

This is an English translation of the official announcement in Japanese that was released on February 14, 2020. 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 Fiscal Year Ended December 31, 2019 (JP GAAP, Consolidated)

February 14, 2020

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

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

TEL: +81-3-5530-3055

Scheduled Date of Ordinary Shareholders' Meeting: March 27, 2020

Scheduled Submission Date of Securities Registration Report: March 30, 2020

Scheduled Commencement Date of Dividend Payment: ---

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 2019 (Period from January 1, 2019 to December 31, 2019)

(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	%
Fiscal Year Ended December 31, 2019	124,944	34.0	389	-	(7,941)	-	(5,191)	-
Fiscal Year Ended December 31, 2018	93,267	-	(17,972)	-	67,232	-	161,168	-

(Note) Comprehensive income

Fiscal Year Ended December 31, 2019: 6,075 million yen (down 95.8%)

Fiscal Year Ended December 31, 2018: 144,581 million yen (-%)

	Net Income per Share	Diluted Net Income per Share	Ratio of Net Income to Shareholders' Equity	Ratio of Ordinary Profit to Total Assets	Ratio of Operating Profit to Net Sales
	Yen	Yen	%	%	%
Fiscal Year Ended December 31, 2019	(66.18)	-	(2.1)	(1.5)	0.3
Fiscal Year Ended December 31, 2018	2,037.75	2,035.02	53.2	12.8	(19.3)

(Reference) Equity in earnings/losses of affiliates

Fiscal Year Ended December 31, 2019: 1,650 million yen

Fiscal Year Ended December 31, 2018: 2,795 million yen

(Notes) 1. In 2017, Universal Entertainment Corporation changed its fiscal year end from March 31 to December 31. Comparisons with the previous fiscal year are not presented for 2018 since the periods are not comparative.

2. "Diluted net income per share" for 2019 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 December 31, 2019	573,238	371,834	64.9	4,756.13
As of December 31, 2018	510,677	375,063	73.4	4,746.18

(Reference) Shareholders' equity

As of December 31, 2019: 374,987 million yen

As of December 31, 2018: 374,987 million yen

(3) Consolidated Cash Flow Position

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Balance of Cash and Cash Equivalents at the End of Period
	Million Yen	Million Yen	Million Yen	Million Yen
Fiscal Year Ended December 31, 2019	29,468	(28,897)	(8,863)	38,226
Fiscal Year Ended December 31, 2018	15,280	154,849	(163,173)	45,870

2. Status of Dividends

	Annual Dividends					Total Dividends (Annual)	Dividend Payout Ratio (Consolidated)	Ratio of Dividend to Net Assets (Consolidated)
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of Fiscal Year	Total			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
Fiscal Year Ended December 31, 2018	-	0.00	-	50.00	50.00	3,950	2.5	1.3
Fiscal Year Ended December 31, 2019	-	50.00	-	0.00	50.00	3,916	-	1.1
Fiscal Year Ending December 31, 2020 (Forecast)	-	-	-	-	-		-	

(Note) The dividend forecast for 2020 is to be determined.

3. Consolidated Business Results Forecast for 2020 (Period from January 1, 2020 to December 31, 2020)

(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	190,000	52.1	28,500	-	33,000	-	32,000	-	409.39

While we are aggressively launching and developing Pachislot/Pachinko machines that comply with the amended rules and the industry's voluntary restrictions therefor, we are planning to sell 10 or more models of Pachislot machines and 6 or more models of Pachinko machines for our Pachislot/Pachinko machine business for the fiscal year ending December 2020. Under such a plan, we have started to sell our popular titles such as "SLOT Basilisk: The Koga Ninpocho Kizuna 2" and "Oki-Doki! 2-30." On the other hand, as for the Integrated Resort, the construction of the Coral Wing (Tower B) is nearing completion. When finished, the resulting 993 guest rooms will lead to the continued growth for Integrated Resort Business which will further enhance the performance.

However, the pending litigations the Company group currently have and the related costs are still ongoing although we already had advantageous decisions. Therefore, the Company group is subject to those litigations as well as the litigation related costs which are imposing substantial financial costs (high interest rate, costs for fund raising) on us. Though improvement measures will be taken for the financial costs in the fiscal year of 2020, at this moment, the above Consolidated Business Results Forecast does not include the effects of those improvement measures.

For more details of Consolidated Business Results Forecast for 2020, please refer to Future Outlook consisting of 3 pages in total.

* Matters of Note

(1) Changes in material subsidiaries during the period (Changes in specified subsidiaries accompanying changes in scope of consolidation) : None

(2) 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

(3) Number of outstanding shares (common stock)

- 1) Shares issued at end of fiscal period (including treasury shares)
 - As of December 31, 2019: 80,195,000 shares
 - As of December 31, 2018: 80,195,000 shares
- 2) Number of treasury shares at end of fiscal period
 - As of December 31, 2019: 2,029,172 shares
 - As of December 31, 2018: 1,186,716 shares
- 3) Average number of shares during fiscal period
 - Fiscal Year Ended December 31, 2019: 78,437,309 shares
 - Fiscal Year Ended December 31, 2018: 79,091,471 shares

(Reference) Summary of the Non-consolidated Business Results

1. Non-consolidated Business Results for 2019 (Period from January 1, 2019 to December 31, 2019)

(1) Non-consolidated Operating Results

(Percentages refer to changes from the previous fiscal year)

	Net Sales		Operating Profit		Ordinary Profit		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Fiscal Year Ended December 31, 2019	54,812	22.9	1,457	-	(6,754)	-	(6,799)	-
Fiscal Year Ended December 31, 2018	44,602	-	(10,848)	-	224,360	-	208,794	-

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Fiscal Year Ended December 31, 2019	(86.68)	-
Fiscal Year Ended December 31, 2018	2,639.91	2,636.38

(Notes) 1. In 2017, Universal Entertainment Corporation changed its fiscal year end from March 31 to December 31. Comparisons with the previous fiscal year are not presented for 2018 since the periods are not comparative.

