



July 12, 2024

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Notice of Disposal of Treasury Shares as Restricted Stock Remuneration

Sanrio approved the disposal of treasury shares as restricted stock remuneration (hereinafter, “disposal of treasury shares” or “disposal”) at the Board of Directors meeting held on July 12, 2024, as described below.

1. Overview of the Disposal

(1)	Disposal date	August 9, 2024
(2)	Class and number of shares to be disposed of	Common shares of the Company: 37,500 shares
(3)	Disposal price	JPY 3,177 per share
(4)	Total disposal amount	JPY 119,137,500
(5)	Planned share recipients	Sanrio Directors (excluding Outside Directors): 4 individuals 37,500 shares
(6)	Other	Sanrio has submitted an extraordinary report on the disposal of treasury shares in accordance with the Financial Instruments and Exchange Act.

2. Purpose and Reasons for the Disposal

Sanrio decided at the Board of Directors meeting held on May 19, 2021, to introduce a restricted stock remuneration plan (“the Plan”) as a new remuneration program for Sanrio’s Directors (excluding Outside Directors; hereinafter, “Eligible Directors”) to provide Eligible Directors with incentives to achieve sustainable increases in Sanrio’s corporate value and to encourage Sanrio’s Directors and shareholders to further share values. This plan was approved at the 61st Ordinary General Meeting of Shareholders held on June 24, 2021, with approval granted for an annual maximum of 150 million yen in claims for monetary remuneration paid as monetary remuneration to Eligible Directors to serve as capital funds for the acquisition of restricted stock based on this Plan. Shareholders also approved a transfer restriction period for the restricted stock as the period from the date of allotment to the date on which the Eligible Director in question resigns or retires from their position as a Director of the Company. At the 64th Ordinary General Meeting of Shareholders held on June 27, 2024, in order to grant restricted stock based on this plan, approval was given to revisions allowing up to 200 million yen per year to be paid in total claims for monetary remuneration and a total of up to 100,000 common shares annually to be issued or disposed of by Sanrio.

An overview of this Plan is provided below.

[Overview of the Plan]

Eligible Directors will pay in all claims for monetary remuneration paid by Sanrio under the Plan

as a contribution in kind, and receive shares of Sanrio's common stock to be issued or disposed of.

The total amount of monetary remuneration paid to Eligible Directors based on this Plan shall be no more than 200 million yen per annum, as separate from the current remuneration amount. The total amount of Sanrio common stock to be issued or disposed of under the Plan shall be no more than 100,000 shares per annum (the number of shares to be allocated may be adjusted in a reasonable manner in the event of a stock split, gratis allotment of shares, or reverse stock split of Sanrio common stock, or under other unavoidable circumstances requiring an adjustment to the number of shares).

The total amount to be paid per share for restricted stock issued or disposed of under the Plan shall be determined by the Board of Directors based on the closing price (if no trading occurs on the day in question, then the closing price on the most recent day on which trading occurred) of Sanrio common stock on the Tokyo Stock Exchange on the trading day prior to the date of the resolution of the Sanrio Board of Directors related to the allotment. This price shall be determined within a scope that is considered to be not unduly advantageous to the Eligible Directors receiving allocations of these restricted stocks.

In addition, when shares of Sanrio's common stock are issued or disposed of under the plan, Sanrio and Eligible Directors will enter into a restricted stock allocation agreement (hereinafter, "the Allocation Agreement"), the details of which include the following provisions:

- (a) Eligible Directors may not transfer, grant security interests in, or otherwise dispose of Sanrio common stock allocated to them under the Allocation Agreement for a predetermined period of time; and
- (b) in the event of certain circumstances, Sanrio may acquire the common stock in question without remuneration.

At a meeting held today, the Company's Board of Directors resolved to pay a total of 119,137,500 yen in monetary remuneration claims (hereinafter, "Monetary Remuneration Claims") to four Eligible Directors and to allot 37,500 shares of Company common stock as restricted stock, paying all Monetary Remuneration Claims to Eligible Directors as contributions in kind. The amount of monetary remuneration paid to Eligible Directors was decided after a comprehensive consideration of various factors, including Sanrio's business performance and the performance of duties by Eligible Directors. The Monetary Remuneration Claims shall be paid on the condition that Eligible Directors have concluded a restricted stock allotment agreement with the Company that includes the details outlined below.

