Notice of Convocation of the 50th Annual Shareholders Meeting

(Items not in Paper Documents Provided upon Request)

Notes to the Consolidated Financial Statements and
the Notes to the Non-consolidated Financial Statements
(January 1, 2022 to December 31, 2022)

UNIVERSAL ENTERTAINMENET CORPORATION

Pursuant to laws and regulations and Article 25 of the Universal Entertainment Articles of Incorporation, the notes to the consolidated and non-consolidated financial statements, which are part of the items in documents provided electronically, are not included in the documents provided to shareholders who request paper documents.

Notes

(Note to Significant Items Serving as a Basis for Preparation of the Consolidated Financial Statements)

1. Matters relating to the scope of consolidation

(1) Number of consolidated subsidiaries and the major consolidated subsidiaries

Number of consolidated subsidiaries: 10

The major consolidated subsidiaries: TIGER RESORT, LEISURE AND ENTERTAINMENT, INC.
Tiger Resort Asia Limited

(2) Principal non-consolidated subsidiaries:
UE Resort International Inc.
Exiis-Lab Co., Ltd and ten other companies

Reason for exclusion from the scope of consolidation
Non-consolidated subsidiaries are small in size, and their combined total assets, net sales, net income or loss (the amount corresponding to the Company's equity holding) and retained earnings (the amount corresponding to the Company's equity holding) have no material impact on the Company's consolidated financial statements.

2. Matters relating to application of the equity method

(1) Number of non-consolidated subsidiaries and affiliated companies accounted for by the equity method and the major non-consolidated subsidiaries and affiliated companies accounted for by the equity method

Number of affiliated companies accounted for by the equity method: 2

The major companies: EAGLE I LANDHOLDINGS, INC.
ZEEG Co. Ltd

(2) Non-consolidated subsidiaries and affiliates not accounted for by the equity method

Names of principal affiliates not accounted for under the equity method

(Non-consolidated subsidiaries) UE Resort International Inc.
Exiis-Lab Co., Ltd and ten other companies

(An affiliate) Pit Earth Co., Ltd.

Reason for exclusion from the application of the equity method of accounting
The non-consolidated subsidiaries (UE Resort International Inc., Exiis-Lab Co., Ltd, and ten other companies) and an affiliate (Pit Earth Co., Ltd.) are not accounted for under the equity method since they have a very minor effect on net income or loss (the amount corresponding to the Company's equity holding) and retained earnings (the amount corresponding to the Company's equity holding), and are relatively insignificant in the context of the consolidated financial statements.

3. Matters regarding the fiscal year, etc., of consolidated subsidiaries

All consolidated subsidiaries in Japan (five companies) end their fiscal years on March 31. For these five companies, provisional financial statements as of the end of the consolidated fiscal year were used for the preparation of the consolidated financial statements.

4. Matters regarding accounting policies

(1) Valuation criteria and methods for significant assets

(a) Valuation criteria and methods for securities

Available-for-sale securities

Other than securities, etc. without market value:
Market value method. (Valuation differences are treated by the total direct capitalization method and the cost of securities sold is determined by the moving average method.)

Securities, etc. without market value: Cost method based on the moving average method.

(b) Valuation criteria and methods for derivatives

Derivatives

Market value method.

(c) Valuation criteria and methods for inventories

Merchandise, finished goods, raw materials:

Cost method primarily based on the weighted average costing method. (The amount stated in the balance sheet was calculated by the book value write-down method based on a reduction in profitability.)

Work in process:

Cost method primarily based on the weighted average costing method. (The amount stated in the balance sheet was calculated by the book value write-down method based on a reduction in profitability.) For work in process concerning the production of content, etc., the specific costing method is applied.

Supplies:

Last purchase cost method.

(2) Depreciation and amortization methods for significant depreciable and amortizing assets

(a) Property, plant and equipment (excluding lease assets)

The Company and its domestic consolidated subsidiaries

Declining-balance method.

Buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated principally using the straight-line method.

Approximate useful lives:

Buildings and structures: 7 to 50 years

Overseas consolidated subsidiaries

Property, plant and equipment at overseas consolidated subsidiaries is depreciated using the straight-line method in accordance with the accounting standards in the countries of their domicile.

(b) Intangible assets (excluding lease assets)

The Company and its domestic consolidated subsidiaries

The straight-line method.

Software intended for internal use is amortized using the straight-line method based on an estimated period of internal use (5 years).

Overseas consolidated subsidiaries

Intangible assets at overseas consolidated subsidiaries are depreciated using the straight-line method in accordance with the accounting standards in the countries of their domicile.

(c) Lease assets

The straight-line method is applied whereby the lease period is deemed the durable life and the remaining value is deemed zero.

Finance lease transactions without transfer of ownership for which the lease transaction commenced on or before March 31, 2008, are accounted for in accordance with the method applicable to regular lease transactions.

(3) Translation standard of significant foreign currency–denominated assets or liabilities into yen

Monetary debts and credits denominated in foreign currencies are translated into yen at the spot exchange rates on the fiscal year-end date, with the differences resulting from such translations recorded as losses or profits. It should be noted that the assets and liabilities of overseas subsidiaries, etc. are translated into yen at the spot exchange rates prevailing on the fiscal year-end date, and their income and expenses are translated into yen at the average exchange rate prevailing over the period, with the differences arising from any translation included in the foreign currency translation adjustment and non-controlling interests under net assets.

(4) Reporting basis for significant allowances

(a) Allowance for doubtful accounts

In the provision for possible losses on receivables caused by bad debts, an estimated uncollectible amount is reported based on their historical losses as to ordinary receivables and based on the consideration of feasibly recoverable amounts in individual cases of specific receivables for which collectability is a great concern.

(b) Provision for bonuses

In the provision for the future payment of employee bonuses, an anticipated amount of total bonus payments attributable to the current consolidated fiscal year is reported.

(5) Accounting method for retirement benefit obligations

(a) Method of attributing estimated retirement benefit obligations to periods

In calculation of retirement benefit obligations, the Company uses the benefit formula basis as the method for attributing estimated retirement benefit obligations to periods.

(b) Amortization of actuarial differences

Actuarial differences are amortized and charged to expense in the year following the fiscal year in which such gain or loss is recognized by the straight-line method over a certain period (3 years) which is within the estimated average remaining years of service of the eligible employees.

(6) Standards for recognition of significant revenue and expenses

Amusement Equipments Business

Revenue from the sale of products is derived primarily from manufacturing and wholesale operations. In accordance with sales contracts and other agreements with customers, Universal Entertainment has an obligation to deliver products to customers. Universal Entertainment defines the fulfillment of this obligation as the time when control of the applicable product is transferred to the customer. Therefore, revenue is recognized when a product is delivered to a customer.

Integrated Resort Business

At OKADA MANILA, which is operated by this business, revenue consists of casino gaming revenue, sales of hotel guest rooms, food and beverage sales, retail and other merchandise sales, and sales from the provision of services. OKADA MANILA has an obligation to customers to provide gaming services, lodging services, food and beverages, and other merchandise. Universal Entertainment defines the fulfillment of these obligations as the time when a service is provided to a customer or a product is sold to a customer. Therefore, revenue is recognized when a service is provided or a product is sold.

(Accounting Standards and Others that Have Not Yet Been Applied)

This information is not disclosed due to the lack of its significance.

(Note to Changes in Accounting Policies)

(Application of the Accounting Standard for Revenue Recognition)

Universal Entertainment has applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020), etc. from the beginning of 2022. Based on this standard, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the promised goods and services is transferred to customers.

For the application of the accounting standard for revenue recognition, etc., in accordance with the transitional treatment in the proviso to Paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting standard, if it is applied prior to the beginning of 2022, is added to or subtracted from retained earnings at the beginning of 2022. The new standard is then applied beginning with this amount of retained earnings.

