



January 28, 2022

To whom it may concern:

Company name	Kitanotatsujin Corporation
Representative	Katsuhisa Kinoshita Representative Director & President
(Stock code	2930; 1st Section of the Tokyo Stock Exchange/Sapporo Securities Exchange)
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### **Notice of Ruling on Litigation (Appeal Hearing)**

Kitanotatsujin Corporation (the “Company”) hereby announces that the Intellectual Property High Court has issued a ruling in the Company’s appeal against a ruling in a lawsuit filed by the Company against hugkumi+ inc. (“hugkumi+”) as described below.

#### 1. Court and the date of decision

Court: Intellectual Property High Court

Date of decision: January 27, 2022

#### 2. Details of the appeal

The Company filed a suit against hugkumi+ on February 7, 2018 (the “Original Lawsuit”) in which the Company argued, among others, that the representation of “hugkumi Oligo” (the “hugkumi+ Product”), sold by hugkumi+, as containing 100% of oligosaccharides, constitutes a misrepresentation of product quality and that hugkumi+'s act of making false statements about “KAITEKI OLIGO,” sold by the Company, such as, “KAITEKI OLIGO is not a product containing 100% oligosaccharides, while hugkumi Oligo contains 100% oligosaccharides and therefore is a superior product,” constitutes an act of defamation; and the Company sought, among others: an injunction against the misrepresentation of product quality and the act of defamation; deletion of the misrepresentation of product quality; withdrawal of documents containing the false statements; and payment of damages.

On February 9, 2021, the Tokyo District Court found, among others, that hugkumi+'s act of making representations that may cause a misunderstanding of the quality of the hugkumi+ Product, such as “100% pure” despite the fact that the hugkumi+ Product contains 53.29% oligosaccharides constitutes a misrepresentation of product quality and issued a decision to, among others, order hugkumi+ to pay damages of 18,357,803 yen and delinquency charges therefor.

While the Company won a partial victory in the Original Lawsuit, the Company, after thorough review of the details of the ruling as well as consultation and study with counsel, filed an appeal against the finding and decision on the act of defamation and the finding and decision on net sales from the hugkumi+ Product and deductible expenses therefor and reasons for overruling of presumptions, as described in the Company’s “Notice Concerning Filing of an Appeal” dated February 24, 2021.

#### 3. Summary of the ruling on the appeal

The Intellectual Property High Court found that hugkumi+ committed an act of defamation against the Company and ordered hugkumi+ to pay damages of 68,900,853 yen, an increase of 50,543,050 yen from the ruling made in the Original Lawsuit, and delinquency charges therefor, changing the finding and ruling made in the Original Lawsuit on deductible expenses and reasons for overruling of presumptions.

#### 4. Future outlook

The Intellectual Property High Court found that each of the arguments made by the Company in the appeal were legitimate. The Company considers it of great significance that a court decision was made to order payment of damages with respect to a case of unfair competition in the mail order industry, where acts of unfair competition are common, including representations that may lead to misunderstanding of product quality and acts of harming a competitor’s reputation for quality. The Company will continue working to ensure healthy competition in the industry and to promote the consumer protection.

If any matter arises in connection with this lawsuit that has a material effect on the Company’s consolidated financial results, the Company shall provide immediate disclosure.

End