1H of FY ending 3/2027 Financial Results

Sanrio Co., Ltd. Nov 6, 2026

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1H of FY3/2027 Financial Results

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FY3/2027 1H Financial Results Summary: Consolidated P&L

- Consolidated net sales and operating profit reached record highs for the first half and stand-alone second quarter of FY3/2027, even as we continued to make strategic investments toward our long-term vision.
- Revenue benefited as a wide range of Sanrio characters were increasingly used across regions.
- Net sales and operating income for the cumulative Q2 period are progressing in line with the initial full-year forecasts.
- The decline in the operating profit margin is attributable to the increased proportion of revenue from the merchandise sales business—driven by efforts to expand customer touchpoints—and strategic investments made to advance our long-term vision.
- Although there are certain risks in the second half of the year, our forecast remains unchanged. In the second half, we will implement character marketing initiatives that were planned at the beginning of the fiscal year and seek to maximize revenue opportunities including the year end shopping season.
- We will continue to expand our character portfolio and customer touchpoints and diversify our geographic reach to support medium- to long-term growth.

JPY: Million

	1H FY3/2026	1H FY3/2027	YoY
Sales	87,676	107,725	+22.9%
Gross Profit	70,461	82,479	+17.1%
Gross Profit Margin	80.4%	76.6%	(3.8pt)
Operating Profit	39,183	42,882	+9.4%
OP Margin	44.7%	39.8%	(4.9pt)
Adjusted Operating Profit	37,129	44,570	+20.0%
EBITDA	40,456	44,876	+10.9%
EBITDA Margin	46.1%	41.7%	(4.4pt)
Ordinary Profit	39,715	43,069	+8.4%
Net Profit attributable to owners of parent	27,518	29,198	+6.1%

Notes: Figures are rounded down to the nearest one million yen. Percentages are rounded to the nearest tenth of a percent.

1H FY2027 Summary by Segment

JPY: Million

	1H FY3/2026	1H FY3/2027	YoY
Sales	**87,676**	**107,725**	**+22.9%**
❶ Japan	67,579	82,940	+22.7%
❷ Asia	22,289	27,208	+22.1%
❸ Americas (North America・Latin America)	12,329	14,024	+13.7%
❹ Europe	4,662	6,628	+42.2%
Contribution Profit	**37,129**	**44,570**	**+20.0%**
❶ Japan	10,461	12,038	+15.1%
❷ Asia	14,842	18,271	+23.1%
❸ Americas (North America・Latin America)	8,844	9,982	+12.9%
❹ Europe	3,130	4,262	+36.2%

Exchange rate	1H FY3/2026	1H FY3/2027
USD/JPY	149.0 yen/USD	158.3 yen/USD
EUR/JPY	162.6 yen/EUR	184.7 yen/EUR
CNY/JPY	20.5 yen/CNY	23.0 yen/CNY

Notes: Percentages are rounded to the nearest tenth of a percent.
The reporting periods for each segment are as follows: Japan (April-September 2026) and Overseas (January-June 2026).

Japan
Contribution Profit YoY+15.1%

- **Newly opened stores performed well. The Merchandising Business was supported by a diverse range of products, including those sold for convenience stores (Sanrio lottery).** The Licensing Business saw growth in categories such as the capsule-toy, beverage, and food. Growing character popularity led licensees to increasingly feature a wide range of Sanrio characters.
- The Theme Parks business recorded increases in visitor numbers and average spending per visitor.

Asia
Contribution Profit YoY+23.1%

- In mainland China, the Merchandising Business continued to open new stores to expand customer touchpoints. For the Licensing Business in mainland China, “Hello Kitty” and several other characters continue to enjoy steady popularity. By category, toys showed growth.
- We also recorded growth in sales and profit in other Asian countries.

Americas
Contribution Profit YoY+12.9%

- U.S. sales and contribution profit remained flat year on year on a local-currency basis despite tariff impacts, rising resource prices, and other macroeconomic pressures. We also saw increased use of a wide range of Sanrio characters. In addition to the toy category, which remains a key strategic focus, the digital category also recorded growth.
- Performance in Latin America remained strong, with higher sales and profit.

Europe
Contribution Profit YoY+36.2%

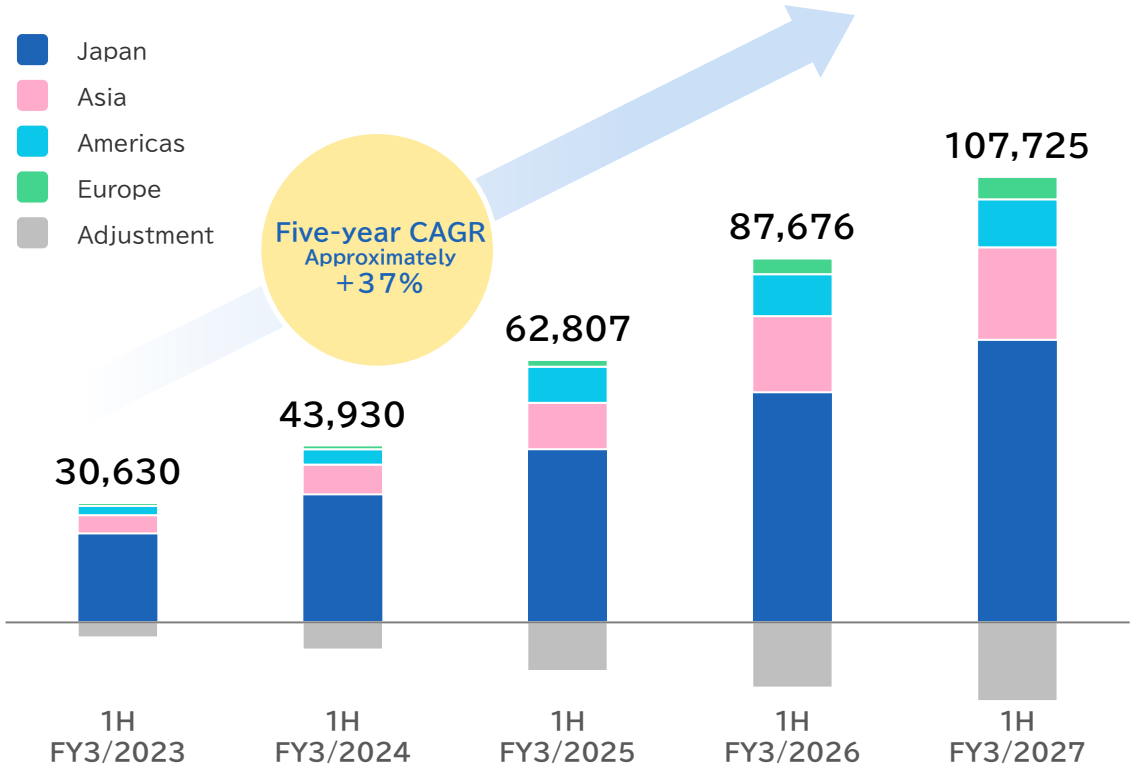
- **Licensing projects featuring characters other than Hello Kitty contributed to higher sales and profit.**
- Apparel category recorded further growth as we expanded our licensee network in Eastern Europe, Turkey, and other markets.
- We signed a multi-year partnership with the LEGO Group to support future growth in the toy category.

Consolidated Financial Results Trend (Sales, Contribution Profit)

Consolidated net sales and operating profit reached record highs for both the first half and the stand-alone second quarter.
Increased use of a wide range of Sanrio characters in the Licensing Business was a key driver of growth.
Europe has gained greater prominence, contributing to the evolution of a more balanced character portfolio across the region.

