

Stock code: 6425

March 8, 2023

To Our Shareholders:

Jun Fujimoto, Representative Director and President
Universal Entertainment Corporation
Ariake Frontier Building Tower A, 7-26,
Ariake 3-chome, Koto-ku, Tokyo

Notice of Convocation of the 50th Annual Shareholders Meeting

We would like to take this opportunity to thank you for your support of Universal Entertainment Corporation (“Universal Entertainment” or the “Company”). We will hold the 50th Annual Shareholders Meeting as follows.

Reference documents for this shareholders meeting (items provided electronically) can be viewed using the internet on the following websites. Please use any of these websites to view this information.

Universal Entertainment website

<https://www.universal-777.com>

(After accessing this website, use the menu (or three-line icon on the upper right) to select, in order, Company/IR, Investor Information and IR Library. Reference documents are in the shareholders meeting column.)



Website for shareholders meeting reference documents

<https://d.sokai.jp/6425/teiji/>



Tokyo Stock Exchange website (Listed company information service)

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

(After accessing the Tokyo Stock Exchange website, enter Universal Entertainment in the company name box or 6425 in the securities code box and click search. On the Universal Entertainment page, select Basic Information and then Documents for public inspection/PR information. Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting are in the filed information available for public inspection section.)



In order to prevent the spread of COVID-19, we have decided to hold this meeting while implementing appropriate measures.

For safety during the pandemic, we ask shareholders to submit your votes in advance in writing or by using the internet. If you are considering attending the shareholders meeting in person, please check the current status of the pandemic and your own health before making a final decision about whether or not to attend while placing priority on your health and safety.

If you exercise your voting rights in advance in writing or by using the internet, please review the Reference Documents for the Annual Shareholders Meeting on pages 6 to 13 and, as explained in “Exercising your voting rights” on the pages 4 to 5, submit your votes by no later than 6:00 p.m. on Wednesday, March 29, 2023.

Details

- 1. Date and Time** Thursday, March 30, 2023 at 10:00 a.m. (The reception desk will open at 9:00 a.m.)
- 2. Place** Palais Royal, 1st basement level, Grand Nikko Tokyo Daiba
2-6-1, Daiba, Minato-ku, Tokyo
People attending this meeting will be separated in order to prevent the spread of COVID-19. As the number of seats will be much smaller than usual, we may need to refuse entry to people who want to attend the meeting. Thank you for your understanding of the need for these precautionary measures.
- 3. Meeting Agenda**
- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements and the results of audits conducted by the Accounting Auditor and the Board of Auditors of the Consolidated Financial Statements for the Company's 50th Fiscal Year (January 1, 2022 - December 31, 2022)
 2. Non-consolidated Financial Statements for the Company's 50th Fiscal Year (January 1, 2022 - December 31, 2022)
- Proposals to be resolved:**
- Proposal No. 1:** Election of Six Directors
- Proposal No. 2:** Election of One Audit & Supervisory Board Member

- * At this annual meeting, shareholders can submit their votes using the internet, including from a smartphone. (More information is in the section titled “Exercising your voting rights” on pages 4 and 5.)
- * Shareholders who attend the meeting are asked to wear a mask and take other precautions concerning COVID-19.
If you attend the meeting in person, please submit the Voting Rights Exercise Form that is enclosed with this shareholders meeting notice at the reception desk.
- * At the entrance to the shareholders meeting, we will check the temperature of people who want to attend with thermography. Individuals who have an elevated temperature or are not feeling well will not be allowed to enter the meeting room and asked to leave.
- * Shareholders who refuse to wear a mask or cooperate in other ways for the safety of others attending the shareholders meeting will not be allowed to enter the meeting room and asked to leave.
- * All Universal Entertainment personnel involved in the operation of the shareholders meeting will go to this meeting only after their health, including body temperature, has been checked and masks are in place.
- * Universal Entertainment may be forced to change the starting time and/or the location of the shareholder meeting depending on the severity of the pandemic at that time. In addition, safety measures may be revised in response to the severity of the pandemic, government announcements and directives, and other items prior to the meeting. Shareholders who plan to attend the meeting are asked to confirm in advance information concerning the meeting on the Universal Entertainment website (<https://www.universal-777.com>).
- * If there are revisions to the electronically distributed information, notification of the revisions and the information before and after revisions will be posted on the three websites listed at the beginning of this shareholders meeting notice.
- * In accordance with laws and regulations and Article 25 of the Articles of Incorporation, the following two items, which are part of the information distributed electronically, are not included in the paper documents provided to shareholders who ask to receive electronically distributed information as paper documents.
 - 1) Notes to the Consolidated Financial Statements
 - 2) Notes to the Non-consolidated Financial Statements

Consequently, shareholders who ask to receive paper documents will receive only part of the documents that are subject to examinations for the preparation of audit reports by the Independent Auditor and Audit & Supervisory Board Members for the consolidated and non-consolidated financial statements.



Exercising your voting rights

The right to vote at the General Meeting of Shareholders is an important right of all shareholders.

Please exercise your voting rights after reviewing the Reference Documents for the Annual Shareholders Meeting shown below.

There are three ways to exercise your voting rights.



For those who want to attend the meeting

Please present the Voting Rights Exercise Form that is enclosed with this shareholders meeting notice at the reception desk on arrival at the meeting.

Time and Date

Thursday, March 30, 2023
10:00 a.m. (The reception desk will open at **9:00 a.m.**)



For those who want to submit your votes in writing (by post)

Please vote on the proposals in the Voting Rights Exercise Form that is enclosed with this shareholders meeting notice, and return it.

Deadline

Wednesday, March 29, 2023
6:00 p.m. (JST)



For those who want to submit your votes by using the internet

Indicate your approval or disapproval of the resolutions by following the instructions below.

Deadline

Wednesday, March 29, 2023
6:00 p.m. (JST)

How to Fill Out Your Voting Rights Exercise Form

Please indicate your for or against of each resolution here.

Resolution

- If you approve of all of the candidates, put a circle in the box marked 賛 [For].
- If you disapprove of all of the candidates, put a circle in the box marked 否 [Against].
- If you disapprove of some of the candidates, put a circle in the box marked 賛 [For], and indicate the numbers for the candidates that you disapprove of.

If you vote both in writing (by post) and via the internet, only the internet voting will be valid. Further, if you vote more than once via the internet, only your last vote will be valid. Votes left blank for one or more agenda items will be counted as “for” votes.

Exercising Your Voting Rights via the Internet

“Smart Vote” method (By scanning the QR code)

You can simply access the shareholder voting website without entering your voting code and password.

- 1 Please scan the QR code located on the bottom right of the voting rights exercise form.



*QR code is a trademark of DENSO WAVE INCORPORATED.

- 2 Please input “For” or “Against” following the instructions displayed on the screen.



You can exercise your voting rights only once via “Smart Vote.”

If you need to make a correction to the content of your vote after you have exercised your voting rights, please log in by entering your voting code and password for the PC site to make the correction.

* If you scan the QR code again, you can go to the PC site.

“Voting Code/Password Input” method

Shareholder voting website <https://www.web54.net>

- 1 Please access the shareholder voting website.



Click “Next”

- 2 Please enter the “Voting Code” given on the voting rights exercise form.



Enter the
“Voting Code”

Click “Login”

- 3 Please enter the “Password” given on the voting rights exercise form.



Enter the
“Initial Password”

Set a new password
that you will actually
use.

Click “Registration”

- 4 Next, indicate your approval or disapproval of the resolutions by following the instructions on the screen.

If you have questions about using a PC, smartphone or other phone for submitting your vote via the internet, please use the contact the number on the right:

Sumitomo Mitsui Trust Bank, Limited, Securities Agent
Web Support Hotline
0120-652-031 (Toll Free)
(9:00 to 21:00)

Reference Documents for the Annual Shareholders Meeting

Proposal No. 1: Election of Six Directors

The terms of office of all six Directors will expire at the conclusion of this Annual Shareholders Meeting. Shareholders are asked to approve the election of the following six Director candidates.

The candidates for Director are as follows:

No.	Name (Date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of the Company shares held
1	Jun Fujimoto (Mar. 29, 1958)	<p>Oct. 1985 Established Seta Corp. as Representative Director and President</p> <p>Jun. 2001 Managing Director of the Company</p> <p>Jun. 2004 Director, Vice President and General Manager of R&D Division of the Company</p> <p>Jun. 2006 Representative Director, President and General Manager of R&D Division of the Company</p> <p>Jun. 2009 Representative Executive Officer of the Company</p> <p>Jun. 2010 Representative Director and Vice Chairman of the Company</p> <p>Jun. 2011 Representative Director and President of the Company</p> <p>Jun. 2017 Representative Director and President, CEO and CIO of the Company (current)</p> <p>Positions and responsibilities at the Company Representative Director and President, CEO and CIO, in charge of Domestic Business</p> <p>Significant concurrent positions Director, Nihon Shogi Network Co., Ltd.</p>	658,000

No.	Name (Date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of the Company shares held
2	Hajime Tokuda (Aug. 3, 1958)	<p>Apr. 1981 Joined The Sumitomo Bank, Limited</p> <p>Jan. 2007 Executive Officer and General Manager of Management Planning Office of the Company</p> <p>Jun. 2007 Director of the Company</p> <p>Jun. 2008 Representative Executive Officer and President of the Company</p> <p>Jun. 2010 Director and President of the Company</p> <p>Jun. 2011 Senior Advisor of the Company</p> <p>Jun. 2012 Director of the Company</p> <p>Jan. 2014 Representative Director and President of Ariake Densan Center Co., Ltd. (currently Pit Earth Co., Ltd.)</p> <p>Jun. 2014 Director of the Company</p> <p>Dec. 2014 Director of Ariake Densan Center Co., Ltd. (currently Pit Earth Co., Ltd.) (current)</p> <p>May 2017 Director, Deputy General Manager of Administrative Division of the Company</p> <p>Jun. 2017 Director and COO of the Company</p> <p>May 2018 Director of TIGER RESORT, LEISURE AND ENTERTAINMENT, INC. (current)</p> <p>Mar. 2020 Director of the Company (current)</p> <p>Positions and responsibilities at the Company</p> <p>Director, in charge of Corporate Planning, Foreign Business</p> <p>Significant concurrent positions</p> <p>Director, TIGER RESORT, LEISURE AND ENTERTAINMENT, INC.</p>	137,000
3	Takako Okada (Sep. 11, 1973)	<p>May 2000 Representative partner of Spring Coat GK (currently Okada Holdings GK)</p> <p>Jun. 2015 Director of the Company (current)</p> <p>Jun. 2017 Director of Tiger Resort Asia Limited (current)</p> <p>May 2018 Director of TIGER RESORT, LEISURE AND ENTERTAINMENT, INC. (current)</p> <p>Positions and responsibilities at the Company</p> <p>Director, in charge of Okada Museum, Foreign Business</p> <p>Significant concurrent positions</p> <p>Director, TIGER RESORT, LEISURE AND ENTERTAINMENT, INC.</p> <p>Director, Tiger Resort Asia Limited</p>	-

