

This is an English translation of the official announcement in Japanese that was released on August 5, 2021. The translation is prepared for the readers' convenience only. All readers are strongly recommended to refer to the original Japanese version for complete and accurate information. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.



**Summary of Financial Data and Business Results for  
the Second Quarter of the Fiscal Year Ending December 31, 2021  
(JP GAAP, Consolidated)**

August 5, 2021

Listed Exchange: Tokyo Stock Exchange

Company Name: Universal Entertainment Corporation

Code No.: 6425 URL: <https://www.universal-777.com>

Representative: (Name) Jun Fujimoto (Title) Representative Director and President

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Scheduled Submission Date of Quarterly Report: August 5, 2021

Scheduled Commencement Date of Dividend Payment: -

Supplementary Briefing Materials for Quarterly Settlement of Accounts: Yes

Briefing on Quarterly Settlement of Accounts: None scheduled

(Amounts rounded down to nearest million yen)

**1. Consolidated Business Results for the Second Quarter of 2021 (Period from January 1, 2021 to June 30, 2021)**

**(1) Consolidated Operating Results**

(Percentages refer to changes from the same quarter in the previous fiscal year)

	Net Sales		Operating Profit		Ordinary Profit		Net Income Attributable to Owners of Parent	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
2nd Quarter of 2021	28,618	(56.4)	(8,763)	-	(8,761)	-	(16,928)	-
2nd Quarter of 2020	65,647	24.9	12,666	-	7,330	-	3,410	-

(Note) Comprehensive income

2nd Quarter of 2021: (8,391) million yen (-%)

2nd Quarter of 2020: 6,277 million yen (-%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
2nd Quarter of 2021	(218.47)	-
2nd Quarter of 2020	43.87	43.86

(Note) "Diluted net income per share" for the second quarter of 2021 is not stated, because net loss was posted despite the existence of latent shares with a dilution effect.

**(2) Consolidated Financial Status**

	Total Assets	Net Assets	Ratio of Shareholders' Equity	Net Assets per Share
	Million Yen	Million Yen	%	Yen
As of June 30, 2021	576,451	349,185	60.6	4,505.79
As of December 31, 2020	568,502	357,577	62.9	4,614.09

(Reference) Shareholders' equity

As of June 30, 2021: 349,126 million yen

As of December 31, 2020: 357,519 million yen

**2. Status of Dividends**

	Annual Dividends				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of Fiscal Year	Total
	Yen	Yen	Yen	Yen	Yen
2020	-	0.00	-	0.00	0.00
2021	-	0.00			
2021 (Forecast)			-	-	-

(Note) Revision from the dividend forecast most recently announced: None

The dividend forecast for 2021 is to be determined.

**3. Consolidated Business Results Forecast for 2021 (Period from January 1, 2021 to December 31, 2021)**

(Percentages refer to changes from the previous fiscal year)

	Net Sales		Operating Profit		Ordinary Profit		Net Income Attributable to Owners of Parent	Net Income per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	Yen
Full Fiscal Year	-	-	-	-	-	-	-	-

(Note) Revision from the business forecasts most recently announced: None

\* Matters of Note

- (1) Changes in material subsidiaries during the period (Changes in specified subsidiaries accompanying changes in scope of consolidation) : None
- (2) Application of accounting procedures specific to the preparation of quarterly consolidated financial statements : None
- (3) Changes in accounting policies, changes in accounting estimates and/or restatements
  - 1) Changes in accounting policies accompanying revision of accounting standards, etc. : None
  - 2) Changes in accounting policies other than 1) : None
  - 3) Changes in accounting estimates : None
  - 4) Restatements : None
- (4) Number of outstanding shares (common stock)
  - 1) Shares issued at end of fiscal period (including treasury shares)
 

As of June 30, 2021:	80,195,000 shares
As of December 31, 2020:	80,195,000 shares
  - 2) Number of treasury shares at end of fiscal period
 

As of June 30, 2021:	2,710,930 shares
As of December 31, 2020:	2,710,772 shares
  - 3) Average number of shares during fiscal period
 

2nd Quarter of 2021:	77,484,148 shares
2nd Quarter of 2020:	77,749,463 shares

\* The current financial report is not subject to quarterly review by certified public accountants or auditing firms.

