



May 16, 2024

To whom it may concern:

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## **(Progress of Disclosed Matter) Notice Concerning Judgment (Appeal Court) on Lawsuit for Compensation of Damages**

Bunka Shutter Co., Ltd. (the “Company”) hereby announces that the Tokyo High Court rendered a judgment today regarding the lawsuit (the “Lawsuit”) as disclosed in “Notice Concerning Judgment (First Instance) on Lawsuit for Compensation of Damages” dated June 17, 2022, and which the Company appealed to the Tokyo High Court on June 30, 2022.

### **1. Court and Date of Judgment**

The Tokyo High Court; May 16, 2024

### **2. Background of Lawsuit**

In March 2015, the Company had contracted IBM Japan, Ltd. (“IBM Japan”) to develop a new sales management system and had started a system development project. However, the cancellation of this project resulted in a large amount of damage to the Company.

The Company believes that IBM Japan caused such damage to the Company due to default and tortious acts. On November 27, 2017, the Company filed a lawsuit seeking for damages with the Tokyo District Court, claiming payment of JPY 2,744,755,157 as the damage the Company has suffered, as well as the default interest at the rate of 6% per annum for the period from the day after the date of service of the complaint until the completion of payment. On June 17, 2022, the Tokyo District Court rendered a judgment of first instance against IBM Japan to the effect that it should pay JPY 1,983,316,016 and default interest thereon at the rate of 6% per annum for the period from December 9, 2017 until the completion of payment.

Dissatisfied with a part of the judgment of the first instance, the Company appealed the first instance judgment to the Tokyo High Court on June 30, 2022, and an appeal was also filed by IBM Japan. In response to the appeal, the following appeal judgment was rendered today:

### **3. Contents of Judgment**

- (1) The appeal by the First-instance Principal-action Defendant (IBM Japan) shall be dismissed.
- (2) Based on the appeal by the First-instance Principal-action Plaintiff (the Company), the judgment in prior instance shall be altered as shown below.
- (3) The First-instance Principal-action Defendant (IBM Japan) shall pay to the First-instance Principal-action Plaintiff (the Company) JPY 2,005,649,461 and the amount accrued on this amount at the rate of 6% per annum for the period from December 9, 2017 until the completion of payment.

- (4) The remaining claims of the First-instance Principal-action Plaintiff (the Company) shall be dismissed.
- (5) The additional claims in the present instance of the First-instance Principal-action Defendant (IBM Japan) shall be dismissed.
- (6) Court costs (including costs for additional claims in the present instance of the First-instance Principal-action Defendant (IBM Japan)) in the first and second instances shall be divided into five and the First-instance Principal-action Plaintiff (the Company) shall bear one-fifth of the costs and the First-instance Principal-action Defendant (IBM Japan) shall bear the remaining costs.
- (7) This judgment may be enforced provisionally only for Paragraph 3.

#### **4. Future Outlook**

The Company's response will be determined after a thorough review of the judgement. In the event that matters that must be disclosed occur regarding the judgment such as its effects on the Company's operating results, such matters will be announced promptly.