2. "Diluted net income per share" for 2019 is not stated, because net loss was posted despite the existence of latent shares with a dilution effect.

(2) Non-consolidated Financial Status

	Total Assets	Net Assets	Ratio of Shareholders' Equity	Net Assets Per Share
	Million Yen	Million Yen	%	Yen
As of December 31, 2019	458,554	361,212	78.8	4,620.24
As of December 31, 2018	470,183	378,696	80.5	4,792.16

(Reference) Shareholders' equity

As of December 31, 2019: 361,144 million yen

As of December 31, 2018: 378,619 million yen

Reason for differences between non-consolidated financial results for 2018 and 2019

The company has been actively developing and launching machines that comply with the revised rules in Japan.

The number of Pachislot and Pachinko machines sold increased from 96,450 for the fiscal year 2018 to 114,463 for the fiscal year 2019. In addition as sales price per title increased and business efficiency including business flow improved, cost of sales and SGA ratio decreased. As a result net revenue and operating profit increased.

Earnings decreased in 2019 mainly because dividend income of 235,409 million yen from consolidated subsidiary Aruze USA in 2018 was much larger than the dividend income from this company in 2019.

* The current financial report is not subject to audit 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. Overview of Results of Operations, etc., (1) Overview of Operating Results for the Fiscal Year Under Review" on page 2 of the Attached Materials.

Attached Materials: Table of Contents

1. Overview of Results of Operations, etc.	2
(1) Overview of Operating Results for the Fiscal Year Under Review	2
(2) Overview of Financial Status for the Fiscal Year Under Review	4
(3) Overview of Cash Flows for the Fiscal Year Under Review	4
(4) Basic Policy Regarding Distribution of Profits and Dividends for the Current and Next Fiscal Years	5
(5) Businesses Risks	5
2. Basic Approach to the Selection of Accounting Standards	6
3. Consolidated Financial Statements and Notes	7
(1) Consolidated Balance Sheet	7
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	9
Consolidated Statement of Income	9
Consolidated Statement of Comprehensive Income	10
(3) Consolidated Statement of Changes in Equity	11
(4) Consolidated Statement of Cash Flows	13
(5) Notes to Consolidated Financial Statements	15
(Notes Pertaining to Going Concern)	15
(Changes in Significant Accounting Policies for the Preparation of Consolidated Financial Statements)	15
(Changes in Accounting Policies)	15
(Changes in Description)	15
(Additional Information)	15
(Segment Information)	15
(Per Share Information)	20
(Material Subsequent Events)	20

1. Overview of Results of Operations, etc.

(1) Overview of Operating Results for the Fiscal Year Under Review

(Million yen)

Fiscal year ended December 31, 2019	Net sales	Operating profit	Ordinary loss	Net loss attributable to owners of parent
Non-consolidated	54,812	1,457	(6,754)	(6,799)
Consolidated	124,944	389	(7,941)	(5,191-)

In 2019, the Japanese economy recovered slowly as the labor market and personal income improved. In the Philippines, where the Integrated Resort Business operates, the economy continued to grow rapidly because of stability regarding politics and management of the economy under the current administration.

Japan's Pachislot and Pachinko industry is shrinking slowly for years. Companies in this industry are responding to this decline by developing and launching titles that comply with revised Pachislot and Pachinko rules and the industry's voluntary restrictions. The casino and resort sector in the Philippines is expanding rapidly due to a favorable regulatory climate, including reduced taxes on casinos. Along with this growth, the scale of business and sales of Universal Entertainment is expanding.

Universal Entertainment posted net sales of 124,944 million yen (an increase of 34.0% year on year), an operating profit of 389 million yen (compared with an operating loss of 17,972 million yen in 2018), an ordinary loss of 7,941 million yen (compared with an ordinary profit of 67,232 million yen in 2018), and net loss attributable to owners of parent of 5,191 million yen (compared with net income attributable to owners of parent of 161,168 million yen in 2018).

Business segment performance was as follows. Sales are prior to adjustments for inter-segment sales or transfers.

(i) Amusement Equipments Business

The Amusement Equipments Business posted net sales of 51,687 million yen (an increase of 22.0% year on year) and an operating profit of 10,811 million yen (compared with an operating loss of 1,705 million yen in 2018) in 2019.

In Japan's amusement machine industry, revised rules concerning Pachislot and Pachinko machines became effective in February 2018. Since then, all manufacturers in this industry have been actively developing and launching machines that comply with the revised rules and the industry's voluntary restrictions. There are increasing expectations to increase the vitality of the Pachislot and Pachinko market. However, the number of new titles complying with the revised rules is still small because of the low percentage of titles that were able to pass the Pachislot compliance test of the Security Communications Association.

Universal Entertainment is focusing on the development of machines that comply with the revised rules, which require easy-to-play and appealing titles with innovative game-playing characteristics. In the Pachislot category, sales have started for "SLOT Puella Magi Madoka Magica: The Movie - Rebellion," the latest Pachislot title in the "Puella Magi Madoka Magica" series. In the Pachinko category, sales have started for "P Another God Hades Judgement," and "P Basilisk: The Koga Ninpocho 2," a Pachinko title which employs content of the "Basilisk: The Koga Ninpocho" series.

(ii) Integrated Resort Business

The Integrated Resort Business posted net sales⁽¹⁾ of 71,408 million yen (an increase of 45.9% year on year) and an operating loss of 1,391 million yen (compared with an operating loss of 6,333 million yen in 2018) in 2019. Adjusted segment EBITDA⁽²⁾ in the Integrated Resort Business was 13,221 million yen in 2019, a significant increase of 9,133 million yen from 4,088 million yen in 2018.

At Okada Manila, an integrated casino resort owned and operated by the Universal Entertainment Group, the number of guests continued to increase in the fourth quarter and there was growth in the volume of all categories of operations. Growth included the mass-market table games and machines category as well as the VIP gaming category in the

Casino. Other revenue increased significantly as the number of rooms increased.

