(Securities Code 8136)
July 16, 2026
(Commencement of Electronic Provision July 9, 2026)

To Shareholders:

Tomokuni Tsuji
President and CEO
Sanrio Company, Ltd.
1-6-1, Osaki,Shinagawa-ku, Tokyo

NOTICE OF HOLDING OF THE CONTINUATION MEETING OF THE 66TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

You are cordially invited to attend the Continuation Meeting of the 66th Ordinary General Meeting of Shareholders (the "Continuation Meeting") of Sanrio Company, Ltd. (the "Company"). The meeting will be held for the purposes as described below.

The Company adopted electronic provision measures for the Notice of Holding of the Continuation Meeting of the 66th Ordinary General Meeting of Shareholders, which is posted on the following website.

It should be noted that as the Continuation Meeting forms part of the 66th Ordinary General Meeting of Shareholders held on June 25, 2026, shareholders entitled to exercise voting rights at the 66th Ordinary General Meeting of Shareholders are entitled to attend the Continuation Meeting.

Website **https://corporate.sanrio.co.jp/en/ir/stock/meeting/**

In addition to the preceding, the information is also posted on the following Tokyo Stock Exchange website (Tokyo Stock Exchange Company Announcements Service). To view this information, enter or search for the stock name (company name) or securities code (8136) and select Basic Information or Documents for Public Inspection/PR Information.

Website **https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show**

1. In the event of any revisions to the matters subject to electronic provision, the revised content will be posted on each of the relevant websites.
2. Among the matters subject to electronic provision, those that can be made available via the internet in accordance with laws and Article 17 of the Articles of Incorporation are posted on our website (https://corporate.sanrio.co.jp/en/ir/stock/meeting/) and are therefore not included in the written documents delivered to shareholders. Please note that, for the Continuation Meeting, a document containing the matters subject to electronic provision will be sent to all shareholders, regardless of whether they have requested delivery of a written document.
3. When attending the Continuation Meeting, please present the enclosed attendance card at the reception desk at the meeting hall. No person other than a shareholder holding an attendance card, including any proxy or accompanying person, is permitted to attend the meeting. Should you fail to bring the attendance card with you, you may experience some delay at the reception desk before gaining admission to the meeting. In addition, please make sure to bring this Notice of Holding of the Continuation Meeting to the meeting.
4. The company's head office functions have been relocated to 1-11-1, Osaki, Shinagawa-ku, Tokyo, but there is no change to the registered head office address.
5. A portion of this document is delivered to shareholders upon their request for documents audited by the Audit and Supervisory Committee.

1. Date and Time:	Friday, July 31, 2026 at 2 p.m. (The reception desk will open at 1 p.m. Please arrive early as it becomes very crowded just before the meeting begins.)
2. Place:	KONRON, 3F, International Convention Center PAMIR, Grand Prince Hotel Shin Takanawa 3-13-1, Takanawa, Minato-ku Tokyo,
3. Meeting Agenda: **Matters to be reported:**	1. The Business Report, Consolidated Financial Statements and the results of audits conducted by the Accounting Auditor and the Audit and Supervisory Committee for the Consolidated Financial Statements for the Company's 66th Fiscal Year (April 1, 2025 - March 31, 2026) 2. Non-Consolidated Financial Statements for the Company's 66th Fiscal Year (April 1, 2025 - March 31, 2026) *With respect to the handling of matters to be reported, please refer to the section titled "Reason for Holding the Continuation Meeting of the 66th Ordinary General Meeting of Shareholders" on the next page.

Reason for Holding the Continuation Meeting of the 66th Ordinary General Meeting of Shareholders

With respect to the matters set forth under “Matters to be Reported” in the “Meeting Agenda” of the 66th Ordinary General Meeting of Shareholders (hereinafter, the “General Meeting”) held on June 25, 2026, namely, “the Business Report, Consolidated Financial Statements, and the results of audits conducted by the Accounting Auditor and the Audit and Supervisory Committee on the Consolidated Financial Statements for the Company’s 66th Fiscal Year (April 1, 2025 - March 31, 2026), as well as the Non-Consolidated Financial Statements for the Company’s 66th Fiscal Year (April 1, 2025 - March 31, 2026)” (hereinafter collectively referred to as the “Matters to be Reported”), the Company obtained approval from the shareholders at the General Meeting to separately hold a continuation meeting of the General Meeting (hereinafter, the “Continuation Meeting”), report the Matters to be Reported at the Continuation Meeting, and authorize the Board of Directors to determine the date, time and place of the Continuation Meeting.

As the settlement procedures and the audit procedures conducted by the Accounting Auditor with respect to the Company’s consolidated financial results have been completed, the Company hereby announces that it will hold the Continuation Meeting to report the Matters to be Reported.

As the Continuation Meeting forms part of the General Meeting, shareholders entitled to exercise voting rights at the General Meeting are entitled to attend the Continuation Meeting.

We sincerely apologize for the significant inconvenience and concern caused to our shareholders.

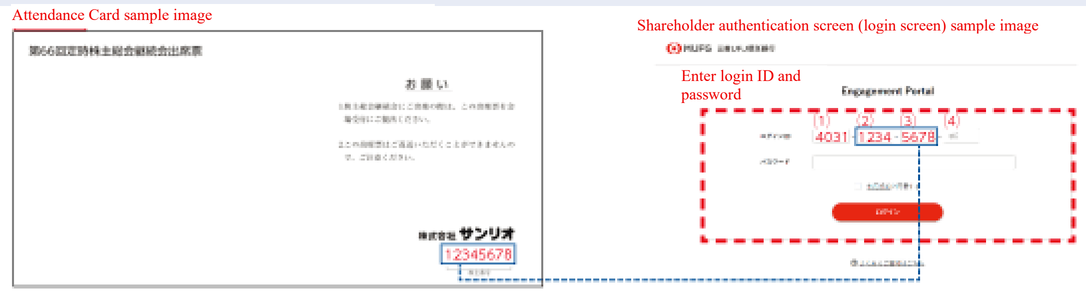
Live Streaming of the Continuation Meeting of the General Meeting of Shareholders

We will provide a live stream of the Continuation Meeting of the General Meeting of Shareholders so that shareholders can view the proceedings of the meeting at home or other locations on the date of the meeting as follows.

Date and time: from 2:00 p.m., Friday, July 31, 2026 until the end of the Continuation Meeting of the General Meeting of Shareholders

Instructions for the Shareholder Website* (Japanese only) *Engagement Portal

On this website, a live stream will be available on the day of the Continuation Meeting of the General Meeting of Shareholders.
1. Please enter the URL below or scan the QR code to access the Shareholder Website "Engagement Portal."
https://engagement-portal.tr.mufg.jp/ (Japanese only)
2. Please enter the following login ID and password on the shareholder authentication screen (login screen).
• Login ID (12 digits): 4031 + shareholder number (8 digits)
• Password (11 digits): Zip code (7 digits) + 2026
* The shareholder number is shown on the enclosed attendance card of the Continuation Meeting (please see the sample image below).
* For the login ID, please enter fields (1) through (3) below from the left in order.
* Please use the zip code (7 digits) of the address registered in the list of shareholders as of March 31, 2026.
* In the event that you have no domestic registered address and designate a standing proxy, please enter the zip code of such standing proxy.
(1) Please enter 4031 as the company number.
(2) First four digits of the shareholder number
(3) Last four digits of the shareholder number
* No entry is required in the rightmost field (4) (once field (1) is entered, it will be grayed out).
3. Check the box for "Agree to the Terms of Use (利用規約に同意する)" after confirming terms of use.
4. Click the "Login" button.
* QR Code is a registered trademark of DENSO WAVE Incorporated.



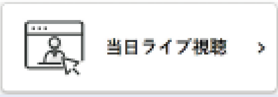
Inquiries Regarding Shareholder Website

Mitsubishi UFJ Trust and Banking Corporation Transfer Agency Department

Telephone (toll free): 0120-676-808 (Between 9 a.m. and 5 p.m. on business days excluding Saturdays, Sundays, and national holidays; however, on the day of the Continuation Meeting, inquiries will be accepted from 9 a.m. to the end of the meeting.) (Japanese only)

Instructions for Viewing the Live Stream

Date and Time **2 p.m. on Friday, July 31, 2026**
The website will be accessible 30 minutes before the start time



(1) Click “Live Viewing on the Day of Meeting (当日ライブ視聴).”
(2) Check the box for “Agree to the Terms of Use (利用規約に同意する)” after confirming the terms of use.
(3) Click “View the Live Stream (視聴する).” (Japanese only)

Instructions for Submitting Questions During the Live Stream

Shareholders can submit questions by sending text messages on the live viewing screen on the day of the meeting.
Please submit questions in Japanese during the time designated by the chair on the day of the Continuation Meeting in accordance with the following procedures.

(1) Click “Question Tab (質問タブ).”
(2) Select a category.
(3) Enter your question.
(4) Confirm the content and click “Send (送信).”

●Only one question (up to 200 Japanese characters) may be submitted per person.
●Questions relating to the meeting agenda of the Continuation Meeting will be given priority. Please understand that we may not be able to answer all questions received and may respond to similar questions collectively as one question.

Notes:
- ● In holding the virtual Continuation Meeting of the General Meeting of Shareholders, the Company will take reasonable measures against communication failures. However, audio or video issues may occur depending on your device (model, specifications, etc.) and internet connection environments (network conditions, connection speed, etc.). The Company shall not be responsible for any disadvantage incurred by shareholders viewing the live stream due to such communication failures (shareholders with such concerns are advised to attend the meeting at the venue).
- ● Communication fees and any other costs incurred in viewing the live stream shall be borne by each shareholder.
- ● The Company may change the operation of or suspend the hybrid attendance-type virtual continuation meeting of the general meeting of shareholders if the Company determines it to be unavoidable due to communication failures or other reasons. In such case, announcements will be made on the Company website.
- ● Secondary use of the live stream footage of the Continuation Meeting of the General Meeting of Shareholders, including posting to social media, is strictly prohibited.
- ● Viewing the live stream via the Internet is not recognized as attendance at the Continuation Meeting of the General Meeting of Shareholders under the Companies Act.
- ● Shareholders attending via the Internet may not exercise voting rights or submit motions. There are no matters to be resolved at the Continuation Meeting.
- ● Viewing the live stream of the Continuation Meeting of the General Meeting of Shareholders via the Internet is limited to the shareholder personally. Please refrain from having a proxy or other person view the live stream on your behalf.
- ● In consideration of the privacy of attending shareholders, filming at the venue on the day will be limited to the area around the chairperson’s seat and the officers’ seats. However, attending shareholders may unavoidably be captured on camera. We ask for your understanding in advance.

≪Recommended operating environment≫

	PC		Mobile		
	Windows	Macintosh	iPad	iPhone	Android
OS * Latest version	Windows	MacOS	iPadOS	iOS	Android
Browser * Latest version	Google Chrome Microsoft Edge (Chromium)	Safari Google Chrome	Safari	Safari	Google Chrome

Business Report

(April 1, 2025 - March 31, 2026)

1. Overview of Current Status of the Corporate Group

(1) Capital expenditures

Capital expenditures during the fiscal year under review amounted to 6,875 million yen, comprising 6,103 million yen in the Japan business, 56 million yen in the Europe business, 3 million yen in the North America business, 130 million yen in the Latin America business, 561 million yen in the Asia business, and 18 million yen in corporate assets.

The main investments included the renovation of and opening of directly managed retail stores, associated guaranteed deposits, and the renewal of attractions, restaurants, and other facilities at theme parks.

(2) Procurement of funds

Operating capital and capital expenditures were financed through internal funds.

