	(38,441)	96,675
FY2024	40,816	8,283	(16,852)	102,293

2. Dividends

	Dividend per Share					Total Dividends	Dividend Payout Ratio (Consolidated)	Dividend on Equity (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2024	-	20.00	-	33.00	53.00	12,554	30.0	14.6
FY2025	-	31.00	-	38.00	69.00	16,819	30.4	12.6
FY2026 (forecast)	-	8.00	-	8.00	16.00		30.4	

Note: The Company conducted a 5-for-1 common stock split effective on April 1, 2026. Dividends per share for FY2024 and FY2025 are the actual amounts before the stock split. Dividends per share for FY2026 (forecast) have been adjusted to reflect the stock split.

3. Consolidated Forecast for FY2026 (April 1, 2026 – March 31, 2027)

(Percentages represent year-on-year changes)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Basic Earnings per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	107,200	22.3	42,300	8.0	42,600	7.3	30,600	11.2	25.24
Full year	229,800	18.4	89,500	15.0	90,200	13.7	63,800	16.8	52.62

		Operating Profit before Consolidation Adjustments due to Differences in Fiscal Year-ends of Consolidated Subsidiaries	
		Millions of yen	%
First half		42,400	14.2
Full year		88,800	13.2

Notes: 1. The Company conducted a 5-for-1 common stock split effective on April 1, 2026. Basic earnings per share for the consolidated forecast for FY2026 have been adjusted to reflect the stock split.

2. "Operating profit before consolidation adjustments due to differences in fiscal year-ends of consolidated subsidiaries" refers to figures based on the official financial statements of the subsidiaries before making the necessary adjustments for significant discrepancies in intercompany transactions arising from differences in fiscal year-ends.

* Notes

(1) Significant changes in scope of consolidation during the period: None

Newly added: - Excluded: -

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of outstanding shares (common stock)

1) Number of outstanding shares at the end of the period (including treasury shares)

As of Mar. 31, 2026: 1,277,041,515 shares As of Mar. 31, 2025: 1,277,041,515 shares

2) Number of treasury shares at the end of the period

As of Mar. 31, 2026: 64,596,815 shares As of Mar. 31, 2025: 90,606,130 shares

3) Average number of shares outstanding during the period

FY2025: 1,204,588,268 shares FY2024: 1,181,423,017 shares

Note: The Company conducted a 5-for-1 common stock split effective on April 1, 2026. Number of outstanding shares at the end of the period (including treasury shares), number of treasury shares at the end of the period and average number of shares outstanding during the period are calculated as if this stock split had taken place at the beginning of the previous fiscal year.

Reference: Unconsolidated Financial Results

1. Unconsolidated Financial Results for FY2025 (April 1, 2025 – March 31, 2026)

(1) Unconsolidated results of operations (Percentages represent year-on-year changes)

	Net Sales		Operating Profit		Ordinary Profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2025	131,160	34.6	47,578	53.9	48,572	54.3	34,822	35.8
FY2024	97,416	42.9	30,921	106.2	31,485	(17.3)	25,643	(21.6)

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
FY2025	28.91	28.51
FY2024	21.71	20.64

Note: The Company conducted a 5-for-1 common stock split effective on April 1, 2026. Basic earnings per share and diluted earnings per share are calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Unconsolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2026	131,070	93,509	71.3	77.12
As of Mar. 31, 2025	128,978	68,351	53.0	57.61

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2026: 93,509 As of Mar. 31, 2025: 68,351

Note: The Company conducted a 5-for-1 common stock split effective on April 1, 2026. Net assets per share are calculated as if this stock split had taken place at the beginning of the previous fiscal year.

Reason for difference from previous year's unconsolidated financial results

In the fiscal year under review, unconsolidated sales increased due to a rise in the number of customers in the product sales business and the continued success of the multi-character strategy in the licensing business, as well as the adoption of multiple Sanrio characters across a wide range of fields. Consequently, operating profit increased and surpassed the previous year's results.

Note 1: The current financial report is not subject to audit by certified public accountants or auditing firms.

Note 2: Cautionary statement with respect to forward-looking statements and other special items

Forecasts regarding future performance in these materials are based on assumptions judged to be valid and information currently available to the Company. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of factors. Please refer to "1. Overview of Results of Operations, etc., (4) Outlook" on page 7 of the attachments for forecast assumptions and notes of caution for usage.

Contents of Attachments

1. Overview of Results of Operations, etc.

The Company's Future Course of Action Concerning Improper Compensation Received by a Former Managing Director of the Company

As described in "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" dated May 29, 2026, the Special Investigation Committee's investigation revealed that a former Managing Director of the Company had received economic benefits over several years from the U.S. Subsidiary (Sanrio, Inc.) where he concurrently served as CEO, separately from the compensation determined by the Company's Nomination and Remuneration Advisory Committee. It was confirmed that the total amount of these economic benefits amounted to USD1,682,018 (252,302,700 yen, calculated at an exchange rate of USD1 = JPY150). Furthermore, the formal approval procedures by the Board of Directors or the remuneration committee required within the U.S. subsidiary were not fully carried out for these payments, and they were implemented based on informal consultations among senior management. In addition, no prior approval or systematic reporting regarding these payments was provided to the Company.

The Company has confirmed that any other similar events were not particularly identified at this U.S. subsidiary and other subsidiaries.

Regarding the impact on financial results, the aforementioned benefit amounts paid to the director in question have already been recorded as expenses of the relevant U.S. subsidiary (Sanrio Inc.) in the fiscal years when the payments were made. No misstatements have been identified in the Company's consolidated financial results or the financial results of the relevant U.S. subsidiary. In the fiscal year ending March 2027, investigation costs and other expenses related to this matter will be incurred, but the impact is expected to be minimal.