The hotel room occupancy rate remained extremely high throughout the fourth quarter. In addition, in the middle of July, operations started at the Coral Wing (Tower B) of Okada Manila. Work on all rooms of this wing is scheduled to be completed in the first half of 2020. This further strengthens the ability to attract and retain more customers.

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

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

(iii) Other

Other Business posted net sales of 1,509 million yen (a decrease of 12.3% year on year) and an operating profit of 531 million yen (a decrease of 51.7% year on year) in 2019.

In the Media Content Business, distribution of three simulator applications including "SLOT Puella Magi Madoka Magica: The Movie—Rebellion" started on the App Store and Google Play. For the "Slots Street" social casino game, this business continued to add new ways to play this game along with more functions and models. There was also a special campaign to mark the second anniversary of the debut of this game. All of these new additions generated a strong response among the users of this game.

(Future Outlook)

(i) Amusement Equipments Business

While we are aggressively launching and developing Pachislot/Pachinko machines that comply with the amended rules and the industry's voluntary restrictions therefor, we are planning to sell 10 or more models of Pachislot machines and 6 or more models of Pachinko machines for our Pachislot/Pachinko machine business for the fiscal year ending December 2020. Under such a plan, in the Pachislot category, we have started to sell "SLOT Basilisk: The Koga Ninpocho Kizuna 2" which 'inherited' "SLOT Basilisk: The Koga Ninpocho Kizuna," one of the 2 flagship models that achieved unusual long-term operation as category 5 machine and to which new elements for category 6 machine were added, and furthermore, we have also started to sell "Oki-Doki! 2-30" which added new rendering element as category 6 machine to "Oki-Doki!" series, another flagship model that achieved unusual long-term operation as category 5 machine. In the Pachinko category, sales activities have started for "PA Dekachiri RUSH," a title that recreates the famous and highly successful "AZTECA" slot title and has features for the enjoyment of users young and old. Expectations and reputation for both titles are strong and orders have already surpassed the initial plan. We have received orders that exceed the planned sales volume for the above all models, including one of the models being sold out, and the amount of orders we have received for the Pachislot/Pachinko business in the first quarter exceeded 22,000 million yen, reflecting this situation.

In response to these regulatory changes, Universal Entertainment will continue to work on developing easy-to-play and appealing titles that can be enjoyed by a broad spectrum of Pachislot and Pachinko fans. Universal Entertainment is determined to develop appealing titles for energizing the entire Pachislot and Pachinko industry.

(ii) Integrated Resort Business

At Okada Manila, the highest priority is to continue adding attractions and amenities.

Construction of the Coral Wing (Tower B) is nearing completion. When finished, the resulting 993 guest rooms will give Okada Manila the largest hotel in Entertainment City gaming and entertainment complex. These activities are positioning the Integrated Resort Business for continued growth, in part by enabling the resort to host large group events and foreign tour groups.

VIP casino revenues are expected to continue growing, driven by the addition of new junkets⁽¹⁾ and more demand from existing junkets. Mass market table and gaming machine revenues are also expected to continue growing as the

property continues to expand and new casino marketing initiatives continue to be implemented and improved. Increasing number of hotel rooms, retail outlets and other amenities is expected to attract more guests and boost mass market casino revenues.

More growth is expected in other categories of sales, such as the hotel, food and beverage, retail outlets and entertainment. The amount of leased retail floor space will be increased and existing restaurants are being enlarged and upgraded. These steps will support aggressive marketing activities targeting MICE⁽²⁾ and other customer segments in order to increase the number of guests and earnings. Adjusted segment EBITDA is expected to benefit from increasing profit margins throughout the year as sales increase faster than expenses.

Sale of partial land has been decided in the fiscal year-end of December 2020 and an increase in profits is expected. The company intends to further engage with multiple estate businesses. Real estate prices have risen sharply compared to the time of the acquisition, expecting continuous profits by selling part of the land and to make effective use on it.

The Universal Entertainment Group is preparing to take public Tiger Resort, Leisure and Entertainment, Inc., the core company in the Group's Integrated Resort Business, at an early stage to accelerate its growth. More information will be disclosed as soon as decisions are made.

(1) Junkets are gaming promoters who bring VIP players or groups of VIPs to casino hotels. In exchange, the casino hotel provides VIP gaming rooms to junkets.

(2) MICE stands for meetings, incentives, conferences and exhibitions, which are types of group tourism for large events.

(iii) Other

In the Media Content Business, the distribution of high-quality simulator applications will continue on App Store and Google Play. "Slots Street," which is operated in Japan and overseas, will continue to improve services and add titles while conducting a variety of events and high-profile marketing campaigns.

The Universal Entertainment Group is determined to provide services that continue to meet the high expectations of users.

(2) Overview of Financial Status for the Fiscal Year Under Review

The amount of total assets at the end of 2019 amounted to 573,238 million yen, an increase of 65,790 million yen over the end of 2018. This was mainly due to increases of 53,861 million yen in lease assets (net amount), and 3,434 million yen in investment securities.

The amount of liabilities at the end of 2019 amounted to 201,404 million yen, an increase of 65,790 million yen over the end of 2018. This was mainly due to increases of 9,749 million yen in long-term loans payable and 56,094 million yen in long-term lease liabilities.

The amount of net assets at the end of 2019 amounted to 369,300 million yen, a decrease of 3,229 million yen over the end of 2018. This was mainly due to an increase of 11,494 million yen in foreign currency translation adjustment and a decrease of 11,672 million yen in retained earnings.

(3) Overview of Cash Flows for the Fiscal Year Under Review

As of the end of 2019, the balance of cash and cash equivalents totaled 38,226 million yen. The status of each cash flow and the primary reasons for increases/decreases as of the end of 2019 are as follows:

<Cash Flows from Operating Activities>

Net cash provided by operating activities amounted to 29,468 million yen, mainly due to booking of loss before income taxes and others of 9,089 million yen, depreciation of 17,873 million yen, and increases of 7,587 million yen in other current liabilities and 5,163 million yen in other non-current liabilities.

