



February 9, 2023

Company Name: Sanrio Company, Ltd.
President and Chief Executive Officer: Tomokuni Tsuji
Securities Code: 8136, TSE Prime Section
Inquiries: Jiro Kishimura, Senior Managing Director
Tel.: +81-3-3779-8058

Notice of Establishment of Special Investigation Committee

Sanrio hereby announces that at a meeting held February 9, 2023, the Sanrio Co., Ltd. board of directors decided to establish Special Investigation Committee (Hereafter referred to as the "Special Investigation Committee").

The background to the establishment of the Special Investigation Committee was due to sales manipulation by pooling of royalties and recording them in inappropriate months instead of recording them in the month they should have been recorded (hereinafter referred to as the "Case") by one employee in the License Business Division (hereinafter referred to as the "Division"), who manages specific clients. Sanrio suspected the Case on January 24, 2023.

Notice

1. Background of establishment of the Special Investigation Committee

On January 16, 2023, one employee in the Division, who manages specific clients, confessed in a division meeting that there were unrecorded sales. Therefore, the Division recognized the possibility that there were unrecorded sales over several fiscal years and conducted an investigation .

Until recently, the Division continued the investigation of the Case with difficulty and determined that there was high possibility that the Case conducted, despite the investigation did not lead to a complete identification of the facts yet. Subsequently, the Case was reported to the director in charge of the Division on January 24, 2023, and was promptly reported to the chairperson of the Compliance Committee.

The initial allegations of the Case are as follows: License sales was booked in an inappropriate month by leaving a sales date as a blank in a sales report document which was an evidence of the licensing sales in the Company, and then one of employees filled out the blank with an inappropriate date. This might be a potential misconduct over the

Company's internal control. There might have been an intention to meet monthly sales target set by each client, however, this is under investigation. In addition, based on the information currently available, Sanrio assumed that the transactions would not have a significant impact on the financial statements. However, the period of the Case and the comprehensive identification of specific transactions were not completed, and the impact of this misconduct could not be reasonably estimated. Sanrio estimated the maximum amounts of arbitrary manipulation to be around 100 million Japanese yen.

On January 25, 2023, Sanrio established an investigative team headed by the Chairperson of the Compliance Committee to continue the investigation of this Case. However, upon the recognition of Sanrio's management that it was necessary to conduct further the investigations to discover the facts of the Case and the possibility of similar cases. Therefore, as of today, Sanrio's Board of Directors meeting decided to establish a Special Investigation Committee, which consisting of outside professionals, to conduct a fair and proper investigation.

In addition, Sanrio has been discussing with the Independent Auditor regarding the additional procedures in the Case and has consulted external professionals to deal with the Case.

Sanrio deeply apologizes to its shareholders, investors, and all other stakeholders for the inconvenience and concern this has caused.

2. Composition of the Special Investigation Committee

Committee Member	Kazuo Ohashi (Outside Auditor, Sanrio Company, Ltd., CPA)
Committee Member	Yusuke Nakashima (Deloitte Tohmatsu Financial Advisory LLC, CPA)
Committee Member	Osamu Hamada (DT Legal Japan, Attorney/CPA)

3. Matters to be investigated by the Special Investigation Committee

- (1) Find the facts
- (2) Identify existence and facts of cases similar to the Case
- (3) Identify root causes of the Case and propose measures to prevent any recurrence
- (4) Any other matters deemed necessary by the Committee

4. Schedule

Sanrio will fully cooperate with the investigation to be conducted by the Special Investigation Committee and will work to clarify the Case. Also, Sanrio is planning to disclose the facts which are identified by the Special Investigation Committee when Sanrio receives the final report and will also promptly announce the impact of the Case on our business.

END

Summary of the Special Investigation Committee members

Name	Kazuo Ohashi (Outside Auditor, Sanrio Company, Ltd.)
Resume	1980: Joined Chuo Kaikei Jimusho Audit Corporation (later Chuo-Aoyama Audit Corporation and Misuzu Audit Corporation)
	Registered as a Certified Public Accountant in 1983
	1993: Promoted to a Partner
	1998: Promoted to a Senior Partner
	2006: Joined Ernst & Young ShinNihon LLC
	2006: Promoted to a Senior Partner
	2016: Opened Kazuo Ohashi CPA Office
	2017: Outside Auditor, Sanrio Company, Ltd. (current position)
	2019: Outside Auditor, Graphite Design Inc. (current position)
	2019: Outside Auditor, Samantha Thavasa Japan Limited (current position)

Name	Yusuke Nakashima (Deloitte Tohmatsu Financial Advisory LLC)
Resume	1995: Passed the second exam of Certified Public Accountant
	1995: Joined Aoyama Audit Corporation (later PwC Aarata LLC)
	1999: Registered as a Certified Public Accountant
	2002: Joined Deloitte Tohmatsu Corporate Finance Ltd. (later Deloitte Tohmatsu Financial Advisory LLC)
	2011: Promoted to a Partner
	2018: Appointed Head of Forensic and Crisis Management Services (current position)

Name	Osamu Hamada (DT Legal Japan)
Resume	1999: Joined Toyota Motor Corporation
	2007: Registered as a Certified Public Accountant (re-registered in 2022)
	2008: Registered as an attorney (re-registered in 2016)
	2008: Joined Nagashima Ohno & Tsunematsu
	2014: Served in Corporate Disclosure Division, General Affairs Planning Bureau, the Financial Services Agency
	2016: Joined DT Legal Japan
	2020: Served in Corporate Disclosure Division, Planning and Markets Department, the Financial Services Agency
	2022: Joined DT Legal Japan (current position)