

Company Name: Universal Entertainment Corporation
Representative: Jun Fujimoto
Representative Director and
President, CEO and CIO
(TSE STANDARD Code: 6425)
Contact: Nobuki Sato
Corporate Planning Office
(<https://uct.universal-777.com/m/contact-en>)

(Progress of Disclosed Matter) Notice Regarding Termination of the Merger Agreement and Institution of Action (Counterclaim)

As disclosed in “Notice Regarding Lawsuit against Subsidiaries” on February 7, 2023 (partially corrected by a disclosure on February 8, 2023), our subsidiaries: Tiger Resort Asia Limited (“TRA”), TIGER RESORT, LEISURE AND ENTERTAINMENT, INC. (“TRLEI”), UE RESORTS INTERNATIONAL, INC. (“UERI”) and Project Tiger Merger Sub, Inc. (“Merger Sub”, hereinafter TRA, TRLEI, UERI and Merger Sub are referred to as the “Subsidiaries”) are filed a lawsuit (the “Lawsuit”) by 26 Capital Acquisition Corp. (“26 Capital”) in the court of chancery of the state of Delaware United States of America in connection with the Agreement and Plan of Merger and Share Acquisition (the “Merger Agreement”) entered into between the Subsidiaries and 26 Capital. Universal Entertainment Corporation (the “Company”) hereby announces that, in connection with the Lawsuit, Subsidiaries have resolved the termination of the Merger Agreement as follows and the following counterclaims (the “Counterclaims”) against 26 Capital were filed under the Lawsuit.

<Termination of the Merger Agreement>

1. Date of termination
June 30, 2023 (Japan time)

2. Background and Reason to Terminate

In addition to the various material breaches of the Merger Agreement and fraudulent conduct by 26 Capital described below under "Counterclaims" that were discovered in the litigation process, the following fact has been informed that on June 15, 2023 (U.S. time), Rimu Capital Ltd. filed a lawsuit against 26 Capital's representative, Mr. Jason Ader and others in the Southern District Court of New York, U.S., for the cancellation of \$25 million worth of 26 Capital stock transactions by Rimu Capital, fraud and violations of the Investment Advisers Act, etc. Thus, the Subsidiaries resolved to call off the listing of UERI on the NASDAQ market in the U.S. with 26 Capital as a partner pursuant to the Merger Agreement for the purpose of further business expansion and increase in corporate group value as well as diversification of fundraising methods and sources and to issue a notice of termination of the Merger Agreement.

<Counterclaims>

1. Filing date of Counterclaims
May 18, 2023 (U.S. time)

2. Background and Reason of Filing Counterclaims

As disclosed in “Notice Regarding Lawsuit against Subsidiaries” on February 7, 2023 (partially corrected by a disclosure on February 8, 2023), we scrutinized 26 Capital's claims in the Lawsuit brought by 26 Capital and found that they greatly differ from what we are aware of. We further scrutinized evidence disclosed in the Lawsuit and

came to consider that 26 Capital, during the course of the conclusion of the Merger Agreement and implementation of transactions under the Merger Agreement, made material breaches of the Merger Agreement and engaged in fraudulent misconducts through various misstatements and unauthorized disclosure of confidential information of the Company to the third party.

We have concluded that we will not be able to continue transactions contemplated under the Merger Agreement with leaving these situations unrectified, and have decided to file counterclaims in the Lawsuit to clarify 26 Capital's liability.

3. Outline of Defendant of Counterclaims

- (1) Name: 26 Capital Acquisition Corp.
- (2) Address: 701 Brickell Avenue, Suite 1550, Miami, Florida 33131 United States of America
- (3) Name of representative: Jason Ader

4. Contents of Counterclaims

As described in Exhibit 1.

5. Outline of Subsidiaries (Plaintiffs for Counterclaims)

- (1) Name: Tiger Resort Asia Limited
- (2) Address: Units 1402-03 A, 14/F, AIA Tower, 183 Electric Road, North Point, Hong Kong
- (3) Title and name of representative: Director, Kenshi Asano, and Director, Takako Okada
- (4) Business: Investment holding
- (5) Paid-in Capital: 14,638,663 thousand HKD

- (1) Name: TIGER RESORT, LEISURE AND ENTERTAINMENT, INC.
- (2) Address: Okada Manila, New Seaside Drive, Entertainment City Barangay Tambo, Paranaque City 1701, Metro Manila, Philippines
- (3) Title and name of representative: President and Chief Operating Officer, Byron Yip
- (4) Business: Integrated Resort (IR) Business
- (5) Paid-in Capital: 8,699,745 thousand Philippine Peso

- (1) Name: UE RESORTS INTERNATIONAL, INC.
- (2) Address: New Seaside Drive Entertainment City Barangay Tambo 1701 Paranaque City, Philippines
- (3) Title and name of representative: President, Byron Yip
- (4) Business: Integrated Resort (IR) Business
- (5) Paid-in Capital: 12,501 thousand Philippine Peso

- (1) Name: Project Tiger Merger Sub, Inc.
- (2) Address: 1209 Orange Street, Wilmington, County of New castle, Delaware 19801, United States of America
- (3) Title and name of representative: President and Director, Byron Yip
- (4) Business: Activities permitted under the Delaware Corporation Law
- (5) Paid-in Capital: 0.01 USD

<Outlook>

The Company will continue to assert the legitimacy of our claims in the Lawsuit. The Company will promptly announce progress that should be disclosed.