(3) Material Subsidiaries

1) Material subsidiaries

Company name	Capital	The Company's percentage of voting rights	Principal business
Sanrio, Inc.	34,412 thousand US dollars	100.0%	Sale of merchandise and licensing business
Sanrio do Brasil Comercio e Representacoes Ltda.	2,097 thousand Brazilian real	(100.0%)	Sale of merchandise and licensing business
Sanrio Entertainment Co., Ltd.	100 million yen	100.0%	Theme parks operations
Sanrio (Hong Kong) Co., Ltd.	1,000 thousand Hong Kong dollars	100.0%	Sale of merchandise
Sanrio Taiwan Co., Ltd.	177 million Taiwanese dollars	100.0%	Sale of merchandise and licensing business
Sanrio Korea Co., Ltd.	50 million Korean won	(100.0%)	Sale of merchandise and licensing business
Sanrio Shanghai International Trade Co., Ltd.	400 thousand US dollars	40.0% (100.0%)	Sale of merchandise and licensing business
Sanrio GmbH	2,019 thousand Euro	100.0%	Sale of merchandise and licensing business
Sanrio Global Ltd.	1 GBP	100.0%	Sale of merchandise and licensing business
Sanrio Global Asia Ltd.	10 thousand Hong Kong dollars	(100.0%)	Sale of merchandise and licensing business
Mister Men Ltd.	3,500 thousand GBP	(100.0%)	Sale of merchandise and licensing business
THOIP	100 GBP	(100.0%)	Sale of merchandise and licensing business
Sanrio Wave Hong Kong Co., Ltd.	450 thousand Hong Kong dollars	(95.0%)	Sale of merchandise and licensing business
Kokoro Company Ltd.	495 million yen	100.0%	Sale and rental business of robots
SANRIO SOUTHEAST ASIA PTE.LTD.	2,000 thousand US dollars	100.0%	Sale of merchandise and licensing business

Notes: 1. Numbers in parentheses indicate indirect ownership.
2. Sanrio UK Finance Ltd. is currently undergoing liquidation.
3. Sanrio Chile SpA was closed effective December 31, 2025.

2) Status of wholly-owned specified subsidiaries as of the end of the fiscal year

No applicable items.

2. Company Officers

(1) Directors

Position	Name	Responsibility and significant concurrent positions
President and Chief Executive Officer	Tomokuni Tsuji	Chairman, Sanrio Entertainment Co., Ltd.; Chairman, Kokoro Company Ltd.
Senior Managing Director	Wataru Nakatsuka	Responsible for Office to the President, Corporate Strategy Division, Global Brand Management Division, Global Sustainability Department, Human Resources Division, and Global Strategy Department
Senior Managing Director	Yasuyuki Otsuka	Responsible for Sales Division; CEO, Sanrio Shanghai International Trade Co., Ltd.; CEO, Sanrio (Hong Kong) Co., Ltd.; CEO, Sanrio Wave Hong Kong Co., Ltd.; CEO, Sanrio Taiwan Co., Ltd.; CEO, Sanrio Korea, Co., Ltd.; CEO, SANRIO SOUTHEAST ASIA PTE. LTD.
Managing Director	Kiyoshi Saito	Digital Media & Sports Licensing Division; CEO, Sanrio Inc.; CEO, Sanrio GmbH; CEO, Sanrio Global Ltd.; CEO, Mister Men Ltd.; CEO, THOIP; CEO, Sanrio Global Asia Ltd.
Director	Yu Sasamoto	Outside Director, KADOKAWA Corp. Chief Executive Officer, DAZN Japan Investment GK and APAC Business Development
Director	Masae Yamanaka	Outside Director, JTB Corp. Director, ROHTO Pharmaceutical Co., Ltd.
Director	Shizuko Kamoda	Representative, RITA Law Office External Director, S Foods Corporation Outside Audit and Supervisory Committee Member, Roland Corporation
Director (Full-time Audit and Supervisory Committee Member)	Shinichi Okumura	
Director (Audit and Supervisory Committee Member)	Kazuo Ohashi	Certified Public Accountant; President, Kazuo Ohashi Certified Accounting Office Outside Corporate Auditor, Graphite Design Inc.
Director (Audit and Supervisory Committee Member)	Kiyo Morikawa	Representative, Morikawa Law Office Outside Auditor, TOYO Corporation

Notes: 1. Directors Yu Sasamoto, Masae Yamanaka, Shizuko Kamoda, Kazuo Ohashi, and Kiyo Morikawa are Outside Directors.

2. The Company has elected Shinichi Okumura as a Full-time Audit and Supervisory Committee Member to strengthen the audit and supervisory functions of Audit and Supervisory Committee Members as well as facilitate information gathering from Directors (excluding Directors serving as Audit and Supervisory Committee Members), the sharing of information at important internal meetings, and close cooperation between the internal control division and Audit and Supervisory Committee Members.

3. The Company has submitted notifications to the Tokyo Stock Exchange that Directors Yu Sasamoto, Masae Yamanaka, Shizuko Kamoda, Kazuo Ohashi, and Kiyo Morikawa have been designated as independent officers as provided for by the aforementioned exchange.

4. Full-time Audit and Supervisory Committee Member Shinichi Okumura has long-term experience in the financial institution and a wealth of knowledge of finance and accounting.

5. Audit and Supervisory Committee Member Kazuo Ohashi is a Certified Public Accountant with a wealth of knowledge of finance and accounting.
6. Audit and Supervisory Committee Member Kiyo Morikawa is an attorney with a wealth of knowledge of legal matters.
7. Jiro Kishimura, Yuko Akiyama, and David Bennett retired from the position of Directors at the conclusion of the 65th Ordinary General Meeting of Shareholders held on June 26, 2025.
8. Kiyoshi Saito retired from the position of Director on May 29, 2026.

(2) Amount of Compensation, etc. of Directors and Auditors for the Current Fiscal Year

1) Policy for determination of the details of compensation, etc. of individual directors

The Company has established a policy for determination of the details of compensation, etc. of individual directors at the Board of Directors as follows.

The Company's basic policy for directors' compensation is to link the compensation to the shareholders' interests so that it fully functions as an incentive for continuously increasing corporate value and that, when determining the compensation of individual directors, compensation shall be at an appropriate level based on their respective responsibilities. Specifically, the compensation of executive directors consists of base compensation as fixed compensation, special bonuses, and stock compensation, while outside directors responsible for supervisory functions are paid only base compensation in light of their duties.

i. Policy for determination of the amount of base compensation, etc. of individual directors

Base compensation for Directors of the Company shall be fixed monthly compensation, which shall be determined comprehensively based on factors such as position, responsibilities, years in office based on competitor levels, the Company's business performance, and level of employee compensation.

ii. Policy for determination of the details of non-monetary compensation, etc. and the calculation method of its amount and number

Non-monetary compensation shall be granted in the form of restricted stock, with the number of share granted determined according to the director's position.

iii. Matters regarding determination of the details of compensation, etc. of individual directors

Details of compensation, etc. for each individual director shall be determined within the total amount approved at the General Meeting of Shareholders based on the following method.

• The amount of compensation, etc. for each individual director shall be determined after receiving a report from the Nomination and Remuneration Advisory Committee, whose members consist primarily of Outside Directors, following its deliberations.

• Taking into account the above report, the President and CEO shall determine the amount of compensation for each individual director in accordance with the determination policy of directors' compensation, the compensation levels, and evaluation criteria, as specified by the Company's Board of Directors.

• The President and CEO shall give the utmost respect to the reports of the Nomination and Remuneration Advisory Committee.

Compensation for Directors serving as Audit and Supervisory Committee Members is base compensation only, and the amount of individual compensation is determined within the total amount approved at the General Meeting of Shareholders after consultation with Directors serving as Audit and Supervisory Committee Members, based on a report from the Nomination and Remuneration Advisory Committee, whose members consist primarily of Outside Directors, following its deliberations.

2) Matters regarding the resolutions on compensation, etc. of individual directors at the General Meeting of Shareholders

i. Overview of resolutions by General Meetings of Shareholders (compensation limit)	Directors (excluding Directors serving as Audit and Supervisory Committee Members) (base compensation) (of which, Outside Directors)	600 million yen (of which, 50 million yen)
	Directors (excluding Directors serving as Audit and Supervisory Committee Members) (restricted stock compensation)	200 million yen
	Directors serving as Audit and Supervisory Committee Members	40 million yen
ii. Date of resolution by General Meetings of Shareholders	Directors (excluding Directors serving as Audit and Supervisory Committee Members) (base compensation)	June 26, 2025
	Directors (excluding Directors serving as Audit and Supervisory Committee Members) (restricted stock compensation)	
	Directors serving as Audit and Supervisory Committee Members	
iii. Number of officers of the Company subject to resolution by General Meetings of Shareholders	Directors (excluding Directors serving as Audit and Supervisory Committee Members) (base compensation)	7 persons
	Directors (excluding Directors serving as Audit and Supervisory Committee Members) (restricted stock compensation)	4 persons (excluding Outside Directors)
	Directors serving as Audit and Supervisory Committee Members (of which, Outside Directors)	3 persons (of which, 2 persons)

3) Matters regarding the delegation of determination of compensation, etc. of individual directors

Details of compensation, etc. for each individual director shall be determined within the total amount approved at the General Meeting of Shareholders based on the following method.

• The amount of compensation, etc. for each individual director shall be determined after receiving a report from the Nomination and Remuneration Advisory Committee, whose members consist primarily of Outside Directors, following its deliberations.

• Taking into account the above report, the President and CEO shall determine the amount of compensation for each individual director in accordance with the determination policy of directors' compensation, the compensation levels, and evaluation criteria, as specified by the Company's Board of Directors.

• The President and CEO shall give the utmost respect to the reports of the Nomination and Remuneration Advisory Committee.

Moreover, the determination of compensation is delegated to the President and CEO Tomokuni Tsuji because it has been determined that he is best suited to evaluate each director while taking into account the overall performance of the Company, etc. The Board of Directors has concluded that the individual compensation amounts for directors are consistent with the above determination policy, as they are determined through procedures based on the aforementioned policy

4) Total amount of compensation, etc. of directors and auditors

Officer category	Total compensation amount (Millions of yen)	Total amount by type of compensation, etc. (Millions of yen)			Number of eligible officers (Persons)
		Fixed compensation	Special bonus	Non-monetary compensation, etc.	
Directors (excluding Directors serving as Audit and Supervisory Committee Members) (Of which, Outside Directors)	446 (35)	334 (35)	2 (-)	109 (-)	10 (4)
Directors serving as Audit and Supervisory Committee Members (Of which, Outside Directors)	26 (13)	26 (13)	0 (-)	- (-)	3 (2)
Auditors (Of which, outside auditors)	6 (2)	6 (2)	- (-)	- (-)	3 (2)

Notes:
1. The number of Directors (excluding Directors serving as Audit and Supervisory Committee Members) is seven (7) and the number of Directors serving as Audit and Supervisory Committee Members is three (3) as of the end of the fiscal year under review.
2. Restricted stock compensation is granted as non-monetary compensation, etc.
3. In addition to the above compensation, etc., retirement benefits for directors (and other officers) of 0 million yen were paid to one retired Director (excluding Audit and Supervisory Committee Members and Outside Directors).

THE CONTINUATION MEETING OF THE 66TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Other Matters Provided Electronically
(Matters Excluded from Paper-Based Documents Delivered to Shareholders)

66th Fiscal Year (April 1, 2025 - March 31, 2026)

Sanrio Company, Ltd.

In accordance with laws and regulations and Article 17 of the Company's Articles of Incorporation, the above-stated items are excluded from the paper-based documents delivered to shareholders.

BUSINESS REPORT

1. Overview of Current Status of the Corporate Group

(1) Results of Operations

(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 of the U.S. subsidiary. 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 Directors.

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 across the entire Group.

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—Roadmap to a World of Smiles-.” 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 for intercompany transactions arising 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 strong-performing 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) Challenges to be Addressed

1) Respond to volatility (fluctuations in business performance)

The Group has developed branded characters starting with Hello Kitty and has captured profits and expanded our business by licensing our characters to other companies and by planning, manufacturing, and selling gift merchandise. The primary source of revenue was the merchandising rights business, commonly known as product licensing, centered around Hello Kitty. In addition, we experienced repeated ups and downs in performance, such as the decline in operating profit for seven consecutive fiscal years from the fiscal year ended March 31, 2015, through the fiscal year ended March 31, 2021. We believe a major contributing factor was the overconcentration of product licensing in Europe and the Americas, and business development reliant on a single core character, Hello Kitty.

However, since the fiscal year ended March 31, 2022, the development of multiple character brands proved effective, leading to a V-shaped recovery in business performance. In the fiscal year ended March 31, 2026, the Group achieved significant growth, including record-high operating profit for three consecutive fiscal years. We recognize it as a key management challenge to continue our growth trajectory while establishing a business structure with low volatility (fluctuations in business performance).

To achieve stable business performance, we believe it is essential to increase brand visibility in Europe and the Americas, transition to a sustained growth model, and broaden the attributes of our IP, including characters. To enhance visibility in Western markets, we will make investments in film media. To make a sustainable growth model, efforts will be made to strengthen fan engagement and increase customer loyalty. In expanding IP attributes, we will further strengthen functions beyond the traditional scope by collaborating with external IPs and creators to foster an IP platform.