<Cash Flows from Investing Activities>

Net cash used in investing activities amounted to 28,897 million yen, mainly due to purchase of property, plant and equipment of 27,486 million yen.

<Cash Flows from Financing Activities>

Net cash used in financing activities amounted to 8,863 million yen, mainly due to purchase of treasury shares of 2,834 million yen and cash dividends paid of 5,867 million yen.

(Reference) Transition of Cash Flow-related Indicators

	Mar. 2016 Fiscal Year	Mar. 2017 Fiscal Year	Dec. 2017 Fiscal Year	Dec. 2018 Fiscal Year	Dec. 2019 Fiscal Year
Ratio of shareholders' equity (%)	61.7	45.6	42.6	73.4	64.9
Ratio of shareholders' equity on market value basis (%)	37.1	49.4	60.2	49.4	50.7
Ratio of interest-bearing liabilities to cash flows (years)	4.4	10.1	-	5.4	2.9
Interest coverage ratio (x)	45.4	81.4	-	8.6	5.5

Ratio of shareholders' equity = shareholders' equity / total assets

Ratio of shareholders' equity on market value basis = total market value of shares / total assets

Ratio of interest-bearing liabilities to cash flows = interest bearing liabilities / cash flows

Interest coverage ratio = cash flows / interests paid

*Note 1: All figures are calculated based on consolidated financial values.

*Note 2: The total market value of shares is calculated based on the number of issued shares minus treasury shares.

*Note 3: Cash flows are represented by operating cash flows.

*Note 4: Interest-bearing liabilities include bonds payable and short-term/long-term loan accounted for on the consolidated balance sheet

*Note 5: For Fiscal Year Ended December 31, 2017, the ratio of interest-bearing liabilities to cash flows and interest coverage ratio are not stated because operating cash flow loss is posted.

(4) Basic Policy Regarding Distribution of Profits and Dividends for the Current and Next Fiscal Years

The Group views the return of profits to its shareholders as one of its foremost management priorities. To this end, the Group is endeavoring to establish a highly profitable corporate structure and to improve the ratio of profit to shareholder's equity continuously. It also adopts a basic policy of maintaining a stable level of dividends that reflects its business performance.

It is the Group's basic policy to maintain the internal reserve at appropriate levels to ensure a healthy financial base and to strengthen the management foundation of the Group in order to invest necessary funds efficiently in promising businesses.

It is deeply regrettable that the Company decided not to provide the year-end dividend for 2019 in consideration of the results of operations in the same year.

Dividends for 2020 will be determined after carefully considering the outlook for results of operations and the demand for capital.

(5) Businesses Risks

Of the items relating to the status of business and the status of financial condition, as stated in this Summary of Financial Data and Business Results, factors that might affect investor decisions are described below. The Group recognizes the possibility that these risks might emerge, and will work to avoid such risks, or deal with them appropriately if they arise. However, the factors listed below do not cover all risks related to the business of the Group.

(i) Amusements Equipments Business

According to the “Act Concerning Regulation and Proper Operation of Businesses Affecting Public Morals,” Pachislot and Pachinko machines need to meet the “technical standards” defined in the National Public Safety Commission’s rules (Regulations Concerning Authorization and Model Approval for Amusement Machines). Each type of machine must pass the model test conducted by the designated testing organization (Security Communications Association) and the model inspection conducted by the Public Safety Commission of the applicable prefecture. In case these laws or standards are amended or abolished, the Group will analyze industry trends and the application status of other companies, and make new applications for new machines in a structured and strategic fashion. However, if major changes need to be made due to administrative direction or voluntary restriction by the industry, the business results of the Group would be materially impacted. There is also the possibility that profitability would be adversely affected by changing preferences in the market, as well as economic trends in Japan that include income levels.

(ii) Foreign Exchange Risks

In preparing consolidated financial statements, foreign currency-denominated profits/losses and assets/liabilities of each overseas subsidiary of the Group are incorporated into the consolidated financial statements after they are translated into Japanese yen. As a result, business results of the Group may be adversely affected by fluctuations in currency exchange rates.

(iii) Litigation

The Group has several pending lawsuits, and their outcomes may have an impact on the business results of the Group. Although the Group continues to make every effort to eliminate litigation risk, there is always a possibility that third parties may file new cases against the Group, with the rulings in these cases having the potential to affect future business results.

(iv) Integrated Resort Business

The Group operates Okada Manila, an integrated casino resort in the Philippines. Changes in the economic environment of the Philippines and other countries, movements in foreign exchange rates and other economic factors, and changes in the business environment, including revisions to regulations of the Philippine Amusement and Gaming Corporation and tax revisions by the Philippine government, may affect the Group’s business results.

2. Basic Approach to the Selection of Accounting Standards

To prepare for the application of International Financial Reporting Standards (IFRS), Universal Entertainment is preparing internal manuals, guidelines and other items and examining schedule for the application of IFRS.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Million yen)

	2018 (December 31, 2018)	2019 (December 31, 2019)
Assets		
Current assets		
Cash and deposits	46,076	38,442
Notes and accounts receivable-trade	10,381	11,361
Securities	2	2
Merchandise and finished goods	1,186	1,671
Work in process	8,361	10,747
Raw materials and supplies	13,628	12,981
Other	14,961	10,726
Allowance for doubtful accounts	(486)	(876)
Total current assets	94,111	85,057
Non-current assets		
Property, plant and equipment		
Buildings and structures	241,164	277,992
Accumulated depreciation	(10,181)	(17,127)
Buildings and structures (net amount)	230,983	260,865
Machinery, equipment and vehicles	39,948	45,565
Accumulated depreciation	(10,684)	(16,618)
Machinery, equipment and vehicles (net amount)	29,263	28,947
Lease assets	6,928	62,748
Accumulated depreciation	(3,501)	(5,459)
Lease assets (net amount)	3,427	57,288
Land	7,171	7,164
Construction in progress	82,757	66,056
Other	18,678	20,854
Accumulated depreciation	(12,661)	(14,562)
Other (net amount)	6,016	6,292
Total property, plant and equipment	359,619	426,614
Intangible assets		
Other	2,388	2,357
Total intangible assets	2,388	2,357
Investments and other assets		
Investment securities	10,979	14,784
Long-term deposits	6,801	6,773
Long-term deposits for affiliates	26,727	26,583
Deferred tax assets	3,055	6,082
Other	7,052	5,629
Allowance for doubtful accounts	(723)	(713)
Total investments and other assets	53,893	58,770
Total non-current assets	415,901	487,743
Deferred assets	663	437
Total assets	510,677	573,238