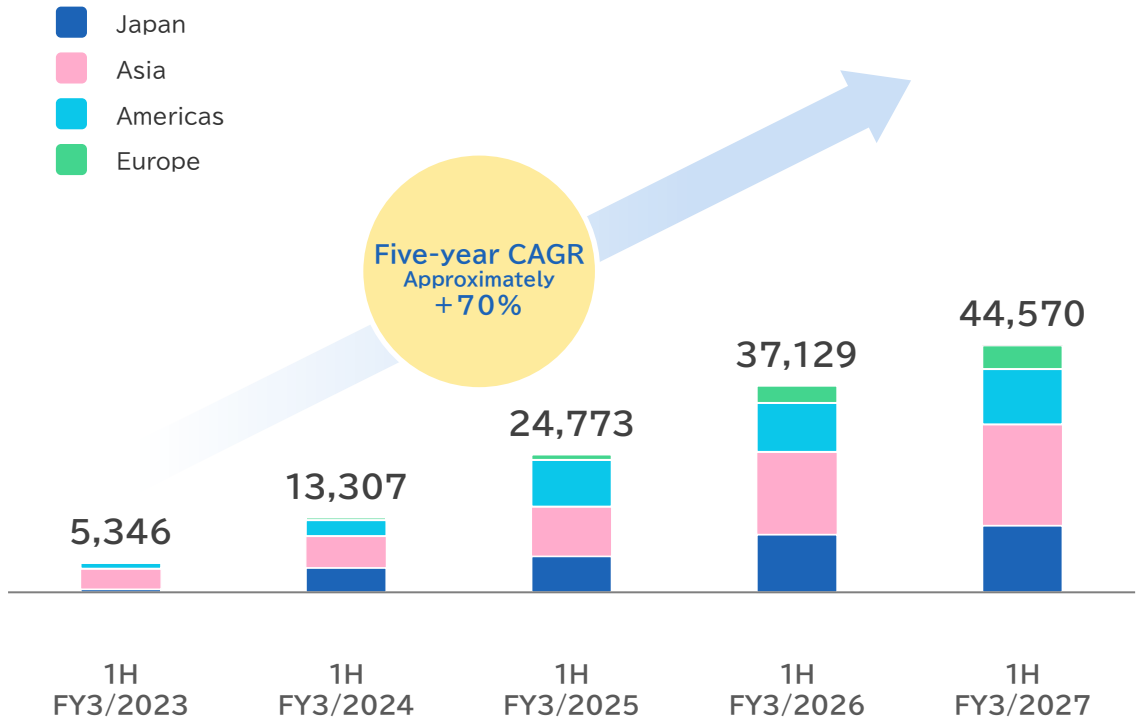
Sales

JPY: Million



Contribution Profit

JPY: Million



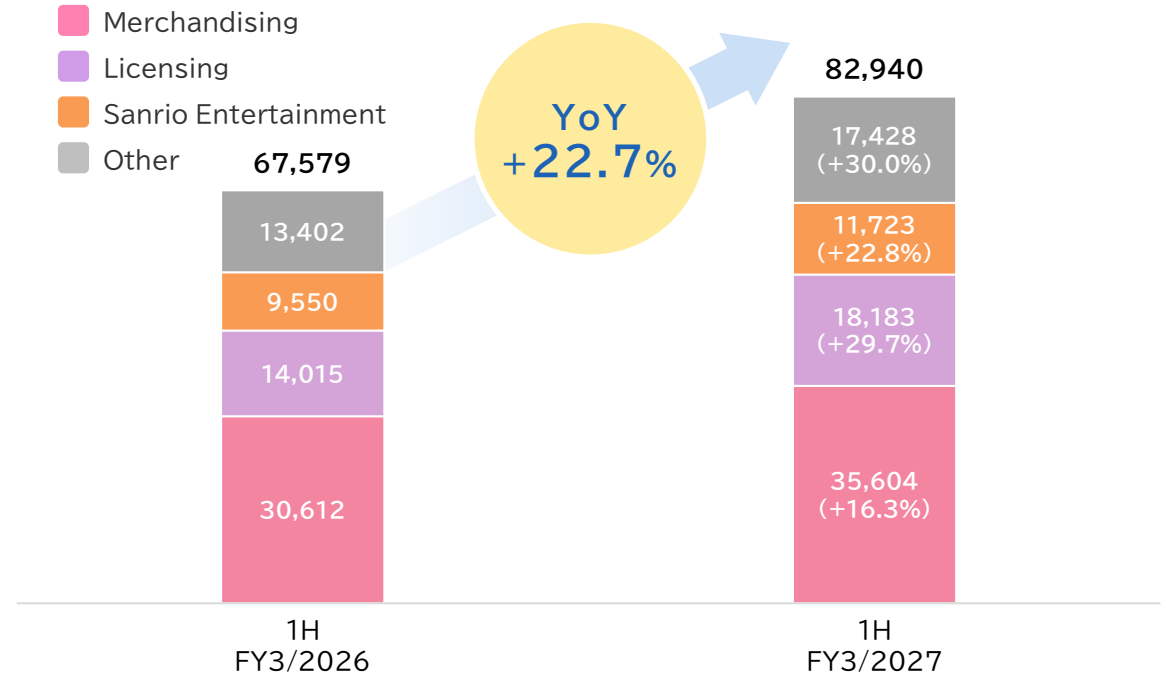
Notes: Figures are rounded down to the nearest one million yen.
Overseas subsidiaries pay fees proportional to their royalty income to the Japanese parent company, the copyright holder, as cost of sales, which is recorded as sales by the parent company. In order to grasp the actual amount of value created by Overseas Business, Sanrio uses above “contribution profit”, as an indicator unique to Sanrio.

FY3/2027 1H Details by Segment: Japan (Sales and Contribution Profit)

- The Merchandising, Licensing, and Theme Parks businesses recorded solid growth, supported by rising character popularity. The Merchandising Business benefited from newly opened stores and strong sales across multiple products.
- Growth in capsule toys, beverages, food, and other categories drove performance in the Licensing Business.
- The Theme Parks business recorded increases in visitor numbers and average spending per visitor.
- We will continue to diversify our character portfolio and develop our business model further to create closer connections and synergies among the Merchandising, Licensing, Theme Parks, and new businesses, with the aim of maximizing profit.

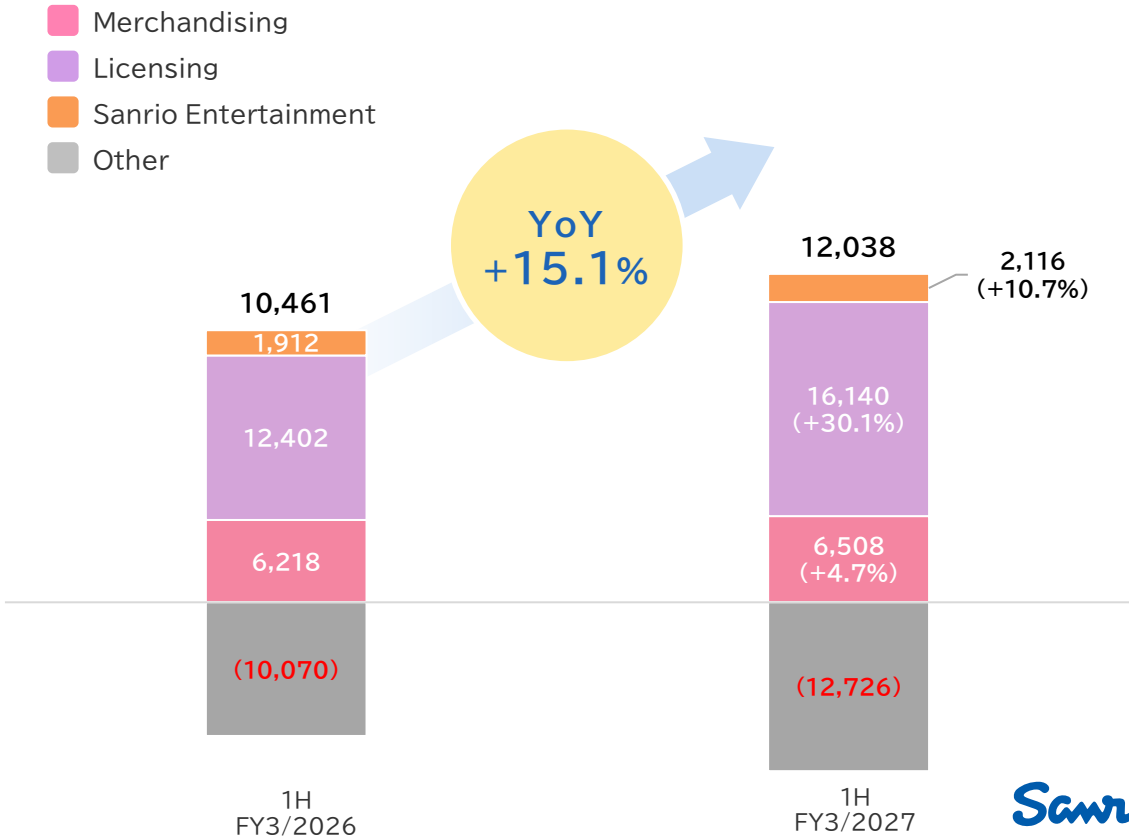
Sales

JPY: Million



Contribution Profit

JPY: Million



Notes: Figures are rounded down to the nearest million yen. Percentages are rounded to the nearest tenth of a percent.
'Other' in Contribution Profit includes SG&A expenses and the elimination of master license fees paid by overseas subsidiaries to the head office.

Japan Business Overview

Business Overview

Merchandising Business

- Enhance product appeal
- Increase # of stores and improve store profitability

- **Sustained Strong Demand**: Sanrio lottery sales for convenience stores continued to perform well, with stickers also contributing. We plan to focus on core products while developing new product categories.
- **Continued Growth in Customer Numbers**: Newly opened stores(Harajuku, Shinsaibashi) contributed to an increase in the number of buying customers (+17% YoY) despite declining inbound demand. We also improved operational efficiency through measures including the addition of checkout counters. We are exploring further optimization of our store network while considering the opening of additional flagship stores that offer unique and immersive customer experiences.



Sanrio Shinsaibashi Store

Licensing Business

- Expand character portfolio
- Expand into new markets and categories

- **Growing Prominence of Additional Characters**: Increased use of a wide range of Sanrio characters further diversified our character portfolio. Sales of Pompompurin nearly doubled year on year, while Usahana and other characters also saw growth. We plan to continue building a portfolio that supports stable growth by coordinating character development with movies, animation, other content, and marketing initiatives.
- **Strengthening Our Customer Base**: The toy category grew, supported by capsule toys, which recorded nearly threefold growth year on year. The beverage and food categories also expanded. We are expanding licensing across multiple brands with existing clients while attracting new clients by licensing our characters for advertising.

7-Eleven × Pompompurin



Theme Parks

- Enhance the experience value
- Expand revenue opportunities

- **Increased Visitor Numbers**: Growing character popularity and successful events drove increases in visitor numbers and average spending per visitor. Sanrio Puroland attracted a record number of visitors. Seasonal events and anniversary celebrations offered distinctive experience value unique to our theme parks.
- **Higher In-Park Spending**: Price adjustments and strong sales of exclusive merchandise and seasonal products increased average spending per visitor. We plan to increase revenue at our theme parks and extend the experience value developed at our parks beyond the parks themselves.



Sanrio Puroland Neo Natsu Matsuri Ⅲ

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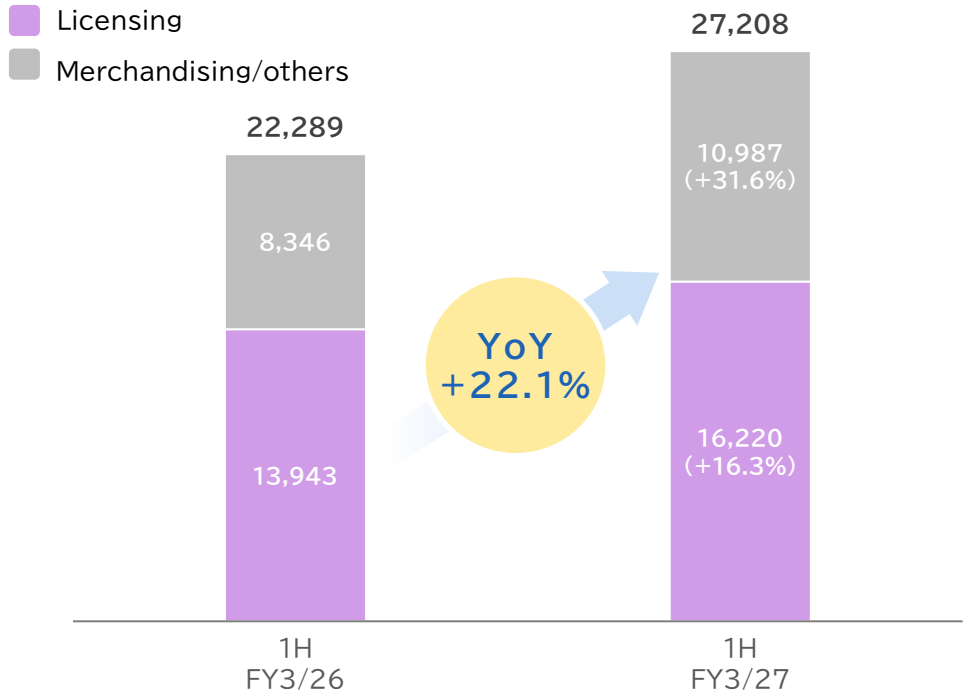
Notes: Figures are aggregated from Sanrio Shop directly managed stores, consignment stores, and department store concession stores in Japan.

FY3/2027 1H Details by Segment: Asia (Sales and Contribution Profit)

- In mainland China, growth in the overall retail market slowed amid weak consumer sentiment. However, Hello Kitty's popularity remained strong.
- The Merchandising Business also recorded higher sales and profit, mainly driven by new store openings. The Licensing Business saw a slight decline in sales on a local currency basis, although the toy category, a strategic priority, continued to see steady growth. The Licensing Business continued to perform well on its own merits, with sales growing after accounting for the temporary boost in the prior-year first quarter※ due to the timing of licensing revenue recognition.
- We also recorded higher sales and profit in other Asian countries, sustaining growth for the overall segment. In particular, licensing revenue increased in South Korea across a wide range of categories, including games.