2) Review marketing and sales strategies to make global Evergreen IP

To achieve long-term and stable growth, the Group recognizes the importance of shifting away from reliance on externally-driven trends, and “transforming the branding” of our IP. As there was a lack of a foundation resilient to volatility, particularly overseas, we will revise our marketing and sales strategies with the aim of realizing global Evergreen IP. By building a state where recognition and favorability of our IP stay fresh and remain continuously in the market and unmoved by external trends, we intend to develop IP with lasting brand value that can withstand environmental changes in the market. As an initiative towards transforming the branding, we will launch various initiatives, such as “investing in global content” for large-scale anniversaries and other events; “collaborating with global platformers” as a way to engage video distribution channels; “strengthening branding supervision on a global scale” including cross-character marketing; and “enhancing local designs and local creatives” based on the needs of each overseas region.

3) Develop a foundation for global growth

To achieve long-term and stable growth, it is essential to further expand our business in key regions such as North America and Asia, particularly in mainland China, strengthen local management capabilities, drive renewed growth in the European market, and develop new markets such as India, Southeast Asia, and Africa. To strengthen the Group’s overseas development, the construction of a management system with a global perspective, as well as the establishment of a financial strategy and the Group’s corporate governance that can respond to the changes of markets and appropriately allocate the Company’s management capital are all essential.

Furthermore, in order to support executing this overseas strategy successfully, we recognize the challenge of establishing two key growth foundations: a “human foundation,” including the development of “global talent” as well as “creative talent;” and an “aggressive finance and governance foundation,” which entails making non-recurring investments—such as overseas M&A and capital alliances—and actively securing the resources currently lacking within the Company.

4) Expand IP portfolio and monetize in multiple layers

The Group recognizes the main factor in the volatility in our business performance to be the “narrow scope of value offerings,” specifically a “heavy reliance on Hello Kitty overseas” and a “merchandise-centered” business model. To realize long-term growth with reduced volatility, it is essential to expand our IP portfolio and monetize in multiple layers, implementing measures to broaden both the value provided by our IP as well as the range of our markets and target audiences.

In initiatives to broaden the range of value provided by IP, we will expand from the previous “merchandise-centered” approach to providing value that does not depend on merchandise. These initiatives include providing added value such as activities for supporting my fave, establishing story-based IP linked to video and games, and creating IP experiences through education and other real-world journeys.

As for initiatives to expand the market and target demographic, in addition to the multi-IP development of Sanrio characters, we will work to develop businesses related to UGX*-based creation support and secondary creation, create new market-based IP, and develop untapped segments, including those for kids and boys.

Through these efforts, we aim to further broaden our creative and producing capabilities, thereby expanding both the scope of our IP portfolio and monetization channels

* User-Generated X (UGX) is a generic term that includes user-generated content and user-generated intellectual property.

5) Leveraging diversity management

The Group operates our character business in 130 countries and regions and plans to expand our business regions further in the future. Moreover, the market for the character business is expanding irrespective of age, and product development rooted in diversity and close collaboration with companies are essential. On the other hand, strategies fragmented by region, culture, or ideology make it difficult to secure global talent, maintain the flow of products, and respond swiftly to trends. As such, the establishment of a marketing system formed from a globally integrated information management system and diversity management as well as consolidated group management is essential.

(3) Assets and Profit and Loss of the Corporate Group and the Company

1) Assets and profit and loss of the Corporate Group

(Millions of yen, unless otherwise specified.)

Item	The 63rd fiscal year ended March 31, 2023	The 64th fiscal year ended March 31, 2024	The 65th fiscal year ended March 31, 2025	**The 66th fiscal year ended March 31, 2026**
Net sales	72,624	99,981	144,904	**194,088**
Ordinary profit	13,724	28,265	53,453	**79,335**
Profit attributable to owners of parent	8,158	17,584	41,731	**54,608**
Basic earnings per share (yen)	6.75	14.62	35.32	**45.33**
Total assets	100,704	156,062	202,406	**234,684**
Net assets	56,295	64,897	107,608	**155,971**
Equity ratio (%)	55.6%	41.4%	52.9%	**66.4%**

Note: The Company conducted a 3-for-1 common stock split effective on April 1, 2024 and a 5-for-1 common stock split effective on April 1, 2026. Basic earnings per share are calculated as if these stock splits had taken place at the beginning of the 63rd fiscal year.

2) Assets and profit and loss of the Company

(Millions of yen, unless otherwise specified.)

Item	The 63rd fiscal year ended March 31, 2023	The 64th fiscal year ended March 31, 2024	The 65th fiscal year ended March 31, 2025	**The 66th fiscal year ended March 31, 2026**
Net sales	50,049	68,160	97,416	**131,160**
Ordinary profit	8,459	38,057	31,485	**48,572**
Profit	5,124	32,708	25,643	**34,822**
Basic earnings per share (yen)	4.24	27.19	21.71	**28.91**
Total assets	59,114	115,085	128,978	**131,070**
Net assets	28,557	48,488	68,351	**93,509**
Equity ratio (%)	48.3%	42.1%	53.0%	**71.3%**

Note: The Company conducted a 3-for-1 common stock split effective on April 1, 2024 and a 5-for-1 common stock split effective on April 1, 2026. Basic earnings per share are calculated as if these stock splits had taken place at the beginning of the 63rd fiscal year.

(4) Principal Business

The Group primarily engages in character licensing operations, planning and sales of gift products, and the theme parks operations 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, mainland 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.

(5) Principal Business Locations

Head office	1-11-1, Osaki, Shinagawa-ku, Tokyo	
Branches in Japan		
Distribution Center	(Akiruno City, Tokyo)	
Kansai Branch	(Yodogawa-ku, Osaka City)	
Directly managed stores	Gift products stores	99 locations
	Restaurant	3 locations

(6) Employees

Number of employees	Increase (decrease) from previous fiscal year-end	Average age	Average years of employment
1,423	215	37 years and 10 months	12 years and 1 month

Notes:1. The number of employees refers to persons working on a regular basis (excluding persons assigned by the Company temporarily to an entity outside the Company but including persons assigned by an entity outside the Company temporarily to the Company), excluding Managing Executive Officers and temporary employees (post-retirement reemployment, contract employees, fixed-term employees, and part-time employees).

2. Beginning in the fiscal year under review, as part of our human resources system reform, we established new employment categories and revised our employment system. Accordingly, the scope of employees has been changed to include regular employees and specialist regular employees.
3. The number of employees increased compared with the previous fiscal year as a result of a change in the scope of employees, effective from the fiscal year under review, to include regular employees and specialist regular employees.
4. The specialist regular employees are an employment category newly established in the 66th fiscal year in line with the overall revision of the system regarding employees who were previously dedicated to specialized fields (such as sales operations) across multiple employment categories.
5. For the increase (decrease) from previous fiscal year-end, the previous fiscal year's figures have been restated and recalculated based on the criteria applied in fiscal year under review.

(7) Principal Lenders

Lenders	Outstanding loan (Millions of yen)	The Company's shares held by lenders	
		Common shares (Thousands of shares)	Percentage of voting rights
MUFG Bank, Ltd.	2,315	–	–
Sumitomo Mitsui Banking Corporation	1,360	–	–
Mizuho Bank, Ltd.	1,030	–	–
The Yamanashi Chuo Bank, Ltd.	466	1,517	0.6

2. Company Stock

(1) Total Number of Shares Authorized to be Issued 930,000,000 shares of common stock

(2) Total Number of Outstanding Shares 255,408,303 shares of common stock (including 12,919,363 treasury shares)

(3) Number of Shareholders of common stock 250,544 persons

(4) Major Shareholders

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

Notes: 1. The shareholding ratio is calculated deducting treasury shares (12,919,363 shares).
2. The Company holds 435,900 shares in Bandai Namco Holdings Inc.

(5) Status of shares granted to Officers as compensation for duties

The Company has introduced a restricted stock compensation plan for its Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) to share more value with our shareholders and for the purpose of providing incentives to continually enhance corporate value.

The type and number of shares granted as restricted stock as restricted stock compensation during the fiscal year under review, as well the number of eligible recipients, are as follows:

Category of Officer	Type and number of shares granted	Number of recipients (persons)
Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors)	16,900 shares of the Company’s common stock	3

3. Share Acquisition Rights, etc. of the Company

(1) Status of share acquisition rights, etc. granted to the Company's Officers as compensation for execution of duties

Not applicable.

(2) Status of share acquisition rights, etc. granted to the Company's Employees, etc. as compensation for duties during the fiscal year under review

Not applicable.

(3) Other important matters concerning share acquisition rights, etc.

Share acquisition rights attached to the euro-yen convertible-bond-type bonds with share acquisition rights due 2028, issued pursuant to the resolution of the Board of Directors meeting held on November 28, 2023

Total number of share acquisition rights	A total of 3,000 units plus the number of units calculated by dividing the total principal amount of the bonds with substitute share acquisition rights by 10 million yen
Type of shares subject to share acquisition rights	Common shares
Number of shares subject to share acquisition rights	The number obtained by dividing the total principal amount of the bonds subject to the exercise request by the conversion price
Exercise period for share acquisition rights	From December 28, 2023 to November 30, 2028

4. Directors and Executive Officers

(1) Director and Officers Liability Insurance Policy

The Company has entered into a director and officers liability insurance policy for Directors (including Directors serving as Audit and Supervisory Committee Members), Auditors, and executive officers of the Company and its subsidiaries as insured parties, as provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. This agreement covers damages arising as a result of the insured's liability for the execution of their duties or claims arising in pursuit of said liability. The Company bears the cost for insurance premiums, except for insurance premiums that are equivalent to the loss in a shareholder lawsuit (approximately 6% of the total insurance premium).

(2) Outside Officers

	Significant concurrent positions and relationship with the Company	Meeting attendance of the Board of Directors, the Audit & Supervisory Board, and the Audit and Supervisory Committee	Primary activities during the fiscal year
Director Yu Sasamoto	Outside Director, KADOKAWA Corp. Chief Executive Officer, DAZN Japan Investment GK and APAC Business Development There are no matters to be disclosed.	Board of Directors: 88.9% Attended 16/18 meetings	Yu Sasamoto provides valuable opinions on the Company's management based on his management experience and knowledge of E-commerce and online business models.
Director Masae Yamanaka	Outside Director, JTB Corp. Director, ROHTO Pharmaceutical Co., Ltd. There are no matters to be disclosed.	Board of Directors: 100% Attended 18/18 meetings	Masae Yamanaka provides valuable opinions on the Company's management based on her management experience of solutions businesses and knowledge from the perspective on gender.
Director Shizuko Kamoda	Representative, RITA Law Office External Director, S Foods Corporation Outside Audit and Supervisory Committee Member, Roland Corporation There are no matters to be disclosed.	Board of Directors: 100% Attended 18/18 meetings	Shizuko Kamoda provides opinions mainly from the expert perspective as an attorney.
Director (Audit and Supervisory Committee Member) Kazuo Ohashi	President, Kazuo Ohashi Certified Accounting Office Outside Corporate Auditor, Graphite Design Inc. There are no matters to be disclosed.	Board of Directors: 100% Attended 18/18 meetings Audit & Supervisory Board: 100% Attended 4/4 meetings Audit and Supervisory Committee: 100% Attended 10/10 meetings	Kazuo Ohashi provides opinions mainly from the expert perspective as a Certified Public Accountant.
Director (Audit and Supervisory Committee Member) Kiyo Morikawa	Representative, Morikawa Law Office Outside Auditor, TOYO Corporation. There are no matters to be disclosed.	Board of Directors: 100% Attended 18/18 meetings Audit & Supervisory Board: 100% Attended 4/4 meetings Audit and Supervisory Committee: 100% Attended10/10 meetings	Kiyo Morikawa provides opinions mainly from the expert perspective as an attorney.