\* Explanation on Proper Usage of Business Results Forecast and Other Noteworthy Items

The forward-looking statements regarding business results, etc. as featured herein are based on information that is currently available and certain assumptions that are determined to be reasonable, but are not promises by Universal Entertainment Corporation regarding future performance. Actual business results may vary significantly due to a number of factors. For preconditions for business forecasts, notes on the usage of business forecasts and so forth, please see "1. Qualitative Information Pertaining to Quarterly Settlement of Accounts, (4) Explanation of Consolidated Business Results Forecast and Other Forward-looking Statements" on page 4 of the Attached Materials.

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## 1. Qualitative Information Pertaining to Quarterly Settlement of Accounts

## (1) Explanation of Operating Results

(Million yen)

First half of 2021	Net sales	Operating loss	Ordinary loss	Net loss attributable to owners of parent
Non-consolidated	14,921	(6,336)	(5,572)	(6,527)
Consolidated	28,618	(8,763)	(8,761)	(16,928)

In the first half of 2020, the number of units sold was 110,591 mainly because of sales of 48,505 units of “SLOT Basilisk: The Kouga Ninja Scrolls Kizuna 2,” a category 6 machine with new elements added that is the successor of “SLOT Basilisk: The Kouga Ninja Scrolls Kizuna.” In addition, “Oki Doki! 2-30,” the latest title in the Oki Doki! series that is extremely popular among users and pachinko halls, recorded sales of 47,059 units. On the other hand, approximately 600,000 units of major Pachislot titles currently in operation in the market are scheduled to be replaced from the fourth quarter of 2021 to the first quarter of 2022. Therefore, our product strategy is to concentrate our major titles in the fourth quarter of 2021 to the first quarter of 2022. As a result, in the first half of 2021, the number of units sold in the Amusement Equipments Business fell to 32,137 units compared with 110,591 units in the same period of 2020.

In the Integrated Resort Business, sales decreased because the gaming operations at the integrated casino resort Okada Manila limited operations to 30% of total capacity to prevent the spread of COVID-19. A reduction in the workforce of Okada Manila of more than 20% lowered personnel expenses and selling, general and administrative expenses declined due to the restrictions on the operations. There was a foreign exchange gain as the yen weakened in relation to the U.S. dollar and deferred taxes resulting from the reversal of deferred tax assets caused by the cancelation of a land sales contract.

As a result, first half sales in this year totaled 28,618 million yen, down 56.4% from the first half of 2020, operating loss was 8,763 million yen (compared with an operating profit of 12,666 million yen in the first half of 2020), the ordinary loss was 8,761 million yen (compared with an ordinary profit of 7,330 million yen in the first half of 2020), and the net loss attributable to owners of parent was 16,928 million yen (compared with net income attributable to owners of parent of 3,410 million yen in the first half of 2020). Business segment performance was as follows. Sales are prior to adjustments for inter-segment sales or transfers.

## (i) Amusement Equipments Business

In the first half of 2021, the Amusement Equipments Business posted net sales of 13,982 million yen (a decrease of 71.4% year on year) and an operating loss of 2,318 million yen (compared with an operating profit of 22,032 million yen in the first half of 2020).

Beginning on April 25, 2021, several prefectures declared another state of emergency because of the increasing number of variant COVID-19 cases. Although some of these states of emergency have ended, the number of people visiting pachinko halls has remained low. Due to this situation, the Pachinko and Pachislot Industry 21st Century Club revised its resolution concerning the deadline for the removal of all machines that comply with now outdated regulations. The deadline has been extended by two months from the end of November 2021 to the end of January 2022. The slow pace of the recovery in the number of customers and operating rates at pachinko halls, the extension of the outdated machine removal deadline, and other effects of the pandemic continue to make pachinko halls cautious about replacing their existing machines. As a result, the number of Pachinko and Pachislot machines sold is remaining low.

In the Pachislot category, we started selling “SLOT Aldnoah.Zero,” the Pachislot title using a tie-up with the popular anime characters of Aniplex Inc. In the Pachinko category, we started selling two more titles of the Basilisk series, which has been very successful in both the Pachislot and Pachinko markets: “P Basilisk: The Kouga Ninja Scrolls 2 Oboro No Sho” and “P Basilisk: The Ouka Ninja Scrolls.”