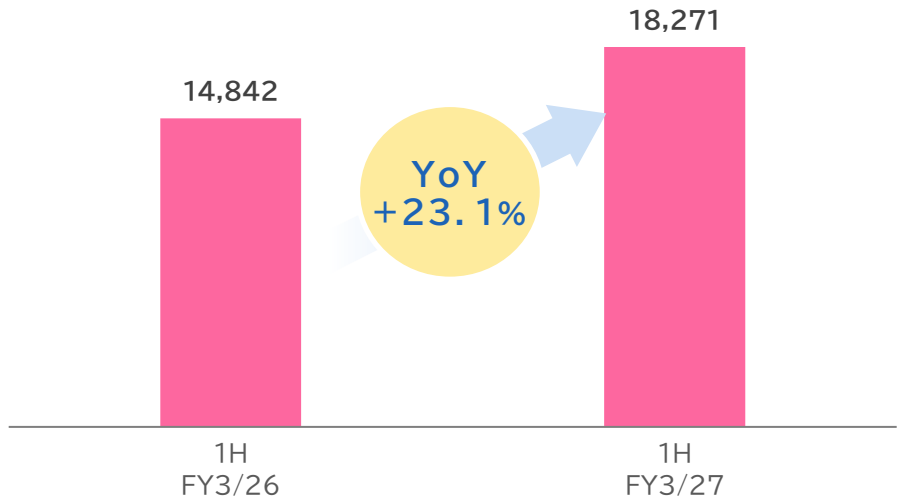
Sales

JPY: Million



Contribution Profit

JPY: Million



Notes: Figures are rounded down to the nearest one million yen. Percentages are rounded to the nearest tenth of a percent.
※: In the company's licensing business in China, the cumulative figures for the 1H of FY3/26 include approximately 1 billion yen in collections related to transactions that occurred in the 1H of FY3/25.

Mainland China Business Overview

Merchandising Business

Enhance product appeal

Improve store profitability

Licensing Business

Expand character portfolio

Expand into new markets

Business Overview

- **Development of Characters Beyond Hello Kitty**: We expanded product offerings featuring characters with strong sales, including My Melody (+65% YoY). We are also concentrating development and marketing resources on promising new IP, including MIAMILO, as we develop and roll out merchandise featuring these characters. Through these efforts, we are expanding our product portfolio further across existing characters and new IP.
- **Store Network Expansion and Efficiency Improvements**: To expand customer touchpoints, we expanded our store network to 71 stores (59 at the end of last fiscal year※) in Tier 1 and Tier 2 cities and expect to reach 80 stores by the end of the fiscal year. As in Japan, we are working to improve efficiency by introducing an automated ordering system for mainstay products and relocating or closing stores based on location and customer traffic.
- **Encouraging the Use of a Wide Range of Characters**: Hello Kitty continued to gain popularity. We are working to reduce reliance on any single character by building on the growing use of a wide range of Sanrio characters. Our efforts include developing and rolling out new Cinnamoroll products ahead of the character's 25th anniversary next year, along with characters such as My Melody, which is gaining popularity in the Merchandising Business.
- **Category Expansion**: Sales of apparel declined. Meanwhile, the toy category, a strategic priority, continued to grow steadily alongside household goods and food. For new contracts, we will prioritize companies with their own brands. We aim to improve brand value, rather than simply increase the range of licensees, to build a more sophisticated Licensing Business.

New Store
Jinan MixC





POP MART
×
sanrio characters

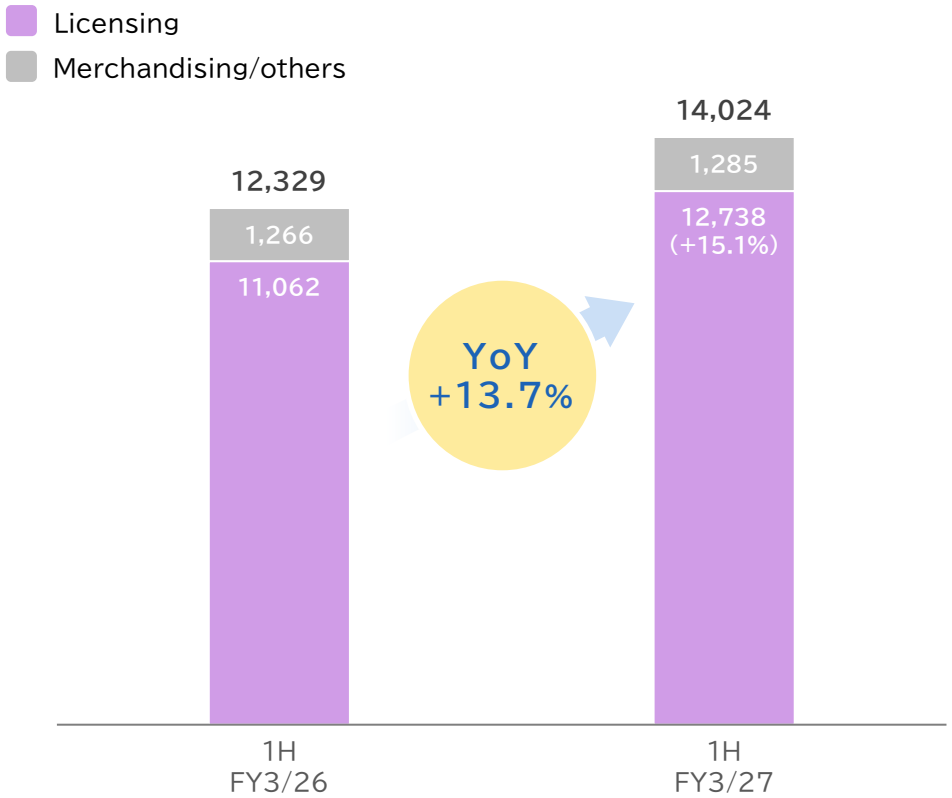
※. Includes 6 directly operated stores and 56 franchise stores as of March 31, 2026. Includes 5 directly operated stores and 54 franchise stores as of December 31, 2025.

FY3/2027 1H Details by Segment: Americas (Sales and Contribution Profit)

- Lingering tariff impacts, rising resource prices, and other factors have made U.S. consumers more cautious, creating a challenging business environment. Despite these macro conditions, the toy category, a strategic priority, and the digital category continued to grow. We made progress in developing a wider range of Sanrio characters and diversifying our character portfolio, building on Hello Kitty's enduring popularity. As a result, our U.S. business maintained performance at the prior-year level in local currency.
- The apparel category continued to perform well in Latin America, and the overall segment recorded higher sales and profit.

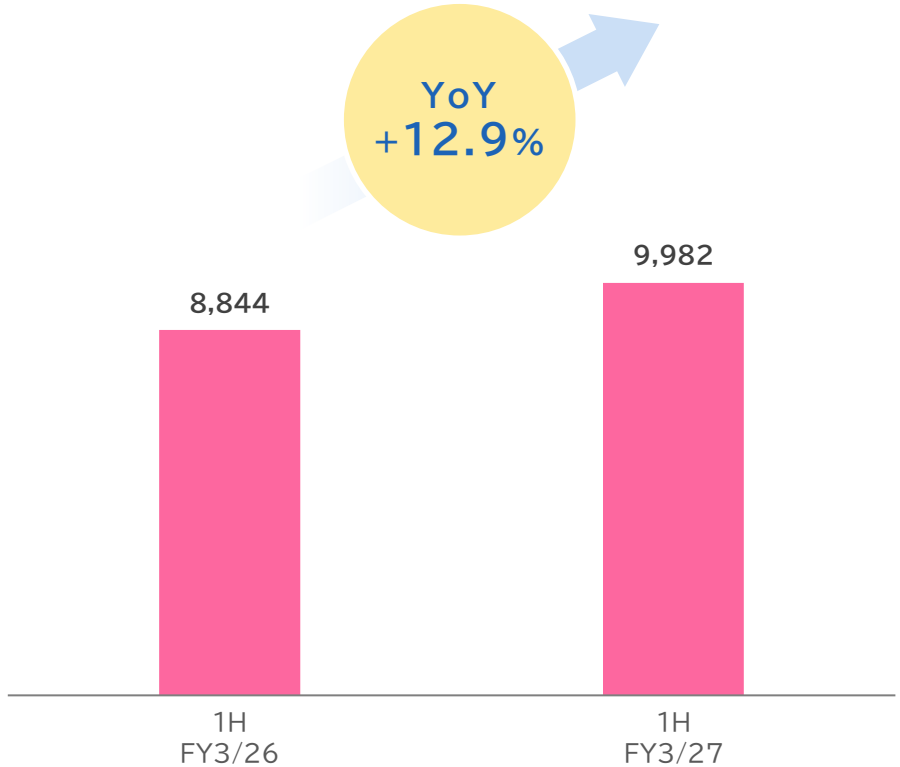
Sales

JPY: Million



Contribution Profit

JPY: Million



Notes: Figures are rounded down to the nearest one million yen. Percentages are rounded to the nearest tenth of a percent.

North America Business Overview

Business Overview

Licensing Business

Expand character portfolio

- **Expanded Character Use by Licensees**: More licensing projects featured a wide range of Sanrio characters, building on Hello Kitty's popularity. Year-on-year growth reached 51% for Cinnamoroll and 36% for Kuromi, contributing to a more diversified character portfolio. We aim to expand and diversify our character portfolio further by aligning character offerings with different customer segments, product categories, seasons, and events.
- **Strengthening Collaborations and Digital Strategies**: We continue to promote collaborations with third-party characters such as POP MART's Labubu, artists such as Bruno Mars, and sports organizations such as MLB. We also continue to expand digital customer touchpoints through initiatives such as the YouTube channel "Hello Kitty and Friends.

