



February 13, 2023

Company Name: Sanrio Company, Ltd.

President and Chief Executive Officer: Tomokuni Tsuji

Securities Code: 8136, TSE Prime Section

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**Notice of Submission of Application for Approval of Extension of Deadline  
to File the Quarterly Securities Report for the Third Quarter of  
Fiscal Year Ending March 31, 2023 (FY2022)**

As Sanrio announced in the disclosure of the “Notice of Establishment of the Special Investigation Committee” on February 9, 2023, that Sanrio had identified sales manipulation in the License Business Division (hereinafter referred to as the “Case”). Therefore, Sanrio has established the Special Investigation Committee on the same day and has requested an investigation into the facts of the case and the existence of similar cases. The Special Investigation Committee is currently continuing the investigation, which is expected to take a considerable number of days. In addition, the independent auditor will perform additional audit procedures on Sanrio’s consolidated financial statements based on the findings by the Special Investigation Committee.

As a result, Sanrio is unable to submit the following quarterly report by the deadline set forth in Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act. Sanrio has decided to submit an application for approval of an extension of the deadline to file its quarterly securities report, in accordance with the provisions of Article 17-15-2, Paragraph 1 of the Cabinet Office Order on Disclosure of Corporate Affairs.

Notice

1. Relevant report

The 3<sup>rd</sup> Quarter Report for Fiscal Year Ended March 31, 2023 (October 1, 2022 to December 31, 2022)

2. Deadline if application for the extension is approved

March 16, 2023

3. Initial deadline

February 14, 2023

4. Reason for requiring the extension

The background of the Case and the reasons for requiring the approval are as follows.

Summary of the Case

1. The date Sanrio came to be aware of the Case:

Monday, January 16, 2023

2. The background

2023	Monday, January 16	One employee in the License Business Division, who manages specific clients, confessed in a division meeting to the supervisor that there were unrecorded sales, which were pooled from past fiscal terms to meet the sales target in current fiscal year.
	Tuesday, January 24	The supervisor asked one employee to provide the report of the exact amount, however, as it took the time to complete examination, the supervisor then reported the Case to the director in charge of License Business.
	Tuesday, January 24	The director in charge of License Business shared the information of the Case with the director in charge of the Business Management and subsequently reported it to the Chairperson of the Compliance Committee.
	Wednesday, January 25	The Chairperson of the Compliance Committee established the Internal Investigative Team.
	Thursday, January 26	The information was shared with the independent auditor, EY ShinNihon LLC, and discussions were initiated to deal with the Case.
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	Monday, January 30	The Internal Investigative Team identified the possibility of similar cases in transactions with another client. Therefore, Sanrio recognized the necessity to conduct a further investigation and began discussions with the independent auditor regarding an extension of the of the deadline of the quarterly report.  Sanrio's management also recognized that it was necessary to conduct further the investigations to discover the facts of the Case and the possibility of similar cases. Therefore, Sanrio began to consider establishing a Special Investigation Committee, which consisting of outside professionals, to conduct a fair and proper investigation.

Tuesday, January 31 ~	Sanrio requested the cooperation of outside professionals and began discussions on the staffing, approach and scope of the investigation. Sanrio asked the professionals to preserve the data on the devices and e-mails.
Thursday, February 9	Sanrio held an extraordinary board meeting and established the Special Investigation Committee.

3. The allegations of the Case

The initial allegations of the Case are as follows:

License sales was booked in an inappropriate months by leaving a sales date as a blank in a sales report document, which serves as an evidence of the license sales in the Company, and then one senior manager 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.

4. Impact

Based on the information currently available, Sanrio estimated that the transactions would not have a significant impact on the financial statements. However, as the period affected by the Case and the comprehensive identification of specific transactions were not completed, 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.

5. Impact on net income for the past fiscal years

As noted in #1, Sales from specific clients were not recorded at the appropriate fiscal terms. This could lead to potential misstatements due to concerns of inappropriate revenue recognition.

In addition, as described in #4, if no other cases exist other than the clients identified currently, the impact on net income as of the end of the previous fiscal period will be less than 100 million Japanese yen.

5. Schedule

Sanrio will promptly disclose the result if the application is approved.

Sanrio deeply apologizes to our shareholders, business partners and other stakeholders for any inconvenience and concern this has caused.

Sanrio will make company-wide efforts to prevent a recurrence and re-establish trust, and Sanrio asks for the understanding of all concerned parties.

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