May 13, 2025

Company name: KATITAS Co., Ltd.
Representative: Katsutoshi Arai, President and CEO
(Stock code: 8919; Prime Market of Tokyo Stock Exchange)
Inquiries: Kazuhito Yokota, Director, General Manager of Administration Headquarters
(TEL: +81-3-5542-3882)

Notice Regarding Decision of Non-Acceptance of Appeal in the Lawsuit for Revocation of Consumption Tax Reassessment Penalty, etc.

KATITAS Co., Ltd. (the “Company”) filed a lawsuit (hereinafter referred to as "the Lawsuit") seeking the revocation of the "Written Notice of Reassessment of Consumption Tax and Local Consumption Tax and Written Notice of Assessment and Determination Regarding Additional Tax" (hereinafter referred to as "the Reassessment Penalty, etc.") received from the Kanto Shinetsu Regional Taxation Bureau (hereinafter referred to as "the Tax Authorities") on April 28, 2020. As previously announced in the "Notice Regarding Filing of Appeal against Ruling on Lawsuit for Revocation of Consumption Tax Reassessment Penalty, etc." dated June 11, 2024, the Company applied to the Supreme Court for acceptance of the appeal. However, on May 9, 2025, the Supreme Court decided not to accept the appeal (hereinafter referred to as "the Decision"), and we received the decision document on May 12, 2025. As a result, the judgment of the Tokyo High Court dated May 30, 2024, which upheld the dismissal of our claim by the Tokyo District Court, has been finalized. This Decision will not affect the Company’s consolidated earnings performance for the fiscal year ending March 2025. Additionally, there will be no revision to the performance forecast for the fiscal year ending March 2026, announced on May 9, 2025, and there will be no impact on the operating profit and subsequent stages of profit.

1. Details of the Decision of Non-Acceptance of Appeal Court and Date of Decision:

Supreme Court, May 9, 2025
(Date of delivery of decision document to the Company: May 12, 2025)

2. Content of the Decision:

(1) This case will not be accepted as an appeal.
(2) The cost of the application will be borne by the applicant.

3. Impact on the Financial Results for the Fiscal Year Ending March 2025

Since the fiscal year ending March 2024, the Company has calculated the difference between the amount calculated using our allocation method and the amount calculated using the method claimed by the Tax Authorities (hereinafter referred to as "consumption tax difference") and recorded it as selling, general, and administrative expenses. Therefore, this Decision will not affect the performance for the fiscal year ending March 2025.

4. Accounting Treatment and Performance Forecast for the Fiscal Year Ending March 2026 and Beyond

Based on this Decision, from the date of this Decision, the Company will process the consumption tax difference in sales. Although sales and gross profit will decrease, there will be no impact on operating profit and subsequent stages of profit. The impact on the performance forecast for the fiscal year ending March 2026, announced on May 9, 2025, is minor, and there will be no revision to the performance forecast.

(Reference Information) Content of the Reassessment Penalty, etc. and Background Leading to the Judgment

1. Content of the Reassessment Penalty, etc.:

The Company calculates the consumption tax amount for buildings by multiplying the actual rate calculated by multiplying the average value of the ratio of the fixed asset tax valuation amount of buildings to the total fixed asset tax valuation amount of land and buildings of past transactions by the consumption tax rate, and then multiplying it by the total sales amount (hereinafter referred to as "our allocation method"). The Tax Authorities claimed that our allocation method does not reasonably separate the taxable and non-taxable assets as stipulated in Article 45, Paragraph 3 of the Consumption Tax Law Enforcement Order, and issued the Reassessment Penalty, etc.

2. Background and Past Timely Disclosures:

April 28, 2020	Notice Regarding Reassessment Receipt of Written Notice from the Kantoshinetsu Regional Taxation Bureau and Revision of Earnings Forecasts
March 23, 2021	Update Regarding Measures in Response to Reassessment Receipt of Written Notice from the Kantoshinetsu Regional Taxation Bureau (April 28, 2020)
April 28, 2022	Recording of Extraordinary Losses in Regard to a Tax Audit by Kantoshinetsu Regional Taxation Bureau
July 11, 2022	Notice Regarding Reassessment Receipt of Written Notice from the Kantoshinetsu Regional Taxation Bureau
April 27, 2023	Notice Concerning Receipt of Written Notice of Reassessment Order from Nagoya-Naka Tax Office Directed at Subsidiary and Revisions to Earnings Forecasts
May 25, 2023	Notice Regarding Ruling on Lawsuit Filed by the Company for Revocation of Consumption Tax Reassessment Penalty, etc.
June 8, 2023	Notice Regarding Filing of Appeal against Ruling on Lawsuit for Revocation of Consumption Tax Reassessment Penalty, etc.
May 30, 2024	Notice Regarding Ruling on Lawsuit Filed by the Company for Revocation of Consumption Tax Reassessment Penalty, etc.
June 12, 2024	Filing of appeal to the Supreme Court
May 12, 2025	Delivery of Decision Document from the Supreme Court dated May 9, 2025, stating non-acceptance of appeal

(Supplementary Information)

Our subsidiary, REPRICE, also received a correction notice separately from the Company, as announced in the " Notice Concerning Receipt of Written Notice of Reassessment Order from Nagoya-Naka Tax Office Directed at Subsidiary and Revisions to Earnings Forecasts" dated April 27, 2023, and filed a lawsuit seeking the revocation of this correction with the Nagoya District Court on March 26, 2025 (hereinafter referred to as "Reprice lawsuit"). Since Reprice has already adopted the same accounting treatment as the Company, there will be no impact on the performance due to the result of the Reprice lawsuit. Although the Reprice lawsuit has some different points from the Company’s lawsuit, we believe there is significance in continuing the lawsuit, but we will consider whether to continue the Reprice lawsuit after examining the content of this Decision.