No.	Name (Date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of the Company shares held
4	Kenshi Asano (Aug. 18, 1963)	<p>Oct. 1990 Registered as an accounting assistant</p> <p>Oct. 1990 Joined Aoyama Audit Corporation/ Pricewaterhouse (currently PricewaterhouseCoopers Aarata LLC)</p> <p>Mar. 1997 Registered as a certified public accountant</p> <p>Jun. 2004 Executive Officer and CFO of cyber communications inc.</p> <p>Aug. 2007 CFO, Executive Officer and General Manager of Administration Division of SGI Japan, Ltd.</p> <p>Mar. 2009 Director and CFO of Gaba Co., Ltd.</p> <p>Jul. 2010 Executive Officer and General Manager of Administrative Division of the Company</p> <p>Jun. 2011 Director and General Manager of Administrative Division of the Company</p> <p>Jul. 2015 Asano Certified Public Accountant Office</p> <p>Jun. 2017 Director and CFO of the Company (current)</p> <p>Jun. 2017 Director of Tiger Resort Asia Limited (current)</p> <p>Sep. 2017 Director of Brontia Limited (current)</p> <p>Oct. 2017 Company Auditor of MIZUHO Co.,Ltd.</p> <p>Sep. 2018 Director of TIGER RESORT, LEISURE AND ENTERTAINMENT, INC. (current)</p> <p>Positions and responsibilities at the Company</p> <p>Director and CFO, in charge of Administrative Dept, Foreign Business</p> <p>Significant concurrent positions</p> <p>Director, TIGER RESORT, LEISURE AND ENTERTAINMENT, INC.</p> <p>Director, Tiger Resort Asia Limited</p> <p>Director, Brontia Limited</p>	50,000

No.	Name (Date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of the Company shares held
5	Masayoshi Miyanaga (Jun. 3, 1958)	<p>Apr. 1981 Joined The Nippon Credit Bank, Ltd. (currently Aozora Bank, Ltd.)</p> <p>Feb. 1990 Seconded to Nippon Credit Bank Investment Advisors Co., Ltd.</p> <p>Oct. 1991 Seconded to Nippon Credit Gartmore Ltd. (UK)</p> <p>Apr. 1995 Manager of Asset Management Division, Schroders Investment Management Japan Limited (currently Schroder Investment Management (Japan) Limited)</p> <p>Apr. 2000 Director of Schroders Investment Management (Japan) Limited</p> <p>Jan. 2001 CIO in charge of Stock Investment of Prudential Asset Management Japan Co., Ltd. (currently PGIM Japan Co., Ltd.)</p> <p>Nov. 2003 Co-representative Partner of IRB, Inc. (currently FALCON Research & Consulting Ltd.)</p> <p>Nov. 2011 Representative Director of IRB, Inc. (currently FALCON Research & Consulting Ltd.)</p> <p>Apr. 2017 Professor of Graduate School of Innovation Studies (currently Graduate School of Management), Tokyo University of Science (current)</p> <p>Jun. 2017 Outside Director of the Company (current)</p> <p>Positions and responsibilities at the Company</p> <p>Director</p> <p>Significant concurrent positions</p> <p>Professor, Graduate School of Management, Tokyo University of Science</p>	-
6	*Hiroshi Miyauchi (Sep. 22, 1960)	<p>Apr. 1985 Joined NEC Corporation</p> <p>Dec. 2008 Registered as an attorney at law</p> <p>Dec. 2008 Joined Hikari Sogoh Law Offices</p> <p>May 2011 Established Hiroshi Miyauchi Law Office (current Miyauchi & Mizumachi IT Law Offices)</p> <p>Representative Attorney (current)</p> <p>Jul. 2015 Outside Audit & Supervisory Board Member of VALUENEX Japan Inc. (current)</p> <p>Apr. 2017 Part-time teacher at University of Nagasaki</p> <p>Apr. 2018 Part-time teacher at Hosei University (current)</p> <p>Significant concurrent positions</p> <p>Representative Attorney, Miyauchi & Mizumachi IT Law Offices</p>	-

Notes: 1. Name with an asterisk (*) indicates a new candidate for Director.

2. No material conflict of interest exists between the Company and any of these candidates for Directors.

3. Mr. Masayoshi Miyanaga and Mr. Hiroshi Miyauchi are candidates for Outside Directors.

4. Matters related to candidates for Outside Director are as follows.

- (1) The Company proposes the election of Mr. Masayoshi Miyanaga as Outside Director in order to utilize his wealth of experience and extensive knowledge as a management consultant and manager. If he is elected, the Company expects him to further strengthen management oversight function of the Board of Directors by utilizing his expertise.
- (2) Mr. Hiroshi Miyauchi has no corporate management experience other than a position as an outside executive. Shareholders are asked to approve his election as an Outside Director because he can use his many years of experience and professional knowledge as an attorney and IT expert for the management of the Company. If he is elected, the Company expects him to further strengthen

management oversight function of the Board of Directors by utilizing his expertise.

- (3) Mr. Masayoshi Miyanaaga has been an Outside Director of the Company since June 2017 and, accordingly, his term of office will be five years and nine months at the conclusion of this Annual Shareholders Meeting.
 - (4) The Company has entered into a liability limitation agreement with Mr. Masayoshi Miyanaaga. The maximum amount of the liability based on this agreement is the higher amount of either 1 million yen or the minimum liability amount provided in Article 425, Paragraph 1 of the Companies Act. However, this limitation of liabilities is applicable only when the Outside Directors conduct, in good faith and without gross negligence, their duties that have caused the liabilities. If Mr. Masayoshi Miyanaaga is reelected, the Company will continue a liability limitation agreement with him. If Mr. Hiroshi Miyauchi, who is a candidate to become a new Director, is elected by shareholders, the Company will enter into a liability limitation agreement with the same content stated above with him.
 - (5) The Company has registered Mr. Masayoshi Miyanaaga as Independent Director as provided for the rules of the Tokyo Stock Exchange. If he is reelected, he will remain an Independent Director. In addition, if Mr. Hiroshi Miyauchi, who is a candidate to become a new Director, is elected by shareholders, the Company plans to designate him an Independent Director.
 - (6) There is no applicable information regarding any occurrence of improper business execution or measures taken to prevent such occurrence or upon the occurrence by the above candidates over the past five years during their terms of office as an officer in other entities.
5. The Company signed liability compensation contracts with current Directors that provides for compensation by the Company for expenses prescribed in Article 430-2-1-1 of the Companies Act and losses in Article 430-2-1-2 within the limits prescribed by laws and regulations. An overview of liability compensation contracts is in “2. Summary of the Company, (3) Status of the Board Members, iii. Overview of Liability Compensation Contracts” of the Business Report. If the Director candidates are approved by shareholders, the Company will renew these liability compensation contract with them. If the election of Mr. Hiroshi Miyauchi, a candidate to become a new Director, is approved, the Company plans to enter into a liability compensation contract with him.
 6. The Company has liability insurance agreements for executives with an insurance company as prescribed in Article 430-3-1 of the Companies Act that provides coverage for Directors, Audit and Supervisory Board Members, and Executive Officers. When the insurance coverage period ends, the Company plans to renew these liability policies. If the reelection of the Director candidates is approved, they will continue to be covered by these liability insurance policies as Directors. An overview of liability insurance agreements for executives is in “2. Summary of the Company, (3) Status of the Board Members, iv. Overview of Liability Insurance Agreements for Executives” of the Business Report.

Proposal No. 2: Election of One Audit & Supervisory Board Member

The terms of office of Audit & Supervisory Board Member Yutaka Yazawa will end at the conclusion of this shareholders meeting.

As a result, shareholders are asked to approve the election of one Audit & Supervisory Board Member. This proposal has received the consent of the Audit & Supervisory Board.

The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Brief career history, positions, responsibilities and significant concurrent positions		Number of the Company shares held
Yutaka Yazawa (Feb. 14, 1970)	Sep. 1994	Joined Chambers of David Steel QC	-
	Aug. 2000	Joined Lehman Brothers Japan Inc.	
	Jul. 2002	Joined TMI Associates	
	Aug. 2003	Joined Maples & Calder	
	Mar. 2007	Joined AllianceBernstein Japan Ltd.	
	Dec. 2008	Established Foundation Advisers Limited as Representative Director	
	Mar. 2012	Joined Clifford Chance Representative Director of AIMA (Alternative Investment Management Association) Japan	
	Jun. 2014	Acting Legal Director of Invesco Asset Management (Japan) Limited	
	Aug. 2015	Advisor of OPTIMUS Group Company Limited (current)	
	Apr. 2021	Advisor of Riamwind Co., Ltd. (current)	
	Sep. 2021	Director of Non-Profit Organization Unleash Potential (current)	
	Dec. 2021	Director of CISV Japan (current)	
	Mar. 2022	Outside Audit & Supervisory Board Member of the Company (current)	
	Positions at the Company		
	Full-time Audit & Supervisory Board Member		

Notes: 1. No material conflict of interest exists between the Company and this candidate for Audit & Supervisory Board Member.

2. Mr. Yutaka Yazawa is a candidate for Outside Audit & Supervisory Board Member.

3. Matters related to this candidate for Outside Audit & Supervisory Board Member are as follows.

- (1) The Company asks shareholders to reelect Mr. Yutaka Yazawa as an Outside Audit & Supervisory Board Member because he has a wealth of experience and expertise as a Barrister-at-Law (UK) to further strengthen management oversight function of the Audit & Supervisory Board. If he is reelected, he is expected to contribute to further strengthening management oversight function of the Company by drawing on his professional insight. Mr. Makoto Suzuki has been in office as Outside Audit & Supervisory Board Member of the Company since March 2022 and, accordingly, their terms of office will be one year at the conclusion of this Annual Shareholders Meeting.
- (2) The Company has entered into a liability limitation agreement with Mr. Yutaka Yazawa. The maximum amount of the liability based on this agreement is the higher of either 1 million yen or the minimum liability amount provided in Article 425, Paragraph 1 of the Companies Act. However, this liability limitation is applicable only when the Audit & Supervisory Board Members conduct, in good faith and without gross negligence, the duties that caused the liabilities. If Mr. Yazawa is reelected, the Company will continue the liability limitation agreement with him.
- (3) The Company has registered Mr. Yutaka Yazawa as Independent Director as provided for the rules of the Tokyo Stock Exchange. If Mr. Yazawa is reelected, the Company plans to continue to designate him an Independent Director.

