

Message

“All in the name of fun.”

Our company’s brand slogan of “All in the name of fun” puts our sentiment that all of our activities is to instill feelings of “This is fun!”. Our high-quality products and services and greater corporate activities continue to deliver on this promise.

In 2009, thanks to our royal shareholders, users, and other supporters, we commemorated our 40th anniversary, upon which we renamed ourselves “Universal Entertainment Corporation.” We continuously intend to fulfill expectations through inspiring notions of “This is fun!” and further pursuing high-quality entertainment.

Keeping our core business of Pachislot and Pachinko in line with the dramatic changes that characterize the market is no easy feat. Yet, we proudly believe that our established experience, together with our planning and development capability, is uncontested. Through using data gathering and analysis to incorporate market trends and needs into R&D, and creating machines that both feature superior payout performance and satisfy players and parlors alike, we shall remain focused on developing the industry.

Overseas, we are currently making steady progress on our Philippine Casino Resort Project. Convinced that the entertainment industry in Asia will continue to grow, we shall work toward the creation of our casino which will boast a luxurious hotel, one of the world largest fountains and many other entertainment facilities. We strongly believe that this new casino will take advantage to complete alter existing preconceptions of casinos, and is bound to charm visitors from all over the world.

We see our mission as providing sound entertainment that transcends the likes of age, gender and national borders to people all over the world. Please continue to look forward to the new value that “This is fun!” drives us to create.

Jun Fujimoto

Representative Director and President
Universal Entertainment Corporation

Our Business Activities

The nature of entertainment has become more diverse over the years. In our ongoing pursuit of the concept of “This is fun!”, all of us at Universal Entertainment will continue to create entertainment with value through the deep insight and knowledge we have accumulated since our founding.



2 core businesses serve as the framework for our progress

Our core businesses consist of our domestic Pachislot and Pachinko business, and our OKADA MANILA® Project. The relationship between each of these business and their associated companies are shown below.

Pachislot and Pachinko Business

Group business management
Development, manufacturing and sales of Pachislot and Pachinko machines and peripheral devices

Universal Entertainment Corporation

Development and manufacturing of Pachislot and Pachinko machines

Macy Co., Ltd.

Eleco Ltd.

Mizuho Corp.

ACROSS CORP.

Universal Bros.



OKADA MANILA®

Planning, administration and development activities for “OKADA MANILA®,” a casino resort project based in the Philippines

Tiger Resort Leisure and Entertainment, Inc.



Other Businesses

Investment to Wynn Resorts, Limited

Stockholders for Wynn Resorts, Limited

ARUZE USA, Inc.



Media Business

Utilization of our intellectual property to develop and distribute various contents through the Internet, etc.

Universal Entertainment Corporation



Broadcasting Business

Production of various programs centered on Pachislot and Pachinko and broadcasting via BS and CS

Japan Amusement Broadcasting Corp.



■ Pachislot and Pachinko Business

“Fun” as defined by a combination of alluring specifications and rich gameplay has been the key driver behind the growth of the Pachislot and Pachinko market thus far. We have established reintroducing that concept of “fun” to the current stagnant market as not only a corporate goal, but also our mission.



Pachislot's reputation reexamined

A series of self-imposed restraints on payout specs by Pachinko manufacturers in recent times has caused the number of popular, highly-volatile machines on the market to decrease. In turn, this has triggered an exodus of players and a decline in machine installations at parlors, causing player utilization to drop.

Meanwhile, due to regulatory changes in 2007, the drop in volatility experienced by Pachislot machines had caused players to leave the scene and the purchasing volition of parlors to drop, thereby causing the market to swing downwards. But, the appearance of attractive titles by our group that combined balanced payout specs with the strong playability of ART machines later prompted players to take another look at Pachislot. Two leading titles are “Midori-Don,” released in 2009, and “Midori-Don: Viva! Jonetsu Nanbeihen,” released in 2010. Our group would go on to bring forth a series of successive hit titles such as “Million God: Kamigami No Keifu” and “Aka-Don Miyabi” that contributed to the growth of the Pachislot market by driving player utilization and increasing the number of both Pachislot players and installed Pachislot machines alike.

