

This is an English translation of the official announcement in Japanese that was released on May 12, 2022. 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, 2022
(JP GAAP, Consolidated)**

May 12, 2022

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: May 12, 2022

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 2022 (Period from January 1, 2022 to March 31, 2022)

(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 2022	27,735	89.1	2,325	-	10,906	-	8,362	-
1st Quarter of 2021	14,669	(64.0)	(4,040)	-	(1,961)	-	(5,206)	-

(Note) Comprehensive income

1st Quarter of 2022: 13,616 million yen (up 314.8%)

1st Quarter of 2021: 3,282 million yen (up 267.8%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
1st Quarter of 2022	107.92	107.91
1st Quarter of 2021	(67.19)	-

(Note) "Diluted net income per share" for the first 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 March 31, 2022	593,949	352,536	59.3	4,549.04
As of December 31, 2021	572,381	338,919	59.2	4,373.31

(Reference) Shareholders' equity

As of March 31, 2022: 352,478 million yen

As of December 31, 2021: 338,861 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
2021	-	0.00	-	0.00	0.00
2022	-	-	-	-	-
2022 (Forecast)	-	-	-	-	-

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

The dividend forecast for 2022 is to be determined.

3. Consolidated Business Results Forecast for 2022 (Period from January 1, 2022 to December 31, 2022)

(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. : Yes

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, 2022: 80,195,000 shares

As of December 31, 2021: 80,195,000 shares

2) Number of treasury shares at end of fiscal period

As of March 31, 2022: 2,711,001 shares

As of December 31, 2021: 2,711,001 shares

3) Average number of shares during fiscal period

1st Quarter of 2022: 77,483,999 shares

1st Quarter of 2021: 77,484,207 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 2022	Net sales	Operating profit	Ordinary profit	Net income attributable to owners of parent
Non-consolidated	16,651	2,576	4,996	3,458
Consolidated	27,735	2,325	10,906	8,362

In the Amusement Equipments Business, there were many new titles in the fourth quarter of 2021 and first quarter of 2022 based on the strategy of launching many major titles during these two quarters. Highlights include additional production of "OKIDOKI! DUO," a title that was launched in 2021, and the start of sales of "VERSUS REXSE," "PACHISLOT Devil May Cry 5" and other titles. As a result, 37,739 units were sold in the first quarter of 2022, 25,031 more than in the first quarter of 2021.

In the Integrated Resort Business, the casino, hotel, restaurants and other facilities at OKADA MANILA have been allowed to operate at 100% capacity since March 1, 2022 due to the easing of pandemic restrictions by the government of the Philippines. Sales increased as the utilization rate of the casino and hotel moved up along with the larger number of guests.

In addition, there was a big increase in the ordinary profit because of foreign exchange gains resulting from the yen's decline vs. the U.S. dollar, gain on cancellation of leasehold contracts due to revisions to leases, and a gain associated with a decrease in leased asset obligations. All these gains are classified as non-operating income.

As a result, first quarter sales in 2022 totaled 27,735 million yen, up 89.1% from 2021. Operating profit was 2,325 million yen (compared with an operating loss of 4,040 million yen in the first quarter of 2021), the ordinary profit was 10,906 million yen (compared with an ordinary loss of 1,961 million yen in the first quarter of 2021), and the net income attributable to owners of parent was 8,362 million yen (compared with net loss attributable to owners of parent of 5,206 million yen in the first quarter of 2021). 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 2022, the Amusement Equipments Business posted net sales of 16,238 million yen (an increase of 201.6% year on year) and an operating profit of 5,287 million yen (compared with an operating loss of 1,525 million yen in the first quarter of 2021).

During the first quarter, sales shifted to titles conforming to the new regulations because the deadline for the removal of machines based on previous regulations was the end of January 2022. Although there were expectations among Pachislot and Pachinko machine companies for the beginning of a large volume of replacements of old machines manufacture, pachinko hall operators remain cautious about replacing machines because the pandemic is still holding down the number of customers and pushing back a recovery in the operating rates of pachinko halls.