4. The Company has liability compensation contracts with current Audit & Supervisory Board Members that

provides for compensation by the Company for expenses prescribed in Article 430-2-1-1 of the Companies Act and losses in Article 430-2-1-2 within the limits prescribed by laws and regulations. The overview of liability compensation contracts is in “2. Summary of the Company, (3) Status of the Board Members, iii. Overview of Liability Compensation Contracts” of the Business Report. If the reappointment of Mr. Yutaka Yazawa is approved, the Company will continue such liability compensation contract with him.

5. The Company has signed liability insurance agreements for executives with an insurance company as prescribed in Article 430-3-1 of the Companies Act that provides coverage for Directors, Audit and Supervisory Board Members, and Executive Officers. When the insurance coverage period ends, the Company plans to renew these liability policies. If the reappointment of Mr. Yutaka Yazawa is approved, he will continue to be covered by such liability insurance agreement as an Audit & Supervisory Board Member. The overview of liability insurance agreements for executives is in “2. Summary of the Company, (3) Status of the Board Members, iv. Overview of Liability Insurance Agreements for Executives” of the Business Report.

(Reference)

Directors and Audit & Supervisory Board Members upon approval of Proposal No. 1 and No. 2 and the Board Skill Matrix

Name	Positions and responsibilities at the Company		Experience and expertise									
			Management	Amusement Equipments Business	Integrated Resort Business	Governance	Legal compliance	Accounting and finance	Human resources	IT Technology R&D	Internationality	Sustainability
Jun Fujimoto	Representative Director and President, CEO and CIO	Domestic Business	•	•	•	•	•	•		•		•
Hajime Tokuda	Director	Corporate Planning, Foreign Business	•		•	•		•			•	•
Takako Okada	Director	Okada Museum, Foreign Business	•						•		•	•
Kenshi Asano	Director and CFO	Administrative Dept, Foreign Business	•		•	•	•	•	•			•
Masayoshi Miyanaga	Director (Outside/Independent)		•			•	•	•			•	•
Hiroshi Miyauchi	Director (Outside/Independent)		•			•	•	•		•		•
Yutaka Yazawa	Full-time Audit & Supervisory Board Member (Outside/Independent)		•			•	•				•	•
Makoto Suzuki	Audit & Supervisory Board Member (Outside/Independent)		•			•		•				
Akiyoshi Kaneko	Audit & Supervisory Board Member (Outside/Independent)						•	•		•		

Notes: 1. The skills listed in the above table do not show all of the skills and expertise possessed by each Director and Audit & Supervisory Board Member.
2. The appointment of full-time Audit & Supervisory Board Members will be determined at the meeting of the Audit & Supervisory Board held after the conclusion of this Annual Shareholders Meeting.

Business Report

(January 1, 2022 to December 31, 2022)

1. Current Status of the Corporate Group

(1) Results of Operations for the Fiscal Year Under Review (FY2022)

i. Progress and achievements

In 2022, economic activity in Japan began to return to normal because of vaccinations and many other measures to combat the pandemic. However, the number of infections is still going up and down. Furthermore, there are concerns about the impact on the economies of Japan and other countries of the prolonged Ukraine crisis, rising prices of materials and resources, the yen's rapid depreciation, and other events. As a result, the outlook for the economy remains uncertain.

In the Amusement Equipments Business, the market has completely shifted to titles conforming to the new regulations because the deadline for the removal of machines based on the previous regulations, which were the core of pachinko hall operations, was the end of January 2022. In the Pachislot category, invigoration of this market increased because pachinko halls have started to install the new 6.5 standard titles and smart Pachislot machines. Overall, 2022 sales of Pachislot and Pachinko machines totaled 150,048 units. In the Integrated Resort Business, sales were 103.7% higher than in 2021 as operations have remained in response to the Philippine Government's regulations and mitigation of COVID-19 countermeasures. The mass market segment was a major reason for sales growth. In 2021, depreciation and other fixed expenses at OKADA MANILA were recorded as an extraordinary loss during the time this integrated resort was closed because of the pandemic. In 2022, selling, general and administrative expenses in this business increased. One reason is that smaller amount of fixed expenses than in 2021 was reclassified as an extraordinary loss because of the short time that operations were restricted by the pandemic in 2022. Furthermore, there was an increase in selling, general and administrative expenses (litigation and other expenses) associated with the illegal occupation by Mr. Kazuo Okada and a group acting under his instructions.

As a result, sales in 2022 totaled 140,998 million yen, up 55.9% from 2021, and operating profit was 12,085 million yen, up 516.7%. Non-operating income increased because of foreign exchange gains resulting from the yen's decline and the U.S. dollar's strength, a gain on the cancellation of rental contracts associated with changes in lease contracts, and a gain on differences in lease assets and liabilities (gain on cancellation of lease contracts). Non-operating expenses include the share of loss of entities accounted for using the equity method and higher interest expenses for U.S. dollar-denominated bonds because of the yen's decline vs. the dollar. As a result, ordinary profit was 13,933 million yen compared with a 2,508 million yen loss in 2021. After extraordinary gains and losses that include losses on retirement of non-current assets and losses associated with an illegal occupation, and due to the posting of deferred tax assets, net income attributable to owners of parent was 11,506 million yen compared with a net loss of 19,052 million yen in 2021.

Business segment performance was as follows.

Amusement Equipments Business

In 2022, the Amusement Equipments Business posted net sales of 68,268 million yen (an increase of 26.0% year on year) and an operating profit of 19,818 million yen (an increase of 48.9% year on year).

A major change took place in 2022 as this market shifted to new types of machines because the use of Pachislot and Pachinko machines that comply with the previous regulations, which were the core of pachinko hall operations, ended at the end of January 2022. In the Pachislot market, there are high expectations concerning the debut of major new titles that can attract many people to pachinko halls. The use of 6.5 standard titles with new game playing characteristics started in June 2022 and smart Pachislot machines debuted in November. The utilization rates of these two new types of machines have met the expectations of pachinko hall operators. Due to the success of the new titles, purchases of new titles by pachinko halls are shifting from mainly Pachinko machines to primarily Pachislot machines.

In 2022, Universal Entertainment started selling "PACHI SLOT Shin Onimusha 2" and "PACHISLOT BIOHAZARD RE:2," the titles using an alliance with CAPCOM CO., LTD., "HANABI ZEKKEI," the latest title in the Donchan

Sankyodai series, and “OKIDOKI! GOLD,” the latest title in the OKIDOKI! series. Universal Entertainment captured the top share of the Pachislot market in 2022 based on the number of units sold.

Integrated Resort Business

The Integrated Resort Business posted net sales⁽¹⁾ of 71,771 million yen (an increase of 103.7% year on year) and an operating profit of 3,780 million yen (compared with an operating loss of 1,865 million yen in 2021) in 2022. Adjusted segment EBITDA⁽²⁾ in the Integrated Resort Business was 19,350 million yen in 2022 (an increase of 263.1% year on year).

At OKADA MANILA, an integrated resort owned and operated by the Universal Entertainment Group, operations have remained in compliance with the Philippine Government’s regulations and mitigation of COVID-19 countermeasures. In Metro Manila, the first quarter of 2022 got off to a tough start, with regulations being strengthened to alert level 3 due to an increase in the number of COVID-19 cases. However, the alert level has been 1 since the second quarter, which eliminated restrictions on the seating capacity of the casino, restaurants and other facilities. This allowed OKADA MANILA to return to a level of operations almost the same as in 2019, which was before the pandemic started. In the second quarter, OKADA MANILA started offering online gaming to all of its registered patrons located in the Philippines. Another highlight of 2022 was the restart of The Fountain, which is one of the world’s largest multicolor dancing water shows and an icon of this resort. There was also progress with attracting restaurants and retailing stores that are popular in the Philippines, which greatly enhanced the appeal of OKADA MANILA. In addition, new initiatives such as holding large-scale events using the Crystal Corridor were also implemented. All of these activities resulted in the growth of the number of visitors as well as the financial performance of this resort.

As a result, the Integrated Resort Business achieved record-high adjusted segment EBITDA in December 2022 and adjusted segment EBITDA for the full year of 2022 was higher than before the pandemic started. In addition, not only workforce reductions during the pandemic and constant cost-cutting measures, but also the strong mass market have contributed to our business performance.

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

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

Others

Other Business posted net sales of 785 million yen (a decrease of 8.0% year on year) and an operating profit of 30 million yen (compared with an operating loss of 153 million yen in 2021) in 2022.

The Media Content Business started distributing to the App Store and Google Play the simulator apps of “VERSUS REXSE,” “THUNDER V REBOLT,” “OKIDOKI! DUO,” “HANABI TSU,” “SLOT MAPPY” and “HANABI ZEKKEI.” All apps were big hits, achieving first-place rankings in the number of sale downloads of apps in the game and casino category. “Universal Kingdom,” a membership website with a monthly fee, added three Android titles, raising the total to 43, and added 10 iOS titles, raising the total to 18. The “Slots Street” social casino game, where basic play is available at no charge, added four video slot games with designs based on Pachislot machines. This raised the lineup of games to 54. In addition, DMM GAMES has started the distribution of “Slots Street” games in PC versions, which is a step aimed at using a multi-platform lineup to attract more customers. Both “Universal Kingdom” and “Slots Street” plan to continue adding titles in order to attract new users and raise the satisfaction of all users. For the distribution of music, 12 titles were provided by using 24 websites, including Apple Music, Spotify and YouTube Music.

Sales Composition of the Group

(Millions of yen)

Business Segment	2021	2022	Change	% Change
Amusement Equipments Business	54,186	68,268	14,081	26.0%
Integrated Resort Business	35,234	71,771	36,536	103.7%
Others	854	785	(68)	(8.0)%
Total	90,276	140,825	50,549	56.0%

Note: In the above sales composition of the Group, transactions between reportable segments are eliminated by offsets.

ii. Capital expenditures

In the current consolidated fiscal year, the Company invested 2,100 million yen for construction works, etc., of the casino resort project in the Philippines.

iii. Financing activities

There is no applicable information.

iv. Transfer, absorption-type split, or incorporation-type split of businesses

There is no applicable information.

v. Acquisition of businesses transferred from other companies

There is no applicable information.

vi. Assumption of rights and obligations of other companies' businesses as a result of absorption-type merger or absorption-type split

There is no applicable information.

vii. Acquisition or disposal of shares and other ownership interests, or share acquisition rights held by other companies

There is no applicable information.

(2) Assets and Operating Results for the Past Three Fiscal Years

(Millions of yen)

Category	2019	2020	2021	2022
Net sales	124,944	90,871	90,435	140,998
Ordinary profit (loss)	(7,941)	(9,249)	(2,508)	13,933
Profit (loss) attributable to owners of parent	(5,191)	(19,218)	(19,052)	11,506
Net income (loss) per share (Yen)	(66.18)	(247.60)	(245.88)	148.50
Total assets	573,238	568,502	572,381	596,177
Net assets	371,834	357,577	338,919	349,315

Note: 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 2022. All figures for 2022 incorporate this accounting standard.