The impact on the consolidated financial statements in 2022 and the balance of retained earnings at the beginning of 2022 is immaterial.

(Application of the Accounting Standard for Fair Value Measurement)

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

The note with information about the composition of financial instruments based on the appropriate level of fair value is in the "Note concerning Financial Instruments."

The impact on profit in 2022 is immaterial.

(Notes on Changes in Presentation or Classification)

There is no applicable information.

(Notes on Accounting Estimates)

1. Impairment of non-current assets

(1) Amount shown on the consolidated financial statements for the current fiscal year

Property, plant and equipment:	432,289 million yen
Intangible assets:	1,112 million yen
Impairment loss:	90 million yen

(2) Information concerning significant accounting estimates for identifiable items

(a) Calculation method

The Universal Entertainment Group determines groupings based on the smallest unit (cash-generating unit) that generates cash flows that are generally independent of the cash flows of other assets or asset groups. In the Amusement Equipments Business and other businesses, when there is an indication of impairment (negative operating cash flow for two consecutive fiscal years or the value of non-current assets in this business falls 50% below market value), Universal Entertainment compares future cash flow before discounting based on the business plan of the asset group with its book value to determine if an impairment loss is recognized. If this process results in the decision that an impairment loss must be recognized because cash flows before discounting are less than book value, the book value is reduced to the amount that can be recovered (the higher of the net sales price and utilization value) and the reduction is recognized as an impairment loss.

In the Integrated Resort Business, Universal Entertainment conducts an impairment test every fiscal year when there is an indication of impairment as well as every fiscal year. Indications of impairment, based on external sources of information, include a significant decline in the value of an asset, a significant change with a negative effect on a company, a major negative change in market interest rates and other items and, based on internal sources of information, proof of the deterioration or physical damage of assets, a major change in a business with a negative effect on a company, a decline in the economic output of an asset, and other items. If, as a result, it is determined that an impairment loss will be recognized, the book value of the asset is reduced to the amount that can be recovered, and the reduction is recognized as an impairment loss. There was no impairment loss because this process revealed no indication of impairment.

(b) Key assumptions

In the Amusement Equipments Business and other businesses, estimates of future cash flows are based on business plans for the following fiscal years and afterward over the economic lives of major assets. The sales plans are based on assumptions that take into account past market trends, market forecasts, discount rates, market growth rates and other factors. In the Integrated Resort Business, estimates of future cash flows are based on business plans for the following fiscal years and beyond over the economic lives of major assets. The sales plans are based on assumptions that take into account past market trends, market forecasts, discount rates, market growth rates, and other factors.

(c) Effect on the consolidated financial statements for the following fiscal year

These estimates are based on information available at the time the consolidated financial statements were prepared. If any of the following events occur, there may be a need to recognize impairment losses in the consolidated financial statements for the following fiscal year.

There may be significant changes in the conditions and assumptions used as the premise for estimates. For example, the Amusement Equipments Business must comply with the technology standards prescribed by the National Public Safety Commission regulations (Regulations concerning the Certification and Official Inspection of Amusement Machines) in accordance with the Act Concerning Regulation and Proper Operation of Businesses Affecting Public Morals. Amendments, terminations, administrative guidance, voluntary restrictions and other activities associated with this compliance may result in a significant change. Other examples of significant changes affecting estimates are the possibility of a restriction on business operations caused by another surge of the pandemic and the possibility of a negative impact on the economy from a natural disaster or other event.

In the Integrated Resort Business, estimates may be affected by an economic downturn in the Philippines or other countries, competition from other gaming companies, more demanding requirements for retaining a casino license, and restrictions on operations caused by a surge of the pandemic.