The Amusement Equipments Business increased output and sales of "OKIDOKI! DUO," a title that is very popular among pachinko hall operators, and launched many new titles: "VERSUS REXSE," the successor to the VERSUS model, one of the most popular titles of the ongoing A PROJECT, which is centered on the theme of revival; "PACHISLOT Devil May Cry 5," the second Pachislot title using an alliance with CAPCOM CO., LTD.; "SLOT MAPPY" and "P Namco Collection 2," which incorporate the motifs of several famous games of Bandai Namco Entertainment Inc.; and other titles. Universal Entertainment had a large share of the Pachislot market in the first quarter based on the number of units sold.

(ii) Integrated Resort Business

The Integrated Resort Business posted net sales⁽¹⁾ of 11,286 million yen (an increase of 26.2% year on year) and an operating loss of 498 million yen (compared with an operating loss of 386 million yen in the first quarter of 2021) in the first quarter of 2022. Adjusted segment EBITDA⁽²⁾ in the Integrated Resort Business was 2,429 million yen in the first

quarter of 2022 (an increase of 68.8% year on year).

OKADA MANILA, an integrated resort operated by the Universal Entertainment Group, continued to operate during the pandemic while complying with pandemic restrictions of the Philippine government and the easing of these restrictions. Due to the decline in the number of COVID-19 cases, the Philippine government reduced the alert level in Metro Manila from 2 to 1 on March 1, 2022. As a result, the casino, hotel, restaurants, retails, entertainment venues and all other components of OKADA MANILA are allowed to operate at 100% of capacity.

On April 1, 2022, the Philippine government began to allow foreigners to enter the country. Visitors must be fully vaccinated, show a negative PCR test result and meet other requirements.

(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 179 million yen (a decrease of 22.3% year on year) and an operating loss of 27 million yen (compared with an operating profit of 9 million yen in the first quarter of 2021) in the first quarter of 2022.

The Media Content Business started distributing to the App Store and Google Play the simulator apps of "VERSUS REXSE" and "THUNDER V REBOLT." The iOS version of "Universal Kingdom," a membership website with a monthly fee, expanded its lineup to nine titles by starting the distribution of "SLOT Basilisk: The Kouga Ninja Scrolls Kizuna 2." The "Slots Street" social casino game, where basic play is available at no charge, added a video slot game with designs based on "C.C.ANGEL". This raised the lineup of games to 51. Both "Universal Kingdom" and "Slots Street" plan to continue adding new titles in order to attract new users and raise the satisfaction of all users.

(2) Explanation of Financial Status

(Assets)

Total assets at the end of the first quarter of 2022 amounted to 593,949 million yen, an increase of 21,567 million yen over the end of 2021. There was a decrease in leased assets due to revisions to leases. There were also increases in cash and deposits and non-current assets as the yen depreciated relative to the Philippine peso.

(Liabilities)

Liabilities at the end of the first quarter of 2022 amounted to 241,412 million yen, an increase of 7,950 million yen over the end of 2021. There was a decrease in lease obligations due to revisions to leases. There were also increases in corporate bonds as the yen weakened in relation to the U.S. dollar, short-term borrowings and accrued expenses in relation to construction.

(Net Assets)

Net assets at the end of the first quarter of 2022 amounted to 352,536 million yen, an increase of 13,616 million yen over the end of 2021, which was mainly the result of increases in retained earnings due to net income attributable to owners of parent and foreign currency translation adjustment as the yen depreciated relative to the Philippine peso.

As a result, the shareholders' equity ratio was 59.3%.

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

(i) Amusement Equipments Business

As the pandemic continues to hold down the number of customers at pachinko halls and push back the recovery in operating rates of pachinko halls, there are high expectations for manufacturers of Pachislot and Pachinko machines to supply new titles appeal to a broad range of people and bring more people to pachinko halls.