Hello Kitty® and Friends x MGA's Miniverse Make It Mini Blind Capsule (Series 4)



Expand into new markets

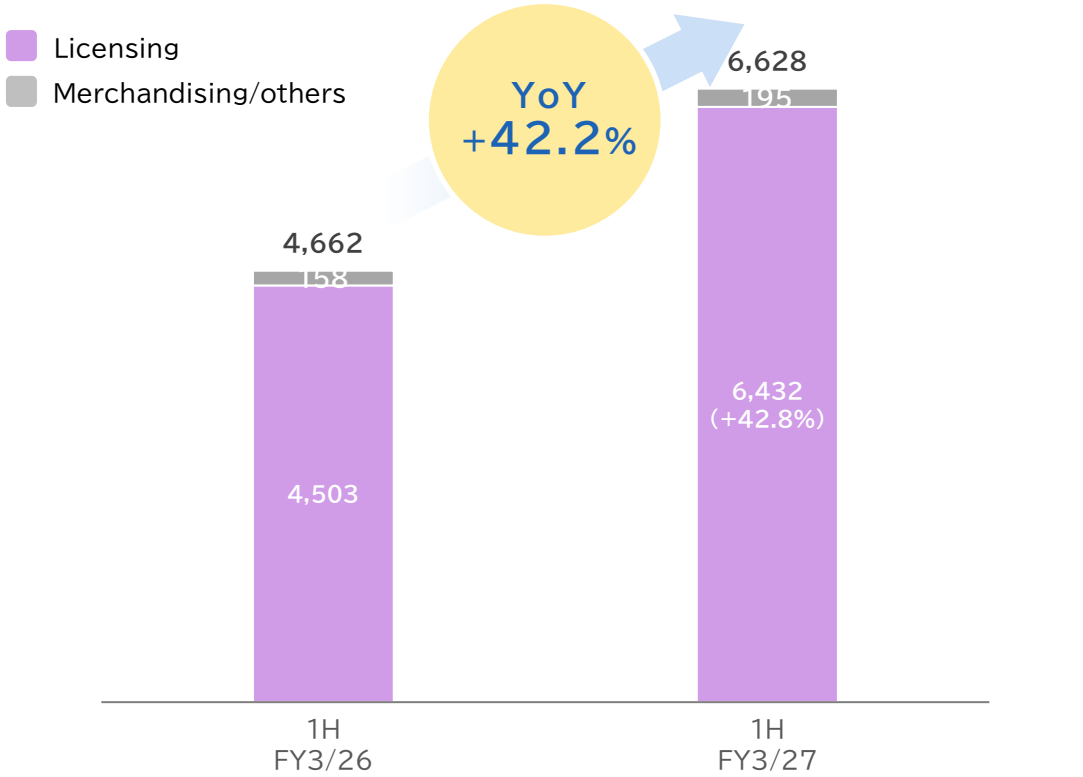
- **Category Expansion**: The toy category, a strategic priority, continued to grow as we added licensees and expanded product offerings. In the digital category, the popularity of the licensed game Hello Kitty Island Adventure led to new licensing opportunities, including a collaboration with a voice chat app for gamers. These developments also supported category expansion.
- **Regional and Retail Network Expansion**: We are expanding Sanrio characters across the U.S. through Halloween, other seasonal events, and sports-related collaborations. In particular, we will expand our reach by entering new markets in the Midwest and South and developing new sales channels.

FY3/2027 1H Details by Segment: Europe (Sales and Contribution Profit)

- Apparel category performed well, supporting continued growth in sales and profit. Our character portfolio continued to expand as more licensing projects featured characters other than Hello Kitty, individually or in combinations. Our apparel category grew significantly (+44% YoY). Toys, a strategic priority, also grew (+38%), alongside stationery and other categories. Growth was particularly strong in Turkiye (+314%) and Eastern Europe (+91%).

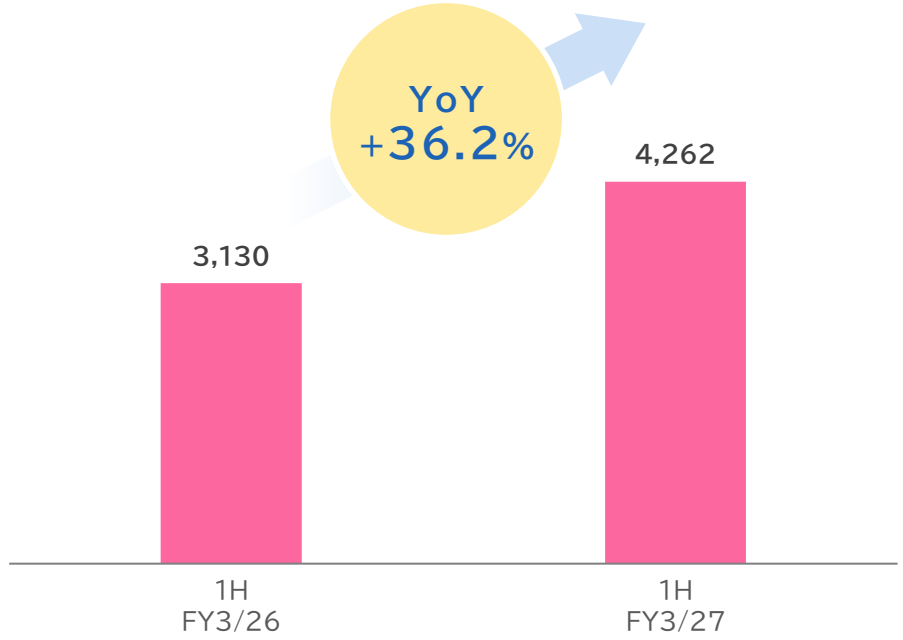
Sales

JPY: Million



Contribution Profit

JPY: Million



Note 1: Figures are rounded down to the nearest one million yen. Percentages are rounded to the nearest tenth of a percent.
Note 2: The year-over-year growth rates cited in the text are from Sanrio GmbH.

Europe Business Overview

Business Overview

Licensing Business

Expand character portfolio

- **Expansion of Character Use Beyond Hello Kitty**: Using popularity of Hello Kitty, we are shifting toward a portfolio featuring a wide range of Sanrio characters. Although Hello Kitty still accounts for a large share, licensing projects increasingly featured individual characters beyond Hello Kitty (including Gudetama and Kuromi) as well as multiple characters.
  We aim to maintain momentum for our leading characters while raising the profile of others. In doing so, we aim to reach new customer segments and create business opportunities.
- **Strengthening Customer Touchpoints**: We are creating new customer touchpoints through Comic Convention, other events, and social media to enhance fan engagement.

LUSH × HELLO KITTY AND FRIENDS



Expand into new markets

- **Category Expansion**: We saw significant growth in apparel (+44% YoY), an important category for both revenue and market influence. Toys, a strategic priority, also grew (+38%), alongside stationery (+86%), food (+77%), and other categories. We plan to maintain a strong market presence in our core apparel category while collaborating with leading toy industry players, including the LEGO Group, and expanding our business in health and beauty.
- **Geographic Expansion**: Turkiye, Eastern Europe, and Northern Europe drove revenue growth. Our plan is to maintain our established presence in Europe and Oceania while preparing to enter growth markets in the Middle East, India, and Africa. We aim to further expand our growth platform through geographic expansion.

LC WAIKIKI

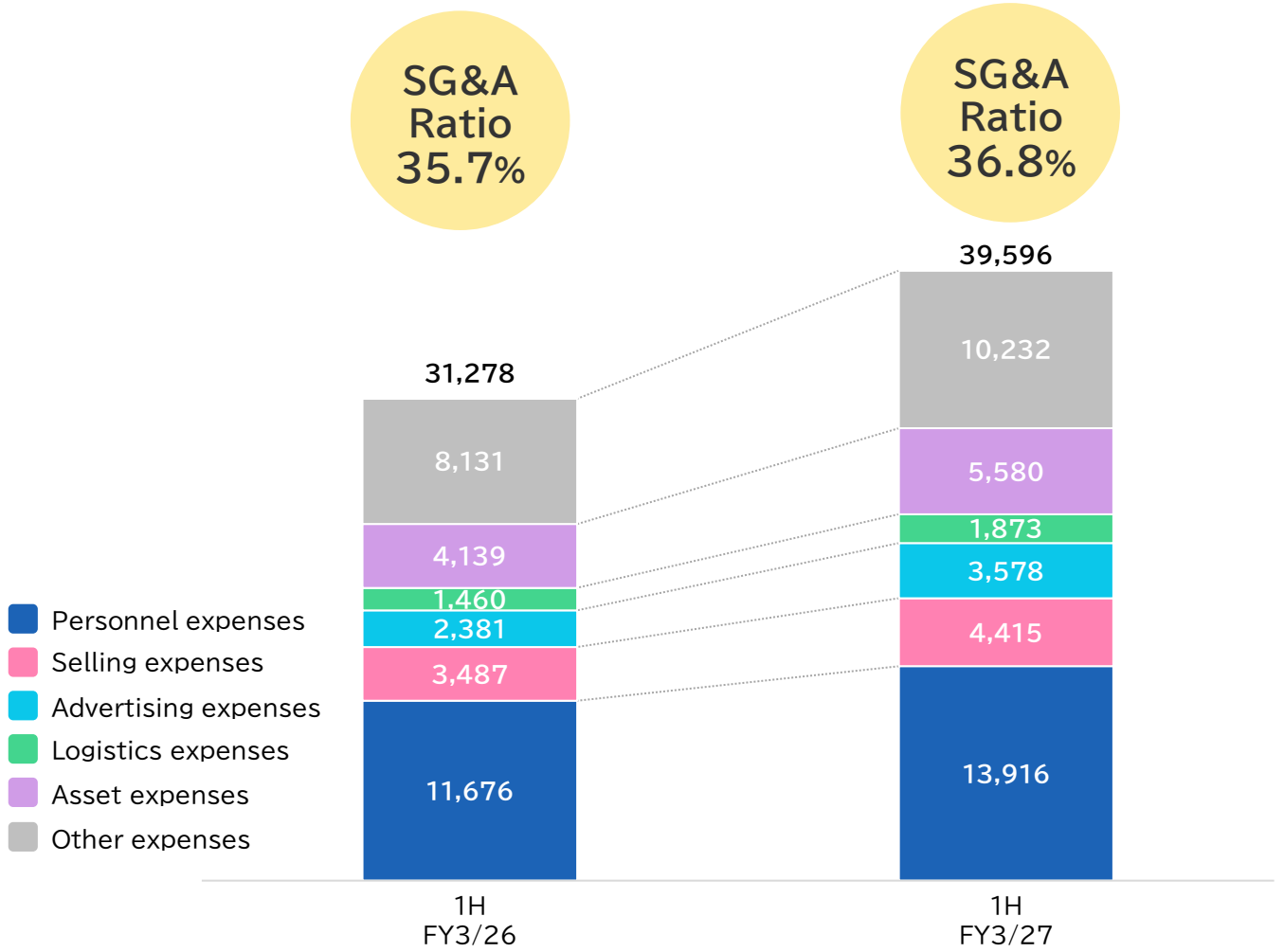


Note 1: Based on the geographic scope of our European subsidiary, the Europe segment includes Oceania and parts of Asia, as well as the UK and continental Europe.
Note 2: The year-over-year growth rates cited in the text are from Sanrio GmbH.

Consolidated SG&A Expenses Trend

- Consolidated SG&A expenses and the SG&A ratio have increased due to investments aimed at supporting medium- to long-term growth. This is expected to lead to future returns.
- Japan… SG&A expenses increased due to higher store labor costs and asset-related expenses in the merchandising business.
- North America… No change in the ratio of selling, general, and administrative expenses to revenue.
- Europe… Agency commissions increased due to changes in the regional breakdown of sales.
- Mainland China… Labor costs and other expenses in the retail business have increased.

SG&A Expenses as a Percentage of Sales



Notes: Figures are rounded down to the nearest one million yen.
Percentages are rounded to the nearest tenth of a percent.