(Million yen)

	2018 (December 31, 2018)	2019 (December 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	6,653	6,279
Short-term loans payable	16,846	6,554
Current portion of long-term loans payable	-	1,204
Accounts payable-other	12,781	10,734
Accrued expenses	17,599	13,503
Income taxes payable	119	466
Provision for bonuses	78	78
Other	10,539	17,057
Total current liabilities	64,618	55,879
Non-current liabilities		
Bonds payable	65,511	66,745
Long-term loans payable	-	9,749
Net defined benefit liability	116	251
Long-term deposits for affiliates	-	5,477
Lease obligation (Non current)	2,697	58,791
Deferred tax liabilities	1,136	1,088
Other	1,533	3,421
Total non-current liabilities	70,995	145,524
Total liabilities	135,613	201,404
Net assets		
Shareholders' equity		
Capital stock	98	98
Capital surplus	18,831	18,830
Retained earnings	377,424	365,751
Treasury shares	(2,764)	(5,578)
Total shareholders' equity	393,589	379,101
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(719)	(882)
Foreign currency translation adjustment	(17,928)	(6,433)
Remeasurements of defined benefit plans	45	(29)
Total accumulated other comprehensive income	(18,602)	(7,345)
Subscription rights to shares	76	67
Total net assets	375,063	371,834
Total liabilities and net assets	510,677	573,238

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
 (Consolidated Statement of Income)

(Million yen)

	2018 (January 1 to December 31, 2018)	2019 (January 1 to December 31, 2019)
Net sales	93,267	124,944
Cost of sales	54,026	60,216
Gross profit	39,240	64,727
Selling, general and administrative expenses	57,212	64,337
Operating profit (loss)	(17,972)	389
Non-operating income		
Interest income	74,761	196
Dividend income	18	20
Foreign exchange gains	6,548	-
Equity in earnings of affiliates	2,795	1,650
Other	3,394	101
Total non-operating income	87,518	1,969
Non-operating expenses		
Interest expenses	820	4,212
Interest on bonds	760	5,444
Foreign exchange losses	-	152
Commission fee	675	314
Other	56	175
Total non-operating expenses	2,313	10,299
Ordinary profit (loss)	67,232	(7,941)
Extraordinary income		
Gain on sales of non-current assets	10	0
Gain on redemption of stock due to the settlement	158,796	-
Other	69	6
Total extraordinary income	158,877	6
Extraordinary losses		
Loss on sales and retirement of non-current assets	15	754
Loss on valuation of shares of subsidiaries and associates		369
Impairment loss	42	-
Loss on redemption of bonds	4,693	-
Loss on valuation of inventories	7,440	-
Loss on litigation	2,836	-
Other	1,292	31
Total extraordinary losses	16,319	1,155
Income (loss) before income taxes and others	209,790	(9,089)
Income taxes-current	50,037	565
Income taxes-deferred	(1,066)	(2,945)
Refund of income taxes	-	(1,518)
Total income taxes	48,971	(3,898)
Net income (loss)	160,818	(5,191)
Net loss attributable to non-controlling interests	(349)	-
Net income (loss) attributable to owners of parent	161,168	(5,191)

(Consolidated Statement of Comprehensive Income)

(Million yen)

	2018 (January 1 to December 31, 2018)	2019 (January 1 to December 31, 2019)
Net income (loss)	160,818	(5,191)
Other comprehensive income		
Valuation difference on available-for-sale securities	(138)	(162)
Foreign currency translation adjustment	(16,138)	11,494
Remeasurements of defined benefit plans, net of tax	40	(64)
Total other comprehensive income	(16,236)	11,267
Comprehensive income	144,581	6,075
(Breakdown)		
Comprehensive income attributable to owners of parent	144,931	6,075
Comprehensive income attributable to non-controlling interests	(349)	-

(3) Consolidated Statement of Changes in Equity

2018 (January 1 to December 31, 2018)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	98	20,087	216,255	(2,654)	233,786
Changes of items during period					
Net income attributable to owners of parent			161,168		161,168
Purchase of treasury shares				(777)	(777)
Disposal of treasury shares		176		667	844
Change in ownership interest of parent due to transactions with non-controlling interests		(1,432)			(1,432)
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	(1,255)	161,168	(109)	159,802
Balance at end of current period	98	18,831	377,424	(2,764)	393,589

	Accumulated other comprehensive income				Subscrip-tion rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	(581)	(1,789)	5	(2,365)	107	(582)	230,945
Changes of items during period							
Net income attributable to owners of parent							161,168
Purchase of treasury shares							(777)
Disposal of treasury shares							844
Change in ownership interest of parent due to transactions with non-controlling interests							(1,432)
Net changes of items other than shareholders' equity	(138)	(16,138)	40	(16,236)	(31)	582	(15,685)
Total changes of items during period	(138)	(16,138)	40	(16,236)	(31)	582	144,117
Balance at end of current period	(719)	(17,928)	45	(18,602)	76	-	375,063