Our unique DNA and market-driven R&D

As an industry pioneer, we have consistently brought forth countless renowned and ingenious titles. Our one-of-a-kind, brand-defining contents serve to both stimulate the industry and grant us exclusive positioning.

Our R&D has consistently emphasized an ideal fusion of the likes of reels and transparent LCD screens with dynamic and complementary visuals and sound. In particular, our reel symbol layouts combined with our easily-identifiable reel symbols have enabled us to offer distinctive winning combinations, the true thrill of Pachislot. This history and tradition has been and will continue to be encoded in our DNA.

To flexibly accommodate the ever-changing market, our research for developing products continues unabated. Rather than relying solely on instinct, we

emphasize the analysis of an abundance of market data gathered by our sales offices across Japan and apply our findings to understanding and predicting the current and future market and user needs.

Incorporating what we have learned in our R&D efforts enables us to instill sentiments of “This is fun!” in players and supply quality machines also supported by parlors themselves. Creating synergy efforts also allows us to generate additional excitement.

Comprehensive suggestions for Pachislot corners

We enable parlors to erect the Pachislot corners of the future by comprehensively proposing the use of Pachislot titles by our group together with Pachislot medal dispensers equipped with single-unit winnings counters, displays with 15.1” LCD data readouts that function as digital signage, and other peripherals developed using numerous new technologies and innovative ideas. The results are the enhanced vitalization of Pachislot corners and major advantages in parlor operation.

Giving rise to superior technology

At the dawn of the Pachislot era, we developed and patented an innovative technology dubbed “the predetermined system.” This was highly received by both parlors and players, and become an indispensable factor in driving subsequent market growth. Additionally, we hold various other technologies and patents that contributed substantially to the development of the Pachislot industry. We will continue to secure a competitive advantage in this industry through patenting revolutionary technologies.

Environmental-friendly products

The Pachislot business is no exception to the corporate need to be environmentally aware. We emphasize environmental friendliness as much as any other factor, ensuring that all stages of the production process involve minimum burden on the environment and address the 3Rs (Reduce, Reuse and Recycle).

Peripheral Device Business

Universal Entertainment has developed “Falcon X,” a peripheral system for parlors that offers enhanced levels of parlor operation efficiency and industry-first analysis functions to enable the formulation of more effective sales strategy.

We have also garnered recognition for “Hot Stadium,” a digital signage system that works to attract customers through collaborating with a major publishing company.

The industry’s first single Pachislot-unit winnings counting system

Previously, single-unit counting systems had only supported Pachinko machines. Thanks to the gradual increase in Pachislot demand as a consequence of various shifts in the market environment, we have developed the industry’s first single-unit winnings counting system for Pachislot. Parlors that install our “Falcon X” medal dispensers, which are equipped with this novel system, are bound to experience heightened convenience, shorter count times for winnings, and increased operational efficiency overall.

Seating sensors that enable analysis of individual players

By equipping medal dispensers with seating sensors, we’ve made it possible to assess the number of medals individual players have in hand, making it possible for parlors to find instances of impropriety during business hours. No other peripheral manufacturer offers a product with such advanced security functions.

Helping parlors draw in customers through player-oriented services

Through collaborating with Tatsumi Publishing, we have built a new service through which “Hot Stadium,” our 15.1” large LCD-equipped digital signage system, is interfaced with mobile websites. This brand-new tool enables parlors to expand upon customer traffic without compounding their operations.

Systemizing parlor operations and fostering payout expectations

Recently, single-unit winnings counters have been on the rise in parlors. But it is worried about payout expectations fueled by physical accumulated winnings might be diminished. By utilizing its intense 15.1” large LCD for dazzling presentation that makes an unmistakable statement, “Hot Stadium” works effectively to stimulate payout expectations.