Consolidated Financial Results (B/S)

JPY: Million

	FY3/2026	1H of FY3/2027	Change	YoY	Increase/Decrease Factors
Current assets	168,567	190,887	+22,320	+13.2%	
Cash and deposits	125,433	142,493	+17,060	+13.6%	Cash and Deposits increased by 17 billion yen
Others	43,133	48,393	+5,260	+12.2%	
Non-current assets	66,117	72,268	+6,150	+9.3%	
Policy ownership	7,379	8,170	+790	+10.7%	
Total assets	234,684	263,155	+28,470	+12.1%	
Current liabilities	51,393	57,605	+6,212	+12.1%	Notes Payable and Accounts Payable increased by 3.1 billion yen Contract Liabilities increased by 2.1 billion yen and Long-term debt decreased by 1.2 billion yen Convertible bonds with stock subscription rights decreased by 800 million yen
Non-current liabilities	27,319	26,696	(622)	(2.3%)	
Interest-bearing debt	13,938	10,753	(3,184)	(22.8%)	
Total liabilities	78,713	84,302	+5,589	+7.1%	
Net assets	155,971	178,852	+22,880	+14.7%	Retained Earnings increased by 19.9 billion yen
Total liabilities and net assets	234,684	263,155	+28,470	+12.1%	
Net cash	111,495	131,740	+20,244	+18.2%	
Equity ratio	66.4%	67.9%	1.5pt	—	
Policy ownership / Net assets	4.7%	4.6%	(0.1pt)	—	

Notes: Figures are rounded down to the nearest one million yen. Percentages are rounded to the nearest tenth of a percent. Policy ownership include unlisted shares.
Interest-bearing debts include convertible bond-type bonds with stock acquisition rights. Net cash = Cash and deposits - Interest-bearing debts

Full-year Forecasts for FY3/2027: Consolidated P/L

Our full-year forecast remains unchanged from the initial announcement.

JPY: Million

Consolidated PL	FY3/2026 Full Year	FY3/2027 (Expected) Full Year	YoY Full Year
Sales	194,088	229,800	+18.4%
Gross profit	150,062	178,600	+19.0%
Gross Profit Margin	77.3%	77.7%	+0.4pt
Operating profit	77,859	89,500	+15.0%
OP Margin	40.1%	38.9%	(1.2pt)
Adjusted Operating Profit	78,453	88,800	+13.2%
Ordinary profit	79,335	90,200	+13.7%
Net profit attributable to owners of parent	54,608	63,800	+16.8%

Notes: Figures are rounded down to the nearest one million yen. Percentages are rounded to the nearest tenth of a percent.

Exchange rate	FY3/2026	FY3/2027
USD/JPY	150 yen/USD	155 yen/USD
EUR/JPY	169 yen/EUR	185 yen/EUR
CNY/JPY	20.9 yen/CNY	22.5 yen/CNY

* Major exchange rate reflect USD/JPY, EUR/JPY, CNY/JPY.



Progress on Measures to Prevent a Recurrence of the Inappropriate Incident

17 Progress on Measures to Prevent a Recurrence of the Inappropriate Incident



Progress on Measures to Prevent a Recurrence of the Inappropriate Incident

All measures to prevent recurrence are progressing largely as planned and are expected to be completed by March 2027.

	Items	Full-Year Targets	Progress in 1H of FY 3/2027	Planned Actions for 2H
Governance Structure and Allocation of Authority	(A)Clarifying the Roles of Company Directors and Ensuring Effectiveness through Appropriate Staffing	• Eliminate concurrent appointments of Head Office directors as executive heads of overseas subsidiaries • Establish an organizational and staffing structure that separates management oversight from business execution • Review the criteria for appointing Head Office officers and the evaluation process to support fair management and objective evaluations (to apply to appointments for the 68th term)	• Eliminated concurrent appointments of Head Office directors as executive heads of overseas subsidiaries; moving forward with the appointment of Head Office personnel as outside directors of overseas subsidiaries • Reviewing the organizational and staffing structure for next fiscal year based on the separation of management oversight and business execution at overseas subsidiaries • The Nomination and Remuneration Advisory Committee approved proposed revisions to the appointment criteria and evaluation process for directors and executive officers serving under mandate agreements in August 2026	• Obtained approval for changes to director staffing at overseas subsidiaries at the October 2026 Head Office Board of Directors meeting and execute employment contracts. • Finalize the organizational and staffing structure for next fiscal year
	(B)Clarification of Controls Regarding Compensation for Directors of Overseas Affiliates	• Establish internal rules for the Nomination and Remuneration Advisory Committee to clarify what constitutes remuneration for Head Office officers and tighten the remuneration decision-making process	• The Head Office Board of Directors approved revisions to internal rules governing director remuneration in August 2026; established procedures for determining and managing remuneration, including centralized management of total remuneration when Head Office directors also serve as officers of subsidiaries	• —
	(C)Addition of a Reporting Line to Head Office for CFOs of Overseas Affiliates	• Establish a Group CxO structure • Establish reporting lines CFOs and other officers of overseas subsidiaries to thfrome Head Office CFO to strengthen oversight, checks and balances, and controls over overseas subsidiaries	• Prepared and reviewed a draft proposal for the ideal CxO structure • Completed the design of evaluation criteria, evaluation methods, and reporting lines for CFOs of overseas subsidiaries • Held regular CFO meetings with all overseas subsidiaries to discuss earnings trends, organizational structures, ongoing projects, responses to incidents, and other matters, and provide ongoing support	• Review and approve the organizational structure, authority, and reporting lines based on the CxO structure for next fiscal year • Continue holding regular CFO meetings with all overseas subsidiaries
	(D)Strengthening Subsidiary Management and Supervision by the Head Office	• Revise regulations governing overseas affiliates and approval criteria to strengthen Head Office oversight of major decisions, approvals, and executive remuneration management at overseas subsidiaries	• Revised the Head Office approval authority matrix for overseas affiliates in July 2026 to require significant matters (including expenditures and investments above specified thresholds and appointments to key positions) to be deliberated and approved by Head Office decision-making bodies; subsequently completed a review of the Head Office regulations governing overseas affiliates • Revised the regulations governing the Overseas Executive Management Committee* accordingly	• Revised regulations governing overseas affiliates in October 2026 • Obtained approval for revisions to the regulations governing the Overseas Executive Management Committee at the October 2026 Head Office Board of Directors meeting
	(E)Strengthening Approval Procedures at Overseas Affiliates	• Establish and implement approval regulations to improve transparency and controls over significant operational judgments and decisions at overseas subsidiaries	• Prioritized the North American and European subsidiaries and are drafting approval regulations that reflect local laws and operating practices • Also began revising the approval regulations for subsidiaries in mainland China	• Begin operating under the approval regulations for North American and European subsidiaries following the October 2026 Head Office Board of Directors meeting • Begin revising approval regulations for the remaining overseas subsidiaries in stages and complete revisions at all overseas subsidiaries by December 2026

*The Overseas Executive Committee serves as an advisory body to the Company's Board of Directors. It is responsible for approving and authorizing important matters concerning subsidiaries.

Progress on Measures to Prevent a Recurrence of the Inappropriate Incident

All measures to prevent recurrence are progressing largely as planned and are expected to be completed by March 2027.

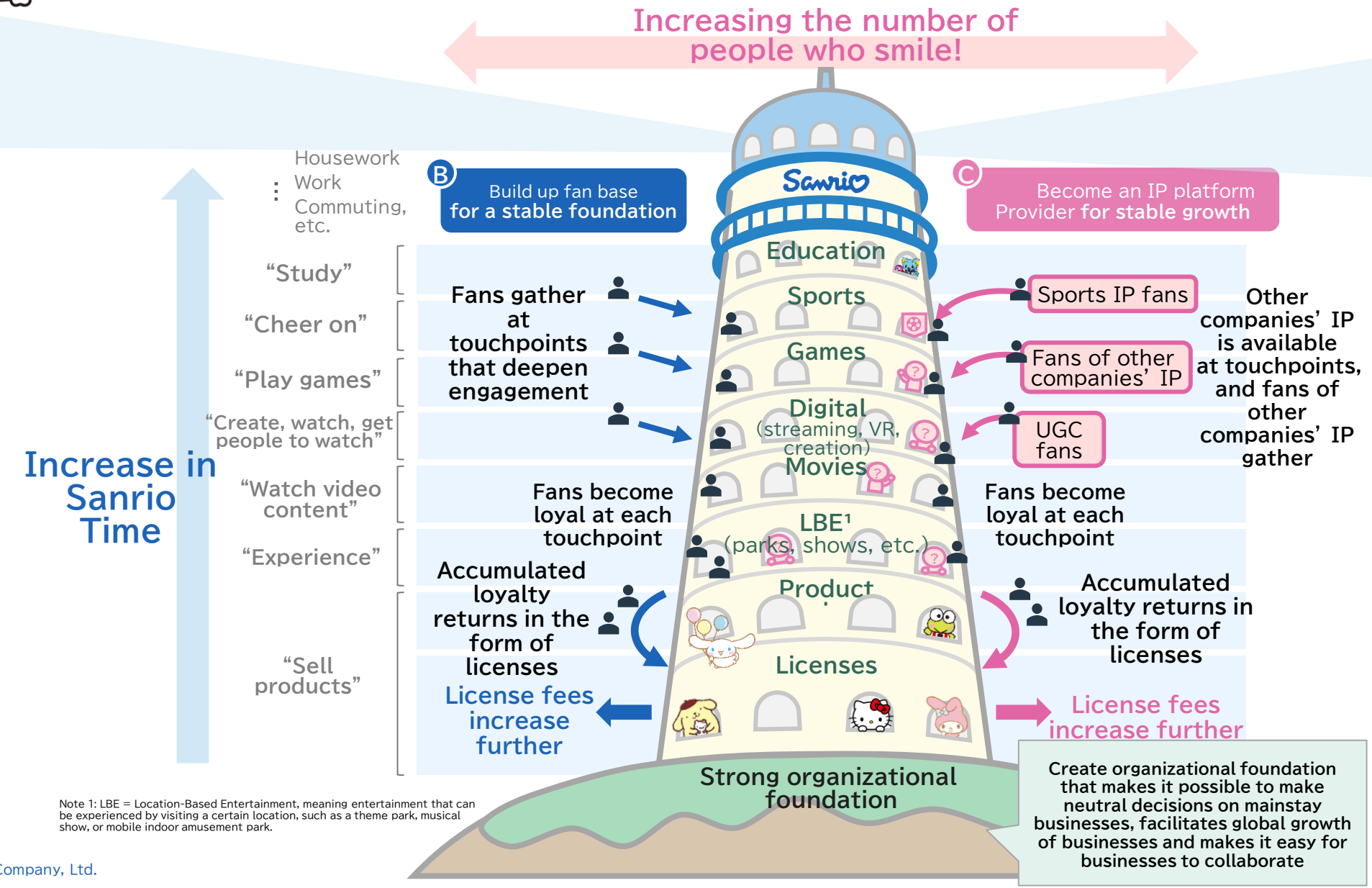
	Items	Full-Year Targets	Progress in 1H of FY 3/2027	Planned Actions for 2H
Strengthening Operational Management and Checks and Balances	(F) Strengthening the Implementation of the Above Regulations (The Company's Regulations/Subsidiary Regulations)	• Strengthen reporting to the Overseas Executive Management Committee by establishing regulations for overseas subsidiary boards and starting to submit board meeting minutes • Introduce an internal Head Office workflow for the Overseas Executive Management Committee to collect, record, and centrally manage information on overseas subsidiaries	• Made preparations to incorporate requirements for submitting board meeting minutes and reporting significant decisions into the approval regulations of each overseas subsidiary • Introduced a workflow for preparing and recording matters requiring resolution by or reporting to the Overseas Executive Management Committee	• Proceed with revisions to the approval regulations of each overseas subsidiary in line with the second-half schedule for item (E)
	(G)Strengthening Internal Checks and Balances at Overseas Affiliates	• Review the composition of boards of directors at overseas subsidiaries to strengthen Head Office checks and balances • Incorporate a requirement for Board of Directors approval of executive remuneration into the regulations governing overseas subsidiary boards • Establish and implement regulations for setting up remuneration committees at overseas subsidiaries and clarifying committee authority and procedures • Compile a list of approval records to ensure auditability • Strengthen governance by incorporating the separation of proposal preparation, financial verification, independent review, and final approval into the approval regulations for overseas subsidiaries	• Eliminated concurrent appointments of executive heads of all overseas subsidiaries as Head Office directors and prepared proposals for board composition • Determined that remuneration for CxOs at overseas subsidiaries would require approval by the Head Office Overseas Executive Management Committee and therefore concluded that remuneration committees at overseas subsidiaries were unnecessary • Began implementing a workflow to centrally manage records of resolutions and reports of the Overseas Executive Management Committee; also began submitting other approval records to Head Office for management based on draft approval regulations for each overseas subsidiary • Made preparations to incorporate the separation of proposal preparation, financial verification, independent review, and final approval into the approval regulations of each overseas subsidiary	• Received approval from the Head Office Board of Directors in October 2026 for the proposed board composition • Proceed with revisions to the approval regulations of each overseas subsidiary in line with the second-half schedule for item (E)
Strengthening Monitoring and Audit Functions	(H) Strengthening Education and Monitoring of the Company's Executives	• Provide compliance training for Head Office officers • Incorporate provisions into the internal rules of the Nomination and Remuneration Advisory Committee to clarify the roles of relevant departments and establish controls for ensuring lawful remuneration and appropriate approval processes; establish a monitoring framework based on the Three Lines Model • Establish a global whistleblowing system to enable early detection of deviations from internal controls, communicate the system to officers and employees of overseas subsidiaries, and put the system into operation	• Conducted compliance training for officers led by an external instructor in September 2026 • The Head Office Board of Directors approved internal rules governing director remuneration in August 2026, defining the roles of relevant departments and the monitoring framework; also began exploring how the third line could assess the effectiveness of these controls • Publicized the Head Office whistleblowing channel (through the global intranet and posters) and established coordination arrangements and response procedures to handle reports submitted through the department responsible for overseeing overseas subsidiaries	• Monitor whether the requirements established in the internal rules are being followed appropriately
	(I)Qualitative Enhancement of the Internal Audit System	• Conduct operational audits of the North American and European subsidiaries to improve the quality of the internal audit framework • Conduct thematic audits of executive remuneration and other key risk areas, strengthen reporting to the Board of Directors, and follow-up on corrective actions	• Reviewed audit methods in preparation for on-site audits of North American subsidiaries • Launched a thematic audit of the appropriateness of remuneration and other compensation for directors and CxOs at Group companies and issued audit notifications and requests for cooperation to all consolidated subsidiaries in Japan and overseas in September 2026	• North American subsidiaries: Conduct on-site audits in Q3 of FY3/2027; prepare and submit audit working papers and audit reports in Q4 • European subsidiaries: Conduct on-site audits in Q4 of FY3/2027 • Conduct thematic audits and prepare and submit audit reports