2019 (January 1 to December 31, 2019)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	98	18,831	377,424	(2,764)	393,589
Cumulative effects of changes in accounting policies	-	-	1,385	-	1,385
Restated balance	98	18,831	378,809	(2,764)	394,975
Changes of items during period					
Loss attributable to owners of parent			(5,191)		(5,191)
Dividends of surplus			(7,867)		(7,867)
Purchase of treasury shares				(2,834)	(2,834)
Disposal of treasury shares		(1)		20	19
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	(1)	(13,058)	(2,813)	(15,873)
Balance at end of current period	98	18,830	365,751	(5,578)	379,101

	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	(719)	(17,928)	45	(18,602)	76	375,063
Cumulative effects of changes in accounting policies	-	-	-	-	-	1,385
Restated balance	(719)	(17,928)	45	(18,602)	76	376,448
Changes of items during period						
Loss attributable to owners of parent						(5,191)
Dividends of surplus						(7,867)
Purchase of treasury shares						(2,834)
Disposal of treasury shares						19
Net changes of items other than shareholders' equity	(162)	11,494	(64)	11,267	(8)	11,258
Total changes of items during period	(162)	11,494	(64)	11,267	(8)	(4,164)
Balance at end of current period	(882)	(6,433)	(18)	(7,335)	67	371,834

(4) Consolidated Statement of Cash Flows

(Million yen)

	2018 (January 1 to December 31, 2018)	2019 (January 1 to December 31, 2019)
Cash flows from operating activities		
Income (loss) before income taxes and others	209,790	(8,714)
Depreciation	13,067	17,872
Impairment loss	42	-
Loss on valuation of shares of subsidiaries and associates	-	369
Loss (gain) on sales and retirement of non-current assets	4	753
Equity in (earnings) losses of affiliates	(2,795)	(1,650)
Interest and dividend income	(74,780)	(217)
Interest expenses	820	4,212
Interest on bonds	760	5,444
Loss on redemption of bonds	4,693	-
Gain on redemption of stock due to the settlement	(158,796)	-
Loss on litigation	2,836	-
Loss on valuation of inventories	7,440	-
Foreign exchange losses (gains)	(7,220)	(593)
Decrease (increase) in notes and accounts receivable-trade	(1,464)	(335)
Decrease (increase) in inventories	4,441	(2,170)
Decrease (increase) in accounts receivable-other	(3,411)	2,804
Increase (decrease) in accrued consumption taxes	(689)	1,583
Increase (decrease) in notes and accounts payable-trade	320	(476)
Increase (decrease) in accounts payable-other	(1,422)	717
Decrease (increase) in other current assets	(3,156)	138
Increase (decrease) in other current liabilities	4,301	7,587
Increase (decrease) in other non-current liabilities	73	5,163
Other	1,732	614
Subtotal	(3,413)	32,730
Interest and dividend income received	74,782	215
Interest expenses paid	(1,771)	(5,364)
Payments for loss on litigation	(2,778)	-
Income taxes paid	(51,539)	(167)
Income taxes refund	-	2,053
Net cash provided by (used in) operating activities	15,280	29,468

(Million yen)

	2018 (January 1 to December 31, 2018)	2019 (January 1 to December 31, 2019)
Cash flows from investing activities		
Purchase of property, plant and equipment	(49,916)	(27,486)
Purchase of intangible assets	(815)	(750)
Purchase of investment securities	(410)	(11)
Proceeds from redemption of stock due to settlement	207,218	-
Payments of short-term loans receivable	(1,158)	(1,729)
Collection of short-term loans receivable	117-	2,816
Payments of long-term loans receivable	(402)	(690)
Payments for lease and guarantee deposits	(32)	(37)
Purchase of investments in non-consolidated subsidiary	(5)	(1,356)
Other	254	350
Net cash provided by (used in) investing activities	154,849	(28,897)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(452)	(10,209)
Proceeds from long-term loans payable	-	10,775
Repayments of long-term loans payable	(78,208)	-
Redemption of bonds	(148,575)	-
Proceeds from issuance of bonds	66,512	-
Purchase of treasury shares	(779)	(2,834)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(500)	-
Cash dividends paid	-	(5,867)
Proceeds from disposal of treasury shares from exercise of subscription rights to shares	823	13
Payment for sales and leasebacks	(804)	(741)
Other	(1,190)	-
Net cash provided by (used in) financing activities	(163,173)	(8,863)
Effect of exchange rate change on cash and cash equivalents	3,320	647
Net increase (decrease) in cash and cash equivalents	10,276	(7,644)
Cash and cash equivalents at beginning of period	35,594	45,870
Cash and cash equivalents at end of period	45,870	38,226

(5) Notes to Consolidated Financial Statements

(Notes Pertaining to Going Concern)

There is no applicable information.

(Changes in Significant Accounting Policies for the Preparation of Consolidated Financial Statements)

There is no applicable information.

(Changes in Accounting Policies)

(Application of IFRS 16 “Leases”)

Some foreign subsidiaries have applied IFRS 16 “Leases” in 2019. Accordingly, as a lessee, in principle, Universal Entertainment booked all leased assets and liabilities as assets and liabilities in the Balance Sheet. In respect to the application of this new standard pursuant to the provisional treatment stipulated in this standard, the cumulative effect was recognized at the beginning of 2019.

As a result, retained earnings at the beginning of 2019 increased 1,385 million yen, other property, plant and equipment increased 33,467 million yen, and other non-current liabilities increased 33,416 million yen, and construction in progress decreased 7,674 million yen and other current liabilities decreased 9,196 million yen.

(Changes in Description)

(Changes Caused by the Application of the Partial Amendments to Accounting Standard for Tax Effect Accounting)

Universal Entertainment has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) No. 28, February 16, 2018) at the beginning of 2019. Accordingly, deferred tax assets and deferred tax liabilities have been reclassified and included in the investments and other assets section and the non-current liabilities section, respectively.

In the previous consolidated fiscal year, “Others” under current liabilities totaled 2 million yen has been restated to “Deferred tax liabilities” under non-current liabilities.

