



August 10, 2022

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**Announcement Regarding Judicial Decision by the Supreme Court
on the Tax Litigation Concerning Anti-Tax Haven Rules
(Dismissal of Final Appeal and Dismissal of Petition for Acceptance of Final Appeal)**

Sanrio Company, Ltd. (“Sanrio”) filed a suit with the Tokyo District Court for rescission of the tax reassessment, etc. (for the four fiscal years from the fiscal year ended March 2013 to March 2016) by the Tokyo Regional Taxation Bureau, which judged, inter alia, that Sanrio’s subsidiaries in Hong Kong did not meet the conditions for exemption to the anti-tax haven rules. On February 26, 2021, the court of the first instance dismissed Sanrio’s request for rescission.

Dissatisfied with the decision of the court of the first instance, Sanrio filed an appeal with the Tokyo High Court. On November 24, 2021, a judgment was rendered dismissing the appeal. Thereafter, on December 7, 2021, Sanrio filed a final appeal and a petition for acceptance of the final appeal with the Supreme Court. On August 9, 2022, Sanrio received a decision (dated August 8, 2022) from the Supreme Court dismissing the final appeal and the petition for acceptance of the final appeal filed by Sanrio.

1. Historical background

December 15, 2017	Sanrio receives a notice of tax reassessment from the Tokyo Regional Taxation Bureau
March 13, 2018	Sanrio appeals to the Tokyo Regional Taxation Bureau requesting re-examination
June 11, 2018	Sanrio receives a decision from the Tokyo Regional Taxation Bureau to the effect that its request for re-examination is dismissed
July 9, 2018	Sanrio files a request for reconsideration with the Tokyo Regional Tax Tribunal
June 11, 2019	Sanrio files a suit with the Tokyo District Court for rescission of tax reassessment, etc.
February 26, 2021	Judgment is rendered by the Tokyo District Court
March 11, 2021	Sanrio files a suit with the Tokyo High Court
November 24, 2021	Judgment is rendered by the Tokyo High Court
December 7, 2021	Sanrio files a final appeal and a petition for acceptance of the final appeal
August 9, 2022	Sanrio receives a decision of the Supreme Court (dated August 8) dismissing the final appeal and the petition for acceptance of the final appeal

2. Details of the judgment

- (1) The Court dismisses the final appeal
- (2) The Court dismisses the petition for acceptance of the final appeal
- (3) The cost of the final appeal and the petition shall be borne by the appellant and petitioner

3. Impact on earnings

There is no impact of this judicial decision on financial results, as related amounts were expensed as “income taxes, etc. for prior periods” in the fiscal year ended March 31, 2018.