

Company Name: Universal Entertainment Corporation
Representative: Jun Fujimoto
Representative Director, President,
CEO & CIO
(TSE STANDARD Code: 6425)
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Notice Regarding Judgment in Shareholders' Representative Suit Against Representative Director of the Company

One shareholder of the Company has filed a shareholder lawsuit against Jun Fujimoto, Representative Director of the Company (the "Company's Representative Director") in August 26, 2019. On June 30, 2022, the Tokyo District Court rendered a judgment dismissing the plaintiff's claim. The shareholder, who was dissatisfied with the judgment, filed an appeal to the Tokyo High Court, and the judgment was delivered by the Tokyo High Court on April 25, 2024.

1. Background of the lawsuit from the filing of the lawsuit to the judgment

On August 26, 2019, one shareholder of the Company filed a lawsuit against the Company's Representative Director in the Tokyo District Court, demanding that the Company's Representative Director compensate the Company for the amount of US \$4,349,203.80 and the corresponding penalty for delay, alleging that he caused the Company to transfer US \$4,349,203.80 outside the Company without reasonable necessity and without following internal decision-making procedures, thereby breaching his fiduciary duty or duty of loyalty as a director of the Company. On June 30, 2022, the Tokyo District Court rejected the above claim by the Company's shareholders, finding that the Company had passed the necessary Board of Directors resolution, and concluded that the decision by the Company's Representative Director regarding the remittance was not materially unreasonable as a decision by the Company's directors, and therefore, did not conclude that the Company's Representative Director had breached his fiduciary duty as a director of the Company.

The plaintiff, a shareholder of the Company, appealed to the Tokyo High Court on July 13, 2022 against this ruling of the first judgment, and the Tokyo High Court rendered the judgment on April 25, 2022.

2. Content of the judgement

The Tokyo High Court ruled that the Company's Representative Director breached his fiducial duty or duty of loyalty as a director and was liable for compensation to the Company, and that a claim for compensation in the amount of 4,349,203.80 U.S. dollars and the corresponding penalty for delay was allowed.

3. Next steps

The Company will determine its next course of action after careful examination of the details of the court decision and discussion and deliberation.

The Company filed a claim for damages against a person including one of its shareholders for defamation of the Company's reputation, and the case was examined together with the above-mentioned shareholder lawsuit case. The Company's claim has been denied, and the Company plans to file a petition for acceptance of an appeal in this case.

The impact on the Company's business performance has not yet been determined, but will be announced as soon as there are matters that need to be disclosed.