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Notice of Basic Policies on Return of Profits to Shareholders

Universal Entertainment Corporation (hereinafter referred to as the “Company”) views the return of profits to its shareholders as one of its foremost management priorities. Until now, the Company had adopted two Basic Policies towards that end. The first was to endeavor to establish a highly-profitable corporate constitution and continuously improve its return on equity (ROE) while simultaneously maintaining a stable level of dividends that reflects the Company’s business performance.

The Company’s second Basic Policy towards that end was to maintain internal reserves at appropriate levels in order to ensure a sound financial constitution and strengthen the Company’s management foundation as well as to flexibly invest necessary funds in promising business.

Under these Basic Policies, the Company Group is presently developing its business in the Philippines through its “Okada Manila” integrated resort facility. While the Company has already commenced operation of that facility in part, due to the need to revise construction according to circumstances in the Philippines and reconstitute safety at the property, further building funds and opening expenses were anticipated to arise as the resort neared its full opening in order to re-augment customer safety and security management there. Having taken that and its business results for the current fiscal year into consideration, the Company had very reluctantly decided not to distribute dividends for the fiscal year ended December 31, 2017. However, in light of its operating environment as of late, the Company hereby issues notice of the below with regards to its future measures on the return of profits to shareholders, etc.

1. Future Measures on Return of Profit to Shareholders

Since the start of this fiscal year, a material contentious case involving the Company has been resolved¹, a timeline for the complete construction of the aforementioned “Okada Manila” has been established, and the Company’s business at the “Okada Manila” has been steadily expanding despite the Company only commencing operation of that facility in part. Moreover, the Company has initiated measures for the purpose of locally listing the operating company presently engaged in the Company’s casino resort business in the Philippines as announced in the “Notice of Acquisition of Shares by Consolidated Subsidiary of Company (Acquisition of Sub-Subsidiary)” news release dated September 11, 2018. Furthermore, in the Company’s Pachislot and Pachinko Business, there has already been progression in the research and development of products to accommodate new regulations. Based on the foregoing, while maintaining the preexisting Basic Policies stated above, the Company intends to aggressively employ measures for the return of profits to shareholders that include, but are not limited to, dividends of surplus and acquisitions of treasury stock in accordance with the Company’s degree of surplus capital and reserve financial capacity.

2. Future Actions to Be Taken

With respect to the content, methods, timing of implementation and other specific elements of said measures for the return of profits to shareholders based on the Company’s Basic Policies on the Return of Profit to Shareholders, the Company plans on examining the foregoing through the appropriate corporate body, and will promptly disclose those elements as soon as they have been determined.

¹For information on the settlement agreement executed between Wynn Resorts, Limited (NASDAQ), the Company and its subsidiary Aruze USA, Inc., please refer to the “Announcement Regarding Settlement with Wynn Resorts, Limited (NASDAQ: WYNN)” news release dated March 9, 2018 (http://www.universal-777.com/en/news/pdf/2018/IR_20180309_e.pdf).