(3) Parent and Significant Subsidiaries

i. Status of parent

Name	Share capital	Shareholding ratio of the Company	Main business
Okada Holdings Limited	9,362,968 thousand HK\$	70.2%	Investments in securities, etc.

Note: The Company holds 2,711,046 treasury shares. The shareholding ratio is calculated excluding these shares.

ii. Transactions with parent company

The Company pays dividends to the parent company. With the oversight of the Company's Board of Directors, final decisions about dividends are made independently of the parent company and the Company believes that these dividend payments have no negative effect on earnings.

The Company's Outside Directors agree with the stance that there is no negative effect on earnings.

iii. Significant subsidiaries

Name	Share capital	Shareholding ratio of the Company	Main business
Macy Co., Ltd.	20 million yen	100.0%	Manufacture of amusement machines
Eleco Ltd.	10 million yen	100.0%	Manufacture of amusement machines
Mizuho Corp.	10 million yen	100.0%	Manufacture of amusement machines
Across Corp.	5 million yen	100.0%	Manufacture of amusement machines
Universal Bros. Corp.	5 million yen	100.0%	Manufacture of amusement machines
TIGER RESORT, LEISURE AND ENTERTAINMENT, INC.	8,699,745 thousand PHP	99.9%	Casino resort business
Tiger Resort Asia Limited	14,638,663 thousand HK\$	100.0%	Promotion of overseas business
Brontia Limited	1,280,191 thousand HK\$	100.0%	Investment in land holding company
Aruze USA, Inc.	10 US\$	100.0%	Investment management business, licensing management of casino equipment
ARUZE Investment Co., Ltd.	4,000 thousand Riels	49.0%	Travel related business

Notes: 1. The shareholding ratio in ARUZE Investment Co.,Ltd. is the investment ratio by Aruze USA, Inc., a subsidiary of the Company.
2. The shareholding ratios in TIGER RESORT, LEISURE AND ENTERTAINMENT, INC. and Brontia Limited are the investment ratio by Tiger Resort Asia Limited, a subsidiary of the Company.

(4) Issues to Be Addressed

i. Amusement Equipments Business

The business climate for this business continues to be challenging because of the declining number of customers and operating rates at Pachinko halls due to the pandemic. Market conditions have been improving because of the strong performance of machines complying with the new 6.5 standard and of smart Pachislot machines. However, the number of people who use Pachislot and Pachinko machines is decreasing because of the pandemic and increasing diversity of leisure activities. The Company will continue to supply amusement machines that make a big contribution to the operations of Pachinko halls by developing unique and appealing titles and leveraging its manufacturing capabilities. The goal is a larger share of the Pachislot and Pachinko market by utilizing the Company's competitive advantages while invigorating the market by supplying machines that can make a significant contribution to Pachinko hall operations.

ii. Patent Strategy

The Group has long been aware of the importance of creating and protecting intellectual property, and has worked towards the establishment of a system that enables it to acquire patent rights for superior inventions through standardization of patent applications. Also, the Group has been working to improve the quality of its patent applications and improve the ratio of patent registrations to submitted applications, by establishing a structure whereby individual inventions are categorized into different technical fields and applications for patents are filed for a group of inventions in each technical field. The technologies which the Company has acquired or applied for patents are considerably more effective and commercially viable than those of its competitors. The Company intends to fully apply these technologies in the development of its products to improve the value of said products, thereby differentiating them from the competition in terms of technology. The Company believes this will enable it to achieve a competitive advantage. Also, in order to secure license income from its patents, the Company will move forward vigorously with strategies for both patent utilization and the protection of its patent rights when said rights are violated.

iii. Integrated Resort Business

OKADA MANILA, a casino and resort operated by the Group, was created to meet the expectations of all customers, whether from the Philippines or other countries. This resort has a luxurious hotel, fine dining with cuisine of many countries, high-end shopping, The Fountain (a multi-color fountain that is the largest of its type in the world), Cove Manila, an all-weather dome that has Southeast Asia's largest beach club. Everyone at this resort is dedicated to providing guests with exceptional hospitality and experiences of the highest quality. To attract an even larger number of casino and hotel guests, OKADA MANILA plans to expand the gaming area for serving different customer segments and open more stores and restaurants.

(5) Main Business (As of December 31, 2022)

	Main products / Business
Amusement Equipments Business	Research, development, manufacture and sales of Pachislot/Pachinko machines and peripheral equipments
Integrated Resort Business	Casino, hotel, food and beverage, retail and leasing, entertainment and real estate development business
Others	Media Content Business

(6) Principal Business Place and Factories (As of December 31, 2022)

i. Universal Entertainment

- Head Office (Koto-ku, Tokyo)

- Business Place

Name	Locatoion	Name	Loccation
Hokkaido Sales Office	Sapporo-shi, Hokkaido	Nagoya Sales Office	Nagoya-shi, Aichi
Morioka Sales Office	Morioka-shi, Iwate	Kanazawa Sales Office	Kanazawa-shi, Ishikawa
Sendai Sales Office	Sendai-shi, Miyagi	Osaka Sales Office	Osaka-shi, Osaka
Kitakanto Sales Office	Utsunomiya-shi, Tochigi	Kobe Sales Office	Kobe-shi, Hyogo
Niigata Sales Office	Niigata-shi, Niigata	Okayama Sales Office	Okayama-shi, Okayama
Saitama Sales Office	Saitama-shi, Saitama	Hiroshima Sales Office	Hiroshima-shi, Hiroshima
Tokyo Sales Office	Koto-ku, Tokyo	Shikoku Sales Office	Matsuyama-shi, Ehime
Yokohama Sales Office	Yokohama-shi, Kanagawa	Kyushu Sales Office	Fukuoka-shi, Fukuoka
Shizuoka Sales Office	Shizuoka-shi, Shizuoka	Minami-kyushu Sales Office	Kagoshima-shi, Kagoshima

- Factories

Name	Locatoion	Name	Loccation
Yotsukaido Factory	Yotsukaido-shi, Chiba	Oyama Factory	Oyama-shi, Tochigi

ii. Subsidiaries and affiliates

(Japan)

Name	Location
Macy Co., Ltd.	Head Office (Koto-ku, Tokyo) Factory (Yotsukaido, Chiba)
Eleco Ltd.	Head Office (Koto-ku, Tokyo) Factory (Yotsukaido, Chiba)
Mizuho Corp.	Head Office (Koto-ku, Tokyo) Factory (Yotsukaido, Chiba)
Across Corp.	Head Office (Koto-ku, Tokyo) Factory (Oyama, Tochigi)
Universal Bros. Corp.	Head Office (Koto-ku, Tokyo) Factory (Oyama, Tochigi)

(Overseas)

Name	Location
TIGER RESORT, LEISURE AND ENTERTAINMENT, INC.	Philippines
Tiger Resort Asia Limited	HongKong, China
Brontia Limited	HongKong, China
Aruze USA, Inc.	USA
ARUZE Investment Co.,Ltd.	Cambodia

(7) Status of Employees (as of December 31, 2022)

i. Status of employees of the Group

Business Segment	Number of employees	Year-on-year change
Amusement Equipments Business	789	Decrease of 3
Integrated Resort Business	5,690	Increase of 294
Others	32	Decrease of 5
Corporate (common)	178	Decrease of 5
Total	6,689	Increase of 281

Note: Number of employees does not include directors/audit & supervisory board members, contract employees, temporary employees and part-time workers.

ii. Status of employees of the Company

Number of employees	Year-on-year change	Average age	Average number of years employed
976	Decrease of 14	43years and 1 month	11 years and 8 months

Note: Number of employees does not include directors/audit & supervisory board members, contract employees, temporary employees and part-time workers.

(8) Status of Principal Lenders (as of December 31, 2022)

Lender	Amount (Millions of yen)
Asia United Bank Corporation	11,479

(9) Other Significant Matters Concerning the Corporate Group

Liability of Mr. Kazuo Okada

In response to the results of the investigation performed by the Special Investigation Committee, which were announced on August 30, 2017, the Universal Entertainment Group decided to take legal action against Mr. Kazuo Okada concerning his civil and criminal responsibilities concerning the matters under investigation.

The purpose of the civil proceedings by Universal Entertainment and a subsidiary was to recover losses allegedly incurred by the Universal Entertainment Group due to fraudulent activity by Mr. Okada. Lawsuits demanding a payment by Mr. Okada to cover these losses were filed in Japan and other countries. In Japan, the court ruled that Mr. Okada had to make this payment because he had violated his duty of care obligation as a Universal Entertainment director and this verdict has been confirmed. Civil proceedings are pending in Hong Kong and South Korea.

Regarding alleged criminal activity, the Universal Entertainment Group has filed criminal accusations and complaints with the authorities in Hong Kong, South Korea and the Philippines.

The Universal Entertainment Group will continue to cooperate as necessary with prosecutors and other authorities in other countries and continue to relentlessly take legal actions against Mr. Okada.

Information concerning TRLEI

On April 27, 2022, the Supreme Court of the Philippines issued an order requiring the restoration of Mr. Kazuo Okada to his status prior to his termination as a director, CEO, shareholder and chairman of Tiger Resort, Leisure

and Entertainment, Inc. (TRLEI). The court is currently reviewing this order in response to the submission of an objection by TRLEI.

On May 31, 2022, Mr. Okada forcibly entered OKADA MANILA, which is operated by TRLEI, and took over control of the facility and its operation. On September 2, 2022, TRLEI regained control of OKADA MANILA and its operations.

2. Summary of the Company

(1) Status of Stock (as of December 31, 2022)

- i. Total number of authorized shares 324,820,000 shares
- ii. Total number of issued shares 80,195,000 shares (including 2,711,046 treasury shares)
- iii. Number of shareholders 12,829 (an increase of 969 from the end of 2021)
- iv. Major Shareholders

Name of shareholders	Number of shares held (Thousand shares)	Shareholding ratio (%)
OKADA HOLDINGS LIMITED	54,452	70.27
Hiroko Yokotsuka	2,105	2.71
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	1,780	2.29
BNYM AS AGT/CLTS NON TREATY JASDEC	1,267	1.63
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	1,139	1.47
JPLLC CLIENT ASSETS-SKJ	945	1.22
GOLDMAN, SACHS & CO.REG	754	0.97
Jun Fujimoto	658	0.84
GOLDMAN SACHS INTERNATIONAL	640	0.82
Universal Entertainment Employees' Stock Ownership Plan	501	0.64

Notes: 1. The Company holds 2,711,046 treasury shares, which is excluded from the above table of major shareholders.

