

This is an English translation of the official announcement in Japanese that was released on August 8, 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 Second Quarter of the Fiscal Year Ending December 31, 2024
(JP GAAP, Consolidated)**

August 8, 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 Semi-annual Report: August 8, 2024

Scheduled Commencement Date of Dividend Payment: September 30, 2024

Supplementary Briefing Materials for Settlement of Accounts: Yes

Briefing on Settlement of Accounts: None scheduled

(Amounts rounded down to nearest million yen)

1. Consolidated Business Results for the Second Quarter of 2024 (Period from January 1, 2024 to June 30, 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	%
2nd Quarter of 2024	62,907	(20.7)	3,264	(69.6)	5,567	(80.4)	525	(97.5)
2nd Quarter of 2023	79,305	40.8	10,726	-	28,405	111.5	20,952	209.5

(Note) Comprehensive income

2nd Quarter of 2024: 5,881 million yen (down 85.1%)

2nd Quarter of 2023: 39,552 million yen (up 158.2%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
2nd Quarter of 2024	6.78	6.78
2nd Quarter of 2023	270.41	270.37

(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, 2024	650,433	394,269	60.6	5,087.29
As of December 31, 2023	628,006	388,388	61.8	5,011.39

(Reference) Shareholders' equity

As of June 30, 2024: 394,218 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	-	30.00	-	-	-
2024 (Forecast)	-	-	-	30.00	60.00

(Note) Revision from the dividend forecast most recently announced: Yes

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) Significant changes in the scope of consolidation during the period : None
- (2) Application of accounting procedures specific to the preparation of the interim 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, 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 June 30, 2024: 2,704,096 shares
 - As of December 31, 2023: 2,704,096 shares
 - 3) Average number of shares during fiscal period
 - 2nd Quarter of 2024: 77,490,904 shares
 - 2nd Quarter of 2023: 77,483,949 shares

* The current financial report is not subject to 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 Interim Settlement of Accounts, (5) Forecast of Consolidated Business Results" on page 4 of the Attached Materials.

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1. Qualitative Information Pertaining to Interim Settlement of Accounts

(1) Explanation of Operating Results

(Million yen)

First half of 2024	Net sales	Operating profit	Ordinary profit	Net income attributable to owners of parent
Non-consolidated	21,888	295	4,060	75
Consolidated	62,907	3,264	5,567	525

In the Amusement Equipments Business, a total of 43,044 units were sold during the first half. In the Integrated Resort Business, a slowdown of the junket business negatively affected overall market conditions for the casino business in the Philippines.

There was a foreign exchange gain as the yen continued to weaken in relation to the U.S. dollar. However, non-operating income was down from the first half of 2023, which included large gains on cancellation of rental contracts and cancellation of leases.

As a result, sales in the first half of 2024 totaled 62,907 million yen, down 20.7% from the first half of 2023. Operating profit decreased 69.6% to 3,264 million yen, ordinary profit decreased 80.4% to 5,567 million yen, and net income attributable to owners of parent decreased 97.5% to 525 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 half of 2024, the Amusement Equipments Business posted net sales of 20,759 million yen, a decrease of 32.6% year on year, and an operating profit of 3,760 million yen, a decrease of 51.1% year on year.

In the amusement machine industry, the business climate for Pachislot machines is good because of the consistently strong performance of smart Pachislot machines, which are meeting the expectations of pachinko hall operators. In the Pachinko sector, deliveries of machines with a lucky trigger function, which allows players to win more balls, have started. Sales of these machines are currently somewhat slow in comparison with the strong sales in the Pachislot category.

Sales started for "OKIDOKI! BLACK," the latest member of the important OKI DOKI! Series, and "PA HIGH SCHOOL FLEET ALL STAR sweet de happy! 2400" and "P GUILTY CROWN 2 PREMIUM LIVE TICKET," which are Pachinko machines with the lucky trigger function.

(ii) Integrated Resort Business

The Integrated Resort Business posted net sales⁽¹⁾ of 41,678 million yen, a decrease of 13.1% year on year, and an operating profit of 3,280 million yen, a decrease of 55.1% year on year, in the first half of 2024. Adjusted segment EBITDA⁽²⁾ was 11,712 million yen in the first half of 2024, a decrease of 22.3% year on year.

At OKADA MANILA, an integrated resort operated by the Universal Entertainment Group, second quarter performance was down from one year earlier as in the first quarter. In the gaming category, the number of VIP guests at OKADA MANILA continued to decline as the slowdown of the junket⁽³⁾ business negatively affected the overall market conditions for the casino business in the Philippines. Although the performance of the mass market and gaming machine sectors was down from one year earlier when demand rebounded following the pandemic, sales are increasing steadily in comparison with the pre-pandemic peak sales of this business in 2019. In the hotel and food and beverage businesses, the number of guests is consistently high.