2. Recoverability of deferred tax assets

(1) Amount shown on the consolidated financial statements for the current fiscal year

Deferred tax assets: 11,047 million yen

(2) Information concerning significant accounting estimates for identifiable items

(a) Calculation method

The recoverability of deferred tax assets is determined by estimating taxable income based on future profitability for future deductions of temporary differences and loss carried forward. Estimated taxable income for the next five years is used to determine if deferred tax assets are recognized for each component of deferred tax assets for losses carried forward.

Estimates of taxable income are based on business plans for the following fiscal years at the time the consolidated financial statements were prepared.

(b) Key assumptions

Estimates of taxable income based on future earning capacity are based on business plans for the following fiscal years and beyond. The sales plans are based on assumptions that take into account past market trends, future market forecasts, market growth rates, price inflation rates, and other factors.

(c) Effect on the consolidated financial statements for the following fiscal year

These estimates are based on information available at the time the consolidated financial statements were prepared. However, there may be changes in the conditions or assumptions used for these estimates. For example, there may be an economic downturn in the Philippines or other countries, competition from other gaming promoters, more difficult terms and requirements for retaining a casino license, or other events. If these events occur, there may be a need to reverse all or part of the deferred tax assets and recognize tax expenses in the consolidated financial statements for the following fiscal year.

The pandemic has the following effects on accounting estimates

Although predicting the end of the pandemic with accuracy is difficult. Universal Entertainment believes that there is only a small effect of the pandemic at this time on accounting estimates used for the impairment of non-current assets, the ability to recover deferred tax assets and other items.

If there is a change in the timing of the end of the pandemic and the economic impact of the pandemic, there may be an effect on the financial condition and results of operations of the Universal Entertainment Group.

(Additional Information)

(Information concerning the illegal occupation)

As was announced on July 12, 2022 in a release titled "Notice of Delay in Disclosure of Quarterly Results of TRLEI," Mr. Kazuo Okada and a group operating acting under his instructions forcibly entered a facility at OKADA MANILA operated by TIGER RESORT, LEISURE AND ENTERTAINMENT, INC. (TRLEI) on May 31, 2022 and continued to occupy and operate the facility. Subsequently, as was announced on September 5, 2022 in a release titled "(Progress of Disclosed Matter) Notice of Repossession of Facility and Operations of OKADA MANILA," the operation and management of the OKADA MANILA facilities were returned to the Universal Entertainment Group on September 2, 2022.

During the occupation of OKADA MANILA by Mr. Okada and a group acting under his instructions, which took place from May 31 to September 1, 2022, TRLEI executives were fired, employees who did not follow orders were fired, contracts and other TRLEI documents that can be used as evidence were taken to a different location, some physical assets were improperly acquired (some cash handled at the casino cage was taken to a different location), and there are suspicions that digital data were altered. Universal Entertainment has conducted an investigation of this incident and is determining the effect on its financial statements and other matters.

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 from all recipients, Mr. Okada and a group acting under his instructions. These claims are in the consolidated balance sheet as long-term accounts receivables-other in the investments and other assets section. After thoroughly examining prospects for collecting these claims, we have established an allowance for doubtful accounts in the same amount due to doubts about the ability to receive the amount due. As a result, an extraordinary loss for losses associated with an illegal occupation has been recorded.

The effects of these events on the consolidated financial statements are as follows.

1) Consolidated Balance Sheet

Investments and other assets	
Other	1,471 million yen
Allowance for doubtful accounts	(1,471) million yen

2) Consolidated Statement of Income

Losses associated with an illegal occupation	1,526 million yen

(Borrowing costs into the acquisition cost)

Loans and bonds/debentures (private placement bonds) have been used to procure part of the funds required by the Integrated Resort Business for its long-term projects. Given the significance of these amounts, Universal Entertainment has included borrowing costs that are funding ongoing construction periods into its calculation of the acquisition cost.

(Notes on Consolidated Balance Sheets)

1. Accumulated depreciation on property, plant and equipment 108,964 million yen

2. Receivables due to contracts with customers that are included in notes receivable and accounts receivable are as follows.

