

This is an English translation of the official announcement in Japanese that was released on May 14, 2024. 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 First Quarter of the Fiscal Year Ending December 31, 2024
(JP GAAP, Consolidated)**

May 14, 2024

Listed Exchange: Tokyo Stock Exchange

Company Name: Universal Entertainment Corporation

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

Representative: (Name) Hajime Tokuda (Title) Representative Director and President

Contact: (Name) Kenshi Asano (Title) Managing Director and CFO

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Scheduled Submission Date of Quarterly Report: May 14, 2024

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 First Quarter of 2024 (Period from January 1, 2024 to March 31, 2024)

(1) Consolidated Operating Results

(Percentages refer to changes from 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	%
1st Quarter of 2024	34,427	(3.0)	4,023	(15.5)	5,575	76.5	3,450	17.1
1st Quarter of 2023	35,502	28.0	4,760	104.7	3,159	(71.0)	2,946	(64.8)

(Note) Comprehensive income

1st Quarter of 2024: 10,745 million yen (up 0.3%)

1st Quarter of 2023: 10,714 million yen (down 21.3%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
1st Quarter of 2024	44.53	44.53
1st Quarter of 2023	38.02	38.02

(2) Consolidated Financial Status

	Total Assets	Net Assets	Ratio of Shareholders' Equity	Net Assets per Share
	Million Yen	Million Yen	%	Yen
As of March 31, 2024	647,618	399,134	61.6	5,150.06
As of December 31, 2023	628,006	388,388	61.8	5,011.39

(Reference) Shareholders' equity

As of March 31, 2024: 399,082 million yen

As of December 31, 2023: 388,336 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
2023	-	40.00	-	0.00	40.00
2024	-	-	-	-	-
2024 (Forecast)	-	-	-	-	-

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

The final dividend forecast for 2024 is to be determined.

3. Consolidated Business Results Forecast for 2024 (Period from January 1, 2024 to December 31, 2024)

(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	200,000	11.7	36,000	18.1	20,000	(47.5)	19,600	(31.1)	252.93

(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 March 31, 2024: 80,195,000 shares
 - As of December 31, 2023: 80,195,000 shares
 - 2) Number of treasury shares at end of fiscal period
 - As of March 31, 2024: 2,704,096 shares
 - As of December 31, 2023: 2,704,096 shares
 - 3) Average number of shares during fiscal period
 - 1st Quarter of 2024: 77,490,904 shares
 - 1st Quarter of 2023: 77,483,954 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) Forecast of Consolidated Business Results" 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 quarter of 2024	Net sales	Operating profit	Ordinary profit	Net income attributable to owners of parent
Non-consolidated	14,379	2,255	4,387	2,303
Consolidated	34,427	4,023	5,575	3,450

In the Amusement Equipments Business, 28,014 units were sold during the first quarter, 3,111 more than during the first quarter of 2023. This increase is partly attributable to the consistently strong performance of new smart Pachislot machines, which are meeting the expectations of pachinko hall operators. In the Integrated Resort Business, market conditions were affected by the slowdown in the junket business. There was a foreign exchange gain in the first quarter due in part to the yen's depreciation and strength of the U.S. dollar. However, interest income from U.S. dollar denominated bonds increased because of the dollar's strength.

As a result, sales in the first quarter of 2024 totaled 34,427 million yen, down 3.0% from the first quarter of 2023. Operating profit decreased 15.5% to 4,023 million yen, ordinary profit increased 76.5% to 5,575 million yen, and net income attributable to owners of parent increased 17.1% to 3,450 million yen. Business segment performance was as follows. Sales are prior to adjustments for inter-segment sales or transfers.

(i) Amusement Equipments Business

In the first quarter of 2024, the Amusement Equipments Business posted net sales of 13,862 million yen, an increase of 24.4% year on year, and an operating profit of 3,929 million yen, an increase of 26.7% year on year.

In the amusement machine industry, the consistently strong performance of smart Pachislot machines is meeting the expectations of pachinko hall operators. Sales of these machines are strong too. In the Pachinko sector, deliveries machines with a "lucky trigger" function started in March 2024 and the use of Pachinko machines is recovering. As a result, there are signs that the Pachinko market will continue to improve.

During the first quarter, sales started for "WARD OF LIGHTS II," the latest member of the A PROJECT, "SLOT Ninja Jajamaru-kun," the latest member of the Family Slot Series that brings back popular games from many years ago, and "P YAJIKITA DOCHUKI KANMI ver.," which is a Pachinko machine. In addition, production has increased for two very successful machines: "OKIDOKI! GOLD" and "SMART PACHISLOT Basilisk: The Kouga Ninja Scrolls Kizuna 2 Tenzen BLACK EDITION."

(ii) Integrated Resort Business

The Integrated Resort Business posted net sales⁽¹⁾ of 20,375 million yen, a decrease of 15.5% year on year, and an operating profit of 1,770 million yen, a decrease of 57.2% year on year, in the first quarter of 2024. Adjusted segment EBITDA⁽²⁾ was 6,026 million yen in the first quarter of 2024, a decrease of 24.0% year on year.