(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 202 million yen, a decrease of 53.0% year on year, and an operating profit of 169 million yen, a decrease of 10.0% year on year, in the first half of 2024.

The Media Content Business distributes 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, are increasing the number of games and other content to attract new members and give current members more reasons to remain.

(2) Explanation of Financial Status

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

Total assets at the end of the second quarter of 2024 amounted to 650,433 million yen, an increase of 22,426 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 long-term loans to equity-method affiliates.

Liabilities at the end of the second quarter of 2024 amounted to 256,163 million yen, an increase of 16,545 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 bonds due to the yen's decline vs. the U.S. dollar.

Net assets at the end of the second quarter of 2024 amounted to 394,269 million yen, an increase of 5,881 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) Status of Cash Flow

As of the end of the first half of 2024, cash and cash equivalents totaled 34,278 million yen, a decrease of 9,912 million yen over the end of 2023. There were increases due to depreciation, interest expenses on leases and borrowings, and interest on bonds. Cash was reduced by foreign exchange gains due to the yen's decline vs. the U.S. dollar, interest expenses paid for bonds, leases and borrowings, payments for the purchase of property, plant and equipment and intangible assets, partly including payments for construction payables and construction advance payments, loans to equity-method affiliates and repayments of long-term borrowings. The primary reasons for increases/decreases in each cash flow category in the first half of 2024 are as follows:

<Cash Flows from Operating Activities>

Net cash provided by operating activities amounted to 842 million yen mainly due to income before income taxes and others of 4,414 million yen, depreciation of 8,878 million yen, interest expenses and interest on bonds of 9,119 million yen, foreign exchange gains of 10,879 million yen, and interest expenses paid of 6,701 million yen.

<Cash Flows from Investing Activities>

Net cash used in investing activities amounted to 7,680 million yen mainly due to purchase of property, plant and equipment and intangible assets of 4,549 million yen and payments of long-term loans receivable of 2,900 million yen.

<Cash Flows from Financing Activities>

Net cash used in financing activities amounted to 4,858 million yen mainly due to repayments of long-term borrowings of 4,820 million yen.

(4) 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 third quarter, sales started for “SMART PACHISLOT Tropicana,” which features the industry’s first variable ball output rate mode for the automatic switching of the output of balls. In the Pachinko sector, installations of “P DRUM DA! KINDON HANABI GAIDEN,” which has a lucky trigger function, started and sales started for “P MADE IN ABYSS NIJI NO Ogoniki,” which recreates the worldview of a popular anime.

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	3rd quarter and after (estimated orders)
No. of machines sold	28,014	15,030	21,000

(Note) See “Supplementary Information on the Results of Operations for the Second Quarter of 2024” (<https://www.universal-777.com/en/ir/library/result/>) for more details.

(ii) Integrated Resort Business

According to the Philippine Department of Tourism, the number of foreign tourists is increasing steadily and double-digit growth is expected in 2024.

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 are hotel and food and beverage events on a regular basis and numerous major events using the hotel’s facilities to increase the number of guests. Universal Entertainment has replaced an overseas private bond issue with bank loans and a private offering of U.S. dollar-denominated bonds.

(iii) Other

The Media Content Business plans to start distributing to App Store and Google Play the simulator app of “NEW GETTER MOUSE” of the A PROJECT in August. “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.

(5) Forecast of Consolidated Business Results

There are no revisions to the Consolidated Business Results Forecast for 2024 that was announced on February 14, 2024. In consideration of factors such as recent exchange rate fluctuations and status of sales and earnings, an announcement will be made promptly if there is a need to revise this forecast.

2. Interim Consolidated Financial Statements and Notes

(1) Interim Consolidated Balance Sheet

(Million yen)