2. Shareholding ratio is calculated after deducting 2,711,046 treasury shares.

(2) Matters concerning Share Acquisition Rights

- i. Status of share acquisition rights held by Directors and Audit & Supervisory Board Members of the Company awarded as compensation for performance of their duties as of the end of the current fiscal year

Date of resolution	September 21, 2017	
Number of share acquisition rights (Units)	2,900	
Type and number of stock subject to share acquisition rights	Common stock: 290,000 shares (100 shares per share acquisition right)	
Amount to be paid upon the exercise of share acquisition rights	8,000 yen per unit	
Value of assets to be contributed upon the exercise of the share acquisition rights	446,300 yen per share acquisition right (4,463 yen per share)	
Exercise period	From April 1, 2020 to October 5, 2024	
Conditions for the exercise of share acquisition rights	(Note)	
Status of share acquisition rights held by directors	Directors (excluding Outside Directors)	<ul style="list-style-type: none"> • Number of share acquisition rights: 2,500 • Number of shares to be issued for share acquisition rights: 250,000 • Number of directors who hold share acquisition rights: 4
	Outside Directors	<ul style="list-style-type: none"> • Number of share acquisition rights: 400 • Number of shares to be issued for share acquisition rights: 40,000

		<ul style="list-style-type: none"> Number of directors who hold share acquisition rights: 2
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Notes: 1. Holders of the share acquisition rights shall be able to exercise all or part of the share acquisition rights only in the event that either of the two following conditions is met. In the event that there is a significant change in the concept of ordinary profit, etc. to be referred to due to the adoption of the IFRS or other reasons, any other indicator to be referred to shall be determined by the Board of Directors.

(i) In the event that ordinary profit for the fiscal years ended December 31, 2018 and December 31, 2019 (ordinary profit on the Company's audited consolidated or non-consolidated statements of income, same hereafter) meets all the conditions set forth below.

(a) Ordinary profit for the fiscal year ended December 31, 2018 must exceed 30.0 billion yen.

(b) Ordinary profit for the fiscal year ended December 31, 2019 must exceed 32.0 billion yen.

(ii) In the event that the cumulative amount of ordinary profit for the fiscal years ended December 31, 2018 and December 31, 2019 has exceeded 80.0 billion yen.

2. In addition to 1 above, the holders of the share acquisition rights may exercise the share acquisition rights only after the time when the closing price of the Company's common stock for the regular trading session on the financial instrument exchange has become equal to or more than 130% of the exercise price of the share acquisition rights even once during the period from the date of allotment of the share acquisition rights to the end of the exercise period of the share acquisition rights.

3. At the time of exercising the share acquisition rights, each holder of the share acquisition rights shall have the position of director, Audit & Supervisory Board member or employee of the Company or any of its affiliates. Provided, however, that this clause shall not apply to cases where the Board of Directors finds a justifiable reason for leaving the Company before exercising the share acquisition rights, such as retirement from office due to expiry of tenure and mandatory age-limit retirement.

4. The share acquisition rights may not be exercised by an heir to the holder of the share acquisition rights.

5. If the total number of issued shares would exceed the number of then-authorized shares by the exercise of the share acquisition rights at the time of exercise thereof, or in other cases that would violate laws and regulations, said share acquisition rights cannot be exercised at that time.

6. The partial exercise of a single share acquisition rights is not allowed.

ii. Status of share acquisition rights awarded to employees as compensation for performance of their duties during the current fiscal year

There is no applicable information.

iii. Other concerning share acquisition rights

There is no applicable information.

(3) Status of the Board Members

i. Directors and Audit & Supervisory Board Members (as of December 31, 2022)

Position	Name	Responsibilities and significant concurrent positions
Representative Director and President, CEO and CIO	Jun Fujimoto	Domestic Business Director, Nihon Shogi Network Co., Ltd.
Director	Hajime Tokuda	Corporate Planning, Foreign Business Director, TIGER RESORT, LEISURE AND ENTERTAINMENT, INC.
Director	Takako Okada	Okada Museum, Foreign Business Director, TIGER RESORT, LEISURE AND ENTERTAINMENT, INC. Director, Tiger Resort Asia Limited
Director and CFO	Kenshi Asano	Administrative Dept, Foreign Business Director, TIGER RESORT, LEISURE AND ENTERTAINMENT, INC. Director, Tiger Resort Asia Limited Director, Brontia Limited
Director	Yoshio Otani	Attorney, Momo-o, Matsuo & Namba
Director	Masayoshi Miyanaga	Professor, Graduate School of Management, Tokyo University of Science
Full-time Audit & Supervisory Board Member	Yutaka Yazawa	
Audit & Supervisory Board Member	Makoto Suzuki	President, Suzuki Makoto CPA and Tax Accounting Firm
Audit & Supervisory Board Member	Akiyoshi Kaneko	Representative partner, Gyosei & Co. Representative partner, Audit Digital & Innovation Consortium G.K. Operational Executor, Gyosei & Co. Director, Gyosei Consulting Co., Ltd.

Notes: 1. Mr. Yoshio Otani and Mr. Masayoshi Miyanaga are Outside Directors as defined by Paragraph 15, Article 2 of the Companies Act.
2. Mr. Yutaka Yazawa, Makoto Suzuki and Mr. Akiyoshi Kaneko are Outside Audit & Supervisory Board Members as defined by Paragraph 16, Article 2 of the Companies Act.
3. Mr. Makoto Suzuki is a certified public accountant and tax accountant, and Mr. Akiyoshi Kaneko is also a certified public accountant, and these Audit & Supervisory Board Members have considerable knowledge of finance and accounting.
4. The Company has registered Mr. Yoshio Otani and Mr. Masayoshi Miyanaga as Independent Directors, and Mr. Yutaka Yazawa, Mr. Makoto Suzuki and Mr. Akiyoshi Kaneko as Independent Audit & Supervisory Board Members as provided for the rules of the Tokyo Stock Exchange.
5. Ms. Chihiro Shibahara, an Audit & Supervisory Board Member, resigned from her position at the conclusion of the 49th Annual Shareholders Meeting to be held on March 30, 2022.

ii. Overview of Liability Limitation Agreements

The Articles of Incorporation allow the Company to enter into liability limitation agreements with Directors (excluding executive directors, same hereafter) and Audit & Supervisory Board Members, pursuant to Article 427, Paragraph 1 of the Companies Act. These agreements are limited to the responsibilities in Article 423, Paragraph 1 of the Companies Act and are valid only when Directors and Audit & Supervisory Board Members perform their duties in good faith and without gross negligence. The Company has these agreements with all Outside Directors and all Audit & Supervisory Board Members. Liability is limited to the higher of one million yen or the amount specified by laws and regulations.

iii. Overview of Liability Compensation Contracts

The Company signed liability compensation contracts as prescribed in Article 430-2-1 of the Companies Act with Directors Jun Fujimoto, Hajime Tokuda, Takako Okada, Kenshi Asano, Yoshio Otani, and Masayoshi Miyanaga, as well as with Audit & Supervisory Board Members Yutaka Yazawa, Makoto Suzuki, and Akiyoshi Kaneko, and thereby shall compensate for expenses prescribed in Article 430-2-1-1 of the said Act and losses prescribed in Article 430-2-1-2 of the said Act within the limits prescribed by laws and regulations. In order to ensure that the said contracts do not impair the appropriateness of the execution of duties by Directors and Audit & Supervisory Board Members of the Company, the said contracts stipulate, among others, that the Company shall not be obligated to compensate each of Directors and Audit & Supervisory Board Members for the expenses incurred in the event that the Company makes a claim seeking liability against a Director or an Audit & Supervisory Board Member (excluding cases of shareholder derivative suits), or the expenses incurred in the event that a Director or an Audit & Supervisory Board Member has acted in bad faith or gross negligence in performing their duties.

iv. Overview of Liability Insurance Agreements for Executives

The Company has signed liability insurance agreements for executives with an insurance company as prescribed in Article 430-3-1 of the Companies Act that provide coverage for Directors, Audit & Supervisory Board Members, and Executive Officers, which are renewed annually. The Company plans to renew such agreements under the same terms and conditions at the time of its next renewal. A summary of the liability insurance policy is as follows.

(1) Summary of insured events eligible for coverage

If a Director or other individual covered by this policy is sued for the payment of losses or other damages by a shareholder, investor, employee or other third party due to an act associated with the performance of that individual's job, the insurance policy will pay for losses of the individual resulting from any liability payments and litigation expenses.

(2) Insurance premium

The Company pays the entire cost of these insurance policies.

In order to ensure that the said agreements do not impair the appropriateness of the execution of duties by a Director or other individual covered by this policy, there are exclusions in the insurance policies such as those that eliminate coverage for the following claims for damages.

- Claims for damages arising from illegal acts of the insured to obtain personal gain or advantage
- Claims for damages arising from criminal acts of the insured
- Claims for damages arising from intentional violation of laws and regulations by the insured

v. Remuneration for Directors and Audit & Supervisory Board Members

- Aggregate amount of remuneration for the current fiscal year

	Number of Directors and Audit & Supervisory Board Members	Amount of remuneration, etc. by category			Amount of remuneration
		Fixed remuneration	Performance-based remuneration, etc.	Non-monetary remuneration, etc.	
Directors (o/w, Outside Directors)	6 (2)	888 million yen (42 million yen)	- (-)	- (-)	888 million yen (42 million yen)
Audit & Supervisory Board Members (o/w, Outside Audit & Supervisory Board Members)	4 (3)	36 million yen (30 million yen)	- (-)	- (-)	36 million yen (30 million yen)
Total	10	924 million yen	-	-	924 million yen

- Notes:
1. The above amount of remuneration does not include employee salaries that have been paid to Directors who serve concurrently as employees.
 2. The amount of remuneration to be paid to Directors was approved at the Annual Shareholders Meeting held on June 29, 2017, as no more than 2,000 million yen per year (200 million yen for outside directors). The number of Directors at the conclusion of the said Annual Shareholders Meeting was seven (including three Outside Directors). The amount of remuneration does not include the employee salaries of directors who serve concurrently as employees.
 3. The amount of remuneration to be paid to Audit & Supervisory Board Members was approved at the Extraordinary Shareholders Meeting held on March 26, 1998, as no more than 100 million yen per year. The number of Audit & Supervisory Board Member at the conclusion of the said Annual Shareholders Meeting was one.
 4. The number of Audit & Supervisory Board Members as of December 31, 2022 is three (including three outside Audit & Supervisory Board Members), which is different from the number of Audit & Supervisory Board Members described in the above table because such Audit & Supervisory Board Members include one Outside Audit & Supervisory Board Member who resigned at the conclusion of the 49th Annual Shareholders Meeting held on March 30, 2022.

vi. Policy to determine remuneration, etc. for individual Directors and Audit & Supervisory Board Members

On March 16, 2021, the Company's Board of Directors approved a resolution on policy for determining the details of remuneration, etc. for individual directors. A summary of this policy is as follows.

Remuneration for Directors is solely a fixed monthly cash payment that is within the limit approved by shareholders. The monthly payments consist of a basic payment and a performance-linked payment that is determined in accordance with results of operations in the previous fiscal year and other items.

