



July 14, 2023

To Whom It May Concern

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Notice Regarding the Issuance of New Shares as Restricted Stock Remuneration

At a meeting held July 14, 2023, the Sanrio Company, Ltd. ("Company") board of directors resolved to issue new shares for the restricted stock remuneration ("Issuance"). The details are as described below.

1. Overview of the Issuance

(1)	Payment Date	August 10, 2023
(2)	Class and Number of Shares to be Issued	Common Shares of the Company: 24,400 shares
(3)	Issuance Price	JPY 6,130 per share
(4)	Total Issuance Price	JPY 149,572,000
(5)	Scheduled Recipients	Sanrio Directors (excluding Outside Directors) 5 persons 24,400 shares
(6)	Other	This issuance of shares is subject to the securities registration statement filed under the Financial Instruments and Exchange Act taking effect.

2. Purpose and Reasons for Issuance

At a meeting held May 19, 2021, the Company's Board of Directors resolved to sell treasury shares to Company directors (excluding outside directors; "Eligible Directors") to serve as an incentive to improve corporate value sustainability. At the same time, the board of directors resolved to adopt a restricted stock remuneration plan (the "Plan") as a new remuneration plan for Eligible Directors for the purpose of fostering a greater shared sense of values between Company directors and shareholders. At the 61st Ordinary General Meeting of Shareholders held June 24, 2021 ("General Meeting of Shareholders"), Company shareholders approved claims for monetary remuneration of an annual maximum of 150 million yen separate from the annual maximum of 450 million yen paid as monetary remuneration to Eligible Directors to serve as capital funds for the acquisition of restricted stock based on the Plan. Shareholders also approved the restriction period of restricted stock as the period from day of receipt of the allotment by the Eligible Director in question to such time as the Eligible Director in question resigns from his or her position as director of the Company.

The following is an overview of the Plan.

Overview of the Plan

Eligible Directors will receive 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 total amount of compensation to be paid to Eligible Directors based on the Plan 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 ("Allocation") shall be no more than 85,000 shares per annum (the number of shares subject to Allocation 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 circumstance requiring an adjustment to the number of shares).

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 related to the Allotment. 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 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 remuneration

At a meeting held today, the Company's board of directors resolved to pay a total of 149,572,000 yen in monetary remuneration claims ("Monetary Remuneration Claims") to five Eligible Directors, and to allot 24,400 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 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 Directors have concluded a restricted stock allotment agreement with the Company that includes the details set forth below.

3. Overview of the Agreement

- a. Period of Transfer Restriction August 10, 2023 until the date that said Director retires from their position in the Company

During the period of transfer restriction determined above ("Transfer Restriction Period"), the Eligible Directors may not, for the allocated Restricted Stock ("Restricted Stock"), transfer this to a third party, pledge, assign as security rights, use as inter vivos gift, bequest, or engage in any other act of disposal ("Transfer Restriction.").

- b. Release of Transfer Restriction

The Company shall release the Transfer Restriction of all Stock Allotments upon the conclusion of 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 22, 2023 (date of the 63rd 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 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 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 1, the number shall be 1), 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 above during Term of Service for reasons deemed justified by the Company's board of directors, 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 of 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 1, the number shall be 1), 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 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 Consideration

In the event that there are certain Restricted Stocks for which Transfer Restriction has not been released upon completion of (1) Period of Transfer Restriction, and based on reasons for Release of Transfer Restriction in (2) 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 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 allocated shares determined by dividing the number of months from the month following the month of the start of 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 1, the number shall be 1) multiplied by the number of allotted shares (however, any fraction less than one share resulting from the calculation shall be rounded down). 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.

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 Issuance Price

In order to eliminate any arbitrariness in the issuance price, the Company has determined the issuance price to be JPY 6,130, which is the closing price of the common stock of the Company on the Tokyo Stock Exchange as of July 13, 2023 (business day prior to this resolution 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.

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