(3) Limited Liability Agreements

Pursuant to Article 427, Paragraph 1, of the Companies Act, the Company has entered into limitation of liability contracts with respect to liability for damages as set forth in Article 423, Paragraph 1 of the Companies Act with Outside Directors and Directors serving as Audit and Supervisory Committee Members. Under these contracts, their liabilities are limited to the total of 1) and 2) as set out below pursuant to Article 425, Paragraph 1, of the Companies Act if and so long as they have acted in good faith and without gross negligence in performing their duties:

1) The amount calculated in accordance with the method stipulated in Article 113 of the Ordinance for Enforcement of the Companies Act as the amount equivalent to the property benefit received or to be received per year for the compensation for the performance of duties while they are in office, multiplied by 2; and
2) The amount calculated in accordance with the method stipulated in Article 114 of the Ordinance for Enforcement of the Companies Act as the amount equivalent to the property benefit related to the share options in the case of subscription to share options (limited to the cases listed in each item of Article 238, Paragraph 3 of the Companies Act)

5. Accounting Auditor

(1) Accounting Auditor's Name
Ernst & Young ShinNihon LLC

(2) Amount of Compensation, etc. for the Accounting Auditor for the Fiscal Year under Review

1) Amount of compensation, etc. payable by the Company as a consideration for duties related to Article 2, Paragraph 1 of the Certified Public Accountants Act
57 million yen

2) Total amount of cash and other profits payable by the Company or its subsidiaries to Accounting Auditor
71 million yen

Notes: 1. Reasons for the Audit and Supervisory Committee to have agreed on Accounting Auditor's compensation, etc.
The Audit and Supervisory Committee has reviewed the previous fiscal year's audit plan and actual results, audit hours and compensation, as well as external benchmarks for compensation for audit services, and examined the appropriateness of the planned audit hours and compensation amount for the fiscal year under review. As a result, the Audit and Supervisory Committee has given its consent to the proposed compensation, etc. for the Accounting Auditor in accordance with Article 399 of the Companies Act.

2. Under the audit agreement between the Company and the Accounting Auditor, compensation, etc. for audit services under the Companies Act and those under the Financial Instruments and Exchange Act are not clearly distinguished and it is not practically possible to distinguish them, therefore, the amount of compensation for audit services represents their total amount.

(3) Description of Non-Audit Services
The Company pays compensation to the Accounting Auditor for services other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act, including advisory services relating to sustainability disclosures.

(4) Policy on Determination of Dismissal or Non-Reappointment of Accounting Auditor
In the event that the Accounting Auditor is deemed to have met the items set forth in the clauses of Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee shall terminate the appointment of the Accounting Auditor with the unanimous approval of all Committee Members.
In addition to the above circumstances, if it is determined that the Accounting Auditor's performance of duties is hindered or other justifiable reason, the Audit and Supervisory Committee may, with the approval of a majority of the Committee Members, propose a resolution for the dismissal or non-reappointment of the Accounting Auditor at a general meeting of shareholders.

(5) Audit Status of Subsidiaries by Auditors Other than the Company's Accounting Auditor
Among the Company's principal subsidiaries, all overseas subsidiaries are audited by certified public accountants or audit firms (or those with equivalent qualifications under local regulations) other than the Company's Accounting Auditor.

6. System and Policies of the Company

(1) System to Ensure the Appropriateness of Execution of Duties

The Company has resolved at its Board of Directors meeting on the System to Ensure the Appropriateness of Execution of Duties as stipulated under the Companies Act and the Ordinance for Enforcement of the Companies Act. An outline of these systems is as follows.

1. Systems to Ensure Compliance with Laws and Regulations and the Company's Articles of Incorporation in the Execution of Duties by Directors and Employees of the Company and its Group companies
   (1) Regulations regarding the compliance framework, including the Sanrio Compliance Charter, are established as codes of conduct to ensure that Directors and employees of the Company and its Group companies act in compliance with laws and regulations, the Articles of Incorporation, and social norms.
   (2) The Sanrio Joint Compliance Committee, chaired by the Division General Manager of the Company's Internal Control Division and comprised of outside independent members and others, is established in accordance with the Rules of the Sanrio Joint Compliance Committee. The Committee promotes the establishment and enforcement of the compliance framework across the Company and the entire Sanrio Group, and monitors issues through mechanisms such as hotlines operated in accordance with whistleblower protection regulations.
   (3) Issues related to compliance are investigated and reviewed by the Compliance Office, with such results deliberated by the Sanrio Joint Compliance Committee and results reported to the Board of Directors and the Audit and Supervisory Committee.
   (4) The Internal Auditing Department, in coordination with the Sanrio Joint Compliance Committee, audits the status of compliance across the entire Sanrio Group and reports the results to the Board of Directors and the Audit and Supervisory Committee.
   (5) The Group maintains a firm stance of having no relationship whatsoever with antisocial forces or organizations that pose a threat to the order or safety of civil society, and will respond resolutely to such entities.

2. Storage and Management of Information Related to the Execution of Duties by Directors
   (1) Meeting minutes of the Board of Directors, approval request documents, and other information pertaining to the execution of duties (including documents and electronic records; hereinafter the "Documents, etc.") shall be appropriately stored and managed in accordance with the Rules on Document Management.
   (2) Directors and Audit and Supervisory Committee Members shall have access to Documents, etc. at all times.

3. Rules and Systems for Managing Risk of Loss within the Company and Group Companies
   (1) With respect to risks related to financial affairs, misconduct, compliance, business operations, information security, disaster response, and reputation, the Company receives periodic reports on risk status at the Risk Management Committee, chaired by the executive manager of the Internal Control Division, and determines necessary response policies for establishing the management system, as well as reports the status to the Board of Directors.
   (2) In cooperation with the Sanrio Joint Compliance Committee, the Risk Management Committee provides support and assistance for risk management to each of its Group companies by sharing the Company's risk management information, receives periodic reports from the Group companies, determines necessary policies for establishing and controlling the management system, and reports the status to the Board of Directors.
   (3) If an unforeseen incident occurs, the Management Crisis Response Headquarters headed by the President shall be established, and shall organize teams including an information coordination team and teams including the legal advisor in order to enable swift action, prevent the spread of damage, and minimize loss.
   (4) Execution of duties based on decisions by the Board of Directors shall follow the Rules of Segregation of Duties and the Rules of Authority, which stipulate respective responsibilities and details of execution procedures.
   (5) The Internal Auditing Department shall audit the risk management status across the Group and each division, and report the results to the Board of Directors and the Audit and Supervisory Committee.

4. Systems to Ensure the Efficient Execution of Duties by Directors
   (1) The Rules on the Authority of Duties and the Rules on the Decision-Making shall be stipulated in the Rules of the Board of Directors, the Rules of Organization and Job Classification rules, the Rules on Segregation of Duties, the Rules of Authority, the Rules on Approval Request, and other internal rules.
   (2) The Board of Directors shall establish Company-wide goals to be shared by Directors and employees of the Company and its Group companies. Each Director responsible for a division shall establish specific goals for the division and identify efficient methods for achieving these goals, including the delegation of authority, based on the Rules pertaining to the Authority of Duties and Decision-Making. The Board of Directors shall regularly review progress utilizing IT, etc. as necessary and promote continuous improvement, thereby creating a framework to realize company-wide operational efficiency.
   (3) The efficient execution of duties based on decisions by the Board of Directors shall follow the Rules of Segregation of Duties and the Rules of Authority, which stipulate responsible persons, their respective responsibilities, and details of execution procedures.
   (4) Group companies shall also establish internal rules to ensure that the execution of duties by Directors, etc. is carried out efficiently.

5. Other Systems to Ensure the Appropriateness of the Execution of Duties of the Corporate Group Comprising the Company and Its Group Companies
   (1) To build Internal Control Systems at the Company and Group companies, the Internal Control Project Steering Committee chaired by the Director responsible for the Company's Internal Control Division shall oversee the internal controls of the entire Group in a comprehensive and centralized manner. The Committee shall establish and operate a framework for the Company and Group companies that includes systems to facilitate discussions related to internal controls, information sharing, and a system for the efficient communication of instructions and requests.
   (2) The Directors of the Company responsible for divisions and Directors of Group companies shall have the authority and responsibility to establish and operate internal controls to ensure appropriate execution of duties in their respective divisions.
   (3) Directors of Group companies shall report matters related to the execution of duties to the Director of the Company responsible for the Group company in accordance with the Rules on the Management of Group companies.
   (4) The Internal Auditing Department of the Company shall evaluate the Internal Control Systems of the Company and Group companies and report the results to the executive manager of the Company's Internal Control Division, Audit and Supervisory Committee Members, and Director responsible for the relevant Group company. If necessary, the executive manager of the Internal Control Division and Audit and Supervisory Committee Members shall provide guidance and support for implementation of internal control improvement measures.

6. Systems Regarding Employees Who Assist the Duties of Audit and Supervisory Committee Members and the Independence of Such Employees from Directors
   (1) If Audit and Supervisory Committee Members deem it necessary to have persons to assist them in their audit duties, they may appoint one or more employees, such as from the General Affairs Department, and issue instructions necessary for conducting audit duties.
   (2) Employees who receive instructions from Audit and Supervisory Committee Members in relation to audit work shall not be subject to direction or control from Directors, etc. responsible for their respective department.
   (3) With regard to personnel changes affecting such employees who assist in audit duties, the Director responsible for Human Resources shall require prior consent from the Audit and Supervisory Committee.

7. Systems for Directors and Employees of the Company and Group Companies to Report to the Audit and Supervisory Committee and Other Systems to Report to the Audit and Supervisory Committee
   (1) Directors and employees of the Company and Group companies shall promptly report to the Audit and Supervisory Committee matters stipulated by law (Article 357 of the Companies Act), as well as matters that significantly impact the Company or the Group, and the status and details of whistleblower reports made through the hotline. Notwithstanding the above, Audit and Supervisory Committee Members may request reports from Directors and employees as necessary.
   (2) The method of reporting (reporter, recipient, timing of reporting, etc.) shall be determined through discussion between Directors and the Audit and Supervisory Committee.

(3) No personnel-based or other disadvantageous treatment shall be imposed on individuals who report to Audit and Supervisory Committee Members.

8. Other Systems to Ensure Audits by the Audit and Supervisory Committee are Conducted Effectively
   (1) Audit and Supervisory Committee Members shall attend the Board of Directors Meetings, budget meetings, management meetings, and other important meetings related to the execution of duties, and may request explanations as necessary.
   (2) Representative Directors shall make efforts to communicate with the Audit and Supervisory Committee by holding meetings and exchanging opinions on company management, separate from reporting on business.
   (3) Directors responsible for divisions and employees shall actively cooperate with inquiries conducted by Audit and Supervisory Committee Members.
   (4) The Audit and Supervisory Committee shall be entitled to retain external specialists such as attorneys and accountants as needed to receive advice related to audit duties.
   (5) The Company shall bear the expenses necessary for the execution of audits.

9. Ongoing Improvement of the Internal Control System
   The Board of Directors shall endeavor to continuously establish and improve Internal Control Systems, including the systems set forth in the preceding items.

10. System to Ensure the Appropriateness of Financial Reporting
   Internal controls shall be established and operated to ensure the appropriateness of documents and other information related to financial accounting.

(2) Outline of the Operation of System to Ensure the Appropriateness of Execution of Duties

The Company has resolved at its Board of Directors meeting to establish the System to Ensure the Appropriateness of Execution of Duties as described in (1), and based on this, has established and is operating Internal Control Systems. The operational status of the Committees and divisions specified are as follows.

The Sanrio Joint Compliance Committee, which includes independent officers, convenes semiannually with the Compliance Department serving as secretariat. The Committee confirms and discusses the status of compliance initiatives of the Company and the Sanrio Group as a whole. Furthermore, it promotes efforts to raise compliance awareness across the entire Group. In addition, whenever compliance-related issues arise, relevant subcommittees hold meetings to deliberate, however, depending on the severity and urgency, a system is in place that allows the Temporary Compliance Committee to be convened. Furthermore, self-assessments are conducted annually across the Group, and compliance training is conducted for all Group employees to promote and enhance awareness of compliance.

Similarly, the Risk Management Committee, which includes independent officers, convenes semiannually with the Compliance Department serving as secretariat. The Committee identifies risks, monitors day-to-day operations, and reports findings to the Board of Directors.

The Internal Auditing Department, a division responsible for internal audits, conducts internal audits based on designated themes on an ongoing basis and reports the results to the Board of Directors, the Audit and Supervisory Committee, the Risk Management Committee, and relevant directors.

The Internal Control Project Steering Committee convenes its project members as necessary to review the progress, schedule, and issues of the Internal Control Systems during the fiscal year under review, holding discussions to ensure the appropriateness of operations without oversight.

(3) Basic Policy Regarding Control of the Company

Sanrio strives to expand the circle of good relationships around the globe through our character-related content such as character-related products and animations which are filled with the spirit of compassion and friendship under the Company's management philosophy of "Minna Nakayoku (Getting Along Together)." Our basic codes of conduct are that "we never do what others do not like," "nothing comes from conflict," and "we always respond with compassion and gratitude." We believe that the Sanrio brand is built on this way of thinking both in Japan and overseas. Sanrio welcomes more companies and associates who help to expand this way of thinking.