In response to this matter, the Company will, based on the findings reported by the Special Investigation Committee, promptly submit an amended securities report to correct the "Total Amount of Consolidated Compensation, etc., by Officer" in annual securities reports for previous fiscal years regarding the compensation amount for the director in question, as soon as the calculation and verification of the amount to be added to that item have been completed. In addition to the resignation of the director in question, as the Company takes the occurrence of this matter very seriously, it has decided to return part of compensation of President and CEO and Senior Managing Director.

Furthermore, the Company takes seriously the findings, cause analysis, and recommendations of the Special Investigation Committee. To strengthen governance across the entire Group, the Company will formulate measures to prevent recurrence and will implement them sequentially. For details, please refer to the aforementioned announcement made by the Company on May 29, 2026.

We would like to express our deepest apologies to our shareholders and investors for the significant inconvenience and concern this matter has caused. We take this matter very seriously and are committed to restoring trust by strengthening governance and thoroughly implementing measures to prevent recurrence.

(1) Results of Operations

(100 millions of yen)

	FY2025 Results	Vs. Plan			Y-O-Y		
		*Final plan	Increase/ decrease	Change (%)	FY2024 Results	Increase/ decrease	Change (%)
Net sales	1,940	1,906	34	1.8%	1,449	491	33.9%
Gross profit	1,500	1,483	17	1.2%	1,098	401	36.5%
Selling, general & administrative expenses	722	732	(9)	(1.4)%	580	141	24.3%
Operating profit	778	751	27	3.7%	518	260	50.3%
Non-operating income or expenses	14	13	1	13.5%	16	(1)	(10.4)%
Ordinary profit	793	764	29	3.8%	534	258	48.4%
Extraordinary income or losses	(0)	(1)	0	-	19	(20)	(104.8)%
Profit before income taxes	792	763	29	3.9%	554	238	42.9%
Total income taxes	243	240	3	1.4%	134	108	80.5%
Profit attributable to owners of parent	546	520	26	5.0%	417	128	30.9%
Gross margin	77.3%	77.8%	(0.5) pt	-	75.8%	1.5 pt	-
Operating margin	40.1%	39.4%	0.7 pt	-	35.8%	4.3 pt	-
Ordinary margin	40.9%	40.1%	0.8 pt	-	36.9%	4.0 pt	-

* The Company revised its forecast on February 12, 2026. The table above shows comparisons with the revised figures shown as “Final plan.”

The Sanrio Group is implementing a three-year medium-term management plan, “From Uncertain Growth to Stable and Perpetual Growth,” covering the fiscal year ended March 31, 2025 through the fiscal year ending March 31, 2027. During the fiscal year under review, we made progress with each of these three approaches: reviewing marketing and sales strategies to make Evergreen global IP; developing a foundation for global growth; and expanding IP portfolio and monetizing in multiple layers. In May 2025, we announced our 10-year long-term vision, “Lighting the Way to Bring Smiles to All.” We are implementing various initiatives aimed at achieving a market capitalization of 5 trillion yen within the next ten years.

In our domestic and international licensing and product sales businesses, the continued popularity of a wide range of Sanrio characters contributed positively to results. Sales were driven by the increasingly popular Hello Kitty, as well as by Kuromi and My Melody, whose brand recognition further increased through anniversary initiatives. In addition, Pompompurin has been attracting considerable attention through a series of 30th anniversary events that the Company has been rolling out since January 2026.

Moreover, the number of members of Sanrio+, a membership service for all Sanrio Group companies, reached around 3.26 million as of the end of March 2026.

As a result of these factors, sales and profits at all levels reached record highs. Net sales increased 33.9% year-on-year to 194.0 billion yen, operating profit increased 50.3% year-on-year to 77.8 billion yen, ordinary profit increased 48.4% year-on-year to 79.3 billion yen, and profit attributable to owners of parent increased 30.9% year-on-year to 54.6 billion yen.

Since the accounting period for all overseas consolidated subsidiaries runs from January to December. Consolidated results for the fiscal year under review included results of these subsidiaries during the period from January to December 2025.

Reportable Segment (100 millions of yen)

		Sales				Segment profit (operating profit)			
		FY2024	FY2025	Increase/ decrease	Change (%)	FY2024	FY2025	Increase/ decrease	Change (%)
Japan	Product sales/others	661	824	162	24.6%	366	538	172	47.1%
	Royalties	198	311	112	56.9%				
	Total	859	1,135	275	32.1%				
Europe	Product sales/others	1	1	0	33.6%	16	8	(7)	(47.1)%
	Royalties	61	113	52	86.5%				
	Total	62	115	53	85.4%				
North America	Product sales/others	25	26	1	4.1%	88	97	8	10.0%
	Royalties	249	249	0	0.0%				
	Total	274	275	1	0.4%				
Latin America	Product sales/others	0	0	(0)	(2.6)%	5	8	3	60.4%
	Royalties	17	32	15	86.4%				
	Total	17	33	15	84.5%				
Asia	Product sales/others	53	124	70	132.6%	67	162	94	140.4%
	Royalties	180	256	75	42.0%				
	Total	234	380	146	62.6%				
Adjustment		-	-	-	-	(25)	(37)	(11)	-
Consolidated	Product sales/others	741	976	234	31.7%	518	778	260	50.3%
	Royalties	707	964	256	36.3%				
	Total	1,449	1,940	491	33.9%				

Note: Regional subsidiaries overseas pay the amount of royalties commensurate as the cost of sales while the Japanese parent company (the copyright holder) calculates this income as sales. Because consolidated transactions are eliminated, however, these are not included in Japan's sales figures stated above (although included in segment profit (operating profit)).

Further, the above sales figures are "sales to customers," and the inter-segment sales, which are not limited to the above-mentioned royalties, are eliminated as internal transaction sales.

i. Japan: Net sales rose 32.1% year-on-year to 113.5 billion yen and operating profit rose 47.1% to 53.8 billion yen.