“Hot Stadium:” next-generation signage system

Falcon X The industry’s first medal dispenser equipped with a single Pachislot-unit winnings counting system

Card insertion slot

- Use of Member’s Cards allows winnings accumulation and resumed play
- Stores up to 10 cards
- Keeps track of winnings in hand for each unit cost of Pachinko balls or Pachislot medals with just one card (up to four unit costs for Pachinko and Pachislot each)

FeliCa Antenna

- Enables email member registration and more with FeliCa-compatible mobile phones
- *FeliCa is a registered trademark of Sony Corporation.

Touch panel LCD

LCD display colors	
Blue	Normal operation (Top menu)
Green	Normal operation (Command menu)
Yellow	Offline
Red	Error display

Counter tray lamp

Counter tray

Status display lamp

	Lamp on	Lamp blinking
White	Parlor closed	In mid-startup
Blue	Parlor in mid-operation	0-2 or 10 cards stacked
Green	Visitor’s card inserted	0-2 cards stacked
Yellow	Parlor in mid-operation (low-cost medals/balls in play)	0-2 or 10 cards stacked
Red	—	Error occurred

Bill insertion slot (conveyor type)

- Accepts 4 kinds of bill denominations (1,000 yen/2,000 yen/5,000 yen/10,000 yen)
- Stores up to 70 bills (when new notes are inserted)
- Equipped with front loading mechanism
- Falcon X devices for an entire island of Pachinko or Pachislot machines can be simultaneously unlocked with the use of a staff card (remote control)
- This along with the front loading mechanism makes bill collection far more efficient

Seating sensor

Infrared lamp

Speaker

- Provides aural information to players using internal voice navigation speaker

■ Progress on OKADA MANILA®

With its world-renowned beach resorts, scenic environments and proximity to China, Manila Bay has been marked for being a prime location for a casino resort. This alluring site shall be where we will present the world with the ultimate entertainment offering – a casino resort the likes of which the Philippines has never seen.

Concentrated expansion of casino resorts in Asia

There are casino facilities in more than 120 countries around the world. Nearly all famous resort destinations in Europe, the US and Asia offer casino-centered entertainment. Up until several years ago, the casino mecca of the world had been Las Vegas. However, Macau opening its casino market to foreign capital triggered a dramatic leap in the growth of its casino industry, which overtook Las Vegas as the world's largest gaming market in 2006. Furthermore, with Singapore's legalization of casinos in 2005 and subsequent opening of its first such facility in February 2010, the nation is burgeoning with domestic visitors as well as those from overseas led by tourists from China. Without a doubt, the expansion of casino resorts around the world is now concentrated in Asia.

Rich tourism resources and edge over neighboring competition

The country of the Philippines consists of 7,000 small and large islands surrounded by ocean. With gorgeous sea vistas, untouched nature, a warm climate and five World Heritage sites, the Philippines holds enormous latent demand to be the perfect getaway for busy travelers from developed nations and metropolitan China. Additionally, "Philippine hospitality" represents a very attractive element to have in a tourist destination. Furthermore, Manila is less than four hours by plane from Asia's major cities, and is in closer proximity to China, Japan and South Korea than Singapore, giving it a location-based competitive advantage over the latter. Specifically, a flight to Manila from Shanghai is but three and a half hours, and those from other major Asian cities gener-



Image of Marina Bay Resorts once completed

ally take one and a half to two and a half hours less than flights to Singapore. Reinforcing this is the number of tourists visiting the Philippines from China in 2009, which grew 37% over the previous year due to the increased availability of direct flights and the handling of the Chinese Yuan in the Philippines having commenced.

Creating a new luxury resort for Asia

We will develop a new casino resort in Philippine. In 2008, we obtained a provisional license to operate a casino. In 2010, we were granted certification as an Economic Zone (Tourism Ecozone), enabling us to take advantage of tax benefits and operate a casino as a wholly foreign capital corporation.