	2023 (December 31, 2023)	The 2nd Quarter of 2024 (June 30, 2024)
Assets		
Current assets		
Cash and deposits	44,300	34,286
Notes and accounts receivable-trade	11,039	4,664
Securities	2,448	1,494
Merchandise and finished goods	3,399	2,490
Work in process	13,839	16,231
Raw materials and supplies	10,988	11,369
Other	18,827	22,487
Allowance for doubtful accounts	(884)	(843)
Total current assets	103,958	92,179
Non-current assets		
Property, plant and equipment		
Buildings and structures	349,706	366,569
Construction in progress	6,670	6,228
Lease assets, net	49,784	52,686
Other	36,636	40,726
Total property, plant and equipment	442,798	466,210
Intangible assets		
Other	1,795	1,972
Total intangible assets	1,795	1,972
Investments and other assets		
Investment securities	9,941	9,848
Long-term deposits	8,743	9,909
Long-term deposits for subsidiaries and associates	34,402	39,048
Long-term accounts receivable from subsidiaries and associates-other	11,423	11,155
Other	19,634	25,036
Allowance for doubtful accounts	(4,992)	(5,078)
Total investments and other assets	79,152	89,919
Total non-current assets	523,745	558,102
Deferred assets	301	150
Total assets	628,006	650,433

(Million yen)

	2023 (December 31, 2023)	The 2nd Quarter of 2024 (June 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	9,399	5,372
Current portion of long-term borrowings	4,467	-
Current portion of bonds	113,810	131,220
Accounts payable-other	6,492	5,191
Accrued expenses	10,169	8,292
Income taxes payable	81	45
Provision for bonuses	87	535
Other	20,230	21,470
Total current liabilities	164,739	172,128
Non-current liabilities		
Retirement benefit liability	650	829
Long-term deposits received from subsidiaries and associates	7,091	8,051
Lease obligations	56,650	61,340
Other	10,486	13,813
Total non-current liabilities	74,879	84,034
Total liabilities	239,618	256,163
Net assets		
Shareholders' equity		
Share capital	98	98
Capital surplus	18,828	18,828
Retained earnings	364,273	364,798
Treasury shares	(7,298)	(7,298)
Total shareholders' equity	375,900	376,425
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(20)	(73)
Foreign currency translation adjustment	12,620	18,036
Remeasurements of defined benefit plans	(163)	(169)
Total accumulated other comprehensive income	12,436	17,792
Share acquisition rights	51	51
Total net assets	388,388	394,269
Total liabilities and net assets	628,006	650,433

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

	(Million yen)	
	The Cumulative 2nd Quarter of 2023 (January 1 to June 30, 2023)	The Cumulative 2nd Quarter of 2024 (January 1 to June 30, 2024)
Net sales	79,305	62,907
Cost of sales	35,446	24,065
Gross profit	43,858	38,842
Selling, general and administrative expenses	33,132	35,577
Operating profit	10,726	3,264
Non-operating income		
Interest income	138	626
Dividend income	17	15
Foreign exchange gains	8,620	11,101
Gain on cancellation of rental contracts	18,698	-
Gain on cancellation of leases	4,150	-
Other	240	450
Total non-operating income	31,867	12,194
Non-operating expenses		
Interest expenses	2,469	2,226
Interest on bonds	4,715	6,892
Commission expenses	6	4
Share of loss of entities accounted for using equity method	6,773	504
Other	223	263
Total non-operating expenses	14,188	9,891
Ordinary profit	28,405	5,567
Extraordinary income		
Gain on sales of non-current assets	22	99
Total extraordinary income	22	99
Extraordinary losses		
Loss on sales and retirement of non-current assets	2	4
Loss on valuation of shares of subsidiaries and associates	-	149
Loss on investments in overseas business	-	1,099
Total extraordinary losses	2	1,252
Income before income taxes and others	28,425	4,414
Income taxes-current	187	77
Income taxes-deferred	7,285	3,812
Total income taxes	7,473	3,889
Net income	20,952	525
Net income attributable to non-controlling interests	-	-
Net income attributable to owners of parent	20,952	525

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

(Million yen)

	The Cumulative 2nd Quarter of 2023 (January 1 to June 30, 2023)	The Cumulative 2nd Quarter of 2024 (January 1 to June 30, 2024)
Net income	20,952	525
Other comprehensive income		
Valuation difference on available-for-sale securities	74	(53)
Foreign currency translation adjustment	18,518	5,416
Remeasurements of defined benefit plans, net of tax	7	(5)
Total other comprehensive income	18,599	5,356
Comprehensive income	39,552	5,881
(Breakdown)		
Comprehensive income attributable to owners of parent	39,552	5,881
Comprehensive income attributable to non-controlling interests	-	-

(3) Interim Consolidated Statement of Cash Flows

(Million yen)