The basic payment is an amount obtained by multiplying the previous year's basic payment by a coefficient determined by reflecting the individual's roles, responsibilities and other items or is an amount determined separately by the Board of Directors. The performance-linked payment is determined by multiplying consolidated ordinary profit in the previous fiscal year by a coefficient that reflects each individual's roles, responsibilities and other items.

The ratio of the basic payment and performance-linked payment for the remuneration of each director is determined by the Board of Directors based on the individual's roles, responsibilities and other items. The Board of Directors determines the coefficients for calculating the basic payment and performance-linked payment. (For the basic payment, the coefficient includes the amount when the payment is determined separately.) Then the Representative Director and President is entrusted with performing the calculations to determine remuneration. The Representative Director and President has the authority to determine remuneration for individual Directors, within the limit established by shareholders, by using the coefficients established by the Board of Directors and other factors in accordance with the basic policy established by the Board of Directors.

The specific calculation of remuneration, etc. for each individual director is considered more appropriate to be decided by the representative director who is in charge of business execution, rather than deliberated and decided by the Board of Directors. Therefore, the Board of Directors, after determining the coefficients, etc., in accordance with the above determination policy, delegated to Jun Fujimoto, Representative Director and President (Domestic Business, CEO and CIO) the determination of individual director remuneration for the current fiscal year, and he has determined the remuneration. The Board of Directors has confirmed that the method of determination and the details of remuneration, etc. determined for each individual director for the current fiscal year are consistent with the above determination policy.

Remuneration for Audit & Supervisory Board Members is determined by discussions held by these members and within the limit approved by shareholders.

vii. Retirement benefits paid to the Board Members in the current fiscal year

There is no applicable information.

viii. Matters Concerning the Company's Outside Board Members (as of December 31, 2022)

i) Concurrently serving Outside Directors

Name	Responsibilities and significant concurrent positions	Relationship with the Company
Yoshio Otani	Attorney, Momo-o, Matsuo & Namba	There are no significant relationships.
Masayoshi Miyanaga	Professor, Graduate School of Management, Tokyo University of Science	There are no significant relationships.

ii) Concurrently serving Outside Audit & Supervisory Board Members

Name	Responsibilities and significant concurrent positions	Relationship with the Company
Yutaka Yazawa		There are no significant relationships.
Makoto Suzuki	President, Suzuki Makoto CPA and Tax Accounting Firm	There are no significant relationships.
Akiyoshi Kaneko	Representative partner, Gyosei & Co. Representative partner, Audit Digital & Innovation Consortium G.K. Operational Executor, Gyosei & Co. Director, Gyosei Consulting Co., Ltd.	There are no significant relationships.

iii) Major activities of Outside Directors and Outside Audit & Supervisory Board Members

Name	Position	Principal activities and overview of duties performed in relation to the expected roles of Outside Director
Yoshio Otani	Director	He attended 16 out of 17 meetings of the Board of Directors during 2022 and made statements mainly from his professional perspective as an attorney. Besides attending such meetings, he held meetings to exchange opinions among Independent Directors and shared the results with executive directors by providing advice and supervision on them. Accordingly, he adequately fulfilled the expected roles and responsibilities of Outside Director.
Masayoshi Miyanaga	Director	He attended all 17 meetings of the Board of Directors during 2022 and made statements mainly from his expert perspective in business administration and corporate finance. Besides attending such meetings, he held meetings to exchange opinions among Independent Directors and shared the results with executive directors by providing advice and supervision on them. Moreover, he contributed to improving the Corporate Governance Report of the Company by proactively giving advice on its content. Accordingly, he adequately fulfilled the expected roles and responsibilities of Outside Director.
Yutaka Yazawa	Audit & Supervisory Board Member	After he was elected, he attended all 14 meetings of the Board of Directors and all 13 meetings of the Audit & Supervisory Board during 2022 and made statements mainly from his professional perspective as a Barrister-at-Law (UK).
Makoto Suzuki	Audit & Supervisory Board Member	He attended all 17 meetings of the Board of Directors and all 18 meetings of the Audit & Supervisory Board during 2022 and made statements mainly from his professional perspective as a certified public accountant.
Akiyoshi Kaneko	Audit & Supervisory Board Member	He attended all 17 meetings of the Board of Directors and all 18 meetings of the Audit & Supervisory Board during 2022 and made statements mainly from his professional perspective as a certified public accountant.

- Notes:
1. The number of meetings of the Board of Directors by written resolution is excluded.
 2. Yutaka Yazawa was newly elected as an Audit & Supervisory Board Member at the shareholders meeting held on March 30, 2022. As a result, the number of Board of Directors and Audit & Supervisory Board meetings attended differs from the other Outside Directors and Outside Audit & Supervisory Board Members. Following Mr. Yazawa's election, there were 14 Board of Directors meetings and 13 Audit & Supervisory Board meetings in 2022.

(4) Status of Independent Accounting Auditor

i. Name: UHY Tokyo & Co.

ii. Amounts of remuneration to be paid to the Independent Accounting Auditor

	Total amounts of remuneration paid
Remuneration for the current fiscal year to be paid to the Independent Accounting Auditor	92 million yen
Sum of money and other property benefits to be paid by the Company and its subsidiaries to the Independent Accounting Auditor	92 million yen

Notes: 1. The audit agreement entered into by the Independent Accounting Auditor and the Company does not clearly distinguish the amount for the audit under the Companies Act and for the audit under the Financial Instruments and Exchange Act, and the two amounts cannot be substantially distinguished from each other. Therefore, the remuneration to be paid by the Company to the Independent Accounting Auditor indicates the total for the two audits.

2. The Audit & Supervisory Board has determined that the amounts of remuneration, etc. of the Independent Accounting Auditor is agreeable, after necessary verification of the appropriateness of the content of the audit plan, the status of the performance of duties of the Independent Accounting Auditor, and the basis of calculation of the remuneration estimate.

3. The Company's consolidated subsidiary TIGER RESORT, LEISURE AND ENTERTAINMENT, INC. is audited by an auditing firm other than the Company's Independent Accounting Auditor.

iii. Details of non-audit activities

There is no applicable information.

iv. Policy on decisions concerning dismissal or non-reappointment of Independent Accounting Auditor

The Audit & Supervisory Board, if it determines that the Independent Accounting Auditor has difficulty executing his/her duties or considers it necessary to do so, may determine the agenda for dismissal or non-reappointment of the Independent Accounting Auditor to be submitted to a General Meeting of Shareholders.

The Audit & Supervisory Board may dismiss the Independent Accounting Auditor if it determines that any act or circumstance of the Independent Accounting Auditor falls under any items of Article 340, Paragraph 1 of the Companies Act. In this case, an Audit & Supervisory Board member appointed by the Audit & Supervisory Board shall report the fact that the Audit & Supervisory Board has dismissed the Independent Accounting Auditor and reasons thereof at the first General Meeting of Shareholders to be held after such dismissal.

(5) System to Ensure the Propriety of Business Operations

1. Framework to Ensure that the Execution of the Duties of Directors and Employees Complies with Laws and the Articles of Incorporation

- 1) The Company shall establish the Business Ethics Guidelines that serve as a standard of conduct for executives and employees of the Company and its group companies in order to have them comply with laws and the Articles of Incorporation.
- 2) The Company shall establish the Gaming Compliance Rules to maintain the strict compliance system and conduct management complying with said rules.
- 3) If a Director finds any material violation of laws or ordinances of the Company or any other material facts concerning compliance, the Director shall immediately report it to the Audit & Supervisory Board, as well as to the Board of Directors, without delay.
- 4) Audit & Supervisory Board Members shall audit whether the appropriateness in operations conducted by the Directors, etc., is ensured from an independent viewpoint.
- 5) The Company shall establish an Internal Audit Division that is completely independent from its operating sectors.

2. Framework Concerning Storage and Control of Information Related to the Execution of Duties by Directors

Handling of storage control and information security control for information related to the execution of duties by

directors shall be stipulated in the Document Control Rules and the Information Control Rules.

3. Regulations Concerning Risk Management of Loss and Other Frameworks

- 1) The Company shall establish organizations responsible for administration, which will recognize, comprehend and control various risks associated with its business operations and deal with each risk.
- 2) The Company shall develop Risk Management Rules as a basis for its risk management framework and establish a management framework to deal with respective risks continuously with an emphasis on risk prevention in order to minimize losses resulted therefrom.

4. Framework to Ensure the Effective Execution of Duties by Directors

- 1) The Board of Directors shall promote the prompt and effective treatment of business operations based on the decision making of the Board of Directors by clarifying the responsibility structure and operational processes in business execution through the establishment of the Rules of the Board of Directors, the Executive Officers Rules, the Rules on Administrative Authorities, the Rules on Division of Responsibilities, the Rules of the Internal Approval System, etc.
- 2) As a framework to ensure that Directors perform their duties efficiently, the Board of Directors holds regular monthly meetings and the General Managers' meetings, which consist of full-time Directors, executive officers and managers of selected departments and meets twice every month. The objective of this framework is to ensure that the Board of Directors can perform its duties efficiently.

5. Framework for Ensuring Proper Business Operations of the Group, Consisting of the Company and its Subsidiaries

- 1) The Company and its group companies shall accept audits by Audit & Supervisory Board Members and the Internal Audit Division of the Company to establish internal control. Each group company will formulate a profit plan, periodically review its progress status and reflect the review results in the improvement of corporate management.
- 2) The Company and its group companies shall make active personnel exchanges to exchange information among themselves and to establish a cooperative framework.

6. Matters Related to the Framework for Employees to Support Audit & Supervisory Board Members' Duties and the Independence of Such Employees from Directors

- 1) The Company shall establish the Audit & Supervisory Board Secretariat in order to support the duties of the Audit & Supervisory Board Members and assign employees in charge of performing services for the secretariat ("Supportive Employees").
- 2) Personnel changes and treatment of the Supportive Employees shall be implemented with the Audit & Supervisory Board's approval.

7. Framework for Reporting from Directors or Employees to Audit & Supervisory Board Members and for Other Reporting to Audit & Supervisory Board Members

- 1) Audit & Supervisory Board Members shall attend and receive reports at Board of Directors meetings and at meetings for other important deliberations and resolutions including General Managers' meetings.
- 2) When an employee finds a breach of any law or the Articles of Incorporation, extremely inappropriate business operation or any matters equivalent thereto, the employee shall immediately report it to the Audit & Supervisory Board Members. When the Audit & Supervisory Board Members request reports, the employee must follow such instruction.

8. Framework to Ensure No Suffering of Individuals for any Detrimental Treatment as a Result of Their Reporting to Audit & Supervisory Board Members

No executives and employees of the Company and its group companies shall suffer any detrimental treatment as a result of their reporting to Audit & Supervisory Board Members for matters.

