

Judgment of the Complaint for the Rescission of Tax Reassessment by the Osaka Regional Taxation Bureau

Osaka, Japan, May 6, 2021 - Shionogi & Co., Ltd. (Head Office: Osaka; President & CEO: Isao Teshirogi, Ph.D.; hereafter “Shionogi” or “the Company”) today announced that the judgment by the Tokyo High Court of the complaint for the rescission of tax reassessment by the Osaka Regional Taxation Bureau regarding Shionogi’s investment-in-kind in its UK-based subsidiary Shionogi Limited has become final and binding.

The company filed a complaint against the government with the Tokyo District Court for the rescission of the tax reassessment by the Osaka Regional Taxation Bureau on September 2, 2016. On March 11, 2020, The Tokyo District Court issued a judgment in which the claims of the company were upheld almost entirely. In response to this judgment, the government filed an appeal with the Tokyo High Court on March 24, 2020. On April 14, 2021, the Tokyo High court handed down its judgment on the government’s appeal, and the government’s claim was dismissed. As neither a further appeal nor a petition for acceptance of an appeal has been filed by the government within the subsequent appeal period, the judgment has become final and binding.

1. Background

The background of this lawsuit is as follows.

September 12, 2014	Received a tax reassessment notice and a notice of assessment and determination of additional tax from the Osaka Regional Taxation Bureau
November 10, 2014	Filed a written opposition with the Osaka Regional Taxation Bureau
February 10, 2015	The Osaka Regional Taxation Bureau dismissed the Company’s opposition
March 9, 2015	Filed a further request for reconsideration of the assessment with the Regional Tax Tribunal
March 7, 2016	Received a decision dismissing the Company’s request for examination from the Regional Tax Tribunal
September 2, 2016	Filed a complaint with the Tokyo District Court for the rescission of the tax reassessment by the Osaka Regional Taxation Bureau
March 11, 2020	Judgment of the Tokyo District Court of the first instance [The company wins]
March 24, 2020	Appealed to the Tokyo High Court
April 14, 2021	Judgment of the Tokyo High Court of the second instance [The company wins]

2. Contents of the judgment

The Tokyo High Court endorsed the original decision of the Tokyo District Court, which almost completely accepted our request, and dismissed the government’s appeal.

3. Impact on Business Performance

As a result of this judgment, the Company will receive a refund of approximately 13.3 billion yen, including the additional back-taxes based on the tax reassessment notice and prior period income taxes, due to the shortage in the loss carried forward for the fiscal year ending March 31, 2014. In addition, the Company will receive additional payments (interest) arising from refunds. These amounts will be recorded for the fiscal year ending March 31, 2022.

Forward-looking Statements

This announcement contains forward-looking statements. These statements are based on expectations in light of the information currently available, assumptions that are subject to risks and uncertainties which could cause actual results to differ materially from these statements. Risks and uncertainties include general domestic and international economic conditions such as general industry and market conditions, and changes of interest rate and currency exchange rate. These risks and uncertainties particularly apply with respect to product-related forward-looking statements. Product risks and uncertainties include, but are not limited to, completion and discontinuation of clinical trials; obtaining regulatory approvals; claims and concerns about product safety and efficacy; technological advances; adverse outcome of important litigation; domestic and foreign healthcare reforms and changes of laws and regulations. Also for existing products, there are manufacturing and marketing risks, which include, but are not limited to, inability to build production capacity to meet demand, unavailability of raw materials and entry of competitive products. The company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

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