	The Cumulative 2nd Quarter of 2023 (January 1 to June 30, 2023)	The Cumulative 2nd Quarter of 2024 (January 1 to June 30, 2024)
Cash flows from operating activities		
Income before income taxes and others	28,425	4,414
Depreciation	8,401	8,878
Loss (gain) on sales and retirement of property, plant and equipment and intangible assets	(20)	(95)
Loss on valuation of shares of subsidiaries and associates	-	149
Loss on investments in overseas business	-	1,099
Share of loss (profit) of entities accounted for using equity method	6,773	504
Gain on cancellation of rental contracts	(18,698)	-
Gain on cancellation of leases	(4,150)	-
Interest and dividend income	(156)	(642)
Interest expenses	2,469	2,226
Interest on bonds	4,715	6,892
Foreign exchange losses (gains)	(8,722)	(10,879)
Increase (decrease) in allowance for doubtful accounts	17	(288)
Decrease (increase) in trade receivables	3,515	6,456
Decrease (increase) in inventories	(1,707)	(1,711)
Increase (decrease) in trade payables	263	(4,070)
Increase (decrease) in accrued consumption taxes	(1,501)	(2,321)
Decrease (increase) in accounts receivable-other	(783)	(1,334)
Increase (decrease) in accounts payable-other	(2,269)	(1,274)
Decrease (increase) in other current assets	(448)	(793)
Increase (decrease) in other current liabilities	(2,836)	16
Increase (decrease) in other non-current liabilities	(774)	(605)
Other, net	585	770
Subtotal	13,097	7,391
Interest and dividend income received	156	268
Interest expenses paid	(6,686)	(6,701)
Income taxes paid	(72)	(116)
Net cash provided by (used in) operating activities	6,494	842

(Million yen)

	The Cumulative 2nd Quarter of 2023 (January 1 to June 30, 2023)	The Cumulative 2nd Quarter of 2024 (January 1 to June 30, 2024)
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,592)	(4,316)
Proceeds from sales of property, plant and equipment	21	99
Purchase of intangible assets	(233)	(233)
Purchase of investment securities	(5)	(5)
Collection of short-term loans receivable	1,500	10
Payments of long-term loans receivable	-	(2,900)
Collection of long-term loans receivable	208	-
Other, net	296	(336)
Net cash provided by (used in) investing activities	(3,803)	(7,680)
Cash flows from financing activities		
Repayments of long-term borrowings	(3,677)	(4,820)
Payments for sale and lease back transactions	(434)	-
Other, net	(34)	(38)
Net cash provided by (used in) financing activities	(4,146)	(4,858)
Effect of exchange rate change on cash and cash equivalents	2,369	1,683
Net increase (decrease) in cash and cash equivalents	912	(10,013)
Cash and cash equivalents at beginning of period	35,793	44,190
Other net increase (decrease) in cash and cash equivalents	-	101
Cash and cash equivalents at end of period	36,705	34,278

(4) Notes to Interim 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.

(5) Additional Information

There is no applicable information.

(6) Material Subsequent Events

(New Loan)

On July 19, 2024, consolidated subsidiary TIGER RESORT, LEISURE AND ENTERTAINMENT, INC. signed an agreement to receive a loan from China Banking Corporation.

1. Use: Redemption of current bonds before maturity
2. Lender: China Banking Corporation
3. Amount: US\$400 million
4. Borrowing terms: Variable interest rate which links to market interest rates (higher of 6.75% or benchmark rate^(*) + 1.75%)
5. Draw-down date: August 2, 2024
6. Repayment date: 7 years from the draw-down date
7. Collateral: OKADA MANILA real estate, etc.

(*) The benchmark rate is the three-month U.S. dollar secured overnight financing rate administered by CME Group Benchmark Administration Limited, using a simple average of this rate during the three business days ending with the day the interest rate is determined or revised (including the determination or revision day).

(Issuance of Bonds)

The Universal Entertainment Board of Directors approved a resolution on July 23, 2024 to issue corporate bonds on July 26, 2024 under following terms.

1. Total amount of issue: US\$400 million
2. Issue price: 99.0% of face value
3. Interest rate: 9.875%
4. Redemption date: August 1, 2029
5. Use of funds: For redemption of current bonds and business operations
6. Redemption method: Redemption of all bonds at maturity at 106% of face value
7. Guarantor: Tiger Resort Asia Limited (consolidated subsidiary of Universal Entertainment)

In accordance with the guarantee and collateral agreement, Universal Entertainment and Tiger Resort Asia will submit collateral as guarantors and Tiger Resort Asia is obligated to be the guarantor of additional liabilities under certain circumstances.

8. Assets pledged: The guarantor has pledged collateral for liabilities guaranteed as stipulated in the guarantee and collateral agreement. Major assets pledged are as follows.

(1) All shares of Tiger Resort Asia Limited held by Universal Entertainment

(2) All shares of Brontia Limited held by Tiger Resort Asia Limited