## (ii) Integrated Resort Business

The Integrated Resort Business posted net sales<sup>(1)</sup> of 14,098 million yen (a decrease of 12.4% year on year) and an operating loss of 2,017 million yen in the first half of 2021 (compared with an operating loss of 5,265 million yen in the first half of 2020). Adjusted segment EBITDA<sup>(2)</sup> in the Integrated Resort Business was 875 million yen in the first half of 2021 (compared with 1,323 million yen loss in the first half of 2020).

In the Philippines, where the Universal Entertainment Group operates the integrated casino resort Okada Manila, economic activity was temporarily stopped because of a rapid increase in infections caused by a new variant of the coronavirus that started around March 2021. Economic activity subsequently resumed as the impact of this outbreak declined. Presently, Metro Manila is in its General Community Quarantine (GCQ) status just as in March 2021 and prior months. Okada Manila has restarted some operations based on the easing of restrictions in compliance with government guidelines.

(1) Net sales are defined as gross revenues minus gaming taxes and jackpots.

(2) Adjusted segment EBITDA= Operating profit/loss + Depreciation + Other adjustments

## (iii) Other

Other Business posted net sales of 448 million yen (a decrease of 30.9% year on year) and an operating loss of 72 million yen in the first half of 2021 (compared with an operating profit of 221 million yen in the first half of 2020).

In the Media Content Business, "Universal Kingdom," a service with a monthly fee, started distributing "Thunder V Lightning" and "Anata no Otto? Hades" for the iOS, resulting in six iOS compatible titles. There are also 38 titles for Android devices. The "Slots Street" social casino game added two titles, raising the total to 47. One is "PREMIUM HANAHANA," which uses the motif of a Pachislot title of PIONEER Co., Ltd. The other is "MJ – Shoryu version," which uses the motif of "SEGA NET MAHJONG MJ" of SEGA CORPORATION. New versions of all content will be added periodically to constantly raise the interest of existing members.

## (2) Explanation of Financial Status

Total assets at the end of the second quarter of 2021 amounted to 576,451 million yen, an increase of 7,949 million yen over the end of 2020. There were increases in construction in progress resulting from construction expenditures, shares of subsidiaries and associates due to investment securities resulting from the share of profit of entities accounted for using equity method, and property, plant and equipment as the Philippine peso appreciated in relation to the yen. There were also a decrease in cash and deposits, the repayment of some loans extended to equity-method affiliates, the sale of shares in equity-method affiliates, and a reversal of deferred tax assets because of the cancelation of a land sales contract.

Liabilities at the end of the second quarter of 2021 amounted to 227,266 million yen, an increase of 16,341 million yen over the end of 2020. There were decreases in repayments of long-term borrowings, , and increases in the early receipt of proceeds of a new bond issue and bonds payable as the yen weakened in relation to the U.S. dollar, short-term borrowings, long-term borrowings and non-current liabilities due to lease obligations as the Philippine peso appreciated in relation to the yen.

Net assets at the end of the second quarter of 2021 amounted to 349,185 million yen, a decrease of 8,392 million yen over the end of 2020. Retained earnings decreased because of the net loss attributable to owners of parent. The foreign currency translation adjustment increased because the Philippine peso appreciated against the yen.

## (3) Status of Cash Flow

As of the end of the first half of 2021, cash and cash equivalents totaled 25,547 million yen, a decrease of 11,585 million yen over the end of 2020. This increase was mainly the result of depreciation, interest expenses and interest on bonds, and additional issuance of bonds. There were decreases due to the payment for construction works

(purchase of property, plant and equipment) and interest expenses paid for bonds and leases. The primary reasons for increases/decreases in each cash flow category in the first half of 2021 are as follows:

<Cash Flows from Operating Activities>

Net cash used in operating activities amounted to 10,593 million yen mainly due to a loss before income taxes and others of 14,192 million yen, depreciation of 9,000 million yen, interest expenses and interest on bonds of 5,143 million yen and interest expenses paid of 2,974 million yen.

<Cash Flows from Investing Activities>

Net cash used in investing activities amounted to 3,479 million yen mainly due to purchase of property, plant and equipment of 3,760 million yen and collection of short-term loans receivable of 957 million yen.

<Cash Flows from Financing Activities>

Net cash provided by financing activities amounted to 1,842million yen mainly due to proceeds from issuance of bonds of 3,918 million yen, repayments of long-term borrowings of 1,094million yen and a net decrease in short-term borrowings of 577 million yen.