Notes receivable	2,093 million yen
Electronically recorded receivable	1,913 million yen
Accounts receivable-trade	5,700 million yen

3. Notes matured at the end of the consolidated fiscal year and electrically recorded receivable and payable

With respect to accounting for notes matured at the end of the consolidated fiscal year and electrically recorded

receivable and payable, though the current consolidated fiscal year-end fell on a holiday for financial institutions, they were treated as though they were settled on the maturity date. Notes that matured at the end of the fiscal year and electrically recorded receivables and payables are as follows.

Notes receivable	413 million yen
Electronically recorded receivables	623 million yen
Notes payable	211 million yen
Electronically recorded payables	655 million yen

(Notes to Consolidated Statement of Income)

(Non-recurring loss)

Tiger Resort, Leisure And Entertainment Inc., a consolidated subsidiary of Universal Entertainment, has posted an extraordinary loss for fixed expenses (depreciation and other items) during the period that OKADA MANILA was closed in accordance with orders of the Philippine government and PAGCOR in order to prevent the spread of COVID-19.

(Loss on sales and retirement of non-current assets)

There is currently a dispute concerning alleged defects in non-current assets received from a construction company. After reexamining the likelihood of receiving a payment for the defects, the decision was made to record a 1,181 million yen loss on the retirement of the disputed non-current assets due to the difficulty of proving the existence of defects. In addition, for the site of a planned joint development with another company, a loss of 1,706 million yen on the retirement of non-current assets was recorded because of the decision to cancel this development plan. Due to these actions and other items, there was a 3,100 million yen loss on sales and retirement of non-current assets in 2022.

(Notes to Consolidated Statement of Changes in Equity)

1. The class and number of issued shares as of December 31, 2022

Common stock	80,195,000 shares

2. Matters regarding dividends

(1) Amount paid as dividends

There is no applicable information.

(2) Dividends for which the record date belongs to the current consolidated fiscal year and the effective date is in the following consolidated fiscal year

There is no applicable information.

3. Type and number of shares subject to share acquisition rights at the end of the fiscal year (excluding the one that the exercisable period of rights has not yet arrive)

Common stock	419,800 shares

(Notes to Financial Instruments)

1. Matters pertaining to the status of financial instruments

(1) Policy to deal with financial instruments

The Group secures necessary funds mainly through borrowings from banks, issuance of bonds or group finances based on an appropriate business plan. Temporary surplus funds are managed in a capital-safe type large amount deposit, etc., on the basis of safety and liquidity. Derivative instruments are used for risk aversion and not for speculative purposes.

(2) Details and risks of financial instruments

Notes receivable-trade and accounts receivable-trade are operating receivables that accrue in the course of sales activities from receipts of orders to collections of payments and are exposed to the credit risks of customers. Securities and investment securities are mainly composed of investment trusts managed by overseas subsidiaries,

shares of companies that have business relationships with the Company and are exposed to the risk of fluctuations in market prices and currency exchange risks.

Notes payable-trade and accounts payable-trade are mostly due within four months and composed of operating liabilities that mainly accrue in the course of purchasing parts, etc., and clearing liabilities.

Borrowings, bonds payable and lease obligations are mainly for payments for the construction of OKADA MANILA. Some of these payables are vulnerable to interest rate and foreign exchange risk.

(3) Risk management framework pertaining to financial instruments

The Company manages the risks of financial instruments as follows, in addition to having deliberations at Division Liaison Meetings as the need arises.

i. Management of credit risks (risks of a customer's default of contracts)

As to notes receivable-trade, accounts receivable-trade and other operating receivables, the Receivables Administration Section of the Company conducts surveys and information gathering on customers' credit status in accordance with the Credit Administration Rules.

ii. Management of market risks (risks of fluctuations in currency exchanges, interest rates, etc.)

To hedge against the risks of fluctuations in interest rates on loans and bonds payable, the Company ensures that disadvantageous clauses are excluded from the terms and conditions of the borrowings and bond issuances executed by the Company.