Armed with these advantages, we are well underway for the development of "OKADA MANILA®" as a high-end facility that will redefine casinos in the Philippines. Our top-class entertainment and other offerings are bound to attract visitors from all over the world.

Sports and Sponsorship Activities

As an enterprise that creates entertainment, Universal Entertainment also seeks to actively contribute to the promotion of sports and the nurturing of culture. It is our firm belief that by sponsoring various activities that make people feel enjoyment and emotion, we can help realize an enriched, peaceful society.

Universal Entertainment Athlete Club



Proud members of the Club

As a global entertainment company that spreads fun and enjoyment, we wish to show our support for people who are doing their very best. That is why we established the Aruze Athlete Club, now the Universal Entertainment Athlete Club, in January 2004.

Backed by the full support of the Sakura Athlete Club headed by Yoshio Koide, the renowned coach behind the development of numerous star athletes, members of the Club engage in heated rivalry and strive daily to realize their track dreams in Sakura City where they are based while also serving as our employees. Club members have overcome rigorous training to make a series of stunning competitive achievements, such as placing first nationwide in the All-Japan Women's Corporate Ekiden in 2012, the ninth year since the Club's inauguration.

Overseas, the Club has gone on to represent Japan in numerous international competitions such as the 2009, 2011 and 2013 World Championships

in Athletics that were respectively held in Berlin, Daegu and Moscow as well as the 2012 Summer Olympics in London. As we continue to support activities that help promote sports culture and contribute to regional society, we will convey the power of dreams and emotion to more and more people. Please cheer on the Universal Entertainment Athlete Club as it keeps building on its earnest efforts to make Japan a brighter place through the power of sports.

<Key Achievements during Fiscal 2015>

March 28, 2015
41st World Cross Country Championships
Tomoka Kimura, 63rd

August 27, 2015
15th World Championships in Athletics
Azusa Sumi, 11th in qualifying round, second group (5,000m)

December 13, 2015
35th All-Japan Women's Corporate Ekiden
Natsuko Goto, etc., 3rd

March 25, 2016
22nd World Half Marathon Championships
Mirai Waku, 68th

Okada Museum of Art Cup Women's Shogi Masters Tournament

The Women's Shogi Masters Tournament, which dates back to the original professional female shogi (Japanese chess) players, is the sport's pinnacle and longest-running title bout. Since 1993, we have been a special sponsor of this tournament with the intention of contributing to the forward development of the sport and the promotion of Japanese culture.

In January 2016, the very first game of the Okada Museum of Art Cup was held since we changed the name of the cup we sponsor from the "Universal Cup."

The 42nd tournament, which pitted Kana Satomi against Sixth-Dan shogi pro Ichiyo Shimizu, began with a heated eight hour-long first round and lasted to the final round. With her victory, Satomi achieved seven straight championship victories, the most on record for the tournament.

With its mission of communicating Japanese and Asian culture to the rest of the world and contributing widely to its creation, the Okada Museum of Art has brought a new angle to the tournament, one that we hope will help further grow and develop women's shogi.



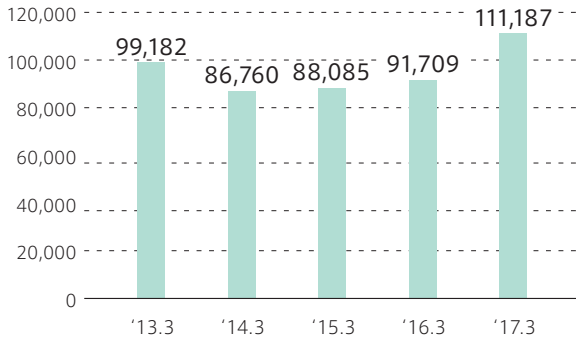
In 2016, Kana Satomi became the first player to win seven straight championships.