Progress Toward Our Long-Term Vision

20 Sanrio’s Long-term Vision
21 Initiatives Aligned With Sanrio’s Long-Term Vision
22 How Sanrio Brand Value Drives Sustainable Growth Toward Our Long-Term Vision
23 Character Development Strategy to Achieve Our Long-Term Vision
24 Strategic Direction by Key Market: Japan
25 Strategic Direction by Key Market: Mainland China
26 Strategic Direction by Key Market: US
27 Strategic Direction by Key Market: Europe
28 Entering the Gaming Business With Games Produced In-House
29 Key Upcoming Developments

Sanrio's Long-term Vision



Note 1: LBE = Location-Based Entertainment, meaning entertainment that can be experienced by visiting a certain location, such as a theme park, musical show, or mobile indoor amusement park.

Initiatives Aligned With Sanrio's Long-Term Vision



Investments to increase presence in Europe and the U.S.

Enhancing Video Functions
Strengthen in-house video production capabilities and build collaborative frameworks

Enhancing LBE Functions
Strengthen direct engagement channels with Sanrio fans and build collaborative frameworks

Enhancing Global Retail Functions
Build collaborative frameworks for global-standard MD(1) and expand the SPA(2) model worldwide

■ Kuromi's first starring role in an animated movie is set for a nationwide cinema release across Japan in 2027, distributed by GAGA.

■ Sanrio Games' First Title, Hello Kitty Party Land, Launched in October 2026; Approximately 10 Titles Planned for Release Going Forward

Invest in touchpoints that deepen engagement

ID Strategy
Formulate group-wide policies to acquire ID and enhance customer loyalty

Digital Business Strategy
Formulate a digital strategy to achieve the long-term vision

Game Business Strategy
Formulate a game business strategy to achieve the long-term vision

Expand IP platform provider capabilities and IP

IP Sourcing
Build capabilities for discovering and collaborating on external and individual IPs

Enhancing IP Development Functions
Acquire and strengthen capabilities for producing social media-based content to expand IP reach

Building a Strong Organizational Foundation

Organizational Enhancement
Strengthen organizational structures to support global management

■ All items of the recurrence prevention measures related to the inappropriate conduct are progressing largely in line with plan and are expected to be completed by March 2027.

Note 1: LBE = Location-Based Entertainment, meaning entertainment that can be experienced by visiting a certain location, such as a theme park, musical show, or mobile indoor amusement park.

How Sanrio Brand Value Drives Sustainable Growth Toward Our Long-Term Vision

Sanrio aims to expand our global market share through a unique business model, which covers the entire process from creating value through our characters to monetization.

1. Value creation (raise awareness)

Helping people discover our IP through diverse touchpoints and creating entry points for new fans

Awareness through short-form videos
Discovering IP appeal through short-form videos



Engaging with merchandise at Sanrio stores
Making characters part of everyday life through merchandise



Building awareness through everyday Products
Customers discover our IP through toys and packaging



Participating in the Sanrio character ranking
Cheering on characters



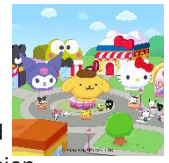
2. Value accumulation (promote affinity)

Deepening emotional connections through ongoing engagement with our IP to build enduring brand value

Cheering on characters
Becoming fans through playing IP games



Watching on YouTube
Becoming fans through story and Worldview immersion



Official social media and community platforms
Deepening attachment through the latest updates and community interaction



Engagement through theme parks and events
Experiencing the worldview



3. Value expansion (drive revenue)

Expanding the appeal of our IP into products and services with a diverse range of partners, making it part of fans' daily lives and generating revenue

Licensing and collaboration

Apparel and merchandise manufacturers



Toy and stationery manufacturers



Food and beverage manufacturers*



Event and venue collaborations



Delivering the appeal of our IP and generating revenue together with a diverse range of partners

Our brand strategy focuses on two core areas: 1) raising awareness of Sanrio characters to expand our fan base and 2) enhancing experience value to deepen fan engagement.
Together, these initiatives create synergies that drive sustained growth in brand value and generate business growth.

* The Morinaga Milk Industry Mt. RAINIER collaboration products shown here were available for a limited time and may no longer be available.

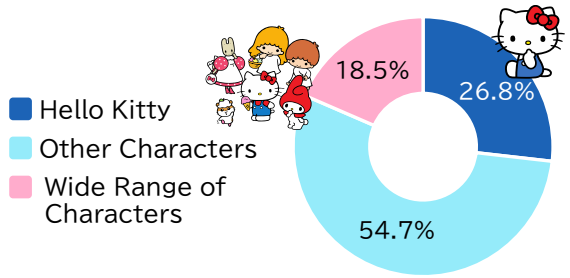
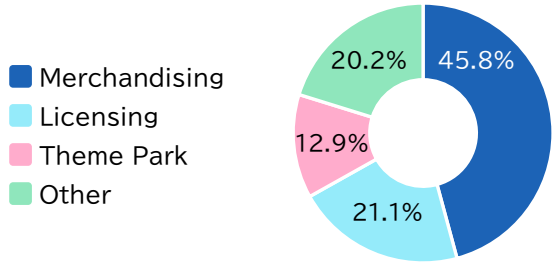
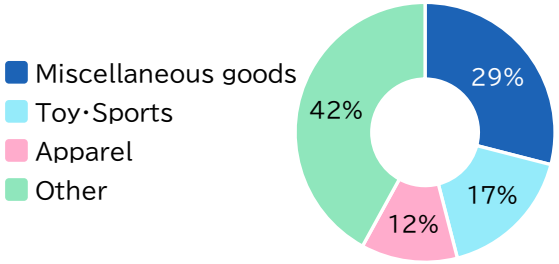
Character Development Strategy to Achieve Our Long-Term Vision

We will continue to enhance the appeal of Hello Kitty and our other distinctive Sanrio characters. At the same time, we will develop the next generation of characters, including Kuromi and Cinnamoroll, for global audiences. We aim to connect with individuals around the world on a personal level, attract new fans, and bring smiles to all.

	Toward Becoming a Globally Beloved Presence	Characters Who Will Shape the FutureClick to apply	Expanding Opportunities to Meet a Wide Range of Characters
	Hello Kitty	**Kuromi・Cinnamoroll**	**Sanrio Characters** 
Where We Stand Today	● Evergreen character representing Sanrio, loved across generations and regions ● Iconic character embodying the appeal of the diverse Sanrio character portfolio	● Characters expected to drive future growth, with strong fan bases in Japan and Asia and rapidly growing popularity in Europe and the Americas ● Global branding initiatives underway	● Characters that have established connections with fans, primarily in Japan and Asia, through distinctive personalities and worldviews ● Outside these regions, fan bases remain limited to specific markets or age and gender groups
Next Steps	● Enhance brand value further through a wide range of visual media, merchandise, and experiences to ensure Hello Kitty remains loved across regions and generations ● Expand the global reach of the entire Sanrio character portfolio through appearances alongside a diverse range of characters, creating new appeal and touchpoints with fans	● Share each character's distinctive personality and worldview through social media, content, collaborations, and other means ● Build on established fan bases in Japan and Asia while raising awareness and fostering emotional connections with audiences worldwide, including Europe and the Americas ● Develop lasting relationships with fans by consistently delivering experience value	● Create opportunities for fans worldwide to discover characters by featuring them alongside globally recognized characters, including Hello Kitty ● Expand character awareness and popularity by creating more opportunities for various Sanrio characters to appear in video content, interactive entertainment, and other formats

Strategic Approach by Key Market: Japan

We aim to expand our market share in Japan further and achieve sustainable growth by leveraging our high brand recognition, broad customer base, and diverse business assets.

