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### **Announcement Regarding Filing of a Suit for Rescission of Tax Reassessment Under the Anti-Tax Haven Rules**

As previously disclosed on August 2, 2022, Sanrio Company, Ltd. (“Sanrio”) received a tax reassessment notice on July 29, 2022, from the Tokyo Regional Taxation Bureau for the five fiscal years from the fiscal year ended March 2017 to March 2021. The reassessed additional income is approximately 4.2 billion yen, and additional tax due, including local taxes, is approximately 1.3 billion yen.

(The foregoing was expensed as “income taxes for prior periods” in the fiscal year ended March 31, 2023.)

According to the reassessment notice received by Sanrio, the above taxation is based on the authorities’ judgment that Sanrio’s subsidiaries in Hong Kong and Taiwan did not meet the conditions for exemption (before the 2017 Tax Reform) or the Economic Activity Test (after the 2017 Tax Reform) and should be aggregated for taxation in Japan.

However, Sanrio’s Hong Kong and Taiwan subsidiaries, which are engaged in localization of Sanrio characters and development of the character business to match the preferences of local consumers, possess proactive economic rationality and have an independent business status to conduct their business operations of customization to reflect the individual requirements of local customers, planning, proposing, and providing support. As such, Sanrio judged that the subsidiaries satisfied the conditions for exemption and the Economic Activity Test, and were therefore not subject to the anti-tax haven rules, based on which it declared its income properly.

Dissatisfied with the tax reassessment, etc. (the part relating to the anti-tax haven rules), Sanrio filed a request for reconsideration with the Tokyo Regional Tax Tribunal on October 28, 2022, and received a decision dated October 3, 2023, dismissing Sanrio’s request for reconsideration. Sanrio hereby announces that today, it has filed a suit with the Tokyo District Court for rescission of tax reassessment, etc., as it cannot accept the grounds for the dismissal decision.

Sanrio will be asserting its legitimacy at the trial.