Business Results: Highlights [Consolidated]

(Years Ended March 31)

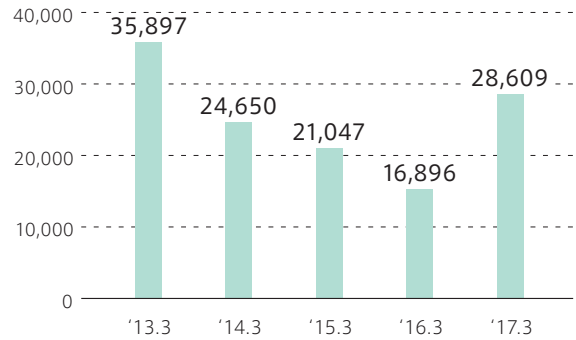
Net Sales

Unit: Million Yen



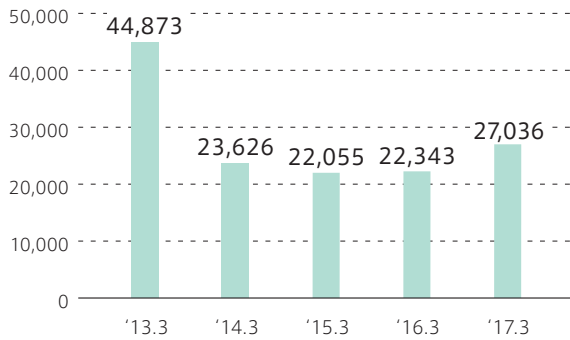
Operating Income

Unit: Million Yen



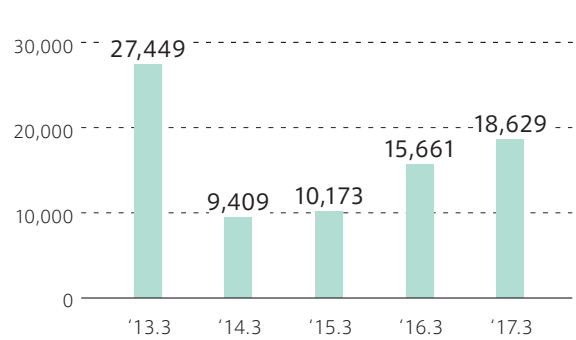
Ordinary Income

Unit: Million Yen



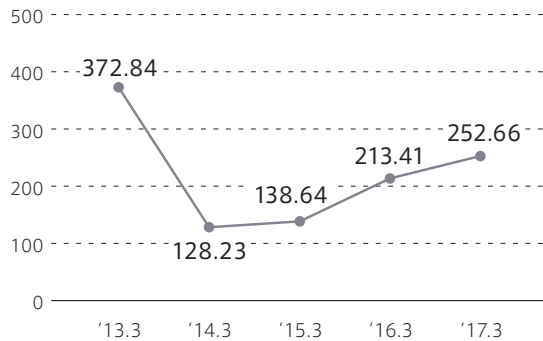
Net Income Attribute to Owners of the Parent

Unit: Million Yen



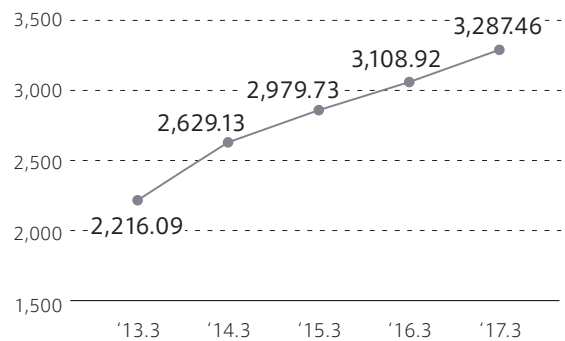
EPS (Earnings Per Share)