1. Product sales business/Licensing business

In the product sales business, although the number of inbound tourist customers declined after November 2025, a significant increase in domestic customers boosted sales. In particular, the newly opened Tokyo Character Street store (November 2025) and Harajuku store (December 2025) attracted considerable attention, with store-exclusive products proving popular. In addition, improvements in store operations through increasing sales staff numbers, adding more cash registers, and improving the accuracy of automated ordering systems contributed to sales growth.

In the licensing business, the continued popularity of Hello Kitty, together with that of My Melody and Kuromi, both of whom celebrated anniversaries in 2025, and Pompompurin, who has been celebrating his anniversary in 2026, drove strong sales growth across a wide range of categories including beverages, food service, consumer goods, cosmetics, and apparel. Related merchandise attracted attention, reflecting a growing demand for stickers.

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

2. Theme park business

Sanrio Puroland in Tama City, Tokyo, relaunched its most popular attraction, Miracle Gift Parade, for the first time in ten years as The Quest of Wonders Parade on December 7, drawing significant public attention. Seasonal events such as Colorful Puroland (January 16–March 16) and PUROSPRING PARTY (March 19–June 2) proved popular, attracting large numbers of customers not only on weekends but also on weekdays. As a result, customer numbers and average spend per customer increased, driving sales growth.

At Harmonyland in Oita prefecture, seasonal events such as HARMONYLAND CHOCOLAT × FRUIT (January 9–March 18) and Harmonyland Flower Fantasy (March 20–June 30) helped drive visitor numbers, while limited-edition products and meal menus connected to these events performed well.

Operating profit increased at both facilities due to sales growth despite an increase in SG&A expenses.

ii. Europe: Net sales rose 85.4% year-on-year to 11.5 billion yen and operating profit fell 47.1% year-on-year to 0.8 billion yen.

In the licensing business, sales rose significantly, driven by the continued strategy of featuring a wide range of Sanrio characters and successful initiatives with global brands, along with growth across nearly all categories, particularly in apparel, toys, and beauty.

Operating profit decreased due to a recording of 1.4 billion yen for adjustments forintercompany transactionsarising from differences in fiscal year-ends of consolidated subsidiaries.

iii. North America: Net sales rose 0.4% year-on-year to 27.5 billion yen and operating profit rose 10.0% year-on-year to 9.7 billion yen.

In the licensing business, uncertainty has persisted since July 2025 due to changes in the macroeconomic environment, especially around tariff policies. However, we attracted strong interest by featuring Kuromi—currently being developed as the next key character after Hello Kitty—at a Halloween event. At the same time, we worked to increase brand awareness for our characters by maintaining exposure of multiple Sanrio characters together through social media and YouTube channels. In the digital category, the expansion of distribution platforms for major game titles, along with content updates and additional sales channels, contributed to both sales growth and increased brand awareness.

As part of its initiatives to enhance brand value and expand customer touchpoints, the North American subsidiary held several sports and culture events. These included events in partnership with professional sports leagues such as MLB (baseball), NHL (ice hockey), NBA (basketball), and F1 Academy.

Operating profit increased due to higher sales.

iv. Latin America: Net sales rose 84.5% year-on-year to 3.3 billion yen and operating profit rose 60.4% year-on-year to 0.8 billion yen.

In Latin America as a whole, the licensing business performed well in the categories of apparel, health & beauty, stationery, accessories and bags. In addition, the increased popularity of various Sanrio characters, such as My Melody, who is marking her 50th anniversary, Kuromi, who is celebrating her 20th anniversary, and Cinnamoroll, led to expanded product offerings by major global licensees, contributing to higher sales.

In Mexico, the bag category performed well, driven by strong sales of school bags, as did the stationery category, supported by the popularity of school supplies targeting teenagers. In Brazil, higher sales were driven by the health & beauty category, due to the success of a lip balm created in collaboration with a major pharmaceutical company. The apparel category also saw higher sales of merchandise featuring Kuromi and Hello Kitty amid their growing popularity.

Operating profit increased due to sales growth.

v. Asia: Net sales rose 62.6% year-on-year to 38.0 billion yen and operating profit rose 140.4% to 16.2 billion yen.

In mainland China, licensing business sales in the toys & hobby, apparel and accessories and corporate special sales categories were strong. The strategic deployment of multiple Sanrio characters together proved successful, with not only Hello Kitty but also Kuromi and My Sweet Piano gaining in popularity. In the product sales business, we opened new stores mainly in major cities such as Shanghai and Beijing, while the launch of region-exclusive products attracted considerable interest, resulting in a substantial increase in sales.

In South Korea, licensing business sales in the health & beauty, corporate special sales and toy categories were strong with Hello Kitty and Pochacco attracting attention.

In Taiwan, the licensing business performed well in the health & beauty and apparel categories. The strategic deployment of multiple Sanrio characters together proved successful. The popularity of Cinnamoroll has further increased in addition to the anniversary character My Melody.

In the Hong Kong and Macau region, the licensing business saw growth in sales, driven by the success of the corporate special sales category, which implemented initiatives in collaboration with financial institutions and local governments.

In Southeast Asia, sales of the licensing business were driven by multi-regional expansion through toy licensees, contributing to sales growth. Hello Kitty maintained her popularity, and the toy and food categories saw sales growth due to the strong performance of multiple Sanrio characters.

Operating profit increased due to sales growth across Asia.

(2) Financial Position

(100 millions of yen)

	As of Mar. 31, 2025	As of Mar. 31, 2026	Increase/decrease	As of Sep. 30, 2025
Assets	2,024	2,346	322	2,141
Liabilities	947	787	(160)	695
(Interest-bearing debt)	402	139	(263)	172
Net assets	1,076	1,559	483	1,445
Equity ratio	52.9%	66.4%	13.5 pt	67.2%

* Interest-bearing debt excludes lease liabilities and includes 7.2 billion yen of convertible-bond-type bonds with share acquisition rights.