(Consolidated Balance Sheet)

“Lease obligation (non-current)” which was included in “Other” under non-current liabilities in the previous consolidated fiscal year, has been separately stated in the current consolidated fiscal year due to the increased significance of the amount. In order to reflect changes in this presentation method, the consolidated financial statements for the previous consolidated fiscal year have been restated.

In the previous consolidated fiscal year, “Others” under current liabilities totaled 58,791 million yen has been restated to “Deferred tax liabilities” under non-current liabilities and “Others” of 1,533 million yen.

(Consolidated Cash Flow)

“Increase in other non-current liabilities” which was included in “Other” under “Cash flows from operating activities” in the previous year, has been separately stated in the current year due to the increased significance of the amount. To reflect this change in description, the reclassification of accounts has been made for the consolidated financial statements for the previous fiscal year.

As a result “Others” of 1,806 million yen under “Cash flows from operating activities” in the consolidated statements of cash flows for the previous fiscal year has been reclassified into “Increase in other non-current liabilities” of 73 million yen and “Others” of 1,732 million yen.

“Collection of short-term loans receivable” and “Purchase of investments in non-consolidated subsidiary” which was included in “Other” under “Cash flows from financing activities” in the previous year, has been separately stated in the current year due to the increased significance of the amount.

To reflect this change in description, the reclassification of accounts has been made for the consolidated financial statements for the previous fiscal year.

As a result “Others” of 366 million yen under “Cash flows from financing activities” in the consolidated statements of cash flows for the previous fiscal year has been reclassified into “Collection of short-term loans receivable” of 117 million yen, “Purchase of investments in non-consolidated subsidiary” of 5 million yen and “Others” of 1,733 million yen.

(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.

(Segment Information)

Segment information

1. Outline of reportable segments

The segments reported herein by Universal Entertainment are the units constituting the company, of which segregated financial information is available and which are subject to periodical reviews by the Board of Directors so as to determine allocations of management resources and to evaluate business performance.

Universal Entertainment has established business divisions classified by products and services at the headquarters and each business division devises comprehensive strategies for domestic or overseas products and services and deploys its business activities.

In 2018, for clarity, Universal Entertainment changed the name of segment from Pachislot/ Pachinko Business to Amusement Equipments Business⁽¹⁾, and from Casino Resort Business to Integrated Resort Business⁽²⁾, respectively. This change is solely for the name of segment, so no change for the nature of business and no financial impact.

A consolidated subsidiary Azure USA, which was included in the Others segment, has been included in the Integrated Resort Business segment. The change is being affected because Azure USA is expanding its business domains from the investment management business to casino equipment manufacturing and marketing business through the US subsidiary UE Technologies, Inc. As this will involve licensing management of casino equipment, the Azure USA's casino-related business is to be included in the Integrated Resort Business segment.

Accordingly, Universal Entertainment is composed of segments classified by products or services based on the business divisions and there are two reportable segments: "Amusements Equipments Business" and "Integrated Resort Business."

- (1) "Amusement Equipments Business" includes research, development, manufacture and sales of Pachislot/ Pachinko machines and peripheral equipments.
- (2) "Integrated Resort Business" operates casino, hotel, food and beverage, retail and leasing, entertainment and real estate development business in Philippines.

2. Calculation method of net sales, profit/loss, assets, liabilities and other items in each reportable segment

Accounting method applied to reportable segments is identical to that of the changes in significant accounting policies for the preparation of consolidated financial statements.

Values in segment profit/loss are based on operating profit.

Inter-segment sales or transfer amounts are based on actual market prices.

3. Information pertaining to amounts of net sales, profit/loss, assets, liabilities and other items in each reportable segment

2018 (January 1 to December 31, 2018)

(Million yen)

	Reportable Segment		Others (Note)	Total
	Amusement Equipments Business	Integrated Resort Business		
Net sales				
Sales to external customers	42,368	48,939	1,722	93,030
Inter-segment sales or transfers	-	-	764	

				764
Total	42,368	48,939	2,487	93,795
Segment profit (loss)	(1,705)	(6,333)	1,079	(6,939)
Segment assets	72,870	378,538	5,868	457,277
Other items				
Depreciation	2,427	9,005	257	11,690
Increase in property, plant and equipment and intangible assets	2,930	44,701	240	47,872

(Note) "Others" classification consists of business segments not included in the reportable segment and is inclusive of the Overseas business and others.

2019 (January 1 to December 31, 2019)

(Million yen)

	Reportable Segment		Others (Note)	Total
	Amusement Equipments Business	Integrated Resort Business		
Net sales				
Sales to external customers	51,687	71,408	1,509	124,605
Inter-segment sales or transfers	-	-	605	605
Total	51,687	71,408	2,115	125,211
Segment profit (loss)	10,811	(1,391)	531	9,951
Segment assets	58,830	460,001	6,503	525,334
Other items				
Depreciation	1,729	14,574	239	16,543
Increase in property, plant and equipment and intangible assets	1,801	21,277	371	23,450

(Note) "Others" classification consists of business segments not included in the reportable segment and is inclusive of the Overseas business and others.

4. Difference between the total amounts in reportable segment and the amounts recorded in consolidated financial statements and primary items of such difference (matters pertaining to difference adjustments)

(Million yen)

Net Sales	2018	2019
	(January 1 to December 31, 2018)	(January 1 to December 31, 2019)
Total of reportable segment	91,307	123,096
Net sales in "Others" classification	2,487	2,115
Eliminated inter-segment transactions	(764)	(605)
Corporate revenue (Note 1)	236	338
Net sales in consolidated financial statements	93,267	124,944

(Million yen)

Profit	2018	2019
	(January 1 to December 31, 2018)	(January 1 to December 31, 2019)
Total of reportable segment	(7,912)	9,420
Profit in "Others" classification	972	531
Eliminated inter-segment transactions	(295)	(338)
Corporate revenue (Note 1)	236	338
Unallocated expenses (Note 2)	(10,974)	(9,562)
Operating profit (loss) in consolidated financial statements	(17,972)	389

(Notes) 1. Corporate revenue is mainly composed of art museum not attributed to the reportable segment.