At OKADA MANILA, an integrated resort operated by the Universal Entertainment Group, first quarter performance was down from the first quarter of 2023. In the gaming category, the slowdown of the junket⁽³⁾ business is affecting the overall environment for gaming. There was a sharp decline in VIP rolling chip volume and the winning rate at table games for VIPs decreased from 3.4% one year ago to 2.8%. The result was a downturn in gaming earnings. In the hotel management category, the average room price and room occupancy rate were about the same as one year earlier and there was a large number of guests. There have been no disruptions of operations following the resolution of the IT system problem that happened in the fourth quarter of 2023.

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

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

(3) Junket operators act as a go-between for bringing VIP guests from many countries to casinos. Usually, these guests do not pay for travel, food and other expenses.

(iii) Other

Other Business posted net sales of 153 million yen, a decrease of 15.3% year on year, and an operating profit of 114 million yen, a decrease of 27.6% year on year, in the first quarter of 2024.

In the Media Content Business, App Store and Google Play distribution started for the simulator app of “SMART PACHISLOT Puella Magi Madoka Magica The Movie Part 1 Beginnings/Part 2: Eternal forte,” the latest addition to the Madoka Magica Series. “Slots Street,” a social casino game where basic play is free, added a video slot game with designs based on “Continental XXXX” Pachislot machines, which raised the total number of games to 58. All services, including the addition of new titles, are aimed at attracting new users and increasing the satisfaction of current users.

(2) Explanation of Financial Status

Financial status for the first quarter of 2024 is as follows.

Total assets at the end of the first quarter of 2024 amounted to 647,618 million yen, an increase of 19,611 million yen from the end of 2023. There was an increase in non-current assets as the yen depreciated relative to the Philippine peso, an increase in receivables owed by a non-consolidated subsidiary, and an increase in loans to equity-method affiliates.

Liabilities at the end of the first quarter of 2024 amounted to 248,484 million yen, an increase of 8,865 million yen from the end of 2023. There was a decrease resulting from repayments of long-term borrowings at consolidated subsidiaries, an increase in deferred tax liabilities, an increase in lease obligations as the yen depreciated relative to the Philippine peso, and an increase in current portion of bonds due to the yen’s decline vs. the U.S. dollar.

Net assets at the end of the first quarter of 2024 amounted to 399,134 million yen, an increase of 10,745 million yen from the end of 2023. This was mainly the result of an increase in retained earnings due to net income attributable to owners of parent, which was partially offset by an increase in foreign currency translation adjustment because of the yen depreciated against the Philippine peso.

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

(i) Amusement Equipments Business

In the amusement machine industry, the Pachislot market share of smart Pachislot machines is increasing due to the consistently high utilization rate of these machines. In the Pachinko sector, the market is expected to continue improving as pachinko halls install smart Pachinko machines and machines with a lucky trigger function.

In the second quarter, sales have started of “OKI DOKI! BLACK,” the latest addition to the important OKI DOKI! Series. In the Pachinko sector, installations of “PA HIGH SCHOOL FLEET ALL STAR sweet de happy! 2400” started and sales of “P GUILTY CROWN 2 PREMIUM LIVE TICKET” started.

Universal Entertainment will continue to work on developing unique and appealing titles. By creating and selling innovative and appealing machines, our goal is to play a role in energizing the entire amusement machine industry as we increase our share of this market.

(Reference) Number of Pachislot and Pachinko machines sold in 2024

	1st quarter	2nd quarter and after (estimated orders)
No. of machines sold	28,014	22,100

(Note) See “Supplementary Information on the Results of Operations for the First Quarter of 2024”

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

(ii) Integrated Resort Business

The number of foreign tourists in the Philippines in January and March 2024 was more than 20% higher than during the same period of 2023 according to the Philippine Department of Tourism.

To serve a larger number of guests, OKADA MANILA is recruiting and training people to strengthen marketing capabilities in the gaming business. One goal is to attract more people living areas of the Philippines other than Luzon Island, where Manila is located, to serve a broader range of guests who live in the Philippines. Measures to strengthen marketing activities also have the goal of attracting tourists from Japan, South Korea and Southeast Asian countries. In operations other than gaming, there is steady progress with making the OKADA MANILA brand more powerful. One example is the receipt of a Forbes Travel Guide 5-star award for the fifth consecutive year. Continuing to hold major events at the Crystal Corridor of OKADA MANILA is another activity for increasing the number of guests. Negotiations with financial institutions are still under way concerning the refinancing of Universal Entertainment overseas private placement bonds.

(iii) Other

The Media Content Business will continue to distribute high-quality simulator applications and music on the App Store and Google Play. "Universal Kingdom," which has a monthly fee, and "Slots Street" social casino game, where basic play is free, will continue to improve services to increase user satisfaction.