With respect to securities, the Company manages safe and secure investment trusts with minute risk for loss of principal. For investment securities, the Company periodically confirms the market prices and financial status, etc., of issuers (client companies), while annually investigating the financial statements of client companies to continuously review its own shareholding status.

Derivative instruments are executed and managed by the department in charge with the approval of the responsible persons.

iii. Liquidity risks for funding (risks of default by due dates)

The Company executes borrowings after careful reviews mainly on movements in long- and short-term fund costs in consideration of the liquidity of funds and borrowing periods. The borrowed funds are managed under a cash management plan, which is prepared and updated by the department in charge in a timely manner.

2. Matters pertaining to the market prices, etc., of financial instruments

Amounts in the consolidated balance sheet as of December 31, 2022, market prices and the difference thereof are as follows.

(Million yen)

	Amounts in the consolidated balance sheet (*1)	Market value (*1)	Difference
(1) Investment securities			
Available-for-sale securities (*2)	441	441	-
Total assets	441	441	-
(1) Bonds payable	(104,585)	(105,484)	(898)
(2) Long-term borrowings	(4,180)	(4,180)	-
(3) Lease obligations (*3)	(57,976)	(45,124)	12,852
Total liabilities	(166,742)	(154,789)	11,953

*1. Items that are included in liabilities are indicated in brackets.

*2. Securities, etc. without market value are not included available-for-sale securities.

The amount in the consolidated balance sheet of securities, etc. without market value is as follows.

(Million yen)

Classification	Amount in the consolidated balance sheet
Non-listed shares, etc.	15,824

*3. Lease obligations include current portion of lease obligations.

Cash and deposits, notes receivable and other receivables, securities, notes payable and other payables, short-term borrowings, and accounts payable-other are not listed because market values are very similar to book values as these items are either cash or instruments that will become cash within a short time.

3. Composition of financial instruments based on market price categories
Market prices of financial instruments are divided into the following three levels based on the observability and importance of inputs used to calculate market prices.
Level 1: Market prices calculated using market prices (unadjusted) in markets with significant trading volume of the asset or liability
Level 2: Market prices calculated using direct or indirectly observable inputs other than the inputs used in level 1.
Level 3: Market prices calculated using significant inputs that cannot be observed.
When more than one input with a significant influence on the calculation of market prices is used, the market price is categorized at the level of the input used that has the lowest level.

(a) Financial assets and liabilities in the consolidated balance sheet based on market prices

(Million yen)

Classification	Amount in Consolidated Balance Sheet	Market prices			
		Level 1	Level 2	Level 3	Total
Investment securities Available-for-sale securities Shares	441	441	-	-	441
Total assets	441	441	-	-	441

(b) Financial assets and liabilities in the consolidated balance sheet not based on market prices

(Million yen)

Classification	Amount in Consolidated Balance Sheet	Market prices			
		Level 1	Level 2	Level 3	Total
Bonds payable	(104,585)	-	(105,484)	-	(105,484)
Long-term borrowings	(4,180)	-	(4,180)	-	(4,180)
Lease obligations	(57,976)	-	(45,124)	-	(45,124)
Total liabilities	(166,742)	-	(154,789)	-	(154,789)

(Note) Valuation method for market price calculation and explanation of inputs
Investment securities
Market prices are used for the valuations of listed stocks. These prices are level 1 because of the large trading volume of listed stocks.

Bonds payable
Market prices of bonds issued by Universal Entertainment are determined by using the discounted present value, which is the sum of principal and interest that is discounted at a rate that reflects the time to maturity and credit risk. As a result, these prices are level 2.

Long-term borrowings and lease obligations
Market prices of long-term borrowings and lease obligations are determined by using the discounted present value, which is the sum of principal and interest that is discounted at a rate that reflects the time to maturity and credit risk. As a result, these prices are level 2.

(Notes to Revenue Recognition)

1. Information related to breakdown of revenue from contracts with customers

Revenue for major products and services is as follows.