(4) Explanation of Consolidated Business Results Forecast and Other Forward-looking Statements

(i) Amusement Equipments Business

The number of pachinko hall customers and operating rates are expected to slowly recover as more people in Japan receive vaccinations. Furthermore, pachinko halls are likely to increase purchases of new machines as the deadline nears for removing older machines based on outdated regulations.

In the third quarter, we have started selling “Shin Hanabi,” a new Pachislot title in the Hanabi series that has a large number of very loyal fans. We have also started selling “SLOT Puella Magi Madoka Magica The Movie Part 1: Beginnings / Part 2: Eternal,” a Pachislot title that is the latest addition to the Puella Magi Madoka Magica series that is currently very popular among users and pachinko halls. In the Pachinko category, we started selling the “P Namco Collection” series, which is based on famous games of BANDAI NAMCO Entertainment Inc. from years ago that are still popular. The machines of the two new Pachislot titles were already sold out and these titles are expected to rank among the best selling Pachislot titles during the third quarter. As a result, we expect that the volume of Pachislot and Pachinko sales in the third and fourth quarter will be much higher than in the first half of 2021.

Universal Entertainment will continue to work on developing unique and appealing titles. Our goal is to use these titles for energizing the entire amusement machine industry.

(Reference) Number of Pachislot and Pachinko machines sold in 2021

	1st quarter	2nd quarter	3rd quarter (orders received)	4th quarter
No. of machines sold	12,708	19,429	49,420	To be announced

(Note) See “Supplementary Information on the Results of Operations for the Second Quarter of 2021”

( <https://www.universal-777.com/en/ir/library/result/> ) for more details.

(ii) Integrated Resort Business

Parts of Okada Manila are operating under certain restrictions as the pandemic continues. Gaming operations are operating at a capacity of 30% due to the easing of restrictions of the Philippine Amusement and Gaming Corporation. For the hotel, Okada Manila has received the permission of the Department of Tourism to restart operations at 100% of capacity. In this resort’s food and beverage sector, the Department of Trade and Industry allowed restaurants in Metro Manila to operate at more than 50% of capacity for dine-in customers. Okada Manila will continue to implement rigorous hygiene and safety measures for the prevention of COVID-19 infections.

(iii) Other

The Media Content Business will continue to distribute high-quality simulator applications and music. “Universal Kingdom,” which has a monthly fee, and the social casino game “Slots Street,” which has no basic fee, will enlarge and upgrade their content to attract new users and further improve the satisfaction of current users. In addition, there will be many activities for using more game platforms and using intellectual property by licensing titles.

(5) Forecast of Consolidated Business Results

There is no forecast for sales and earnings in 2021. Note that Quarterly Results (Preliminary Report for 2nd Quarter of Fiscal 2021) of TIGER RESORT, LEISURE AND ENTERTAINMENT, INC., which operates Okada Manila, an integrated resort that has a significant effect on consolidated results of operations, were already disclosed.

## 2. Quarterly Consolidated Financial Statements and Notes

## (1) Quarterly Consolidated Balance Sheet

(Million yen)

	2020 (December 31, 2020)	The 2nd Quarter of 2021 (June 30, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	37,349	25,775
Notes and accounts receivable-trade	7,369	8,023
Securities	2	2
Merchandise and finished goods	2,367	3,197
Work in process	11,866	13,210
Raw materials and supplies	9,653	9,283
Other	15,591	13,400
Allowance for doubtful accounts	(2,599)	(2,709)
<b>Total current assets</b>	<b>81,601</b>	<b>70,184</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	260,664	268,964
Construction in progress	70,346	77,327
Leased assets, net	54,889	56,683
Other	37,417	36,335
<b>Total property, plant and equipment</b>	<b>423,317</b>	<b>439,311</b>
Intangible assets		
Other	1,969	1,871
<b>Total intangible assets</b>	<b>1,969</b>	<b>1,871</b>
Investments and other assets		
Investment securities	16,762	17,984
Long-term deposits	6,413	6,851
Long-term deposits for subsidiaries and associates	25,125	26,849
Other	13,038	13,277
Allowance for doubtful accounts	(696)	(709)
<b>Total investments and other assets</b>	<b>60,644</b>	<b>64,253</b>
<b>Total non-current assets</b>	<b>485,931</b>	<b>505,436</b>
Deferred assets	969	830
<b>Total assets</b>	<b>568,502</b>	<b>576,451</b>