At the end of the current fiscal year, total assets stood at 234.6 billion yen, an increase of 32.2 billion yen from the end of the previous fiscal year. The main increases were 6.4 billion yen in cash and deposits, 2.7 billion yen in accounts receivable-trade, 3.9 billion yen in merchandise and finished goods, 2.0 billion yen in accounts receivable-other, 1.3 billion yen in other current assets, 2.0 billion yen in buildings and structures, net, 1.3 billion yen in tools, furniture and fixtures, net, 3.0 billion yen in intangible assets, 0.9 billion yen in investment securities, 0.9 billion yen in guarantee deposits, 5.9 billion yen in retirement benefit asset, and 1.8 billion yen in investments and other assets.

Liabilities decreased 16.0 billion yen from the end of the previous fiscal year to 78.7 billion yen. The main increases were 2.1 billion yen in accounts payable-other, 2.2 billion yen in income taxes payable, 0.6 billion yen in contract liabilities, 0.7 billion yen in provision for bonuses, 1.9 billion yen in long-term accounts payable-other, and 3.1 billion yen in deferred tax liabilities. The main decreases were 0.9 billion yen in notes and accounts payable-trade, 21.0 billion yen in convertible-bond-type bonds with share acquisition rights, and 5.2 billion yen in long- and short-term borrowings and bonds payable (including current portion of bonds payable.)

Net assets increased 48.3 billion yen from the end of the previous fiscal year to 155.9 billion yen. The main increases were 12.6 billion yen in capital surplus mainly due to exercise of rights under the convertible-bond-type bonds with share acquisition rights, 39.1 billion yen in retained earnings, 2.1 billion yen in foreign currency translation adjustment, and 2.6 billion yen in remeasurements of defined benefit plans. The main decreases were 7.0 billion yen in treasury shares and 0.7 billion yen in valuation difference on available-for-sale securities.

As a result, the equity ratio was 66.4%, up 13.5 percentage points from the end of the previous fiscal year.

(3) Cash Flows

(100 millions of yen)

	FY2024	FY2025	Increase/decrease
Cash flows from operating activities	408	525	117
Cash flows from investing activities	82	(208)	(291)
Cash flows from financing activities	(168)	(384)	(215)
Effect of exchange rate changes on cash and cash equivalents	21	11	(9)
Increase (decrease) in cash and cash equivalents	343	(56)	(399)
Cash and cash equivalents at beginning of period	679	1,022	343
Cash and cash equivalents at end of period	1,022	966	(56)

Cash and cash equivalents at the end of the current fiscal year decreased 5.6 billion yen from the end of the previous fiscal year to 96.6 billion yen.

Cash flows from operating activities amounted to a provision of 52.5 billion yen (a year-on-year increase of 11.7 billion yen). This was mainly attributable to profit before income taxes of 79.2 billion yen (a year-on-year increase of 23.8 billion yen) and depreciation of 2.8 billion yen (a year-on-year increase of 0.5 billion yen). On the other hand, there was a 2.1 billion yen increase in retirement benefit asset (a year-on-year increase in outlays of 36 million yen), a 2.9 billion yen increase in trade receivables (a year-on-year increase in income of 4.7 billion yen), a 4.0 billion yen increase in inventories (a year-on-year decrease in income of 2.7 billion yen), and income taxes paid of 20.5 billion yen (a year-on-year increase in outlays of 7.1 billion yen).

Cash flows from investing activities resulted in a use of 20.8 billion yen (a provision of 8.2 billion yen a year earlier). This was mainly attributable to net payments of 10.3 billion yen for increased time deposits (net proceeds of 7.4 billion yen a year earlier), net payments of 2.4 billion yen for the purchase and sale of property, plant and equipment (a year-on-year decrease in outlays of 23 million yen), net payments of 3.2 billion yen for the purchase and sale of intangible assets (a year-on-year increase in outlays of 1.8 billion yen), and net payments of 2.0 billion yen for other investing activities (net proceeds of 0.3 billion yen a year earlier).

Cash flows from financing activities resulted in a use of 38.4 billion yen (a year-on-year increase in outlays of 21.5 billion yen). This was mainly attributable to repayments of long- and short-term borrowings of 5.2 billion yen (a year-on-year decrease in outlays of 2.2 billion yen), purchase of treasury shares of 15.0 billion yen (a year-on-year increase in outlays of 14.9 billion yen), and dividends paid of 15.4 billion yen (a year-on-year increase in outlays of 7.2 billion yen).

(4) Outlook

The Company has drawn up a three-year medium-term management plan ending March 31, 2027. The plan is intended to move beyond the “foundation” phase of the previous medium-term management plan and enter the “growth and investment” phase. In implementing the plan, the following key initiatives, known as the “Three Approaches,” have been set out.

1. Reform marketing and sales strategies to create global Evergreen IP
2. Develop a foundation for global growth
3. Expand IP portfolio and monetize in multiple layers

Through the implementation of these key measures, the Company aimed to achieve sustainable business growth without volatility, with targets of achieving consolidated sales of 175 billion yen and operating profit of 65 billion yen or more in the fiscal year ending March 31, 2027, the final year of the plan. However, we forecast consolidated sales of 229.8 billion yen and operating profit of 89.5 billion yen, driven by continued demand growth in Japan and abroad as well as the implementation of various initiatives in line with the medium-term management plan, including investments for growth.

In May 2025, we announced our 10-year long-term vision, “Lighting the Way to Bring Smiles to All.” Guided by our founding philosophy of ‘Minna Nakayoku’ (Getting Along Together), unchanged since our establishment, we are advancing wide-ranging initiatives to enhance corporate and shareholder value on a sustainable basis, in pursuit of our vision of ‘One World, Connecting Smiles’—creating as many smiles as possible and extending the circle of happiness even further afield.

In the fiscal year ended March 31, 2026, to support the continued growth of our characters’ popularity, we entered into a capital and business alliance with IG Port, Inc. in June 2025, and in July made Gugenka Inc. a subsidiary, thereby strengthening our video streaming and digital capabilities. Furthermore, in December 2025, we celebrated the grand opening of the permanent VR theme park Virtual Sanrio Puroland and announced the launch of the Entertainment Resort Development Plan for Sanrio Character Park Harmonyland theme park in Oita Prefecture. We also plan to release games developed in-house during the fiscal year ending March 31, 2027, and will work to further enhance the popularity and recognition of our characters.