(Exhibit 1)

This Exhibit is a summary of the claims made in the relevant court documents submitted to the court. Whether these claims will ultimately be accepted by the court depends on future court proceedings, and it is possible that the claims of the company or its affiliates in this Exhibit may not be accepted.

Description of the Counterclaims

1. Status of the Litigation

On February 2, 2023, 26 Capital Acquisition Corp. (“26 Capital”) brought suit in Delaware Chancery Court against Tiger Resort Asia Ltd. (“TRA”), TIGER RESORT, LEISURE AND ENTERTAINMENT, INC. (“TRLEI”), UE RESORTS INTERNATIONAL, INC. (“UERI”), and Project Tiger Merger Sub, Inc. (“Merger Sub,” and, with TRA, TRLEI, UERI, Merger Sub, and Universal Entertainment Corporation (“UEC”; which is not a party to the Litigation), the “UEC Parties”) for breach of the Merger Agreement between 26 Capital and the UEC Parties, dated October 14, 2021 (the “Merger Agreement”).

26 Capital principally alleges that the UEC Parties have failed to use reasonable best efforts to close the merger under the Merger Agreement (the “Merger”) as is required under the Merger Agreement. 26 Capital seeks a declaration from the Court that the UEC Parties have breached the Merger Agreement and an order of specific performance ordering the UEC Parties to complete the steps necessary to close. On May 31, 2023, 26 Capital amended its complaint to ask for monetary damages as an alternative remedy to specific performance.

2. Description of the Counterclaims

Principally, Counterclaimants allege that 26 Capital and its CEO (Mr. Jason Ader) pursued a campaign to push the Merger to close at all costs, even in violation of U.S. Securities law, because Mr. Jason Ader has extreme financial incentives to close the Merger, and they claim the following.

- The Merger Agreement requires the parties thereto to obtain the other party's written consent before making any public statements or issuing any press releases regarding the Merger. However, Mr. Jason Ader gave interviews regarding the Merger to news outlets in late 2022, without authorization from Counterclaimants. Mr. Jason Ader also posted about the Merger on his public Twitter account. Based on these claims, Counterclaimants seek a declaration that 26 Capital breached the Merger Agreement.
- The Merger Agreement prohibits 26 Capital from violating U.S. securities laws that prohibit making false or misleading statements to the investing public. In his public statements in late 2022, Mr. Jason Ader repeatedly represented the view different from those alleged against Counterclaimants. 26 Capital also violated U.S. securities laws by failing to make accurate disclosures about, among others, who actually held the "Founder Shares." Based on these claims, Counterclaimants seek a declaration that 26 Capital breached the Merger Agreement.

(Exhibit 1)

This Exhibit is a summary of the claims made in the relevant court documents submitted to the court. Whether these claims will ultimately be accepted by the court depends on future court proceedings, and it is possible that the claims of the company or its affiliates in this Exhibit may not be accepted.

- The Merger Agreement prohibits either party from disclosing confidential material shared for the purposes of the Merger with any third parties. However, 26 Capital shared the UEC Parties' confidential financial information with a third-party consultant, Calabrese Consulting, without the UEC Parties' consent so that Calabrese could create shadow financial statements for the UEC Parties. Based on these claims, Counterclaimants seek a declaration that 26 Capital breached the Merger Agreement.
- Counterclaimants allege that Mr. Jason Ader committed fraud by making various misrepresentations to members of the UEC Board during a September 26, 2022 meeting in which Mr. Jason Ader successfully convinced the UEC board to vote to extend the Merger deadline. For instance, Mr. Jason Ader represented that more than 90% of 26 Capital's shareholders would vote to support the Merger and not redeem their shares during its own vote on an extension, that UHY, the UEC Parties' auditor, had said that necessary auditing work to update the Form F-4 could be completed in four to six weeks, and that the UEC board members would be subject to personal liability if they did not vote to extend. Based on these claims, Counterclaimants seek an order declaring the September 29, 2022 Letter Agreement extending the deadline for the Merger void as well as monetary damages.
- Counterclaimants allege that 26 Capital aided and abetted in breaches of a director of TRLEI and UERI of fiduciary duty by causing the director to act against the best interests of Counterclaimants for the benefit of 26 Capital. Based on these claims, Counterclaimants seek monetary damages.
- Counterclaimants allege that Mr. Jason Ader and the SPAC Sponsor (which was also founded by Mr. Jason Ader) orchestrated a conspiracy to defraud Counterclaimants and induce them into entering into an unfavorable business combination. This includes Mr. Jason Ader's sale of his economic interest in the SPAC sponsor to Zama Capital Master Fund LP and Rimu Capital Ltd. for his own benefit. In addition, Counterclaimants allege that, despite a PIPE's capability of enhancing the value of the merger not only to the UEC Parties but to all parties, Mr. Jason Ader's squandering of the efforts to obtain a PIPE was a material breach of the merger agreement. Based on these claims, Counterclaimants seek a declaratory judgment that 26 Capital engaged in fraud and also breached the merger agreement by failing to make reasonable best efforts to pursue a PIPE transaction.