(4) Forecast of Consolidated Business Results

There are no revisions to the Consolidated Business Results Forecast for 2024 that was announced on February 14, 2024.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	(Million yen)	
	2023 (December 31, 2023)	The 1st Quarter of 2024 (March 31, 2024)
Assets		
Current assets		
Cash and deposits	44,300	42,786
Notes and accounts receivable-trade	11,039	6,721
Securities	2,448	2,602
Merchandise and finished goods	3,399	2,152
Work in process	13,839	15,411
Raw materials and supplies	10,988	11,169
Other	18,827	20,362
Allowance for doubtful accounts	(884)	(835)
Total current assets	103,958	100,369
Non-current assets		
Property, plant and equipment		
Buildings and structures	349,706	362,437
Construction in progress	6,670	6,294
Lease assets, net	49,784	51,924
Other	36,636	39,002
Total property, plant and equipment	442,798	459,659
Intangible assets		
Other	1,795	1,844
Total intangible assets	1,795	1,844
Investments and other assets		
Investment securities	9,941	10,005
Long-term deposits	8,743	9,324
Long-term deposits for subsidiaries and associates	34,402	36,703
Long-term accounts receivable from subsidiaries and associates-other	11,423	11,457
Other	19,634	22,995
Allowance for doubtful accounts	(4,992)	(4,969)
Total investments and other assets	79,152	85,518
Total non-current assets	523,745	547,022
Deferred assets	301	226
Total assets	628,006	647,618

(Million yen)

	2023 (December 31, 2023)	The 1st Quarter of 2024 (March 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	9,399	5,207
Current portion of long-term borrowings	4,467	3,631
Current portion of bonds	113,810	122,369
Accounts payable-other	6,492	5,665
Accrued expenses	10,169	11,920
Income taxes payable	81	94
Provision for bonuses	87	309
Other	20,230	18,759
Total current liabilities	164,739	167,957
Non-current liabilities		
Retirement benefit liability	650	761
Long-term deposits received from subsidiaries and associates	7,091	7,566
Lease obligations	56,650	59,749
Other	10,486	12,448
Total non-current liabilities	74,879	80,526
Total liabilities	239,618	248,484
Net assets		
Shareholders' equity		
Share capital	98	98
Capital surplus	18,828	18,828
Retained earnings	364,273	367,723
Treasury shares	(7,298)	(7,298)
Total shareholders' equity	375,900	379,350
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(20)	(39)
Foreign currency translation adjustment	12,620	19,938
Remeasurements of defined benefit plans	(163)	(167)
Total accumulated other comprehensive income	12,436	19,731
Share acquisition rights	51	51
Total net assets	388,388	399,134
Total liabilities and net assets	628,006	647,618

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

	(Million yen)	
	The Cumulative 1st Quarter of 2023 (January 1 to March 31, 2023)	The Cumulative 1st Quarter of 2024 (January 1 to March 31, 2024)
Net sales	35,502	34,427
Cost of sales	14,498	12,854
Gross profit	21,003	21,572
Selling, general and administrative expenses	16,243	17,549
Operating profit	4,760	4,023
Non-operating income		
Interest income	67	313
Dividend income	12	8
Foreign exchange gains	1,434	5,639
Share of profit of entities accounted for using equity method	536	-
Other	54	420
Total non-operating income	2,105	6,381
Non-operating expenses		
Interest expenses	1,374	1,109
Interest on bonds	2,248	3,345
Commission expenses	4	2
Share of loss of entities accounted for using equity method	-	230
Other	78	140
Total non-operating expenses	3,706	4,828
Ordinary profit	3,159	5,575
Extraordinary income		
Gain on sales of non-current assets	1	0
Total extraordinary income	1	0
Extraordinary losses		
Loss on sales and retirement of non-current assets	2	4
Loss on valuation of shares of subsidiaries and associates	-	149
Total extraordinary losses	2	153
Income before income taxes and others	3,158	5,422
Income taxes-current	2	49
Income taxes-deferred	210	1,923
Total income taxes	212	1,972
Net income	2,946	3,450
Net income attributable to non-controlling interests	-	-
Net income attributable to owners of parent	2,946	3,450

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

(Million yen)

	The Cumulative 1st Quarter of 2023 (January 1 to March 31, 2023)	The Cumulative 1st Quarter of 2024 (January 1 to March 31, 2024)
Net income	2,946	3,450
Other comprehensive income		
Valuation difference on available-for-sale securities	(12)	(19)
Foreign currency translation adjustment	7,778	7,318
Remeasurements of defined benefit plans, net of tax	2	(4)
Total other comprehensive income	7,768	7,295
Comprehensive income	10,714	10,745
(Breakdown)		
Comprehensive income attributable to owners of parent	10,714	10,745
Comprehensive income attributable to non-controlling interests	-	-

(3) 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.

(4) Additional Information

There is no applicable information.

(5) Material Subsequent Events

The Universal Entertainment Board of Directors has resolved the changes in the representative director in the meeting held on April 26.

Changes in Officers

New position	Previous position	Name	Date of change
Managing Director	Director	Hajime Tokuda	April 1, 2024
Representative Director and President	Managing Director		April 26, 2024
Representative Director	Director	Takako Okada	April 26, 2024
Director	Representative Director and President, CEO and CIO	Jun Fujimoto	April 26, 2024

Please refer the disclosed material dated on April 26, 2024 "Notice Regarding Judgment in Shareholders' Representative Suit Against Representative Director of the Company" and "Notice of Changes in Representative Director."