We will continue to closely monitor the economic environment and market trends while striving to appropriately disclose our earnings forecasts.

(5) Basic Policy Regarding Profit Distribution and Dividends for FY2025 and FY2026

The Company considers distributing retained earnings to shareholders as one of the Company's important matters. The basic policy for shareholder returns is to provide stable and consistent dividends. Considering future business developments and changes in the business environment, the Company targets a dividend payout ratio of at least 30%. In the current fiscal year, the Company recorded profit attributable to owners of parent of 54.6 billion yen, which surpassed the previous forecast. Based on the company's policy and its result as stated above, the year-end dividend will be 38 yen per share, with an increase of 3 yen from the previous forecast of 35 yen per share. This will bring the total annual dividend to 69 yen per share, with a 3 yen increase from the previous forecast of 66 yen per share and a 16 yen increase from the previous fiscal year's 53 yen per share.

2. Basic Approach for the Selection of Accounting Standards

The Sanrio Group will continue to prepare consolidated financial statements based on generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial reports of other companies.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	FY2024 (As of Mar. 31, 2025)	FY2025 (As of Mar. 31, 2026)
Assets		
Current assets		
Cash and deposits	118,976	125,433
Notes receivable-trade	253	346
Accounts receivable-trade	22,361	25,152
Merchandise and finished goods	7,250	11,240
Work in process	29	27
Raw materials and supplies	460	552
Accounts receivable-other	351	2,406
Other	2,211	3,553
Allowance for doubtful accounts	(196)	(145)
Total current assets	151,698	168,567
Non-current assets		
Property, plant and equipment		
Buildings and structures	51,157	53,761
Accumulated depreciation and impairment	(47,186)	(47,723)
Buildings and structures, net	3,971	6,037
Machinery, equipment and vehicles	12,516	12,267
Accumulated depreciation and impairment	(12,249)	(11,999)
Machinery, equipment and vehicles, net	267	268
Tools, furniture and fixtures	7,148	9,147
Accumulated depreciation and impairment	(5,968)	(6,613)
Tools, furniture and fixtures, net	1,179	2,534
Land	6,300	6,324
Leased assets	6,665	6,926
Accumulated depreciation and impairment	(2,062)	(2,309)
Leased assets, net	4,603	4,616
Construction in progress	495	203
Total property, plant and equipment	16,818	19,985
Intangible assets	3,595	6,629
Investments and other assets		
Investment securities	7,558	8,490
Long-term loans receivable from employees	9	8
Guarantee deposits	1,977	2,888
Deferred tax assets	2,617	2,648
Retirement benefit asset	16,192	22,164
Other	2,090	3,930
Allowance for doubtful accounts	(152)	(629)
Total investments and other assets	30,293	39,502
Total non-current assets	50,707	66,117
Deferred assets		
Bond issuance costs	0	-
Total deferred assets	0	-
Total assets	202,406	234,684

(Millions of yen)

	FY2024 (As of Mar. 31, 2025)	FY2025 (As of Mar. 31, 2026)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,420	4,517
Short-term borrowings	6,916	3,942
Current portion of bonds payable	39	-
Lease liabilities	1,059	1,069
Accounts payable-other	13,984	16,097
Income taxes payable	9,547	11,774
Contract liabilities	6,170	6,779
Provision for bonuses	1,267	1,987
Provision for shareholder benefit program	106	95
Provision for point card certificates	15	16
Other	4,750	5,113
Total current liabilities	49,277	51,393
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	28,312	7,251
Long-term borrowings	5,023	2,744
Lease liabilities	3,974	4,009
Long-term deposits received	716	721
Long-term accounts payable-other	316	2,270
Retirement benefit liability	1,027	970
Deferred tax liabilities	5,781	8,930
Other	368	420
Total non-current liabilities	45,521	27,319
Total liabilities	94,798	78,713
Net assets		
Shareholders’ equity		
Share capital	10,261	10,261
Capital surplus	4,638	17,245
Retained earnings	93,238	132,411
Treasury shares	(17,630)	(24,716)
Total shareholders’ equity	90,508	135,202
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	785	69
Foreign currency translation adjustment	8,154	10,288
Remeasurements of defined benefit plans	7,583	10,224
Total accumulated other comprehensive income	16,522	20,583
Non-controlling interests	576	185
Total net assets	107,608	155,971
Total liabilities and net assets	202,406	234,684

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	FY2024 (Apr. 1, 2024 – Mar. 31, 2025)	FY2025 (Apr. 1, 2025 – Mar. 31, 2026)
Net sales	144,904	194,088
Cost of sales	35,005	44,025
Gross profit	109,899	150,062
Selling, general and administrative expenses		
Sales promotion expenses	6,398	8,352
Provision for allowance for doubtful accounts	34	383
Remuneration, salaries and allowances for directors (and other officers)	10,747	12,485
Other salaries	3,805	4,606
Bonuses	3,204	3,528
Provision for bonuses	1,299	1,997
Provision for shareholder benefit program	75	(11)
Provision for point card certificates	6	0
Retirement benefit expenses	(418)	(794)
Commission expenses	8,504	10,176
Freight and packing costs	1,783	2,418
Rent expenses	3,892	4,724
Depreciation	1,215	1,506
Other	17,543	22,827
Total selling, general and administrative expenses	58,093	72,203
Operating profit	51,806	77,859
Non-operating income		
Interest income	1,383	1,261
Dividend income	116	83
Foreign exchange gains	99	201
Gain on investments in investment partnerships	147	27
Other	416	494
Total non-operating income	2,164	2,068
Non-operating expenses		
Interest expenses	170	185
Commission expenses	166	238
Value added tax	152	-
Settlement expenses	-	97
Other	27	71
Total non-operating expenses	516	592
Ordinary profit	53,453	79,335
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	2,444	-
Total extraordinary income	2,445	0