(Million yen)

	2020 (December 31, 2020)	The 2nd Quarter of 2021 (June 30, 2021)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	5,960	6,982
Short-term borrowings	10,927	5,530
Current portion of long-term borrowings	2,070	2,765
Current portion of bonds payable	-	13,856
Accounts payable-other	9,247	10,583
Accrued expenses	15,484	17,817
Income taxes payable	463	20
Provision for bonuses	81	490
Other	13,125	14,531
Total current liabilities	57,361	72,579
Non-current liabilities		
Bonds payable	78,720	70,586
Long-term borrowings	7,141	11,503
Retirement benefit liability	167	221
Long-term deposits received from subsidiaries and associates	5,175	5,530
Lease obligations	59,209	62,746
Other	3,148	4,097
Total non-current liabilities	153,563	154,686
Total liabilities	210,924	227,266
<b>Net assets</b>		
Shareholders' equity		
Share capital	98	98
Capital surplus	18,829	18,829
Retained earnings	346,478	329,550
Treasury shares	(7,317)	(7,317)
Total shareholders' equity	358,088	341,160
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(27)	(33)
Foreign currency translation adjustment	(631)	7,907
Remeasurements of defined benefit plans	88	93
Total accumulated other comprehensive income	(569)	7,966
Share acquisition rights	58	58
Total net assets	357,577	349,185
Total liabilities and net assets	568,502	576,451

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income  
 (Quarterly Consolidated Statement of Income)  
 (The Cumulative Second Quarter)

	(Million yen)	
	The Cumulative 2nd Quarter of 2020 (January 1 to June 30, 2020)	The Cumulative 2nd Quarter of 2021 (January 1 to June 30, 2021)
Net sales	65,647	28,618
Cost of sales	26,690	16,428
Gross profit	38,956	12,189
Selling, general and administrative expenses	26,290	20,953
Operating profit (loss)	12,666	(8,763)
Non-operating income		
Interest income	63	52
Dividend income	16	7
Share of profit of entities accounted for using equity method	709	690
Foreign exchange gains	-	4,476
Other	65	65
Total non-operating income	855	5,291
Non-operating expenses		
Interest expenses	2,099	2,218
Interest on bonds	3,053	2,924
Foreign exchange losses	912	-
Commission expenses	14	6
Other	110	139
Total non-operating expenses	6,191	5,289
Ordinary profit (loss)	7,330	(8,761)
Extraordinary income		
Gain on sales of non-current assets	7	-
Other	5	0
Total extraordinary income	13	0
Extraordinary losses		
Loss on sales and retirement of non-current assets	2	489
Non-recurring loss	3,886	4,755
Other	-	185
Total extraordinary losses	3,888	5,431
Income (loss) before income taxes and others	3,454	(14,192)
Income taxes-current	452	13
Income taxes-deferred	(408)	2,721
Total income taxes	44	2,735
Net income (loss)	3,410	(16,928)
Net income attributable to non-controlling interests	-	-
Net income (loss) attributable to owners of parent	3,410	(16,928)

(Quarterly Consolidated Statement of Comprehensive Income)  
(The Cumulative Second Quarter)

(Million yen)

	The Cumulative 2nd Quarter of 2020 (January 1 to June 30, 2020)	The Cumulative 2nd Quarter of 2021 (January 1 to June 30, 2021)
Net income (loss)	3,410	(16,928)
Other comprehensive income		
Valuation difference on available-for-sale securities	(181)	(6)
Foreign currency translation adjustment	3,047	8,538
Remeasurements of defined benefit plans, net of tax	(0)	4
Total other comprehensive income	2,866	8,536
Comprehensive income	6,277	(8,391)
(Breakdown)		
Comprehensive income attributable to owners of parent	6,277	(8,391)
Comprehensive income attributable to non-controlling interests	-	-