	Fiscal Year ended 3/2026	Strategic Direction
Characters		• **Continue expanding our character portfolio without relying too heavily on any single character** • Identify each character's strengths and target customer segments to optimize product offerings and marketing initiatives • Discover, develop, and produce next-generation and third-party IP
Business		• **Expand our network of flagship stores** and **create and enhance experience value by expanding physical touchpoints**, including pop-up stores and theme parks • Refine customer segment strategies across all businesses to **capture everyday demand from casual fans while deepening engagement with core fans** • **Create and develop new customer touchpoints** through digital initiatives, games, and location-based entertainment (LBE) **to support growth in the Merchandising and Licensing businesses**
Licensing Categories		• Expand product categories and usage occasions across apparel, cosmetics, home goods, food, toys, services, and other areas to **make Sanrio characters a greater part of everyday life** • **Strengthen collaborations with leading brands and distribution partners to create continuous product and sales opportunities and expand customer touchpoints**

Market Share

FY3/2025

Approx. 19%

By 3/2035

Max+5pt

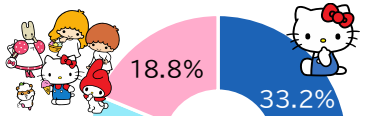
Note: Character composition ratios are calculated based on gross profit generated by Sanrio Co., Ltd.'s merchandising and licensing businesses. Composition ratios by business segment and licensing category are calculated based on segment sales revenue.

Strategic Approach by Key Market: Mainland China

We will build on our existing strengths in mainland China while expanding our character portfolio, customer base, product categories, and geographic reach. We will also create synergies between the Licensing Business and Merchandising Business to broaden growth opportunities and support sustainable growth in the mainland China market.

Characters

Fiscal Year ended 3/2026



- Hello Kitty
- Other Characters
- Wide Range of Characters

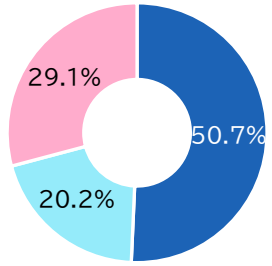
Strategic Direction

- Strengthen and diversify character portfolio by expanding fan bases and raising awareness of characters other than Hello Kitty
- Develop and expand agile-developed IP and China-originated IP

Business

Fiscal Year ended 3/2026

- Licensing
- Manufacturing
- Merchandising



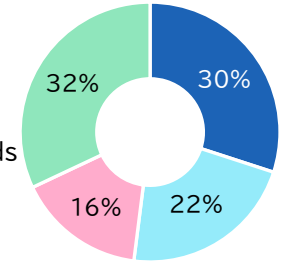
Strategic Direction

- As in Japan, use the Merchandising Business as a foundation to expand market coverage through licensing and maximize synergies between the two businesses
- Use retail stores not only as sales outlets but also to incubate new characters and create synergies with licensees
- Continue building stronger relationships with core customer segments, particularly young women and children
- Strengthen our foundation for growth through measures against IP-infringing products

Licensing Categories

Fiscal Year ended 3/2026

- Toy･Sports
- Apparel
- Miscellaneous goods
- Other



Strategic Direction

- Focus on toys, apparel, health and beauty, and corporate sales to strengthen collaboration with key licensees and retailers, create diverse consumer touchpoints, and expand product categories
- Prioritize securing licensees with their own brands
- Identify untapped opportunities in each product category and develop new markets in collaboration with licensees

Market Share

FY3/2025
Approx.
16%

By 3/2035
Max+5pt

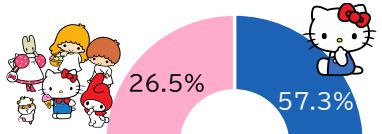
Note: Character composition ratios are calculated based on gross profit generated by the Licensing Business. Composition ratios by business segment and licensing category are calculated based on segment sales revenue.

Strategic Approach by Key Market: US

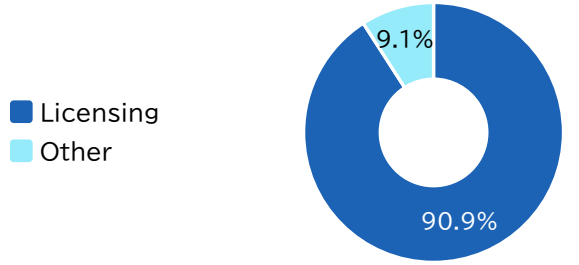
We aim to grow sales in the U.S. by building a lifestyle brand while continuing to adapt our strategy quickly in response to market conditions and consumer trends.

Fiscal Year ended 3/2026

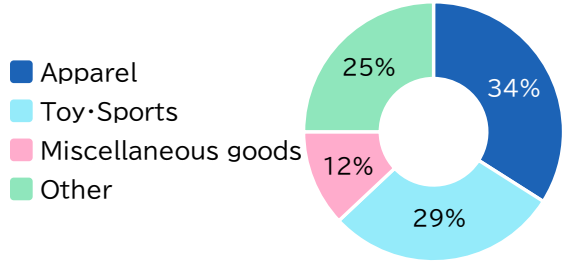
Characters



Business



Licensing Categories



Strategic Direction

- Continue driving growth in Hello Kitty & Friends, which already accounts for a large share, while increasing awareness and popularity of various Sanrio characters
- **Focus on developing Kuromi (reaching Gen Z and establishing a competitive advantage during Halloween) and Cinnamoroll (reaching Gen Alpha) as next-generation characters**
- Identify each character's distinctive features and target customer segments to optimize product offerings and marketing initiatives

- Build on core product categories, including apparel and toys, to **continue expanding into adjacent categories**
  - ▶ Collaborate with Korean cosmetics brands
  - ▶ Expand figure sales in the kidult market
- **Implement commercial strategies and deepen collaboration with major, high-priority licensees and retail partners, with a view to creating value over the medium to long term**
  - ▶ Execute retailer strategies combining customer demographics, IP, and product categories
- **Expand customer touchpoints and invest in marketing to reach diverse regions, cultures, and communities with Sanrio characters**
  - ▶ Expand market presence in the Midwest and South

Market Share

FY3/2025

Approx. 4%

By 3/2035

10%

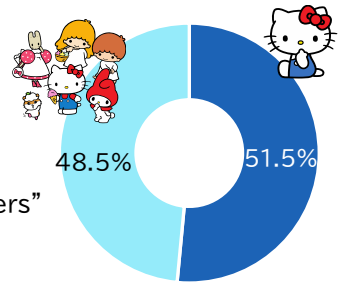
Note: Character composition ratios are calculated based on gross profit generated by the Licensing Business. Composition ratios by business segment and licensing category are calculated based on segment sales revenue.

Strategic Approach by Key Market: Europe

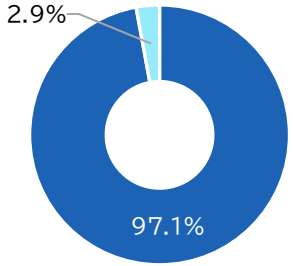
We aim to strengthen customer engagement in Europe through distinctive brand experiences. We will also develop emerging markets, including India and Africa.

Fiscal Year ended 3/2026

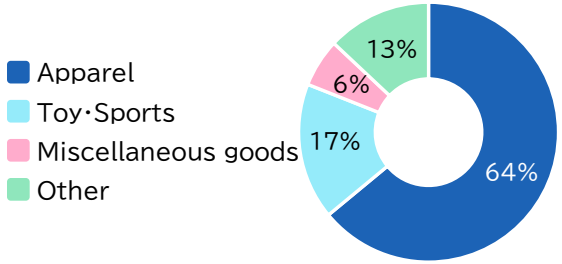
Characters



Business



Licensing Categories



Strategic Direction

- **Maximize awareness and popularity across the Sanrio character portfolio, focusing on Hello Kitty & Friends**
- Continue developing Cinnamoroll, Kuromi, My Melody, and Pompompurin

- **Strengthen medium- to long-term partnerships with category leaders, global brands, and major retailers (LEGO collaboration to begin in 2027)**
  - ▶ Collaborate with partners capable of driving licensing trends
- **Enhance brand strength and deepen customer engagement by creating in-person, interactive experiences,** including café, event, and retail experiences
- Maintain presence in Europe and Australia while **making a full-scale entry into emerging markets, including India and Africa, to achieve high growth**
- Evaluating a transition from distributor-led sales to direct sales in certain markets to enable the execution of company-led strategies and strengthen customer engagement.

Market Share

FY3/2025
Approx.
1%

By 3/2035
Max+5pt

Note1: Character composition ratios are reference figures based on gross profit from the Licensing Business in the Europe segment. Business composition ratios are based on Europe segment revenue, while licensingcategory composition ratios are based on licensing revenue of Sanrio GmbH.
Note2: Based on the geographic scope of our European subsidiary, the Europe segment includes Oceania and parts of Asia, as well as the UK and continental Europe.

Creating New Customer Touchpoints Worldwide by Entering the Gaming Business With Games Produced In-House

We released Hello Kitty Party Land under our gaming brand, Sanrio Games, in October 2026.
Hello Kitty Party Land is our first game produced in-house, and we plan to release a total of around 10 titles by the end of FY3/2029.

Significance of entering the game business



- Expand global contact through games
- Increase in the amount of time customers spend in contact with characters
- Offer a strategically designed worldview and gameplay through in-house development
- Create new revenue sources through multiple titles and genres

Expand Character Popularity

Using Games as a Customer Touchpoint to Generate Benefits for Existing Businesses

FY3/2027

Sanrio Games Phase 1

Title:「Hello Kitty Party Land」
Date of Release:October 29th, 2026(Japan and overseas)
Genre: Party game
Platform: Switch / Switch 2

Sanrio Games Phase 2

Title:「Sanrio Kawaii Me Live!」
Date of Release:January, 2027(Japan and overseas)
Genre :Music Rhythm Game
Platform: iOS / Android

FY3/2028

Sanrio Games Phase 3

Title:「FRAGARIAMEMORIES Color of Wishes」
Date of Release :Fall 2027(Japan and overseas)
Genre : Planned for Future Release
Platform: iOS / Android

FY3/2029

Sanrio Games Policy

- Consistent planning for the pipeline. At present, we plan to release a total of 10 titles or so by the end of the fiscal year ending March 31, 2029.
- Using multiple popular characters and diversified genres, targets, media, and launch dates for each title.
- Develop each game with an external partner to share the financial burden, which will vary from project to project.

Key Upcoming Developments

2027 and Beyond

The LEGO Group and Sanrio Co., Ltd. reveal an exciting new partnership that will bring the characters and universe of Hello Kitty and Friends to life in LEGO® brick form for the very first time.
Fans can look forward to a wide range of new LEGO® Sanrio products coming in 2027.