9. Other Frameworks to Ensure the Effective Operation of Audits by the Audit & Supervisory Board Members

- 1) Audit & Supervisory Board Members may utilize outside specialists as necessary at the Company's expense (within the range of the amount allowed by law).

- 2) Directors and employees must cooperate with the Audit & Supervisory Board Members on their audits.

10. Framework for Elimination of Antisocial Forces

- 1) The Company and its group companies shall make it a basic policy to eliminate any relationship with antisocial forces or groups that threaten the order and security of civil society by taking a firm stand against them. The Company shall state such basic policy in its Business Ethics Guidelines and employee work rules, etc. to ensure that all executives and employees of the Company and its group companies fully understand the said policy, as well as include clauses to eliminate such antisocial parties in contracts, etc. to be concluded with the client companies, thereby establish a system to eliminate any relationship with such antisocial forces and groups.
- 2) The Company shall not respond to any unfair requests from antisocial forces and reject any relationship with such forces, while strengthening cooperation with external specialist agencies and professionals such as the police and attorneys, etc., thereby establish a system to eliminate antisocial forces.

11. Framework to Ensure the Credibility of Its Financial Reports

To ensure the credibility of its financial reporting and the effective and appropriate submission of internal control reports in accordance with the Financial Instruments and Exchange Act, the Company shall establish and operate an internal control system for financial reporting chaired by Representative Director and President. Moreover, the Company assess the functional adequacy of such system on an ongoing basis and make corrections to it as necessary.

(6) Overview of operational status of systems to ensure the propriety of business operation

A summary of the status of operation of the system to ensure that the Company's business operations were appropriate during 2022 is as follows.

- i. There were 17 meetings of the Board of Directors in 2022. To ensure that the directors are performing their duties in conformity with laws and to make the performance of directors even more appropriate and efficient, two Outside Directors who have no business interest in the Company attended these meetings. Outside Director Yoshio Otani attended 16 of the 17 meetings and Outside Director Masako Miyanaga attended all 17 meetings. The Audit & Supervisory Board met 18 times.
- ii. The Audit & Supervisory Board Members conduct audits based on the audit plan established by the Audit & Supervisory Board. These members also set up opportunities to exchange opinions with the President and Representative Director of the Company, other Directors, the Internal Audit Office, and the Independent Accounting Auditor, and work together to exchange information, etc.
- iii. The Company's Internal Audit Office selected the evaluation of internal controls as a key monitoring item from the viewpoint of materiality when formulating the internal audit plan, and confirmed the maintenance and operation status of controls within the relevant organizations, including inventory evaluation.

Consolidated Balance Sheet

(As of December 31, 2022)

(Million yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	87,807	Current liabilities	65,765
Cash and deposits	35,895	Notes and accounts payable-trade	7,530
Notes and accounts receivable-trade	9,707	Current portion of long-term borrowings	7,299
Securities	2,179	Accounts payable-other	10,002
Merchandise and finished goods	2,652	Accrued expenses	23,074
Work in process	14,328	Income taxes payable	46
Raw materials and supplies	10,644	Provision for bonuses	80
Other	13,187	Other	17,732
Allowance for doubtful accounts	(787)	Non-current liabilities	181,096
Non-current assets	507,766	Bonds	104,585
Property, plant and equipment	432,289	Long-term borrowings	4,180
Buildings and structures	341,483	Retirement benefit liability	367
Machinery, equipment and vehicles	23,154	Long-term deposits received from subsidiaries and associates	6,635
Leased assets	49,363	Lease obligations	57,464
Land	7,438	Deferred tax liabilities	5,371
Construction in progress	6,212	Other	2,491
Other	4,636		
Intangible assets	1,112	Total liabilities	246,861
Other	1,112	Net assets	
Investments and other assets	74,365	Shareholders' equity	350,542
Investment securities	16,265	Share capital	98
Long-term deposits	8,179	Capital surplus	18,829
Long-term deposits for subsidiaries and associates	32,189	Retained earnings	338,932
Deferred tax assets	11,047	Treasury shares	(7,317)
Other	11,426	Accumulated other comprehensive income	(1,285)
Allowance for doubtful accounts	(4,743)	Valuation difference on available-for-sale securities	(16)
Deferred assets	603	Foreign currency translation adjustment	(1,287)
		Remeasurements of defined benefit plans	18
		Share acquisition rights	58
		Total net assets	349,315
Total assets	596,177	Total liabilities and net assets	596,177

Note: Amounts are rounded down to the nearest million yen.

Consolidated Statement of Income

(January 1, 2022 to December 31, 2022)

(Million yen)

Item	Amount	
Net sales		140,998
Cost of sales		62,657
Gross profit		78,340
Selling, general and administrative expenses		66,255
Operating profit		12,085
Non-operating income		
Interest income	128	
Dividend income	32	
Foreign exchange gains	8,228	
Gain on cancellation of rental contracts	8,550	
Gain on cancellation of leases	2,057	
Other	911	19,909
Non-operating expenses		
Interest expenses	5,533	
Interest on bonds	8,508	
Share of loss of entities accounted for using equity method	2,627	
Commission expenses	10	
Provision of allowance for doubtful accounts	498	
Other	881	18,060
Ordinary profit		13,933
Extraordinary income		
Gain on sales of non-current assets	54	
Gain on liquidation of affiliates	28	
Other	2	86
Extraordinary losses		
Loss on sales and retirement of non-current assets	3,100	
Loss on valuation of shares of subsidiaries and associates	4	
Non-recurring loss	818	
Losses associated with an illegal occupation	1,526	
Other	119	5,569
Profit before income taxes		8,450
Income taxes-current	261	
Income taxes-deferred	(3,318)	(3,056)
Profit		11,506
Profit attributable to owners of parent		11,506

Note: Amounts are rounded down to the nearest million yen.

Consolidated Statement of Changes in Equity

(January 1, 2022 to December 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	98	18,829	327,426	(7,317)	339,036
Changes during period					
Profit attributable to owners of parent			11,506		11,506
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	11,506	(0)	11,506
Balance at end of period	98	18,829	338,932	(7,317)	350,542

	Accumulated other comprehensive income				Share acquisition rights	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 period	26	(282)	81	(174)	58	338,919
Changes during period						
Profit attributable to owners of parent						11,506
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	(42)	(1,004)	(63)	(1,110)		(1,110)
Total changes during period	(42)	(1,004)	(63)	(1,110)	-	10,395
Balance at end of period	(16)	(1,287)	18	(1,285)	58	349,315

Note: Amounts are rounded down to the nearest million yen.

Non-consolidated Balance Sheet

(As of December 31, 2022)

(Million yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets		Current liabilities	24,838
Cash and deposits	60,457	Notes payable-trade	3,269
Notes receivable-trade	12,282	Accounts payable-trade	5,010
Accounts receivable-trade	4,007	Short-term borrowings	7,750
Merchandise and finished goods	5,486	Accounts payable-other	2,963
Work in process	1,003	Accrued expenses	2,390
Raw materials and supplies	14,328	Income taxes payable	40
Advance payments-trade	10,565	Provision for bonuses	78
Prepaid expenses	5,230	Other	3,336
Short-term loans receivable	637	Non-current liabilities	121,314
Other	5,094	Bonds	104,585
Allowance for doubtful accounts	1,937	Long-term deposits received from subsidiaries and associates	9,050
Non-current assets	(117)	Deferred tax liabilities	5,371
Property, plant and equipment	447,352	Asset retirement obligations	594
Buildings	18,306	Other	1,712
Structures	7,924		
Machinery and equipment	418	Total liabilities	146,153
Tools, furniture and fixtures	935	Net assets	
Land	3,118	Shareholders' equity	362,235
Other	5,894	Share capital	98
Intangible assets	14	Capital surplus	20,261
Software	559	Legal capital surplus	7,503
Other	265	Other capital surplus	12,758
Investments and other assets	294	Retained earnings	349,193
Investment securities	428,487	Legal retained earnings	861
Shares of subsidiaries and associate	98	Other retained earnings	348,332
Long-term advances paid to subsidiaries and associates	225,070	General reserve	90,000
Long-term deposits	174,641	Retained earnings brought forward	258,332
Long-term deposits for subsidiaries and associates	3,060	Treasury shares	(7,317)
Other	15,460	Valuation and translation adjustments	(33)
Allowance for doubtful accounts	11,772	Valuation difference on available-for-sale securities	(33)
Deferred assets	(1,617)	Share acquisition rights	58
Other	603		
Total assets	508,414	Total net assets	362,261
		Total liabilities and net assets	508,414

Note: Amounts are rounded down to the nearest million yen.

Non-consolidated Statement of Income

(January 1, 2022 to December 31, 2022)

(Million yen)

Item	Amount	
Net sales		70,049
Cost of sales		39,172
Gross profit		30,876
Selling, general and administrative expenses		23,386
Operating profit		7,490
Non-operating income		
Interest income	93	
Dividend income	5	
Insurance claim income	300	
Foreign exchange gains	10,439	
Other	519	11,359
Non-operating expenses		
Interest expenses	169	
Interest expenses on bonds	8,799	
Amortization of bond issuance costs	301	
Commission expenses	10	
Provision of allowance for doubtful accounts	498	
Other	590	10,370
Ordinary profit		8,479
Extraordinary income		
Gain on sales of investment securities	1	1
Extraordinary losses		
Loss on sales and retirement of non-current assets	62	
Loss on valuation of shares of subsidiaries and associates	29	
Other	90	182
Profit before income taxes		8,298
Income taxes-current	39	
Income taxes-deferred	3,510	3,549
Profit		4,749

Note: Amounts are rounded down to the nearest million yen.

Non-consolidated Statement of Changes in Equity

(January 1, 2022 to December 31, 2022)

(Million yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						General reserve	Retained earnings brought forward	
Balance at beginning of period	98	7,503	12,758	20,261	861	90,000	253,583	344,444
Changes during period								
Profit							4,749	4,749
Purchase of treasury shares								
Net changes in items other than shareholders' equity								
Total changes during period	-	-	-	-	-	-	4,749	4,749
Balance at end of period	98	7,503	12,758	20,261	861	90,000	258,332	349,193

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(7,317)	357,486	(31)	(31)	58	357,514
Changes during period						
Profit		4,749				4,749
Purchase of treasury shares	(0)	(0)				(0)
Net changes in items other than shareholders' equity			(1)	(1)		(1)
Total changes during period	(0)	4,748	(1)	(1)	-	4,747
Balance at end of period	(7,317)	362,235	(33)	(33)	58	362,261

Note: Amounts are rounded down to the nearest million yen.