In the second quarter of 2022, this business started sales of "SLOT ETOTAMA," the first Pachislot title using rights to anime content, and "SLOT STEINS; GATE," which is based on a popular game with cumulative series sales of more than one million units. In the Pachinko category, sales have started for "P MILLION GOD: ICHIGEKI," a member of the enormously successful GOD series of amusement machine titles. Sales activities also started for "P Shin Basilisk: The Kouga Ninja Scrolls," an addition to the Basilisk series of titles that have a large number of loyal fans.

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 2022

	1st quarter	2nd quarter (orders received)	3rd quarter	4th quarter
No. of machines sold	37,739	24,000	To be determined	To be determined

(Note) See "Supplementary Information on the Results of Operations for the First Quarter of 2022"

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

(ii) Integrated Resort Business

As was announced on April 13, 2022 in a press release titled "Notice of Commencement of Operation of Online Gaming for Domestic Philippine Market," Universal Entertainment conducted the soft launch of an online gaming business in the Philippines in April 2022. The full launch of online gaming operations for the domestic Philippines market started on April 15.

There are still no signs of an end to the pandemic in the Philippines. OKADA MANILA will continue to operate while complying all regulations and guidelines of the government. Furthermore, 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. "Universal Kingdom," which has a monthly fee, and the social casino game "Slots Street," which has no basic fee, are using many activities for further improving user satisfaction. Examples include the addition of new functions, a larger selection of content and improvements to services. In addition, we plan to frequently expand and upgrade the distribution of songs in the music distribution service.

(4) Forecast of Consolidated Business Results

There is no forecast for sales and earnings in 2022. Note that Quarterly Results (Preliminary Report for 1st Quarter of Fiscal 2022) 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)

	2021 (December 31, 2021)	The 1st Quarter of 2022 (March 31, 2022)
Assets		
Current assets		
Cash and deposits	30,771	35,842
Notes and accounts receivable-trade	11,177	10,568
Securities	452	2,119
Merchandise and finished goods	2,204	2,555
Work in process	13,517	13,957
Raw materials and supplies	9,301	11,392
Other	12,735	12,302
Allowance for doubtful accounts	(2,416)	(2,524)
Total current assets	77,743	86,215
Non-current assets		
Property, plant and equipment		
Buildings and structures	279,943	346,151
Construction in progress	58,486	6,065
Leased assets, net	54,727	49,576
Other	35,198	40,036
Total property, plant and equipment	428,355	441,830
Intangible assets		
Other	1,005	1,041
Total intangible assets	1,005	1,041
Investments and other assets		
Investment securities	18,520	15,892
Long-term deposits	7,110	7,562
Long-term deposits for subsidiaries and associates	27,909	29,701
Other	12,525	12,597
Allowance for doubtful accounts	(1,692)	(1,722)
Total investments and other assets	64,372	64,031
Total non-current assets	493,732	506,903
Deferred assets	905	829
Total assets	572,381	593,949

(Million yen)

	2021 (December 31, 2021)	The 1st Quarter of 2022 (March 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	8,245	6,927
Short-term borrowings	5,750	6,120
Current portion of long-term borrowings	3,594	4,743
Accounts payable-other	10,212	10,386
Accrued expenses	20,238	23,744
Income taxes payable	176	368
Provision for bonuses	81	279
Other	11,759	14,754
Total current liabilities	60,058	67,325
Non-current liabilities		
Bonds payable	90,318	96,212
Long-term borrowings	9,948	8,905
Retirement benefit liability	230	263
Long-term deposits received from subsidiaries and associates	5,750	6,120
Lease obligations	62,225	56,149
Other	4,930	6,435
Total non-current liabilities	173,403	174,087
Total liabilities	233,461	241,412
Net assets		
Shareholders' equity		
Share capital	98	98
Capital surplus	18,829	18,829
Retained earnings	327,426	335,788
Treasury shares	(7,317)	(7,317)
Total shareholders' equity	339,036	347,398
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	26	34
Foreign currency translation adjustment	(282)	4,958
Remeasurements of defined benefit plans	81	86
Total accumulated other comprehensive income	(174)	5,079
Share acquisition rights	58	58
Total net assets	338,919	352,536
Total liabilities and net assets	572,381	593,949

