



February 14, 2019

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Notice on Posting of Extraordinary Losses (Losses on Valuation of Inventories)

Universal Entertainment Corporation (hereinafter referred to as the “Company”) hereby announces that it has posted extraordinary losses (losses on valuation of inventories) for the fiscal year ended December 31, 2018 (January 1, 2018 – December 31, 2018). Details are as follows.

1. Description of Extraordinary Losses (Losses on Valuation of Inventories)

In the Pachislot and Pachinko machine market, following the enactment of the revised rules in February 2018, the launch of machines based on these new rules has commenced, marking the market’s transition to those machines to accommodate the revised rules and self-imposed controls. As a result, the Company has elected to abandon its inventories of machines based on the former rules, which have no intended use in the Company’s production or sales activities. In doing so, the Company has posted 7,440 million yen in extraordinary losses in the form of losses on valuation of inventories.

2. Future Outlook

The Company has reflected the above extraordinary losses (losses on valuation of inventories) in the “Summary of Financial Data and Business Results for the Fiscal Year Ended December 31, 2018 (JP GAAP, Consolidated)” that it disclosed today.