Audit Report by Independent Auditor

February 21, 2023

Board of Directors
Universal Entertainment Corporation

UHY Tokyo & Co.
Shinagawa-ku, Tokyo
Akira Wakatsuki, CPA, Designated Partner and Managing Partner
Tatsuya Kanome CPA, Designated Partner and Managing Partner
Yoshinori Kataoka, CPA, Designated Partner and Managing Partner

Auditor's opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes to consolidated financial statements of Universal Entertainment Corporation (the "Company") applicable to the fiscal year from January 1, 2022 through December 31, 2022.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Universal Entertainment Group, which consisted of the Company and its consolidated subsidiaries, applicable to the fiscal year ended December 31, 2022 in conformity in accordance with the corporate accounting standards generally accepted in Japan.

Basis for auditor's opinion

We conducted audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of this report. We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and we have fulfilled other ethical responsibilities as an auditor. We believe that we obtained sufficient and appropriate audit evidence that forms the basis for expressing our opinions.

Highlighted information

As is explained in the additional information, Mr. Kazuo Okada and a group acting under his instructions illegally occupied OKADA MANILA, which is operated by consolidated subsidiary Tiger Resort, Leisure and Entertainment, Inc., beginning on May 31, 2022. Tiger Resort, Leisure and Entertainment regained control of OKADA MANILA on September 2, 2022. For all payments concerning improper transactions during 2022 made by Mr. Okada and a group acting under his instructions, as determined by the investigation of this incident, claims for damages have been posted for the recovery of these payments. These claims are in the consolidated balance sheet as long-term accounts receivables-other in the investments and other assets section. An allowance for doubtful accounts in the same amount has been established. As a result, an extraordinary loss for losses associated with an illegal occupation has been recorded.

This event has no effect on our opinions.

Other information

Other information is in the business report and supplementary documents. Management is responsible for preparing and disclosing these reports and documents. The Audit & Supervisory Board and its members are responsible for supervising the performance of the directors regarding the establishment and implementation of a reporting process for this other information.

Other information is not subject to the audit opinion concerning the consolidated financial statements of the independent auditor and this auditor does not state an opinion regarding other information.

We are responsible for auditing the consolidated financial statements by reading these statements in their entirety. During this process, we are responsible for determining if there are significant discrepancies between other information and the consolidated financial statements or knowledge acquired by the independent auditor during the auditing process. In addition to looking for these significant discrepancies, we check for any signs of significant errors in other information.

If we reach the conclusion that, based on our audit, there are significant errors in other information, we are required to report this conclusion.

We found no items concerning other information that need to be reported.

Responsibilities of management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the consolidated financial statements

The Company's management is responsible for the preparation and fair disclosure of the aforementioned consolidated financial statements in accordance with the corporate accounting standards generally accepted in Japan. This includes the establishment and operation of internal control systems that are regarded as necessary by management to ensure the preparation and fair disclosure of the consolidated financial statements without material misstatement due to fraudulence or errors.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

The auditor's responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

The auditor makes professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entity and its consolidated subsidiaries to express an opinion on the consolidated financial statements. The auditor is responsible for the direction, supervision and performance of the audit on the consolidated financial statements. The auditor remains solely responsible for its audit opinion.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Vested interests

The audit firm and its Managing Partners have no vested interests in the Company and its consolidated subsidiaries that should be disclosed in accordance with the provisions of the Certified Public Accountants Act.

End

Audit Report by Independent Auditor

February 21, 2023

Board of Directors
Universal Entertainment Corporation

UHY Tokyo & Co.
Shinagawa-ku, Tokyo
Akira Wakatsuki, CPA, Designated Partner and Managing Partner
Tatsuya Kanome CPA, Designated Partner and Managing Partner
Yoshinori Kataoka, CPA, Designated Partner and Managing Partner

Auditor's opinion

Pursuant to Article 436, Paragraph 2-1 of the Companies Act, we have audited the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity, the notes to non-consolidated financial statements and the related supplementary schedules of Universal Entertainment Corporation (the "Company") applicable to the 50th fiscal year from January 1, 2022 through December 31, 2022.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Company, applicable to the fiscal year ended December 31, 2022 in conformity in accordance with the corporate accounting standards generally accepted in Japan.

Basis for auditor's opinion

We conducted audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the non-consolidated financial statements section of this report. We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and we have fulfilled other ethical responsibilities as an auditor. We believe that we obtained sufficient and appropriate audit evidence that forms the basis for expressing our opinions.

Other information

Other information is in the business report and supplementary documents. Management is responsible for preparing and disclosing these reports and documents. The Audit & Supervisory Board and its members are responsible for supervising the performance of the directors regarding the establishment and implementation of a reporting process for this other information.

Other information is not subject to the audit opinion concerning the non-consolidated financial statements of the independent auditor and this auditor does not state an opinion regarding other information.

We are responsible for auditing the non-consolidated financial statements by reading these statements in their entirety. During this process, we are responsible for determining if there are significant discrepancies between other information and the non-consolidated financial statements or knowledge acquired by the independent auditor during the auditing process. In addition to looking for these significant discrepancies, we check for any signs of significant errors in other information.

If we reach the conclusion that, based on our audit, there are significant errors in other information, we are required to report this conclusion.

We found no items concerning other information that need to be reported.

Responsibilities of management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the non-consolidated financial statements

The Company's management is responsible for the preparation and fair disclosure of the aforementioned non-consolidated financial statements in accordance with the corporate accounting standards generally accepted in Japan. This includes the establishment and operation of internal control systems that are regarded as necessary by

management to ensure the preparation and fair disclosure of the non-consolidated financial statements without material misstatement due to fraudulence or errors.

In preparing the non-consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's responsibilities for the audit of the non-consolidated financial statements

The auditor's responsibility is to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the non-consolidated financial statements from an independent standpoint in an audit report, based on audit.

Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the non-consolidated financial statements.

The auditor makes professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the non-consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the non-consolidated financial statements in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the non-consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the non-consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the non-consolidated financial statements including related notes, and whether the non-consolidated financial statements fairly present the transactions and accounting events on which they are based.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Vested interests

The audit firm and its Managing Partners have no vested interests in the Company that should be disclosed in accordance with the provisions of the Certified Public Accountants Act.

End

Audit Report

Regarding the performance of duties by the Directors for the 50th fiscal year from January 1, 2022 through December 31, 2022, we have prepared this Audit Report upon deliberation based on the audit reports prepared by each Audit & Supervisory Board Member and hereby report as follows.

1. Auditing methods employed by Audit & Supervisory Board Members and the Audit & Supervisory Board and details thereof
 - (1) We established auditing policies, audit plan for 2022 and other relevant items, and received reports from the Audit & Supervisory Board Members regarding their execution of audits and results of these audits, as well as reports from Directors, other relevant personnel, and the accounting auditor regarding performance of their duties, and sought explanations as necessary.
 - (2) All Audit & Supervisory Board Members took actions to maintain sound lines of communication with Directors, the Internal Audit Division and other employees. These actions complied with the standards established by the Audit & Supervisory Board for audits by Audit & Supervisory Members as well as with the auditing policies and audit plan for 2022. The goals are to collect information and create a proper environment for performing audits. The audits were performed by using the following methods.
 - i) Audit & Supervisory Board Members attended meetings of the Board of Directors and other important meetings, received reports from the Directors, the Internal Audit Division and other employees concerning the performance of their jobs, asked for explanations as needed, examined documents for important decisions and other documents, and performed examinations concerning the operations and assets of the head office and major business sites. In addition, business reports were received on a regular basis from directors for subsidiaries in Japan and from the applicable directors at Universal Entertainment Board of Directors meetings for major overseas subsidiaries. Audit & Supervisory Board Members also asked for explanations as needed. Furthermore, these members received reports of the results of audits performed by the Internal Audit Divisions of overseas subsidiaries and asked for explanations as needed.
 - ii) Regarding the system to ensure that the performance of the Directors stated in the business report conforms to laws, regulations and the Articles of Incorporation, the resolution of the Board of Directors to establish a system stipulated in Article 100, Paragraphs 1 and 3 of the Enforcement Regulations of the Companies Act for ensuring appropriate business operations as a corporate group consisting of a limited liability company and its consolidated subsidiaries in Japan and other countries, and the system (internal control system) established based on the resolution, we received construction and operation reports periodically from the Board of Directors, the Internal Audit Division and employees and asked for explanations and gave opinions as required.
 - iii) Regarding the matters noted in Article 118, Item 5 (a) of the Enforcement Regulations of the Companies Act and reasons for decisions in (b) of the same Article, we have reviewed the details based on the deliberations at the Board of Directors and other meetings.
 - iv) For accounting audits, we received an explanation of the auditing plan from the accounting auditor prior to the audit and performed oversight and confirmations concerning the independence of this auditor and the suitability of auditing activities. We also received reports concerning the performance of the accounting auditor and asked for explanations as needed. In addition, we received notice from the Accounting Auditor that “System for ensuring that duties are performed properly” (matters set forth in each item of Article 131 of the Ordinance on Accounting of Companies) is organized in accordance with the “Quality Management Standards Regarding Audits” (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations as needed. Furthermore, to ensure the suitability of audits, we established items concerning the selection and evaluation of the accounting auditor and other associated items that need to be confirmed or monitored and used these items to evaluate the performance of this auditor.

Based on these methods, we examined the business report and non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, and notes to non-consolidated financial statements) and the related supplementary schedules, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements), for this fiscal year.

2. Audit results

(1) Results of audit of business report and other relevant documents

- i) We confirm that the business report and the related supplementary schedules fairly represent the status of Universal Entertainment in accordance with the related laws, regulations and the Articles of Incorporation.
- ii) We have found no significant evidence of wrongful act or violation of related laws and regulations, nor the Articles of Incorporation with regard to the performance of duties by Directors.
- iii) We confirm that the resolution of the Board of Directors regarding the internal control system is proper. In addition, we have found no matters requiring remark in regard to internal control over financial reporting and the contents of the business report and the performance of Directors regarding the internal control system. For compliance with laws and regulations and strengthening corporate governance, continuous reviews and improvements of the internal control system, including at subsidiaries, should be a priority.
- iv) For transactions with the parent company listed in the business report, we confirm that care was exercised to prevent these transactions from having a detrimental effect on earnings. We also confirm that there are no items requiring attention concerning decisions of the Board of Directors, and reasons for those decisions, regarding whether or not these transactions had a detrimental effect on earnings.

(2) Results of audit of non-consolidated financial statements and the related supplementary schedules

We confirm that the methods and results of the audit performed by the accounting auditor, UHY Tokyo & Co., are proper.

(3) Results of audit of consolidated financial statements

We confirm that the methods and results of the audit performed by the accounting auditor, UHY Tokyo & Co., are proper.

February 21, 2023

Audit & Supervisory Board, Universal Entertainment Corporation

Outside Audit & Supervisory Board Member (full-time)	Yutaka Yazawa
Outside Audit & Supervisory Board Member	Makoto Suzuki
Outside Audit & Supervisory Board Member	Akiyoshi Kaneko

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