2. Unallocated expenses are mainly composed of selling, general and administrative expenses not attributed to the reportable segment.

(Million yen)

Assets	2018	2019
	(January 1 to December 31, 2018)	(January 1 to December 31, 2019)
Total of reportable segment	453,041	518,831
Assets in "Others" classification	4,235	6,503
Unallocated assets (Note)	53,399	47,903
Total assets in consolidated financial statements	510,677	573,238

(Note) Unallocated assets are mainly composed of investments in affiliates, excess funds in working capital (cash and deposits and securities), land, etc. not attributed to the reportable segment.

(Million yen)

Other Items	Total of Reportable Segment		Others		Adjusted Amounts		Amounts Recorded in Consolidated Financial Statements	
	2018 (January 1 to December 31, 2018)	2019 (January 1 to December 31, 2019)	2018 (January 1 to December 31, 2018)	2019 (January 1 to December 31, 2019)	2018 (January 1 to December 31, 2018)	2019 (January 1 to December 31, 2019)	2018 (January 1 to December 31, 2018)	2019 (January 1 to December 31, 2019)
Depreciation	11,432	16,304	257	239	1,376	1,330	13,067	17,873
Increase in property, plant and equipment and intangible assets	47,631	23,078	240	371	312	445	48,185	23,895

(Note) The adjusted amounts in increase in property, plant and equipment and intangible assets are allocated investment amounts.

Related information

2018 (January 1 to December 31, 2018)

1. Information by product and service

Description of this item is omitted because the same information is indicated in Segment Information.

2. Geographical information

(1) Net sales

(Million yen)

Japan	Philippines	Other Overseas Countries	Total
44,338	48,928	-	93,267

(2) Property, plant and equipment

(Million yen)

Japan	Philippines	Other Overseas Countries	Total
23,432	333,459	2,727	359,619

3. Information by specific major customer

Description of this item is omitted because there is no specific external customer whose sales exceed 10% or more of net sales in the consolidated statement of income.

2019 (January 1 to December 31, 2019)

1. Information by product and service

Description of this item is omitted because the same information is indicated in Segment Information.

2. Geographical information

(1) Net sales

(Million yen)

Japan	Philippines	Other Overseas Countries	Total
53,537	71,406	-	124,944

(2) Property, plant and equipment

(Million yen)

Japan	Philippines	Other Overseas Countries	Total
20,923	402,995	2,695	426,614

3. Information by specific major customer

Description of this item is omitted because there is no specific external customer whose sales exceed 10% or more of net sales in the consolidated statement of income.

Information pertaining to impairment loss of non-current assets in each reportable segment

2018 (January 1 to December 31, 2018)

The impairment loss of non-current assets of 42 million yen relates to idle assets and is not allocated to reporting segments.

2019 (January 1 to December 31, 2019)

The impairment loss of non-current assets of 42 million yen relates to idle assets and is not allocated to reporting segments.

Information pertaining to amortization and unamortized balance of goodwill in each reportable segment

2018 (January 1 to December 31, 2018)

There is no applicable information.

2019 (January 1 to December 31, 2019)

There is no applicable information.

Information regarding gain on negative goodwill in each reportable segment

2018 (January 1 to December 31, 2018)

There is no applicable information.

2019 (January 1 to December 31, 2019)

There is no applicable information.

(Per Share Information)

(Yen)

2018 (January 1 to December 31, 2018)		2019 (January 1 to December 31, 2019)	
Net assets per share	4,746.18	Net assets per share	4,756.13
Net income per share	2,037.75	Net loss per share	(66.18)
Diluted net income per share	2,035.02	Diluted net income per share	-

(Notes) 1. "Diluted net income per share" for 2019 is not stated, because net loss was posted despite the existence of latent shares with a dilution effect.

2. The calculation bases for net income (loss) per share and diluted net income per share are as follows:

	2018 (January 1 to December 31, 2018)	2019 (January 1 to December 31, 2019)
Net income per share		
Net income (loss) attributable to owners of the parent (million yen)	161,168	(5,191)
Amount not attributed to common shareholders (million yen)	-	-
Net income (loss) attributable to owners of the parent applicable to common stock (million yen)	161,168	(5,191)
Average number of shares during the year (thousand shares)	79,091	78,437
Diluted net income per share		
Adjusted net income attributable to owners of the parent (million yen)	-	-
Increase in the number of common stock (thousand shares)	105	-
(Of which, subscription rights to shares (thousand shares))	(105)	(-)
Description of the latent shares not included in the calculation of diluted net income per share due to their non-dilutive effect	Subscription rights to shares through a third-party allotment approved at the Board of Directors' meeting held on March 9, 2017: Common stock of 500,000 shares (Subscription rights to shares of 5,000 units) Stock option approved at the Board of Directors' meeting held on September 21, 2017: Common stock of 400,000 shares (Subscription rights to shares of 4,000 units)	-

(Material Subsequent Events)

The company's consolidated subsidiary Tiger Resort, Leisure and Entertainment, Inc. and equity-method affiliate EAGLE I LANDHOLDINGS, INC. has made the following contract for the partial sale of land to Philippine's company and for releasing right to lease land on February 14, 2020:

(1) Reasons for transaction

To sell a portion of land held by the Company to a Philippine corporation with the aim of effectively utilizing Company-held property and achieving a synergy with the Integrated Resort (IR) Business that the Company Group is currently developing in the Philippines.

(2) Type of assets to be transferred、 Usage of assets before transferred

Land 36,610 square meters

Location Brgy. Tambo/Don Galo, Paranaque City, Metro Manila

Before transferred Tiger Resort, Leisure and Entertainment leased this land

(3) Period to be transferred

The transfer date is scheduled to be on June 30, 2020.

(4) Price to be transferred

360,000 PHP/m²

Accrued approximately 14.7 billion non-operating income for the year 2020 for the partial sale of land to Philippine's company on February 14, 2020.