(Millions of yen)

	FY2024 (Apr. 1, 2024 – Mar. 31, 2025)	FY2025 (Apr. 1, 2025 – Mar. 31, 2026)
Extraordinary losses		
Loss on disposal of non-current assets	77	88
Impairment losses	317	7
Business restructuring expenses	4	-
System failure response expenses	62	-
Total extraordinary losses	461	96
Profit before income taxes	55,436	79,239
Income taxes-current	16,503	22,147
Income taxes-deferred	(3,029)	2,177
Total income taxes	13,474	24,324
Profit	41,962	54,914
Profit attributable to non-controlling interests	231	306
Profit attributable to owners of parent	41,731	54,608

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2024 (Apr. 1, 2024 – Mar. 31, 2025)	FY2025 (Apr. 1, 2025 – Mar. 31, 2026)
Profit	41,962	54,914
Other comprehensive income		
Valuation difference on available-for-sale securities	(604)	(715)
Foreign currency translation adjustment	3,426	2,140
Remeasurements of defined benefit plans, net of tax	3,080	2,641
Total other comprehensive income	5,902	4,067
Comprehensive income	47,864	58,981
Total comprehensive income attributable to:		
Owners of parent	47,599	58,668
Non-controlling interests	265	312

(3) Consolidated Statement of Changes in Net Assets

FY2024 (Apr. 1, 2024 – Mar. 31, 2025)

(Millions of yen)

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

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

FY2025 (Apr. 1, 2025 – Mar. 31, 2026)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period (Balance, April 1, 2025)	10,261	4,638	93,238	(17,630)	90,508
Changes during period					
Dividends of surplus			(15,434)		(15,434)
Profit attributable to owners of parent			54,608		54,608
Purchase of treasury shares				(15,000)	(15,000)
Disposal of treasury shares		13,571		7,914	21,486
Additional purchase of shares of consolidated subsidiaries		(965)			(965)
Net changes in items other than shareholders' equity					
Total changes during period	-	12,606	39,173	(7,085)	44,693
Balance at end of period (Balance, March 31, 2026)	10,261	17,245	132,411	(24,716)	135,202

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period (Balance, April 1, 2025)	785	8,154	7,583	16,522	576	107,608
Changes during period						
Dividends of surplus						(15,434)
Profit attributable to owners of parent						54,608
Purchase of treasury shares						(15,000)
Disposal of treasury shares						21,486
Additional purchase of shares of consolidated subsidiaries						(965)
Net changes in items other than shareholders' equity	(715)	2,134	2,641	4,060	(390)	3,669
Total changes during period	(715)	2,134	2,641	4,060	(390)	48,363
Balance at end of period (Balance, March 31, 2026)	69	10,288	10,224	20,583	185	155,971

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY2024 (Apr. 1, 2024 – Mar. 31, 2025)	FY2025 (Apr. 1, 2025 – Mar. 31, 2026)
Cash flows from operating activities		
Profit before income taxes	55,436	79,239
Depreciation	2,301	2,872
Amortization of long-term prepaid expenses	82	134
Increase (decrease) in allowance for doubtful accounts	20	373
Increase (decrease) in provision for bonuses	299	712
Decrease (increase) in retirement benefit asset	(2,077)	(2,114)
Increase (decrease) in retirement benefit liability	(170)	(61)
Increase (decrease) in provision for shareholder benefit program	75	(11)
Increase (decrease) in provision for point card certificates	6	0
Interest and dividend income	(1,275)	(1,220)
Interest on securities	(224)	(124)
Interest expenses	170	185
Loss (gain) on disposal of non-current assets	76	88
Impairment losses	317	7
Loss (gain) on sale of investment securities	(2,444)	-
Decrease (increase) in trade receivables	(7,653)	(2,931)
Decrease (increase) in inventories	(1,208)	(4,003)
Decrease (increase) in other assets	72	(1,678)
Increase (decrease) in trade payables	405	(1,005)
Increase (decrease) in accrued consumption taxes	503	326
Increase (decrease) in contract liabilities	1,176	418
Increase (decrease) in other liabilities	6,404	1,153
Other, net	830	(182)
Subtotal	53,127	72,178
Interest and dividends received	1,392	1,219
Interest paid	(224)	(243)
Income taxes paid	(13,478)	(20,599)
Net cash provided by (used in) operating activities	40,816	52,554
Cash flows from investing activities		
Payments into time deposits	(18,714)	(23,778)
Proceeds from withdrawal of time deposits	26,132	13,432
Purchase of property, plant and equipment	(2,459)	(2,438)
Proceeds from sale of property, plant and equipment	0	2
Purchase of intangible assets	(1,345)	(3,240)
Proceeds from sale of intangible assets	-	0
Purchase of investment securities	(1,000)	(1,852)
Proceeds from sale of investment securities	4,328	-
Proceeds from redemption of investment securities	-	61
Proceeds from distributions from investment partnerships	1,206	344
Proceeds from collection of loans receivable	4	1
Purchase of shares of subsidiaries and associates	-	(513)
Proceeds from sale of shares of subsidiaries and associates	-	15
Payments of guarantee deposits	(328)	(970)
Proceeds from refund of guarantee deposits	98	89
Other, net	361	(2,012)

	FY2024 (Apr. 1, 2024 – Mar. 31, 2025)	FY2025 (Apr. 1, 2025 – Mar. 31, 2026)
Net cash provided by (used in) investing activities	8,283	(20,859)

(Millions of yen)

	FY2024 (Apr. 1, 2024 – Mar. 31, 2025)	FY2025 (Apr. 1, 2025 – Mar. 31, 2026)
Cash flows from financing activities		
Repayments of short-term borrowings	-	(1,634)
Proceeds from long-term borrowings	-	2,000
Repayments of long-term borrowings	(7,520)	(5,619)
Redemption of bonds	(102)	(39)
Purchase of treasury shares	(1)	(15,000)
Dividends paid	(8,135)	(15,413)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(1,675)
Other, net	(1,092)	(1,059)
Net cash provided by (used in) financing activities	(16,852)	(38,441)
Effect of exchange rate change on cash and cash equivalents	2,111	1,128
Net increase (decrease) in cash and cash equivalents	34,358	(5,618)
Cash and cash equivalents at the beginning of period	67,935	102,293
Cash and cash equivalents at the end of period	102,293	96,675

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Segment and Other Information

Segment Information

1. Overview of reportable segment

Segments used for financial reporting are the Sanrio Group’s constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

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

As a result, there are five reportable segments based on the structure of sales activities by geographical segments: Japan, Europe, North America, Latin America and Asia.