Unit: Yen



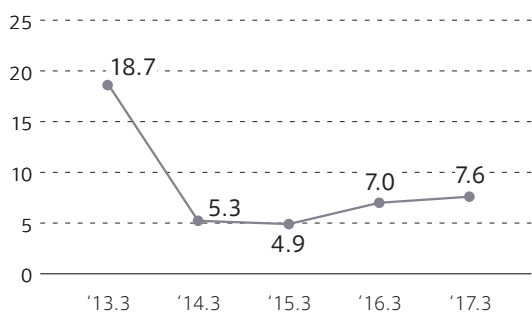
BPS (Book-value Per Share)

Unit: Yen



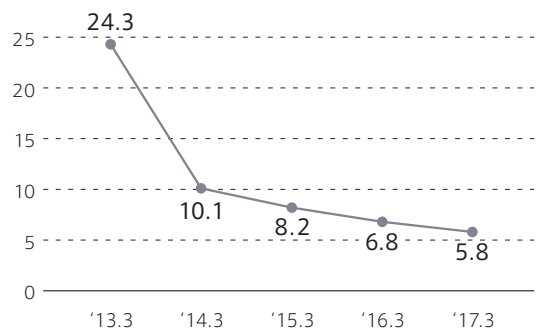
ROE (Return on Equity)

ROE = Net Income ÷ ((Shareholders' Equity at the Beginning of Period + Shareholders' Equity at the End of Period) ÷ 2) Unit: %