3. Overview of the Agreement

- (a) Transfer restriction period: Period from August 9, 2024, until the date that the said Director retires from their position in the Company (however, if the resignation date falls on or before June 30, 2025, this date shall be July 1, 2025)

During the transfer restriction period stipulated above (hereinafter, "Transfer Restriction Period"), the Eligible Directors may not transfer to a third party, pledge, assign as security rights, gift during their lifetime, bequest, or otherwise dispose of (hereinafter, "Transfer Restriction") the restricted stock allotted to them (hereinafter, "allotted shares").

- (b) Release of Transfer Restriction

The Company shall release the Transfer Restriction on all Stock Allotments upon the conclusion of the Transfer Restriction Period, subject to the condition that the Eligible Director receiving an allotment of Restricted Stock has served continuously for a period of time from June 27, 2024 (date of the 64th Ordinary General Meeting of Shareholders) to the date of the Ordinary General Meeting of Shareholders held in the following year ("Term of Service"). Notwithstanding the preceding, in the event of the death of an Eligible Director during this Term of Service, the number of shares to be allotted from allotted shares shall be determined by dividing the number of months from the month following the month of the start date of the Term of Service to the month of the date of said Eligible Director's retirement from service by

a number of months determined in advance by the Company's Board of Directors (12; "Standard Number of Months of Continuous Service"; however, if the result of calculation exceeds one, the number shall be one), multiplied by the number of allotted shares (however, any fraction less than one share resulting from the calculation shall be rounded down), and the restriction period shall be released as of the first day of the month following the death of the Eligible Director in question. However, in the event that an Eligible Director retires from his or her position as described above during the Term of Service for reasons deemed justified by the Company's Board of Directors, the number of shares to be allotted from the allotted shares shall be determined by dividing the number of months from the month following the month of the start of the Term of Service to the month including the date of retirement from the Company's Board of Directors (however, if the result of calculation exceeds one, the number shall be one), multiplied by the number of allotted shares (however, any fraction less than one share resulting from the calculation shall be rounded down). In that case, the Transfer Restriction shall be released as of the first day of the month following the retirement of the Eligible Director in question.

(c) Acquisition of Restricted Stock Without Remuneration

In the event that there are Restricted Stocks for which the Transfer Restriction has not been released upon completion of (1) Period of Transfer Restriction, and based on reasons for b. Release of the Transfer Restriction in Overview of the Agreement, the Company may acquire said shares automatically and without any remuneration.

(d) Treatment in Event of Reorganizations, etc.

If, during the period of the Transfer Restriction, the Company enters into a merger agreement by which the Company becomes the non-surviving company, or the Company enters into a stock exchange agreement or stock transfer plan with the Company becoming a wholly owned subsidiary, or if the Company engages in any other reorganization that is approved by a general shareholders' meeting (provided, however, that when such reorganization does not require approval by the general meeting of shareholders, then approval by the Company's Board of Directors), the Transfer Restriction shall be released prior to the effective date of said reorganization in accordance with a Company Board of Directors resolution for a number of allocated shares determined by dividing the number of months from the month following the month of the start of the Term of Service to the month including the date of said approval by Standard Number of Months of Continuous Service (however, if the result of calculation exceeds one, the number shall be one) multiplied by the number of allotted shares (however, any fraction less than one share resulting from the calculation shall be rounded down). In the cases stipulated above, the Company shall acquire automatically and without remuneration Restricted Stock for which the Transfer Restriction has not been released as of the time immediately following the release of the Transfer Restriction.

(e) Management of Restricted Stock

In order that the Restricted Stock is not assigned as security rights or otherwise disposed of during the Transfer Restriction Period, the Eligible Directors shall open a dedicated bank account at the financial instruments business operator designated in advance by the Company (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.), and manage the shares in this account until the Transfer Restriction has been released.

4. Basis and Details for Calculating Disposal Price

In order to eliminate any arbitrariness in the disposal price, the Company has determined the disposal price to be JPY 3,177, which is the closing price of the common stock of the Company on the Tokyo Stock Exchange as of July 12, 2024 (business day prior to this resolution by the Company's Board of Directors). This is the market price of the common stock immediately before the resolution by the Company's Board of Directors, and we consider that this is reasonable and does not constitute a particularly advantageous price.