However, in case a person who intends to "control the Company's financial and business policy decisions" appears, the Company will respond to such persons based on the following basic policies:

1) We must confirm the true intention of the counterparty.
2) We shall strive to ensure that the person understands the basic idea of the Company as stated above.
3) We shall seek opinions from a wide range of stakeholders, including shareholders, by disclosing the above promptly and setting a sufficient amount of time.

If there is any take-over bid or acquisition proposal to acquire a substantial amount of the Company's shares, we believe that the final decision on whether or not to accept the offer should ultimately be left to our shareholders. If such a bid or offer serves to increase the Company's corporate value and benefits to the common interests of shareholders, we will not reject the offer.

However, among the persons purchasing a large number of shares, there might be someone who clearly undermines corporate value or the common interests of shareholders in light of their purpose and methods. Such examples include losing important assets by selling off pieces of the Company's property in pursuit of immediate profits, the use of character assets in businesses that damage the Company's corporate brand, and damage to the image of the characters due to lack of compliance.

The Company recognizes that, in the event of such a takeover bid, the Company, with responsibilities of those entrusted with the management, needs to carefully consider the impact of such a takeover bid on the corporate value of the Company and the common interests of its shareholders based on the tender offeror's business activities, future business plans, its past investment activities and the takeover manner, and make efforts to disclose sufficient information to the shareholders.

Currently, Sanrio does not face any imminent threat of such a takeover with regard to the Company's shares, nor do we intend to predefine any specific measures (so-called "anti-takeover measures") in the event of the emergence of such a tender offeror.

However, we always pay attention to the trade activities of the Company's shares and the movement of shareholders, prepare a response plan for such events, and will take the most appropriate measures within the scope permitted by laws and regulations and the Company's Articles of Incorporation in case of emergence of a person with the intention to conduct such a take-over bid.

(4) Policy on Determination of Dividends of Surplus, etc.

The Company considers distributing earnings to shareholders to be one of the Sanrio Group's highest priorities. 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 fiscal year under review, 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. As a result, the annual dividend per share will increase by 3 yen from the previously forecast 66 yen per share to 69 yen per share, representing an increase of 16 yen from the previous fiscal year's 53 yen per share.

Notes: 1. Figures related to monetary amounts and number of shares presented in this business report are rounded down to the nearest unit, while percentages and similar figures are rounded off to the nearest displayed digit.
2. The amounts stated for net sales and other figures do not include consumption taxes, etc.

Consolidated Financial Statements

(April 1, 2025 - March 31, 2026)

Consolidated Balance Sheet

(As of March 31, 2026)

(Millions of yen)

Description	Amount	Description	Amount
(Assets)		**(Liabilities)**	
Current assets	**168,567**	**Current liabilities**	**51,393**
Cash and deposits	125,433	Notes and accounts payable-trade	4,517
Notes receivable-trade	346	Short-term borrowings	3,942
Accounts receivable-trade	25,152	Lease liabilities	1,069
Merchandise and finished goods	11,240	Accounts payable-other	16,097
Work in process	27	Income taxes payable	11,774
Raw materials and supplies	552	Contract liabilities	6,779
Other accounts receivable	2,406	Provision for bonuses	1,987
Other	3,553	Provision for shareholder benefit program	95
Allowance for doubtful accounts	(145)	Provision for point card certificates	16
Non-current assets	**66,117**	Other	5,113
Property plant and equipment	**19,985**	**Non-current liabilities**	**27,319**
Buildings and structures	6,037	Convertible-bond-type bonds with share acquisition rights	7,251
Machinery, equipment and vehicles	268	Long-term borrowings	2,744
Tools, furniture and fixtures	2,534	Lease liabilities	4,009
Land	6,324	Deferred tax liabilities	8,930
Leased assets	4,616	Long-term deposits received	721
Construction in progress	203	Long-term accounts payable - other	2,270
Intangible assets	**6,629**	Retirement benefit liability	970
Investments and other assets	**39,502**	Other	420
Investment securities	8,490	**Total liabilities**	**78,713**
Long-term loans receivable	8	**(Net assets)**	
Guarantee deposits	2,888	**Shareholders' equity**	**135,202**
Deferred tax assets	2,648	Share capital	10,261
Retirement benefit asset	22,164	Capital surplus	17,245
Other	3,930	Retained earnings	132,411
Allowance for doubtful accounts	(629)	Treasury shares	(24,716)
		Accumulated other comprehensive income	**20,583**
		Valuation difference on available-for-sale securities	69
		Foreign currency translation adjustment	10,288
		Remeasurements of defined benefit plans	10,224
		Non-controlling interests	**185**
		Total net assets	**155,971**
Total assets	**234,684**	**Total liabilities and net assets**	**234,684**

Note: Figures presented in the financial statements are rounded down to the nearest million yen.

Consolidated Statement of Income

(April 1, 2025 - March 31, 2026)

(Millions of yen)

Description	Amount	
Net sales		**194,088**
Cost of sales		**44,025**
Gross profit		**150,062**
Selling, general and administrative expenses		**72,203**
Operating profit		**77,859**
Non-operating income		
Interest income	1,261	
Dividend income	83	
Foreign exchange gains	201	
Gain on investments in investment partnerships	27	
Other	494	**2,068**
Non-operating expenses		
Interest expenses	185	
Commission expenses	238	
Settlement expenses	97	
Other	71	**592**
Ordinary profit		**79,335**
Extraordinary income		
Gain on sale of non-current assets	0	**0**
Extraordinary losses		
Loss on disposal of non-current assets	88	
Impairment losses	7	**96**
Profit before income taxes		**79,239**
Income taxes-current	22,147	
Income taxes-deferred	2,177	**24,324**
Profit		**54,914**
Profit attributable to non-controlling interests		306
Profit attributable to owners of parent		**54,608**

Note: Figures presented in the financial statements are rounded down to the nearest million yen.

Consolidated Statement of Changes in Net Assets

(April 1, 2025 - March 31, 2026)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2025	10,261	4,638	93,238	(17,630)	90,508
Changes during the consolidated fiscal year					
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 during the consolidated fiscal year	–	–	–	–	–
Total changes during the consolidated fiscal year	–	12,606	39,173	(7,085)	44,693
Balance as of 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 as of April 1, 2025	785	8,154	7,583	16,522	576	107,608
Changes during the consolidated fiscal year						
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 during the consolidated fiscal year	(715)	2,134	2,641	4,060	(390)	3,669
Total changes during the consolidated fiscal year	(715)	2,134	2,641	4,060	(390)	48,363
Balance as of March 31, 2026	69	10,288	10,224	20,583	185	155,971

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

Notes to Consolidated Financial Statements

Notes Regarding Significant Accounting Policies for Preparation of Consolidated Financial Statements

1. Scope of Consolidation

(1) Consolidated subsidiaries

Number of consolidated subsidiaries, etc.	16 companies
Names of major consolidated subsidiaries, etc.	Sanrio, Inc. (U.S. corporation) Sanrio GmbH (German corporation) Sanrio Shanghai International Trade Co., Ltd. (Chinese corporation) Sanrio Entertainment Co., Ltd.

Sanrio Chile SpA. (Chilean corporation), which had been a consolidated subsidiary until the previous fiscal year, was closed in December 2025. Accordingly, only its consolidated statement of income for the period up to the date of closure has been consolidated. Sanrio UK Finance Ltd. (UK corporation), which had also been a consolidated subsidiary until the previous fiscal year, underwent liquidation proceedings in September 2025. Accordingly, only its statement of income for the period up to the date of the resolution for liquidation has been consolidated.

(2) Major unconsolidated subsidiaries, etc.

Names of major unconsolidated subsidiaries	Sanrio Enterprise Co., Ltd.
Reasons for exclusion from scope of consolidation	Total assets, net sales, profit (loss), and retained earnings of the unconsolidated subsidiaries do not have a material effect on the consolidated financial statements.

2. Application of Equity Method

Unconsolidated subsidiaries and associates not accounted for using equity method

Names of major entities Sanrio Enterprise Co., Ltd.

Reasons for not applying equity method

Since each company has a negligible effect on profit (loss) and retained earnings and they are also not significant in total, the investment is valued using the cost method, not applying the equity method.

3. Fiscal Years of Consolidated Subsidiaries, etc.

Among consolidated subsidiaries, the end of the fiscal year of Sanrio Korea Co., Ltd., Sanrio GmbH, Sanrio Shanghai International Trade Co., Ltd. Sanrio, Inc., Sanrio (Hong Kong) Co., Ltd., Sanrio Taiwan Co., Ltd., Sanrio do Brasil Comercio e Representacoes Ltda., Sanrio Wave Hong Kong Co., Ltd., Sanrio Global Ltd., Mister Men Ltd., THOIP, Sanrio Global Asia Ltd., SANRIO SOUTHEAST ASIA PTE.LTD. is December 31. In preparing the consolidated financial statements, financial statements as of the end of the fiscal year are used. However, necessary adjustments for consolidation are made for significant transactions occurring during the period between the fiscal year end and the consolidated closing date.

4. Accounting Policies

(1) Basis and method for valuation of significant assets

1) Available-for-sale securities

Securities other than shares that do not have a market value	Fair value method based on the market price, etc. as of the consolidated closing date (With the entire amount of valuation differences recorded directly into net assets, and the cost of sales calculated using the moving average method)
Shares that do not have a market value	Moving average cost method For investments in investment limited partnerships and similar partnerships (deemed as securities in accordance with Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), a method in which amounts equivalent to equity interests are incorporated on a net basis based on the recent financial statements available according to the financial report date specified in the partnership contract.

2) Derivatives Fair value method

3) Inventories

Merchandise and finished goods	In principle, moving average cost method (with amount shown on balance sheet written down as profitability declines)
Work in process	In principle, cost method based on the specific cost method
Raw materials and supplies	In principle, last purchase cost method

(2) Depreciation method for non-current assets

1) Property, plant and equipment (excluding leased assets)	The straight-line method is applied for the Company's distribution warehouses, buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, facilities attached to buildings acquired on or after April 1, 2016, Sanrio Entertainment Co., Ltd. and overseas subsidiaries. The declining balance method is applied for other property, plant and equipment.
2) Intangible assets (excluding leased assets)	The straight-line method based on the estimated usable period in the Company (in principle, five years) is applied for internally used software and the straight-line method is applied for other intangible assets.
3) Leased assets	For leased assets related to finance lease transactions with the right of ownership not transferred, the straight-line method is applied using the lease term as service life and a residual value of zero.

(3) Recognition criteria for significant provisions

1) Allowance for doubtful accounts	To make allowances for the non-payment of receivables, for general receivables the historical default rate is used, and receivables designated as potentially irrecoverable is determined using actual default rates on an individual claim basis, and an allowance is made for the amount deemed irrecoverable.
2) Provision for bonuses	To prepare for the payment of bonuses for employees, the Company and major consolidated subsidiaries record a provision for bonuses based on the estimated payment amount. However, some overseas consolidated subsidiaries with no bonus payment plan have not established a provision.
3) Provision for shareholder benefit program	To prepare for the incurrence of expenses based on the shareholder benefit program, the amount expected to be incurred in the following consolidated fiscal year is recorded.
4) Provision for point card certificates	To prepare for expenses arising from the future use of points, the amount of remaining points unused as of the end of the consolidated fiscal year under review multiplied by a rate of the past actual use, etc. is recorded.

(4) Recognition criteria for revenue and expenses	The Group recognizes revenue at the amount expected to be received in exchange for promised goods or services at the time when control of such goods or services is transferred to customers based on a contract with the customers. Revenue related to sales of merchandise or finished goods is primarily from wholesale sales or sales from manufacturing with an obligation to deliver the merchandise or finished goods based on a sales contract made with the customer. For this obligation, control of merchandise or finished goods is deemed to be transferred to the customer at the time of delivery of the merchandise or finished goods. However, for domestic transactions, since the period from shipment to delivery is normal, revenue is recognized at the time of shipment by applying an alternative treatment for materiality, etc. Transactions of the licensing business are largely classified into three types: "certificate stamp license system," "license report system," and "license term system." In the "certificate stamp system," certificate stamps which are directly affixed to licensed finished goods are issued as a proof that the Group granted a license and revenue is recognized according to the actual number of shipped certificate stamps at the time when the stamps are shipped as is the case with revenue related to sale of merchandise or finished goods. In the "license report system," royalties are generated based on the reported number of actual production or sales of licensed products that are manufactured or sold based on a plan approved in advance and revenue is recognized at the amount calculated based on the reported number of production or sales stated in a "royalty report" submitted by licensees. In the "license term system," licenses to use characters are granted for a specified period and royalties are received based on the contract. Revenue is recognized by allocating the contract amount proportionally to each month over the contract period.