For more information: https://www.lego.com/

2027

Kuromi to Star in Her First Animated Feature Film for Theaters.
;set for theatrical release in Japan in 2027
Official film website:
https://kuromithemovie.com/



© 2026 SANRIO KTMCR COMMITTEE
Production and Distribution：GAGA

July 21, 2028

Sanrio's Hello Kitty from New Line Cinema and Warner Bros. Pictures Animation will be distributed globally by Warner Bros. Pictures.
The Feature Film Marks Hello Kitty and Her Friends' Big Screen Hollywood Debut.

WARNER BROS.
PICTURES

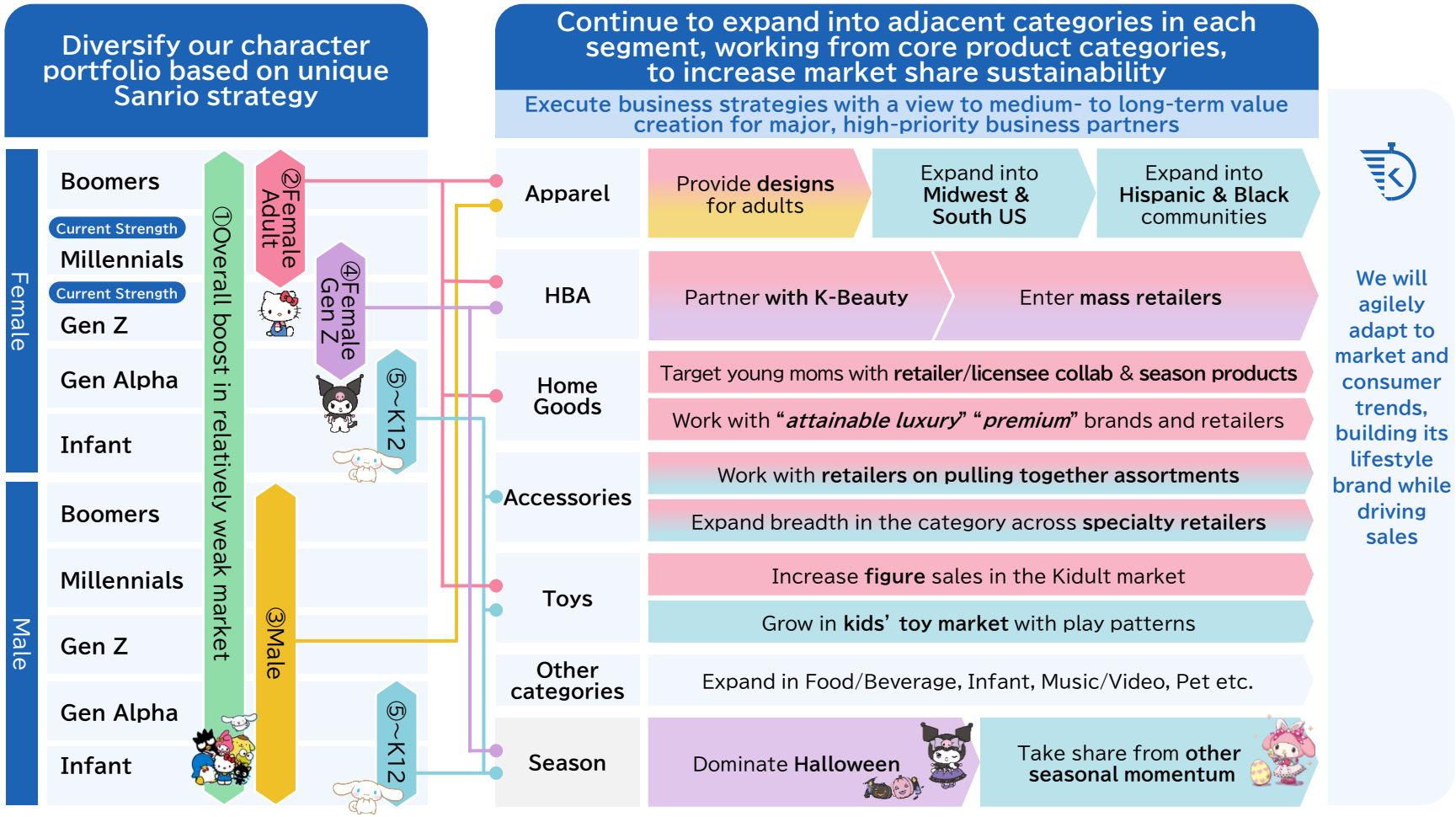


Appendix

31 Strategy Map for the U.S.(Source: FY2025 Financial Results Presentation)
32 Five-Year Roadmap
33 About Adjusted Operating Profit
34 Glossary for this presentation
35 Other IR Materials
36 Disclaimer on forward-looking statements and other matters

Strategy Map for the U.S.(Source: FY3/2026 Financial Results Presentation)

Measures toward achieving a 10% market share in FY3/2035 are progressing well. Aiming to expand sales through lifestyle brands, responding quickly to market and consumer trends.



Note: "Play pattern" refers to specific behavior patterns and play mechanisms/structures that indicate how kids play with toys.

Five-Year Roadmap

	FY2026/3	FY2027/3	FY2028/3	FY2029/3	FY2030/3
Character Anniversaries	50th Anniversary 20th Anniversary 50th Anniversary	30th Anniversary 55th Anniversary 30th Anniversary	25th Anniversary 40th Anniversary	15th Anniversary 35th Anniversary	55th Anniversary 40th Anniversary
Character ranking	Sanrio character ranking	Sanrio character ranking	Sanrio character ranking	Sanrio character ranking	Sanrio character ranking
Games	Ongoing Launches of Licensed Games	Oct. 2026 | Hello Kitty Party Land Jan. 2027 | Sanrio Kawaii Me Live!	Fall 2027 「FRAGARIAMEMORIES Color of Wishes」	Ongoing Launches	
Animation	Netflix *My Melody & Kuromi* Nominated in the Kids: Animation category of the 2026 International Emmy Awards. In-House Animation/Licensed Animation	Co-Production with Alifish *Launch date in flux at this time	In-House Animation		
Social media	Launch of a YouTube Channel for Pre-School-Age Children Continuous Release of Original Contents on Platforms like YouTube and TikTok	Release of Cinnamoroll YouTube Anime			
Movie		Kuromi Movie Release MR. MEN LITTLE MISS THE MOVIE (Timeline: TBD)		Appear in WB licensed works	
Digital	Make V-Puroland a permanent virtual park Integrate ID platforms with other companies	Expand large-scale IP worlds Develop VTuber streaming functions	Provide new user experiences through Sanrio+ Enhance services for loyal customers		
Real-Life	New Parade at Puroland Full-Scale Launch of Harmonyland Entertainment Resort Continuous Events at Sports Venues, Cafes, and Other Locations	Cinnamoroll musical	Global touring Immersive Location-Based Entertainment (LBE)		

Notes: Areas shown in white indicate updated sections. The schedule is subject to change without prior notice. WB = Warner Bros.

About Adjusted Operating Profit

■ Adjusted Operating Profit

Adjusted operating profit is a proprietary indicator defined by the Company, referring to operating profit excluding the impact of consolidation adjustments arising from the difference in fiscal year-ends between the parent company in Japan (fiscal year ending in March) and overseas subsidiaries (fiscal year ending in December)

- ✓ Under Japanese accounting standards, a difference of up to three months is allowed between the accounting periods of the parent company and its subsidiaries.
- ✓ We calculated consolidated operating profit by combining the parent company's results (April to March) with overseas subsidiaries' results (January to December). We eliminated royalties paid by subsidiaries to the parent company by eliminating the subsidiaries' royalty expense (cost of sales) against the corresponding royalty revenue recognized by the parent company (net sales) for the April-to-March fiscal year. The subsidiaries recognized the corresponding royalty expense for the January-to-December period. If the difference in reporting periods results in a material mismatch (significant discrepancy) between the parent company's net sales and the subsidiaries' cost of sales (royalty payments), we adjust the subsidiaries' cost of sales in consultation with our independent auditor before calculating operating profit.
- ✓ Licensing transactions at our overseas subsidiaries in North America, China, and Europe have increased significantly in recent years, increasing the amount of this adjustment. Therefore, to better reflect our underlying business performance, we disclose adjusted operating profit as operating profit before the adjustment to subsidiaries' cost of sales arising from differences in the fiscal year-ends of the parent company and its subsidiaries.

JPY: Billion

Q1 FY3/2027(Consolidated)	Operating Profit (Financial Accounting)		Adjusted Operating Profit (Managerial Accounting)
Total before consolidation adjustments	44.5		44.5
+Adjustments	(1.6)		(0)
(Adjustment for differences in fiscal year-ends)	(1.6)		—
(Other consolidation entries)	(0)		(0)
Profit	42.8	Difference(1.6)	44.5

JPY: Billion

Consolidated Adjustment Amount due to differences in fiscal year-ends

	FY3/2025				FY3/2026				FY3/2027	
	Q1 Three Months	Q2 Six Months	Q3 Nine Months	Q4 Twelve Months	Q1 Three Months	Q2 Six Months	Q3 Nine Months	Q4 Twelve Months	Q1 Three Months	Q2 Six Months
North America (License)	(0.9)	(1.9)	(2.2)	(1.5)	0.6	(0.1)	(0.8)	0.1	0	(1.1)
Europe(License)	—	—	—	—	—	—	—	(1.4)	(0)	(0.2)
China (License)	—	—	—	(2.5)	0.4	0.9	1.1	(0)	0.2	(0.1)
China (Manufacturing)	0.5	0.7	1.4	0.2	0.9	1.2	1.6	0.7	0	(0.1)
Total Consolidated Adjustment	(0.3)	(1.1)	(0.8)	(3.8)	2	2	1.9	(0.5)	0.3	(1.6)

Glossary for this presentation

Contribution Profit

- In order to see the actual amount of value created by Overseas Business, Sanrio uses “contribution profit,” which is calculated by adding the amount of royalty payments to the HQ to the operating profit of overseas subsidiaries, as an indicator unique to Sanrio.
- Overseas subsidiaries pay fees proportional to their royalty income to the Japanese parent company, the copyright holder, as cost of sales, which is recorded as sales by the parent company.
- Beginning Q2 FY3/2026, contribution profit in the financial results materials is presented net of consolidation adjustments related to differences in fiscal periods. Past figures are retrospectively restated.

Other IR Materials

Integrated Report 2026

The report covers the progress of the 10-year long-term vision and medium-term management plan announced in 2025, as well as Sanrio's value creation story centered on its non-financial target, "Sanrio Time."



10-Year Long-Term Vision

Lighting the Way to Bring Smiles to All

-Roadmap to a World of Smiles-

This presentation discusses the Sanrio growth strategy from a long-term perspective, focusing on sustainable value creation.



Please see the Sanrio corporate website for the latest investor relations materials



https://corporate.sanrio.co.jp/en/ir/

Quarterly performance trends from prior periods are now available under IR DATA.



Disclaimer on forward-looking statements and other matters

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All information in this material is based on data as of November 6, 2026