2. Calculation method for sales, profit or loss, assets, liabilities and other items for each reportable segment

The accounting methods used for reportable business segments generally accords with those used for the preparation of consolidated financial statements. Profits for reportable segments are operating profit. Profits and transfer sums for inter-segment transactions within the Group are based on market prices.

3. Information related to sales, profit or loss, assets, liabilities and other items for each reportable segment

FY2024 (Apr. 1, 2024 – Mar. 31, 2025) (Millions of yen)

	Reportable segment						Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Japan	Europe	North America	Latin America	Asia	Total		
Sales								
Customers	85,989	6,230	27,487	1,789	23,407	144,904	-	144,904
(Royalty income)	(19,851)	(6,102)	(24,957)	(1,750)	(18,077)	(70,738)	(-)	(70,738)
Inter-segment	27,020	153	100	84	4,595	31,953	(31,953)	-
(Royalty income)	(25,517)	(8)	(-)	(-)	(-)	(25,525)	((25,525))	(-)
Total	113,009	6,383	27,588	1,873	28,003	176,858	(31,953)	144,904
Segment profit	36,602	1,600	8,875	547	6,761	54,388	(2,581)	51,806
Segment assets	139,987	9,298	28,064	2,333	28,730	208,415	(6,008)	202,406
Other items								
Depreciation	1,593	285	130	15	354	2,379	4	2,384
Increase in property and equipment, and intangible assets	3,468	118	92	47	726	4,454	-	4,454

Notes: 1. Adjustments are as follows.

(1) The minus 2,581 million yen 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.

(2) The minus 6,008 million yen adjustment to segment assets is the sum of eliminations for inter-segment transactions and corporate assets which belong to administration department of the Company.

(3) The 4 million yen adjustment to depreciation is the depreciation related to corporate assets.

2. Segment profit is adjusted to be consistent with operating profit shown on the consolidated statement of income.

3. Depreciation includes amortization of long-term prepaid expenses.

FY2025 (Apr. 1, 2025 – Mar. 31, 2026) (Millions of yen)

	Reportable segment						Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Japan	Europe	North America	Latin America	Asia	Total		
Sales								
Customers	113,567	11,551	27,596	3,300	38,071	194,088	-	194,088
(Royalty income)	(31,145)	(11,381)	(24,963)	(3,262)	(25,670)	(96,424)	(-)	(96,424)
Inter-segment	34,683	169	117	47	7,467	42,486	(42,486)	-
(Royalty income)	(31,621)	(10)	(-)	(-)	(-)	(31,632)	((31,632))	(-)
Total	148,250	11,721	27,714	3,348	45,539	236,574	(42,486)	194,088
Segment profit	53,843	846	9,765	878	16,254	81,588	(3,728)	77,859
Segment assets	148,477	15,517	33,283	3,693	45,991	246,963	(12,279)	234,684
Other items								
Depreciation	2,098	294	120	17	471	3,001	5	3,007
Increase in property and equipment, and intangible assets	5,753	160	3	3	585	6,506	18	6,525

Notes: 1. Adjustments are as follows.

(1) The minus 3,728 million yen 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.

(2) The minus 12,279 million yen adjustment to segment assets is the sum of eliminations for inter-segment transactions and corporate assets which belong to administration department of the Company.

(3) The 5 million yen adjustment to depreciation is the depreciation related to corporate assets.

(4) The 18 million yen adjustment to increases in property, plant, and equipment and intangible assets represents corporate-wide assets, which consist primarily of assets related to the Company’s administrative departments.

2. Segment profit is adjusted to be consistent with operating profit shown on the consolidated statement of income.
3. Depreciation includes amortization of long-term prepaid expenses.

Related Information

FY2024 (Apr. 1, 2024 – Mar. 31, 2025)

1. Information by product or service

(Millions of yen)

	Product sales and licensing	Theme parks	Other	Total
Sales to customers	128,631	15,138	1,135	144,904

2. Information by region

(1) Sales

(Millions of yen)

Japan	Europe	North America	Asia	Other	Total
84,037	6,330	27,540	25,187	1,808	144,904

Note: Sales are based on the location of the client and categorized by country or region.

(2) Property and equipment

(Millions of yen)

Japan	Europe	North America	Latin America	Asia	Other	Total
14,140	786	681	126	1,078	3	16,818

3. Information about specific customers

Omitted because no single external customer accounts for 10% or more of sales as shown on the consolidated statement of income.

FY2025 (Apr. 1, 2025 – Mar. 31, 2026)

1. Information by product or service

(Millions of yen)

	Product sales and licensing	Theme parks	Other	Total
Sales to customers	175,299	17,712	1,076	194,088

2. Information by region

(1) Sales

(Millions of yen)

Japan	Europe	North America	Asia	Other	Total
109,910	11,625	27,650	41,567	3,333	194,088

Note: Sales are based on the location of the client and categorized by country or region.

(2) Property and equipment

(Millions of yen)

Japan	Europe	North America	Latin America	Asia	Other	Total
17,171	892	545	128	1,242	5	19,985

3. Information about specific customers

Omitted because no single external customer accounts for 10% or more of sales as shown on the consolidated statement of income.