(5) Accounting treatment related to retirement benefits

1) Method of attributing estimated retirement benefits to periods	When calculating retirement benefit liabilities, the method for attributing expected benefit payments to the period until the end of the consolidated fiscal year under review is as per the benefit formula basis.
2) Method of expenses for actuarial differences and past service costs	Actuarial differences are treated as expenses proportionally using the straight-line method over a specified period (8 years) within the average remaining service years of employees at the time of accrual in each consolidated fiscal year, from the following consolidated fiscal year of the respective accruals. Past service costs are recorded as expenses proportionally using the straight-line method over a fixed number of years (8 years) that is within the average number of years of remaining service for employees at the time the expense is incurred.
3) Adoption of the simplified method for small-sized companies	Some consolidated subsidiaries have adopted the simplified method using the amount of retirement benefit payment to be required for voluntary retirement at the fiscal year end as retirement benefit liabilities for calculating retirement benefit expenses related to retirement benefits.
(6) Treatment of deferred assets	Bond issuance costs are amortized in equal amounts over the period until the bond’s redemption.

(7) Significant hedge accounting methods

1) Hedge accounting methods	In principle, deferred hedge accounting is applied. Deferral hedge accounting is used for forward exchange contracts that meet the conditions for deferral hedge accounting, and special treatment is used for interest rate swaps that meet the requirements for special treatment.	
2) Hedging instruments and hedged items	(Hedging instruments)	(Hedged items)
	Forward exchange contracts	Foreign currency-denominated monetary receivables and payables and forecast transactions
	Interest rate swap	Borrowings and bonds payable
3) Hedging policy	In principle, based on internal regulations, foreign currency fluctuation risk and interest rate fluctuation risk are hedged.	
4) Method of evaluating hedging effectiveness	In principle, cumulative amounts of market fluctuations or cash flow fluctuations of hedged items and hedging instruments are compared. For forward exchange contract transactions on which important conditions of hedge items and hedging instruments are the same and deemed highly correlated, the evaluation of effectiveness is omitted.	
(8) Adoption of group tax sharing system	The group tax sharing system has been applied.	

Notes Regarding Accounting Estimates

Valuation of unlisted shares

Contents of accounting estimates conducted in preparing the consolidated financial statements of the Company are as follows:

1) Amounts recorded on the consolidated financial statements for the consolidated fiscal year under review

Investment securities (unlisted shares of Sanrio Company, Ltd.) 3,612 million yen

2) Other information that helps users of the consolidated financial statements to understand the contents of accounting estimates

In valuation of unlisted shares, if financial conditions of investees deteriorate and the real value of the shares significantly decreases, the acquisition cost is reduced to the real value. In addition, for shares acquired at the amount reflecting the excess earnings power of investees, the real value of shares is calculated by reflecting the excess earnings power in the amount corresponding to equity in investees' net assets, if the excess earnings power assumed at the time of acquisition continues.

In valuating unlisted shares, whether the excess earnings power of investees assumed at the time of the investment is impaired or not is determined in comprehensive consideration of the achievement status of the investees' business plan at the time of the investment, potential growth, and business outlook. This consideration includes estimations and the major assumption is net sales (mainly the number of sales customers) included in the business plan.

The amount of net sales (mainly the number of sales customers) in the future business plan, which is a major assumption, includes the uncertainty of the estimation. If business performance of the investees falls below the business plan following changes in such major assumption, evaluation of the excess earnings power, etc. may be affected, resulting in recording of loss on valuation of investment securities.

Notes Regarding Consolidated Balance Sheet

1. Accumulated depreciation of property, plant and equipment 46,393 million yen

2. Contingent liabilities

Debt guarantees of borrowings from banks by employees 4 persons 2 million yen

Notes Regarding Consolidated Statement of Changes in Net Assets

1. Class and total number of issued shares at the end of the consolidated fiscal year

Common stock 255,408,303 shares

2. Dividends of surplus conducted for the consolidated fiscal year under review

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
May 13, 2025 Board of Directors meeting	Common stock	7,830	33.00	March 31, 2025	June 10, 2025
November 5, 2025 Board of Directors meeting	Common stock	7,604	31.00	September 30, 2025	December 4, 2025

3. Dividends of surplus conducted after the end of the consolidated fiscal year under review

Resolution	Class of shares	Source of dividends	Total amount of dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
June 23, 2026 Board of Directors meeting	Common stock	Retained earnings	9,214	38.00	March 31, 2026	July 21, 2026

4. Number of shares issued by the Company for the purpose of share acquisition rights at the end of the consolidated fiscal year under review

Common stock 2,799,873 shares

Notes Regarding Financial Instruments

1. Matters regarding the status of financial instruments

(1) Policy for financial instruments

The Group raises necessary funds (mainly bank borrowings and issuance of bonds payable) in light of the capital expenditure plan. Temporary surplus funds are invested in highly secure financial assets and short-term operating capital is procured through bank borrowings. Derivative transactions are used to hedge risks mentioned below, not for speculative purposes.

(2) Contents of financial instruments and risks related to such financial instruments

Notes receivable-trade and accounts receivable-trade, which are operating receivables, are exposed to customer credit risk.

In addition, foreign currency-denominated operating receivables arising from our global business development are exposed to foreign exchange fluctuation risk and those of major currencies are hedged by using forward exchange contracts, currency option transactions, and coupon swap transactions, in principle, against the net amount of payables denominated in the same foreign currency in accordance with the Foreign Exchange Risk Management Regulations of the Company. Investment securities are mainly shares of companies with business relationships, which are exposed to market price fluctuation risk.

Notes and accounts payable-trade, which are operating payables, are due within one year. Some of these payables, which are denominated in foreign currencies associated with importing merchandise, etc. are exposed to foreign exchange fluctuation risk and those of major currencies are hedged by using forward exchange contracts, in principle, against the net amount of receivables denominated in the same foreign currency in accordance with the Foreign Exchange Risk Management Regulations of the Company. Borrowings and bonds payable are mainly used to procure funds necessary for capital investments, etc. and convertible-bond-type bonds with share acquisition rights are mainly used to procure funds necessary for strategic investments, etc. and their repayment dates are 2 years and 9 months at the maximum after the closing date. Some of those with variable interest rates are exposed to interest rate fluctuation risk, part of which is hedged using derivative transactions (interest rate swap transactions).

Derivative transactions are forward exchange contract transactions, currency option transactions, coupon swap transactions, and currency swap transactions, which are used to hedge the foreign exchange fluctuation risk related to transactions denominated in foreign currencies, and interest rate swap transactions, which are used to hedge risks from changes in interest rate. Derivative transactions are executed and managed in accordance with the Foreign Exchange Risk Management Regulations and the Interest Rate Risk Management Regulations which stipulate the transaction authority. For hedging instruments, hedged items, hedging policy, and a method of evaluating hedging effectiveness regarding hedge accounting, please refer to “Significant hedge accounting methods” in “Notes Regarding Significant Accounting Policies for Preparation of Consolidated Financial Statements.”

(3) Risk management system for financial instruments

1) Management of credit risk (risks related to the nonperformance of counterparties)

In accordance with the Company’s Accounting Regulations, the Accounting Department and the sales management unit in each business department regularly monitor the status of major customers for operating receivables and long-term loans receivable and manage the due dates and balances for each customer. In addition, the Company works to promptly identify and mitigate concerns about collection due to deterioration in financial conditions, etc. Consolidated subsidiaries also conduct similar management procedures in accordance with the Company’s Accounting Regulations.

In using derivative transactions, the Company conducts transactions only with highly rated financial institutions to mitigate counterparty risk.

2) Management of market risk (fluctuation risks of exchange rates, interest rates, etc.)

Regarding transactions denominated in major foreign currencies, the Company and some of its consolidated subsidiaries use forward exchange contracts, currency option transactions, and coupon swap transactions in principle to hedge foreign exchange fluctuation risk identified by currencies and by months in accordance with the Company’s Foreign Exchange Risk Management Regulations. In addition, the Company uses interest rate swap transactions to mitigate fluctuation risk of interest rates on borrowings and bonds payable.

As for investment securities, the Company regularly identifies fair values and financial conditions of issuers (counterparty companies) and continually reviews the holding status, taking into account the relationships with counterparty companies.

Derivative transactions are based on the Foreign Exchange Risk Management Regulations and Interest Rate Risk Management Regulations which stipulate the transaction authority, limits, etc., and in accordance with these regulations, the Accounting Department executes transactions, records entries, and reconciles the balance with the counterparty. Monthly transaction results are reported to officers in charge of the Accounting Department. Consolidated subsidiaries also conduct risk management in accordance with the Company’s Foreign Exchange Risk Management Regulations and the Interest Rate Risk Management Regulations

3) Management of liquidity risk related to fund procurement (risk of being unable to make payments on due dates)

The Accounting Department prepares and updates financing plans in a timely manner based on reporting from each department and maintains liquidity on hand, through which the Company manages liquidity risk.

(4) Supplementary explanation about matters regarding fair values, etc. of financial instruments

Since variable factors are incorporated into the calculation of fair values of financial instruments, such values may vary due to the adoption of different assumptions, etc.

2. Matters regarding the fair values of financial instruments

The carrying amounts, the fair values, and the differences between them as of March 31, 2026 are as follows.

(Millions of yen)

	Carrying amount	Fair value	Difference
(1) Investment securities Available-for-sale securities	3,882	3,882	–
Total assets	3,882	3,882	–
(1) Short-term borrowings	3,942	3,952	9
(2) Convertible-bond-type bonds with share acquisition rights	7,251	13,838	6,586
(3) Long-term borrowings	2,744	2,708	(35)
Total liabilities	13,938	20,499	6,560

(Notes) 1. "Cash and deposits," "notes receivable-trade," "accounts receivable-trade," and "notes and accounts payable-trade" are omitted, as they are cash and the fair values approximate their book values since they are settled in the short term.

2. Shares that do not have market prices are not included in "(1) Investment securities." The carrying amounts of such financial instruments in the consolidated balance sheet are as follows

Category	As of March 31, 2026 (Millions of yen)
Unlisted shares	3,612
Shares of subsidiaries and associates	537

3. For investments in partnerships and other equivalent entities in which the equity interest is recorded on a net amount on the consolidated balance sheet, the note is omitted. The carrying amounts of those financial instruments recorded on the consolidated balance sheet are 458 million yen.

3. Fair value information by level within the fair value hierarchy

The fair values of financial instruments are categorized into the following three levels, in accordance with the observability and importance of the inputs used in the fair value calculation.

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial assets and financial liabilities with the carrying amount recorded using the fair value

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities Available-for-sale securities Shares	3,882	–	–	3,882
Total assets	3,882	–	–	3,882

(2) Financial assets and financial liabilities with the carrying amount not recorded using the fair value

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Short-term borrowings	–	3,952	–	3,952
Convertible-bond-type bonds with share acquisition rights	–	13,838	–	13,838
Long-term borrowings	–	2,708	–	2,708
Total liabilities	–	20,499	–	20,499

(Note) Explanation of the valuation methods and inputs used in calculating fair values

Investment securities

Listed shares are valued using the market price. Because listed shares are traded on active markets, their fair value is categorized as a level 1 fair value.

Short-term borrowings and long-term borrowings

Fair values of short-term borrowings and long-term borrowings are measured by discounting the total amount of the principal and interest at an interest rate assumed for similar borrowings and categorized as level 2 fair value. Fair values of these items with a variable interest rate are based on book value, as the fair values are considered to approximate the book value because it reflects market rates in a short term and the Company's credit standing has not changed significantly since the execution. Long-term borrowings with a fixed interest rate are subject to special treatment of interest rate swaps and their fair values are measured using the total amount of the principal and interest treated together with the relevant interest rate swap.

Convertible-bond-type bonds with share acquisition rights

Fair values of convertible-bond-type bonds with share acquisition rights issued by the Company are measured using the market price and categorized as level 2 fair value.

Notes Regarding Revenue Recognition

1. Disaggregation of revenue from contracts with customers

Consolidated fiscal year under review (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reportable segment					Total
	Japan	Europe	North America	Latin America	Asia	
Sale of merchandise and licenses	95,219	11,551	27,596	3,289	37,641	175,299
Theme parks	17,282	−	−	−	429	17,712
Sale and rental of robots	502	−	−	−	−	502
Others	561	−	−	11	−	573
Revenue from contract with customers	113,567	11,551	27,596	3,300	38,071	194,088
Net sales to external customers	113,567	11,551	27,596	3,300	38,071	194,088

(Note) Revenue from the Company's "license report system" included in sale of merchandise and licenses under the "Japan" segment is 9,053 million yen.

