August 2, 2024

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Notice Regarding the Disposal of Treasury Shares for Restricted Stock Remuneration Plan

At a meeting held August 2, 2024, the Sanrio Company, Ltd. (“Company”) board of directors resolved to dispose of treasury shares for the restricted stock remuneration (“Disposal”). The details are as follows:

1. Overview of the Disposal of Treasury Shares

(1)	Disposal date	January 17, 2025
(2)	Class and number of shares to be disposed	Common Shares of the Company: 116,400 shares
(3)	Disposal price of shares to be disposed	3,060 JPY per share
(4)	Total disposal value	356,184,000 JPY
(5)	Recipients of disposal	Company Managing Executive Officers 6 individuals 9,000 shares Company Executive Officers 13 individuals 6,500 shares Company General Managers (employees) 44 individuals 13,200 shares Company Senior Managers (employees) 111 individuals 22,200 shares Company Non-management employees 655 individuals 65,500 shares
(6)	Other	With respect to this disposal of treasury shares, the Company has submitted an extraordinary report in accordance with the Financial Instruments and Exchange Act.

2. Purpose and Reason for Disposal

At a meeting held August 17, 2022, the Company’s board of directors resolved to adopt a restricted stock-based remuneration plan (“Plan”) was as a new remuneration plan allocating restricted stock to Managing Executive Officers, Executive Officers, and Employees (collectively, “Eligible Employees”) as an incentive for the sustained improvement of Sanrio company value, as well as to align the values of Eligible Employees and shareholders to a greater degree.

The following is an overview of the Plan.

Overview of the Plan
Eligible Employees 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 stock.

The 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 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.

When issuing or disposing of Sanrio common stock under the Plan, the company and Eligible Employees 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 remuneration

At a meeting held today, the Company's board of directors resolved to pay a total of 356,184,000 yen in monetary remuneration claims ("Monetary Remuneration Claims") to 829 Eligible Employees, and to allot 116,400 shares of Company common stock as restricted stock, paying all Monetary Remuneration Claims to Eligible Employees as contributions in kind. The amount of monetary remuneration paid to Eligible Employees shall be determined after a comprehensive consideration of Company performance and the performance of duties by each Eligible Director. Additionally, the Monetary Remuneration Claims for monetary remuneration in question is subject to the condition that Eligible Employees have concluded a restricted stock allotment agreement with the Company that includes the details set forth below.

3. Overview of the Agreement
a) Restricted Transfer Period January 17, 2025 to January 16, 2028
During the period of transfer restriction determined above ("Transfer Restriction Period"), the Eligible Employees may not, for the allocated restricted stock ("Restricted Stock"), transfer said stock to a third party, pledge, assign as security rights, use as inter vivo gifts, bequest, or engage in any other act of disposal (“Transfer Restriction”).

b) Release of Transfer Restriction
The Company shall release Transfer Restriction of all Stock Allotments upon conclusion of Transfer Restriction Period, provided that the Eligible Employee to whom Stock Allotments have been made has held the position of director, executive officer, or employee of the Company or any of its subsidiaries on a continued basis during the Restriction Period. Provided, however, that in the event that the Eligible Employee retires from his or her title or position prior to the conclusion of Restriction Period due to reasons recognized as valid by the Company board of directors, the number of Stock Allotments to be released and the timing of the release of Transfer Restriction shall be adjusted rationally as necessary. Further, if, as of the time that Transfer Restriction is released, no more than three months have elapsed subsequent to the end of the fiscal year of Stock Allotments subject to Transfer Restriction, said restriction shall be released after the elapse of three months from the end of said fiscal year.

c) Acquisition of Restricted Stock Without Consideration

In the event that Eligible Employees who have received Stock Allotments of Restricted Shares resigns or retires from his or her position as director, executive officer, or employee of the Company or any Company subsidiary before the expiration of the Restricted Period, the Company shall, except where deemed as a justifiable reason to the contrary by the board of directors, the Company shall acquire said Stock Allotments automatically and without payment of consideration. Further, in the event that there are certain Restricted Stocks for which Transfer Restriction has not been released upon completion of a) Period of Transfer Restriction, and based on reasons for Release of Transfer Restriction in b) Overview of the Agreement, the Company may acquire said shares automatically and without payment of consideration.

d) Reorganizations, etc.

If, during the period of 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, when such reorganization does not require approval by the general meeting of shareholders, then upon approval by the Company board of directors), the Transfer Restriction shall be released prior to the effective date of said reorganization in accordance with a Company board of director resolution for a number of shares of Restricted Stock determined to be rational based on the period between the date of the start of the Restriction Period and the day of approval of said reorganization, etc. In this case, the Company shall acquire automatically and without consideration Restricted Stock for which the Transfer Restriction has not been released as of the time immediately following the release of Transfer Restriction.

Notwithstanding the preceding, if the business day preceding the effective date of said reorganization is not more than three months after the end of the fiscal year that includes the date of delivery of the Restricted Shares, the Company shall acquire all Alloted Shares for which Transfer Restriction has not been released without payment of consideration as of the time immediately preceding the business day preceding the effective date of said Reorganization.

e) Management of Allotted Shares

To prevent Alloted Shares are not assigned as security rights or otherwise disposed of during the Transfer Restriction Period, the Eligible Employee 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, said disposal price has been set as 3,060 yen, which is the closing price of the common stock of the Company on the Tokyo Stock Exchange as of August 1, 2024 (business day prior to the resolution in question passed by the Company board of directors). This is the market price of the common stock immediately before the resolution by the Company board of directors, and we consider that this is reasonable and does not constitute a particularly advantageous price.