Information related to impairment loss of non-current assets for each reportable segment

FY2024 (Apr. 1, 2024 – Mar. 31, 2025)

Impairment loss of 317 million yen on store assets and business assets was recorded in the "Japan" segment.

FY2025 (Apr. 1, 2025 – Mar. 31, 2026)

Impairment loss of 7 million yen on business assets was recorded in the "Japan" segment.

Information related to goodwill amortization and the unamortized balance for each reportable segment

FY2024 (Apr. 1, 2024 – Mar. 31, 2025)

Not applicable.

FY2025 (Apr. 1, 2025 – Mar. 31, 2026)

Not applicable.

Per Share Information

(Yen)

	FY2024 (Apr. 1, 2024 – Mar. 31, 2025)	FY2025 (Apr. 1, 2025 – Mar. 31, 2026)
Net assets per share	90.21	128.49
Basic earnings per share	35.32	45.33
Diluted earnings per share	33.66	44.74

Notes: 1. The Company conducted a 5-for-1 common stock split effective on April 1, 2026. Net assets per share, basic earnings per share and diluted earnings per share are calculated as if this stock split had taken place at the beginning of FY2024.

2. Basis for calculating net assets per share is as shown below.

	FY2024 (As of Mar. 31, 2025)	FY2025 (As of Mar. 31, 2026)
Total net assets on the consolidated balance sheet (million yen)	107,608	155,971
Net assets associated with common stock shares (million yen)	107,031	155,785
Breakdown of differences Non-controlling interests (million yen)	576	185
Number of common stock shares outstanding (thousand shares) (note)	1,277,041	1,277,041
Number of shares of treasury common stock (thousand shares) (note)	90,606	64,596
Number of common stock shares used in calculation of net assets per share (thousand shares) (note)	1,186,435	1,212,444

Note: The Company conducted a 5-for-1 common stock split effective on April 1, 2026. Number of common stock shares outstanding, number of shares of treasury common stock, and number of common stock shares used in calculation of net assets per share are calculated as if this stock split had taken place at the beginning of FY2024.

3. Basis for calculating basic earnings per share and diluted earnings per share is as shown below.

	FY2024 (Apr. 1, 2024 – Mar. 31, 2025)	FY2025 (Apr. 1, 2025 – Mar. 31, 2026)
Basic earnings per share		
Profit attributable to owners of parent (million yen)	41,731	54,608
Amount not returned to common stock shareholders (million yen)	-	-
Profit attributable to owners of parent applicable to common stock (million yen)	41,731	54,608
Average number of common stock shares outstanding (thousand shares) (note 1)	1,181,423	1,204,588
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (million yen)	(155)	(86)
[of which, amortization of bond issuance costs (after deducting amount equivalent to tax)] (million yen) (note 2)	[(155)]	[(86)]
Increase in number of common stock shares (thousand shares) (note 1)	53,716	13,998
[of which convertible-bond-type bonds with share acquisition rights (thousand shares)] (note 1)	[53,716]	[13,998]
Summary of potentially dilutive shares not included in the calculation of diluted earnings per share due to their anti-dilutive effect	-	-

Notes: 1. The Company conducted a 5-for-1 common stock split effective on April 1, 2026. Average number of common stock shares outstanding, increase in number of common stock shares and increase in number of common stock shares [of which convertible-bond-type bonds with share acquisition rights] are calculated as if this stock split had taken place at the beginning of FY2024.

2. Amortization (net of tax) related to such difference due to the issuance of bonds at a price higher than the face value of the bonds.

Subsequent Events

Stock Split and Associated Amendments to the Articles of Incorporation

The Board of Directors of the Company adopted a resolution on February 12, 2026 concerning implementation of a stock split and associated amendments to the Articles of Incorporation. The stock split was implemented on April 1, 2026.

1. Purpose of the Stock Split

The minimum monetary amount required to invest in one trading unit of the Company's shares has remained at around the 500,000 yen level. This level significantly exceeds the 100,000 yen investment unit desired by individual investors, as indicated in the Tokyo Stock Exchange's "Study Group Report on the Ideal Structure of Small-Lot Investments." The stock split is aimed at reducing the monetary amount required to invest in each trading unit and creating an environment that facilitates investment by a broader range of investors. Through this initiative, the Company aims to broaden its investor base.

2. Overview of the Stock Split

(1) Method

Each share of the Company's common stock held by shareholders listed or recorded in the shareholder registry as of March 31, 2026, the record date, will be split into five shares.

(2) Increase in the number of shares due to the stock split

Number of outstanding shares before the stock split	Common stock: 255,408,303 shares
Increase in the number of shares due to the stock split	Common stock: 1,021,633,212 shares
Number of outstanding shares after the stock split	Common stock: 1,277,041,515 shares
Number of authorized shares after the stock split	4,650,000,000 shares

(3) Schedule

Public notice of the record date	Friday, March 13, 2026
Record date	Tuesday, March 31, 2026
Effective date	Wednesday, April 1, 2026

(4) Others

There is no change in the amount of capital due to the stock split.

3. Amendments to the Articles of Incorporation

(1) Reason for the amendments

Part of the Company's Articles of Incorporation was amended pursuant to the stock split described above, effective April 1, 2026, based on the provisions of Article 184, Paragraph 2 of the Companies Act.

(2) Details of the amendments

Articles of Incorporation before amendment	Articles of Incorporation after amendment
(Number of Authorized Shares) Article 6 The total number of shares authorized to be issued by the Company shall be 930,000,000 shares.	(Number of Authorized Shares) Article 6 The total number of shares authorized to be issued by the Company shall be <u>4,650,000,000</u> shares.

(3) Amendment schedule

Effective date of the amendments to the Articles of Incorporation: Wednesday, April 1, 2026

Introduction of a Performance Equity Compensation (PEC) Plan

At the meeting of the Board of Directors held on May 29 2026, 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 plans 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.

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 the General Meeting 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 the General Meeting. 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.

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.