2. Basic information for understanding revenue

Basic information for understanding revenue is included in "4. Accounting Policies, (4) Recognition criteria for revenue and expenses."

3. Information for understanding the revenue amounts in the consolidated fiscal year under review and subsequent consolidated fiscal years

(1) Balance of contract liabilities, etc.

(Millions of yen)

	Consolidated fiscal year under review	
	Beginning balance	Ending balance
Receivables from contracts with customers		
Notes receivable-trade	253	346
Accounts receivable-trade	22,361	25,152
Contract liabilities	6,170	6,779

(Note) Contract liabilities are advances received from customers before performing the contract and reversed upon recognition of revenue. The amount of revenue recognized for the consolidated fiscal year under review that was included in contract liabilities at the beginning of the period was 5,259 million yen.

(2) Transaction price allocated to the remaining performance obligations

(Millions of yen)

	Within one year	Over one year	Total
Consolidated fiscal year under review	4,830	1,876	6,706

Notes Regarding Per Share Information

1. Net assets per share 128.49 yen
2. Basic earnings per share 45.33 yen

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

Notes Regarding Significant 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 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 list of shareholders as of Tuesday, March 31, 2026, the record date, was 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 will be 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 <u>930,000,000</u> 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 (hereinafter the "Plan") for the directors of the Company (excluding Directors serving as Audit and Supervisory Committee Members, Outside Directors, and directors residing outside Japan; hereinafter "Eligible Directors"), in place of the current restricted stock remuneration plan. The Company has submitted a proposal relating to the Plan to the 66th Ordinary General Meeting of Shareholders on June 25, 2026 (hereinafter the "General Meeting of Shareholders"), and the proposal was approved.

In addition, subject to the approval at the General Meeting of Shareholders 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 introduces 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 of Shareholders.

(3) The Plan adopts a structure known as a Board Incentive Plan ("BIP") trust. Under the Plan, 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. 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 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 the Company's 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, three consecutive fiscal years as of such expiration date shall constitute the new Covered Period and the trust period of the Trust will be extended by three years. 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 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 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 the trust amount 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 for the Company's shares within 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 executive compensation

Under the Plan, 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 the Company Shares, etc. subject to the Grant, etc. 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.

Non-consolidated Financial Statements

(April 1, 2025 - March 31, 2026)

Non-consolidated Balance Sheet

(As of March 31, 2026)

(Millions of yen)

Description	Amount	Description	Amount
(Assets)		**(Liabilities)**	
Current assets	**82,179**	**Current liabilities**	**26,492**
Cash and deposits	51,498	Notes payable - trade	269
Notes receivable-trade	319	Accounts payable - trade	2,444
Accounts receivable-trade	18,507	Short-term borrowings	3,942
Merchandise	8,555	Lease liabilities	120
Production	0	Accounts payable - other	6,099
Supplies	377	Income taxes payable	8,701
Advance payments to suppliers	1,072	Accrued expenses	932
Prepaid expenses	1,324	Contract liabilities	1,239
Accrued revenue	6	Provision for bonuses	1,520
Other accounts receivable	58	Provision for shareholder benefit program	565
Other	459	Provision for point card certificates	15
Allowance for doubtful accounts	(0)	Other	640
Non-current assets	**48,890**	**Non-current liabilities**	**11,068**
Property, plant and equipment	**2,934**	Convertible-bond-type bonds with share acquisition rights	7,251
Buildings	1,150	Long-term borrowings	2,744
Structures	0	Lease liabilities	389
Machinery and equipment	91	Provision for retirement benefits	28
Vehicles	0	Other	654
Tools, furniture and fixtures	568	**Total liabilities**	**37,560**
Land	550	**(Net assets)**	
Leased assets	446	**Shareholders' equity**	**93,439**
Construction in progress	126	**Share capital**	**10,261**
Intangible assets	**4,418**	**Capital surplus**	**18,210**
Software	639	Legal capital surplus	2,764
Software in progress	3,744	Other capital surplus	15,445
Leased assets	14	**Retained earnings**	**89,683**
Other	20	Other retained earnings	89,683
Investments and other assets	**41,537**	Retained earnings brought forward	89,683
Investment securities	7,921	**Treasury shares**	**(24,716)**
Shares of subsidiaries and associates	7,996		
Long-term loans receivable	13,338		
Prepaid pension costs	7,027	**Valuation and translation adjustments**	**69**
Deferred tax assets	969	Valuation difference on available-for-sale securities	69
Other	4,711		
Allowance for doubtful accounts	(428)	**Total net assets**	**93,509**
Total assets	**131,070**	**Total liabilities and net assets**	**131,070**

Note: Figures presented in the financial statements are rounded down to the nearest million yen.

Non-consolidated Statement of Income

(April 1, 2025 - March 31, 2026)

(Millions of yen)

Description	Amount	
Net sales		**131,160**
Cost of sales		**36,653**
Gross profit		**94,506**
Selling, general and administrative expenses		**46,928**
Operating profit		**47,578**
Non-operating income		
Interest and dividend income	491	
Interest on securities	124	
Foreign exchange gains	567	
Other	268	1,452
Non-operating expenses		
Interest expenses	59	
Commission expenses	238	
Settlement expenses	97	
Provision of allowance for doubtful accounts	48	
Other	14	458
Ordinary profit		**48,572**
Extraordinary income		
Gain on sale of non-current assets	0	0
Extraordinary losses		
Loss on disposal of non-current assets	38	
Impairment losses	7	45
Profit before income taxes		**48,526**
Income taxes-current	13,651	
Income taxes-deferred	52	13,703
Profit		34,822

Note: Figures presented in the financial statements are rounded down to the nearest million yen.

Non-consolidated Statement of Changes in Net Assets

(April 1, 2025 - March 31, 2026)

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings	Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Other retained earnings Retained earnings brought forward		
Balance as of April 1, 2025	10,261	2,764	1,873	70,295	(17,630)	67,565
Changes during the fiscal year						
Dividends of surplus	–	–	–	(15,434)	–	(15,434)
Profit	–	–	–	34,822	–	34,822
Purchase of treasury shares	–	–	–	–	(15,000)	(15,000)
Cancellation of treasury shares	–	–	13,571	–	7,914	21,486
Net changes in items other than shareholders' equity during the fiscal year	–	–	–	–	–	–
Total changes during the fiscal year	–	–	13,571	19,387	(7,085)	25,873
Balance as of March 31, 2026	10,261	2,764	15,445	89,683	(24,716)	93,439

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2025	785	785	68,351
Changes during the fiscal year			
Dividends of surplus	–	–	(15,434)
Profit	–	–	34,822
Purchase of treasury shares	–	–	(15,000)
Cancellation of treasury shares	–	–	21,486
Net changes in items other than shareholders' equity during the fiscal year	(715)	(715)	(715)
Total changes during the fiscal year	(715)	(715)	25,158
Balance as of March 31, 2026	69	69	93,509

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

Notes to Non-consolidated Financial Statements

Notes Regarding Significant Accounting Policies

1. Basis and method for valuation of significant assets

(1) Securities	
1) Subsidiaries and associates	Moving average cost method
2) Available-for-sale securities	
Securities other than shares that do not have a market value	Fair value method based on the market price, etc. as of the end of the fiscal year (With the entire amount of valuation differences recorded directly into net assets, and the cost of sales calculated using the moving average method)
Shares that do not have a market value	Moving average cost method For investments in investment limited partnerships and similar partnerships (deemed as securities in accordance with Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), a method in which amounts equivalent to equity interests are incorporated on a net basis based on the recent financial statements available according to the financial report date specified in the partnership contract.
(2) Derivatives	Fair value method
(3) Inventories	
1) Merchandise	Moving average cost method (with amount shown on balance sheet written down as profitability declines)
2) Merchandise of directly managed stores	Calculated by multiplying inventory based on selling prices by a cost rate of each merchandise category
3) Production and work in process	Cost method based on the specific cost method
4) Supplies	Last purchase cost method

2. Depreciation method for non-current assets

(1) Property, plant and equipment (excluding leased assets)	The declining balance method is applied. However, the straight-line method is applied for distribution warehouses, buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and facilities attached to buildings acquired on or after April 1, 2016).
(2) Intangible assets (excluding leased assets)	The straight-line method based on the estimated usable period in the Company (in principle, five years) is applied for internally used software and the straight-line method is applied for other intangible assets.
(3) Leased assets	For leased assets related to finance lease transactions with the right of ownership not transferred, the straight-line method is applied using the lease term as service life and a residual value of zero.
(4) Long-term prepaid expenses	Straight-line method

3. Recognition criteria for provisions

(1) Allowance for doubtful accounts	To make allowances for the non-payment of receivables, for general receivables the historical default rate is used, and receivables designated as potentially irrecoverable is determined using actual default rates on an individual claim basis, and an allowance is made for the amount deemed irrecoverable.
(2) Provision for bonuses	To prepare for the payment of bonuses for employees, a provision for bonuses is recorded based on the estimated payment amount.
(3) Provision for retirement benefits	To prepare for retirement benefits for employees, the amount recognized to have incurred at the end of the fiscal year under review based on the estimated amounts of retirement benefit liabilities, retirement benefit trusts, and pension assets as of the end of the fiscal year under review is recorded as provision for retirement benefits or prepaid pension costs.
1) Method of attributing estimated retirement benefits to periods	When calculating retirement benefit liabilities, the method for attributing expected benefit payments to the period until the fiscal year under review is as per the benefit formula basis.
2) Method of expenses for actuarial differences and past service costs	Actuarial differences are treated as expenses proportionally using the straight-line method over a specified period (8 years) within the average remaining service years of employees at the time of accrual, from the following fiscal year of the respective

accruals.

Past service costs are recorded as expenses proportionally using the straight-line method over a fixed number of years (8 years) that is within the average number of years of remaining service for employees at the time the expense is incurred.

(4) Provision for shareholder benefit program

To prepare for the incurrence of expenses based on the shareholder benefit program, the amount expected to be incurred in the following fiscal year is recorded.

(5) Provision for point card certificates

To prepare for expenses arising from the future use of points, the amount of remaining points unused as of the end of the fiscal year under review multiplied by a rate of the past actual use, etc. is recorded.

4. Recognition criteria for revenue and expenses

The Company recognizes revenue at the amount expected to be received in exchange for promised goods or services at the time when control of such goods or services is transferred to customers based on a contract with the customers.

Revenue related to sales of merchandise or finished goods is primarily from wholesale sales or sales from manufacturing with an obligation to deliver the merchandise or finished goods based on a sales contract made with the customer. For this obligation, control of merchandise or finished goods is deemed to be transferred to the customer at the time of delivery of the merchandise or finished goods. However, for domestic transactions, since the period from shipment to delivery is normal, revenue is recognized at the time of shipment by applying an alternative treatment for materiality, etc.

Transactions of the licensing business are largely classified into three types: “certificate stamp license system,” “license report system,” and “license term system.” In the “certificate stamp license system,” stamps which are directly affixed to licensed finished goods are issued as a proof that the Company granted a license and revenue is recognized according to the actual number of shipped certificate stamps at the time when the stamps are shipped as is the case with revenue related to sale of merchandise or finished goods. In the “license report system,” royalties are generated based on the reported number of actual production or sales of licensed products that are manufactured or sold based on a plan approved in advance and revenue is recognized at the amount calculated based on the reported number of production or sales stated in a “royalty report” submitted by licensees. In the “license term system,” licenses to use characters are granted for a specified period and royalties are received based on the contract. Revenue is recognized by proportionally allocating the contract amount proportionally to each month over the contract period.

5. Treatment of deferred assets

Bond issuance costs are amortized in equal amounts over the period until the bond’s redemption.

6. Hedge accounting methods

(1) Hedge accounting methods

In principle, deferred hedge accounting is applied. Deferral hedge accounting is used for forward exchange contracts that meet the conditions for deferral hedge accounting, and special treatment is used for interest rate swaps that meet the requirements for special treatment.

(2) Hedging instruments and hedged items

(Hedging instruments)	(Hedged items)
Forward exchange contracts	Foreign currency-denominated monetary receivables and payables and forecast transactions
Interest rate swap	Borrowings and bonds payable

(3) Hedging policy

In principle, based on internal regulations, foreign exchange fluctuation risk and interest rate fluctuation risk are hedged.