## (3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	The Cumulative 2nd Quarter of 2020 (January 1 to June 30, 2020)	The Cumulative 2nd Quarter of 2021 (January 1 to June 30, 2021)
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes and others	3,454	(14,192)
Depreciation	9,152	9,000
Share of loss (profit) of entities accounted for using equity method	(709)	(690)
Loss (gain) on sale and retirement of property, plant and equipment and intangible assets	(5)	489
Interest and dividend income	(80)	(59)
Interest expenses	2,099	2,218
Interest on bonds	3,053	2,924
Foreign exchange losses (gains)	(999)	(4,135)
Decrease (increase) in trade receivables	(1,452)	(363)
Decrease (increase) in inventories	1,044	(1,715)
Increase (decrease) in trade payables	1,082	1,164
Increase (decrease) in accrued consumption taxes	1,364	(2,413)
Increase (decrease) in accounts payable-other	(1,271)	706
Decrease (increase) in other current assets	(1,760)	102
Increase (decrease) in other current liabilities	(2,332)	(1,011)
Other, net	1,490	754
Subtotal	14,131	(7,222)
Interest and dividend income received	82	59
Interest expenses paid	(2,630)	(2,974)
Income taxes paid (refund)	(437)	(456)
Net cash provided by (used in) operating activities	11,145	(10,593)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(8,301)	(3,760)
Purchase of intangible assets	(192)	(110)
Purchase of investment securities	(5)	(214)
Proceeds from sales of investment securities	-	683
Payments of short-term loans receivable	(2,501)	-
Collection of short-term loans receivable	1	957
Payments of long-term loans receivable	(1,352)	(59)
Collection of long-term loans receivable	670	15
Other, net	91	(990)
Net cash provided by (used in) investing activities	(11,590)	(3,479)

(Million yen)

	The Cumulative 2nd Quarter of 2020 (January 1 to June 30, 2020)	The Cumulative 2nd Quarter of 2021 (January 1 to June 30, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	4,830	(577)
Repayments of long-term borrowings	(108)	(1,094)
Proceeds from issuance of bonds	-	3,918
Purchase of treasury shares	(1,752)	(0)
Payments for sale and lease back transactions	(341)	(340)
Other, net	(16)	(64)
Net cash provided by (used in) financing activities	2,611	1,842
Effect of exchange rate change on cash and cash equivalents	(16)	644
Net increase (decrease) in cash and cash equivalents	2,150	(11,585)
Cash and cash equivalents at beginning of period	38,226	37,133
Cash and cash equivalents at end of period	40,376	25,547

#### (4) Notes to Quarterly Consolidated Financial Statements

##### (Notes Pertaining to Going Concern)

There is no applicable information.

##### (Changes in Accounting Policies)

There is no applicable information.

##### (Notes in Event of Significant Fluctuation in Amount of Shareholders' Equity)

There is no applicable information.

##### (Notes to Consolidated Statement of Income)

###### (Non-recurring loss)

TIGER RESORT, LEISURE AND ENTERTEINMENT, INC. a consolidated subsidiary of Universal Entertainment, has posted an extraordinary loss for fixed expenses (depreciation and other items) during the period that Okada Manila is closed in accordance with orders of the Philippine government and PAGCOR in order to prevent the spread of COVID-19.

#### (5) Additional Information

##### (Borrowing costs into the acquisition cost)

Loans and bonds/debentures (private placement bonds) have been used to procure part of the funds required by the Integrated Resort Business for its long-term projects. Given the significance of these amounts, Universal Entertainment has included borrowing costs that are funding ongoing construction periods into its calculation of the acquisition cost.

#### (6) Material Subsequent Events

In accordance with a resolution approved at the Board of Directors meeting held on June 25, 2021, Universal Entertainment Corporation has completed the issuance of the Additional Notes on July 2, 2021 under following terms.

Universal Entertainment Corporation privately placed Additional Notes issued in 2021:

1. Total amount of issue: US\$ 143 million
2. Issue price: 102% of the principal amount
3. Interest rate: 8.5%
4. Redemption date: December 11, 2024
5. Use of proceeds: Redemption of the Existing Notes and general corporate purposes
6. Redemption at maturity: Redemption in whole at maturity date

In accordance with a resolution approved at the Board of Directors meeting held on June 25, 2021, Universal Entertainment Corporation has completed the early redemption of the bonds, which was funded with the Additional Notes issued in 2021 as described above, on August 2, 2021 as follows:

1. Purpose: Improvement of the Universal Entertainment Group's cash flows and maintenance of adequate liquidity
2. Existing Notes redeemed: US\$ 600 million Notes privately placed outside Japan due 2021
3. Principal amount redeemed: US\$ 118 million
4. Redemption amount: US\$ 125 million
5. Expected decrease in interest expenses due to decline in bonds payable: US\$ 3.6 million