(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 2021 (January 1 to March 31, 2021)	The Cumulative 1st Quarter of 2022 (January 1 to March 31, 2022)
Net sales	14,669	27,735
Cost of sales	7,542	12,125
Gross profit	7,126	15,610
Selling, general and administrative expenses	11,167	13,284
Operating profit (loss)	(4,040)	2,325
Non-operating income		
Interest income	27	26
Dividend income	2	2
Foreign exchange gains	4,549	4,097
Share of profit of entities accounted for using equity method	70	-
Gain on cancellation of leasehold contracts	-	8,550
Other	35	1,826
Total non-operating income	4,684	14,503
Non-operating expenses		
Interest expenses	1,082	1,199
Interest on bonds	1,437	1,649
Commission expenses	3	2
Share of loss of entities accounted for using equity method	-	2,961
Other	82	110
Total non-operating expenses	2,606	5,922
Ordinary profit (loss)	(1,961)	10,906
Extraordinary income		
Gain on sales of non-current assets	-	1
Gain on liquidation of subsidiaries and associates	-	28
Other	0	2
Total extraordinary income	0	33
Extraordinary losses		
Loss on sales and retirement of non-current assets	3	0
Non-recurring loss	1,945	818
Other	185	-
Total extraordinary losses	2,134	818
Income (loss) before income taxes and others	(4,095)	10,120
Income taxes-current	2	227
Income taxes-deferred	1,109	1,531
Total income taxes	1,111	1,758
Net income (loss)	(5,206)	8,362
Net income attributable to non-controlling interests	-	-
Net income (loss) attributable to owners of parent	(5,206)	8,362

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

(Million yen)

	The Cumulative 1st Quarter of 2021 (January 1 to March 31, 2021)	The Cumulative 1st Quarter of 2022 (January 1 to March 31, 2022)
Net income (loss)	(5,206)	8,362
Other comprehensive income		
Valuation difference on available-for-sale securities	66	7
Foreign currency translation adjustment	8,417	5,241
Remeasurements of defined benefit plans, net of tax	4	4
Total other comprehensive income	8,489	5,254
Comprehensive income	3,282	13,616
(Breakdown)		
Comprehensive income attributable to owners of parent	3,282	13,616
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)

(Application of the Accounting Standard for Revenue Recognition)

Universal Entertainment has applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of 2022. Based on this standard, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the promised goods and services is transferred to customers. For the application of the accounting standard for revenue recognition, etc., in accordance with the transitional treatment in the proviso to Paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting standard, if it is applied prior to the first quarter of 2022, is added to or subtracted from retained earnings at the beginning of the first quarter of 2022. The new standard is then applied beginning with this amount of retained earnings.

The impact on the consolidated financial statements in the first quarter of 2022 is immaterial and there is no impact on the balance of retained earnings at the beginning of 2022.

In accordance with the transitional treatment set forth in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, reclassification based on the new presentation method has not been carried out for 2021. Furthermore, in accordance with the transitional treatment prescribed in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), Universal Entertainment has not presented information on revenue from contracts with customers broken down for the first quarter of 2021.

(Application of the Accounting Standard for Fair Value Measurement)

Universal Entertainment has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc. from the beginning of the first quarter of 2022. In accordance with the transitional treatment set forth in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), Universal Entertainment has decided to prospectively apply the new accounting policy set forth in the Accounting Standard for Fair Value Measurement, etc.

The impact on profit in the first quarter of 2022 is immaterial.

(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 ENTERTAINMENT, 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 was closed in accordance with orders of the Philippine government and PAGCOR in order to prevent the spread of COVID-19.

(4) 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.

(5) Material Subsequent Events

There is no applicable information.