(4) Method of evaluating hedging effectiveness	In principle, cumulative amounts of market fluctuations or cash flow fluctuations of hedged items and hedging instruments are compared. For forward exchange contract transactions on which important conditions of hedge items and hedging instruments are the same and deemed highly correlated, the evaluation of effectiveness is omitted.
7. Accounting treatment related to retirement benefits	The accounting methods for the unprocessed amount of unrecognized actuarial differences related to retirement benefits differ from the accounting methods used in the consolidated financial statements.
8. Adoption of group tax sharing system	The group tax sharing system has been applied.

Notes Regarding Changes in Presentation

(Non-consolidated balance sheet)

For the previous fiscal year, "software in progress" was included in "other" in intangible assets, but due to its increased importance, it is separately presented for the fiscal year under review:

"Software in progress" amounted to 878 million yen in the previous fiscal year.

Notes Regarding Accounting Estimates

Valuation of unlisted shares

Contents of accounting estimates conducted in preparing the non-consolidated financial statements of the Company are as follows:

1) Amount recorded on the non-consolidated financial statements for the fiscal year under review

Investment securities (unlisted shares) 3,612 million yen

2) Other information that helps users of the non-consolidated financial statements to understand the contents of accounting estimates

For details, please refer to Notes to Consolidated Financial Statements "Notes Regarding Accounting Estimates."

Notes Regarding Non-consolidated Balance Sheet

1. Accumulated depreciation of property, plant and equipment 2,612 million yen

2. Contingent liabilities

(1) The Company guarantees the following lease contract of a consolidated subsidiary.

Kokoro Company Ltd.		189	million yen
(2) Debt guarantees of borrowings from banks by employees	4 persons	2	million yen

3. Monetary receivables and payables to subsidiaries and associates

Short-term monetary receivables	11,273	million yen
Long-term monetary receivables	14,110	million yen
Short-term monetary payables	947	million yen

Notes to Non-consolidated Statements of Income

Amount of transactions with subsidiaries and associates

Net sales	35,364 million yen
Purchases	8,462 million yen
Amount of transactions from transactions other than operating transactions	278 million yen

Notes Regarding Non-consolidated Statement of Changes in Net Assets

Class and number of treasury shares as of end of fiscal year under review

Common stock	12,919,363 shares

Notes Regarding Tax Effect Accounting

Breakdown of deferred tax assets and deferred tax liabilities by cause

		(Millions of yen)
Deferred tax assets		
Merchandise		11
Contract liabilities		288
Provision for bonuses		479
Provision for shareholder benefit program		178
Enterprise taxes payable		528
Impairment losses		143
Allowance for doubtful accounts		135
Software		175
Long-term prepaid expenses		279
Other		666
Deferred tax assets	Subtotal	2,886
Valuation allowance		(387)
Deferred tax assets	Total	2,498
Deferred tax liabilities		
Provision for retirement benefits or prepaid pension costs		(1,523)
Others		(5)
Deferred tax liabilities	Total	(1,528)
Net deferred tax assets		969

Notes Regarding Transactions with Related Parties

1. Subsidiaries

Type	Name of company, etc.	Location	Share capital or investment (Millions of yen)	Description of business or occupation	Voting rights ownership (owned) ratio (%)	Relationship with related party		Transaction contents	Transaction amount (Millions of yen)	Description	Ending balance (Millions of yen)
						Concurrent officers, etc.	Business relationship				
Subsidiary	Sanrio Entertainment Co., Ltd.	Tama City, Tokyo	100	Operation of Sanrio Puroland and Harmonyland	Ownership Direct 100.0	6 persons	Sale and royalty transaction of the Company's merchandise	Loan of funds Repayment of funds Debt guarantee	— — —	Long-term loans receivable	13,330
Subsidiary	Kokoro Company Ltd.	Hamura City, Tokyo	495	Development, planning, and sale of robots	Ownership Direct 100.0	4 persons	Development and planning of robots for the Company	Loan of funds Repayment of funds Debt guarantee	— — 189	Doubtful receivables (Other (investments and other assets)) —	780 —
Subsidiary	Gugenka Inc.	Niigata City, Niigata	3	Production and sale of digital goods utilizing technologies such as XR, and other related businesses	Ownership Direct 95.0	3 persons	Planning and production of content and events for the Company	Loan of funds Repayment of funds Debt guarantee	300 — —	Short-term loans receivable	300

(Note) Transaction terms and policy on determination of transaction terms

1) The Company records allowance for doubtful accounts of 412 million yen against doubtful receivables from Kokoro Company Ltd.

2) The Company is providing a debt guarantee for lease contracts of Kokoro Company Ltd.

2. Officers

Type	Name of company, etc.	Location	Share capital or investment (Millions of yen)	Description of business or occupation	Voting rights ownership (owned) ratio (%)	Relationship with related party	Transaction contents	Transaction amount (Millions of yen)	Description	Ending balance (Millions of yen)
Officer	Tomokuni Tsuji	—	—	President and Chief Executive Officer of the Company	Ownership Direct 1.03	—	In-kind contribution of monetary compensation claims	48	—	—
Officer	Yasuyuki Otsuka	—	—	Senior Managing Director of the Company	Ownership Direct 0.04	—	In-kind contribution of monetary compensation claims	28	—	—
Officer	Wataru Nakatsuka	—	—	Senior Managing Director of the Company	Ownership Direct 0.04	—	In-kind contribution of monetary compensation claims	28	—	—

(Note) In-kind contribution of monetary compensation claims associated with the restricted stock remuneration plan

Notes Regarding Revenue Recognition

Notes to basic information for understanding revenue from contracts with customers are omitted, since the same contents are described in Notes to Consolidated Financial Statements “Notes Regarding Revenue Recognition.”

Notes Regarding Per Share Information

1. Net assets per share	77.12	yen
2. Basic earnings per share	28.91	yen

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

Notes Regarding Significant Subsequent Events

Notes regarding significant subsequent events are omitted because the same information is disclosed in Notes to Consolidated Financial Statements “Notes Regarding Significant Subsequent Events.”

Accounting Auditors' Audit Report on the Consolidated Financial Statements (duplicated copy)

Independent Auditors' Report

(English Translation)

June 30, 2026

To the Board of Directors
Sanrio Company, Ltd.

Ernst & Young ShinNihon LLC
Tokyo Head Office

Satoru Fukuda
Designated limited liability partner
Engagement Partner
Certified Public Accountant

Yonako Emura
Designated limited liability partner
Engagement Partner
Certified Public Accountant

Audit Opinion

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and notes to the consolidated financial statements of Sanrio Company, Ltd. and its consolidated subsidiaries (the Group) applicable to the fiscal year from April 1, 2025 to March 31, 2026.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the Group applicable to the fiscal year ended March 31, 2026, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements (including requirements applicable to audits of financial statements of entities with high social impact) that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the Group's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

We or engagement partners do not have any interests in the Company and its consolidated subsidiaries, which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Accounting Auditors' Audit Report on the Non-Consolidated Financial Statements (duplicated copy)

Independent Auditors' Report

(English Translation)

June 30, 2026

To the Board of Directors
Sanrio Company, Ltd.

Ernst & Young ShinNihon LLC
Tokyo Head Office

Satoru Fukuda
Designated limited liability partner
Engagement Partner
Certified Public Accountant

Yonako Emura
Designated limited liability partner
Engagement Partner
Certified Public Accountant

Audit Opinion

Pursuant to Article 436, paragraph 2, item 1 of the Companies Act, we have audited the accompanying non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets, and notes to the non-consolidated financial statements, and the supplementary schedules of Sanrio Company, Ltd. applicable to the 66th fiscal term from April 1, 2025 to March 31, 2026.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position and results of operations applicable to the fiscal year ended March 31, 2026, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Non-consolidated Financial Statements section of our report. We are independent in accordance with the ethical requirements (including requirements applicable to audits of financial statements of entities with high social impact) that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the reporting process of the other information.

Our opinion on the non-consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the non-consolidated financial statements is not expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

We or engagement partners do not have any interests in the Company, which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Audit and Supervisory Committee's Audit Report (duplicated copy)

Audit Report
(English Translation)

The Audit and Supervisory Committee conducted an audit regarding the execution of duties by Directors in the 66th fiscal year (from April 1, 2025 to March 31, 2026). The Committee hereby reports the method and result thereof as follows.

1. Method and Details of Audit

With respect to a resolution of the Board of Directors regarding matters stated in Article 399-13, Paragraph 1, Item 1 (b) and (c) of the Companies Act and a system developed based on the resolution (internal control system), the Audit and Supervisory Committee received reports from Directors and employees, etc. on the status of its establishment and operation on a periodic basis, requested explanation when needed and expressed opinions; and performed audits with the following methods.

In addition, the Audit and Supervisory Committee received reports on the status of evaluations and audits of internal controls regarding financial reports under the Financial Instruments and Exchange Act from Directors, etc. and the Accounting Auditor Ernst & Young ShinNihon LLC, and requested explanations when needed.

1) attended important meetings, received reports from Directors, employees, and others on the matters regarding the execution of their duties, and requested explanations when needed; and reviewed important approval forms and other documents, and examined the status of business operations and properties at the head office and major offices, in accordance with the audit policy developed by the Audit and Supervisory Committee and the division of duties and in cooperation with the internal control division of the Company. In addition, it communicated and exchanged information with subsidiaries' Directors, Corporate Auditors, etc., and received business reports from subsidiaries when needed;
2) reviewed details of the "Basic Policy Regarding Control of the Stock Company" as stated in the business report, taking into account factors such as the status of deliberations by the Board of Directors and others; and
3) monitored and verified that the Accounting Auditor is maintaining an independent position and carrying out audits properly, received reports from the Accounting Auditor on the status of execution of their duties, and requested explanations when needed. In addition, Corporate Auditors received notification from the Accounting Auditor that said Auditor has established the "System to Ensure the Appropriateness of Execution of Duties" (matters stated in each item of Article 131 of the Regulations for Corporate Accounting) in accordance with the "Quality Control Standard for Audit" (Business Accounting Council), etc., and requested explanations when needed.

Based on the above methods, the Audit and Supervisory Committee reviewed the business report and attached detailed statements thereof, financial statements (non-consolidated balance sheet, non-consolidated statements of income, non-consolidated statement of changes in net assets, and notes to non-consolidated financial statements) and attached detailed statements thereof, and consolidated financial statements (consolidated balance sheet, consolidated statements of income, consolidated statement of changes in net assets, and notes to consolidated financial statements) for the fiscal year under review.

2. Results of Audit

(1) Audit results for the business report, etc.

1) The business report and attached detailed statements thereof were found to accurately present the status of the company in accordance with laws, regulations, and the Articles of Incorporation.

2) With respect to the execution of duties by Directors, following an internal whistleblower report, it was revealed that a former Director of the Company, who concurrently served as CEO of the Company's U.S. consolidated subsidiary, had engaged in inappropriate conduct. Based on the results of the internal investigation and the investigation by the Special Investigation Committee, the Audit and Supervisory Committee determined that said inappropriate conduct had occurred. Other than the above case, no misconduct or serious matters that violated laws, regulations, or the Articles of Incorporation related to the execution of duties by Directors were found.

3) Details of resolutions by the Board of Directors concerning the internal control system were found to be appropriate. In addition, no matters warranting comment were found in regard to the contents of the business report on said internal control system or the execution of duties by Directors, including internal controls regarding financial reports. Details of resolutions by the Board of Directors concerning the internal control system were found to be appropriate. As inappropriate conduct by a former Director was discovered during the fiscal year under review, the Audit and Supervisory Committee will continue to monitor efforts to ensure the fair and proper execution of business operations throughout the Group.

4) No matters warranting comment were found in regard to the Basic Policy Regarding Control of the Stock Company stated in the business report.

(2) Audit results for non-consolidated financial statements and attached detailed statements thereof
The methods and results of the audits by the Accounting Auditor, Ernst & Young ShinNihon LLC, were found to be appropriate.

(3) Audit results for consolidated financial statements
The methods and results of the audits by the Accounting Auditor, Ernst & Young ShinNihon LLC, were found to be appropriate.

June 30, 2026

Audit and Supervisory Committee, Sanrio Company, Ltd.
Full-Time Audit and Supervisory Committee Member Shinichi Okumura
Audit and Supervisory Committee Member Kazuo Ohashi
Audit and Supervisory Committee Member Kiyo Morikawa

(Note) Audit and Supervisory Committee Members Kazuo Ohashi and Kiyo Morikawa are Outside Directors stipulated in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.