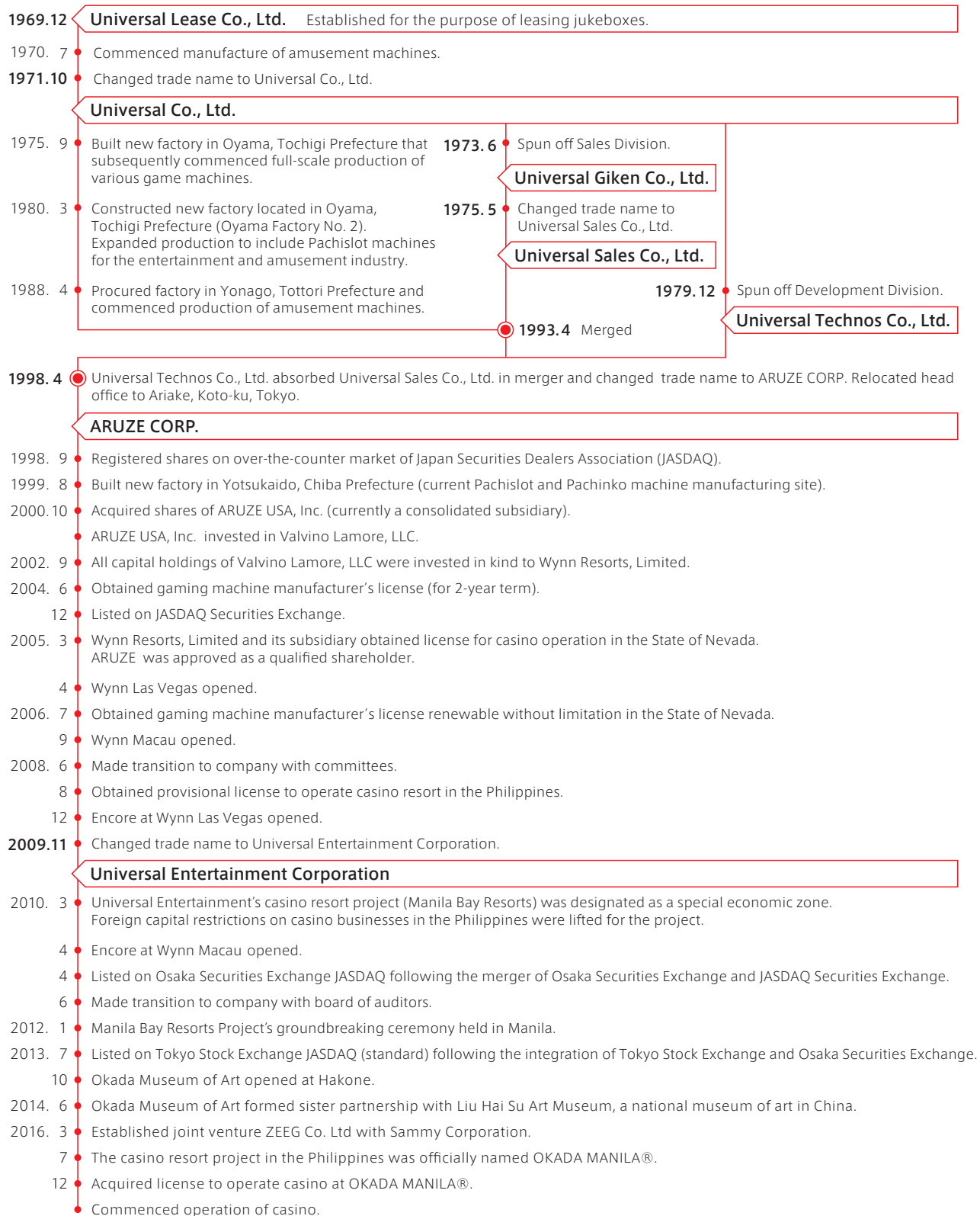


ROA (Return on Assets)

ROA = Ordinary Income ÷ ((Total Assets at the Beginning of Period + Total Assets at the End of Period) ÷ 2) Unit: %



The Company's history



Company Overview

As of March 31, 2017

Name	Universal Entertainment Corporation
Head Office Address	Ariake Frontier Bldg. A, 3-7-26 Ariake, Koto-ku, Tokyo, 135-0063 Japan
Representatives	Jun Fujimoto, Representative Director and President
Business Commenced	December 2, 1969
Incorporated	December 10, 1979
Paid-Up Capital	98 million yen
Sales Offices	Sapporo, Morioka, Sendai, Utsunomiya, Niigata, Nagano, Saitama, Tokyo, Atsugi, Shizuoka, Nagoya, Osaka, Kobe, Kanazawa, Hiroshima, Okayama, Matsuyama, Fukuoka, Kagoshima (19 Offices)
Factories	Yotsukaido (Chiba), Oyama (Tochigi)
Overseas Subsidiaries	USA (Las Vegas), Philippines (Manila), Hong Kong
Business Activities	Planning, development, manufacturing and sales of Pachislot and Pachinko machines in Japan. Casino resort project in the Philippines.
Banks	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited., Shinsei Bank, Limited, The Ashikaga Bank, Ltd., The Tokyo Star Bank, Limited, Deutsche bank

Notes to Shareholders

As of June 30, 2017

Fiscal Year	From January 1 to December 31
Annual General Shareholders' Meeting	Held in March
Record Date	Annual General Shareholders' Meeting: December 31 Dividends: June 30, December 31 (May also include days specified in advance by a public notice, if necessary)
Security Transfer Agent	Sumitomo Mitsui Trust Bank, Limited. 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Administrative Office of Security Transfer Agent	Sumitomo Mitsui Trust Bank, Limited. Stock Transfer Agency Business Planning Dept. 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Contact Center and Mailing Address	Sumitomo Mitsui Trust Bank, Limited. Stock Transfer Agency Business Planning Dept. 2-8-4, Izumi, Suginami-ku, Tokyo 168-0063 TEL: 0120-782-031 (Toll Free in Japan) URL: http://www.smtb.jp/personal/agency/index.html

[Procedures for Shareholders]

For more information about procedures such as notification or inquiries regarding change of address, change of the dividend payment method or payment transfer account, or purchase/additional purchase requests of odd-lot shares, please contact the securities company of which you are an account holder.

For shareholders that have not opened an account with the securities company, please inquire with the above Sumitomo Mitsui Trust Bank.

Public Notification Method	Electronic public notice (Should electronic public notice be unavailable, the relevant notice shall be posted in The Nihon Keizai Shinbun newspaper)
Stock Exchange Listing	Tokyo Stock Exchange JASDAQ (standard)