May 19, 2021

Company Name: Sanrio Company, Ltd.
President and Chief Executive Officer: Tomokuni Tsuji
Securities Code: 8136, First Section of Tokyo Stock Exchange
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Notice Regarding the Adoption of a Restricted Stock Compensation Plan in Conjunction with a Review of the Sanrio Company, Ltd. Officer Compensation Plan

At a meeting held May 19, 2021, the Sanrio Company, Ltd. board of directors conducted a review of the company's officer compensation plan, resolving to adopt a restricted stock compensation plan ("Plan") for Sanrio directors (excluding outside directors; "Eligible Directors"). The board plans to submit a proposal for approval of the Plan at the 61st Ordinary General Meeting of Shareholders, scheduled for June 24, 2021 ("General Meeting of Shareholders").

1. Objectives for Adoption of Plan, Etc.

(1) Objectives for Plan Adoption

The Plan will be adopted as a system of compensation allocating restricted stock to Eligible Directors, serving as an incentive to Eligible Directors for the sustained improvement of Sanrio company value, as well as to align the values of Eligible Directors and shareholders to a greater degree.

(2) Conditions of Plan Adoption

As the Plan involves the payment of monetary claims in compensation for the granting of restricted stock to Eligible Directors, adoption of the Plan requires approval of the payment of compensation at the General Meeting of Shareholders.

The 24th Ordinary General Meeting of Shareholders, held on October 30, 1984, approved a maximum 450 million yen per annum in compensation for Sanrio directors. The company intends to ask shareholders to approve the adoption of the Plan and the establishment of a compensation framework related to restricted stock for Eligible Directors in addition to the compensation framework currently in place.

2. Overview of the Plan

Eligible Directors will pay all claims for monetary compensation paid by Sanrio under the Plan as a contribution in kind, receiving an issuance of Sanrio common stock or disposal of treasury stock.

The total amount of compensation to be paid to Eligible Directors will be no more than 150 million yen per annum in addition to the current amount of compensation. The total amount of Sanrio common stock to be issued or disposed of under the Plan shall be no more than 85,000 shares per annum (the number of shares to be issued or disposed of may be adjusted in a reasonable manner in the event of a stock split or reverse stock split of Sanrio common stock, or under other unavoidable circumstance requiring an adjustment to the number of shares).

The amount to be paid 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 of the most-recent day in which trading occurred) of Sanrio common stock on the Tokyo Stock Exchange on the trading day prior to the day of the resolution of the Sanrio board of directors. Said price shall be determined within a scope deemed not particularly favorable to Eligible Directors receiving allocations of said restricted stock.

To ensure the medium- to long-term alignment of values with shareholders, which is one objective of the Plan, the restriction period for said restricted stock shall be from the date on which said restricted stock is delivered to the day on which the relevant Eligible Director retires from his or her position as Sanrio director.

The Sanrio board of directors will determine the specific timing of the payment period and allocation to each Eligible Director.

When issuing or disposing of Sanrio common stock under the Plan, the company and Eligible Directors will enter into a restricted stock allocation agreement (“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
b. In the event of certain circumstances, Sanrio may acquire the common stock in question without compensation