(Million yen)

	Reportable Segment			Others (Note)	Total
	Amusement Equipments Business	Integrated Resort Business	Subtotal		
Revenue from Sales of Products	66,987	-	66,987	-	66,987
Casino	-	65,054	65,054	-	65,054
Other	1,280	6,716	7,997	958	8,956
Revenue from Contracts with Customers	68,268	71,771	140,039	958	140,998
Sales to external customers	68,268	71,771	140,039	958	140,998

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

2. Basic information for understanding revenue from contracts with customers

(1) Contracts, obligations and time of fulfillment of obligations

Information about contracts, obligations and the time of fulfillment of obligations is in "(Notes to Significant Items Serving as a Basis for Preparation of the Consolidated Financial Statements) 4. Matters regarding accounting policies (6) Standard for recognition of significant revenue and expenses."

(2) Calculation of allocations to fulfillment of obligations

In the Integrated Resort business, customers may receive complimentary hotel rooms and food and beverages in order to increase their desire to return for more gaming in the future. The complimentary items are recognized as obligations to provide gaming, hotel and food and beverage services and the individual obligations are allocated accordingly.
For the products and services associated with these obligations, independent sale prices are determined for the contractual transaction dates and allocations of transaction prices are performed based on the independent sale price ratios.

3. Information for understanding revenue in 2022 and afterward

(1) Receivables, contract assets and contract liabilities associated with contracts with customers

(Million yen)

	Balance as of January 1, 2022	Balance as of December 31, 2022
Receivables associated with contracts with customers	11,177	9,707
Contract liabilities	1,045	844

(Notes) 1. Contract assets of the Universal Entertainment Group are not shown because the balance is negligible and there was no significant change.
2. The Universal Entertainment Group posts contract liabilities for advances received from customers. These advances become revenue when obligations based on the contracts are fulfilled.
3. In the consolidated balance sheet, contract liabilities are included in "Other" under non-current liabilities.
4. Revenue recognized in 2022 includes 1,045 million yen that was included in contract liabilities at the beginning of 2022.

(2) Transaction prices allocated to residual obligations

Total transaction prices allocated to residual obligations and the expected timing of the recognition of the associated revenue are as follows.

	(Million yen)
Within one year	844
More than one year	-
Total	844

(Notes to Per Share Information)

Net assets per share	4,507.48 yen
Net loss per share	148.50 yen

(Notes to Significant Subsequent Events)

There is no applicable information.

Notes to the Non-consolidated Financial Statements

(Notes to Significant Accounting Policies)

1. Valuation criteria and methods for assets

(1) Valuation criteria and methods for marketable securities

1) Shares of subsidiaries and affiliates

Cost method based on the moving average method.

2) Available-for-sale securities

Other than securities, etc. without market value:

Market value method. (Valuation differences are treated by the total direct capitalization method and the cost of securities sold is determined by the moving average method.)

Securities, etc. without market value:

Cost method based on the moving average method.

(2) Valuation criteria and methods for derivatives

Derivatives

Market value method.

(3) Valuation criteria and methods for inventories

1) Finished goods, raw materials and work in process

Cost method based on the weighted average costing method. (The amount stated in the balance sheet was calculated by the book value write-down method based on a reduction in profitability.)

For work in process concerning the production of content, etc., the specific costing method is applied.

2) Supplies

Last purchase cost method.

2. Depreciation and amortization methods for non-current assets

(1) Property, plant and equipment (excluding lease assets)

The declining-balance method.

Buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016, are depreciated using the straight-line method.

Rental assets are depreciated evenly over the number of years that equals the contract period.

Approximate useful lives:

Buildings and structures: 7 to 50 years

Machinery and equipment: 5 to 17 years

Tools, furniture and fixtures: 2 to 20 years

(2) Intangible assets (excluding lease assets)

The straight-line method.

Software intended for internal use is amortized using the straight-line method based on an estimated period of internal use (five years).

(3) Lease assets

The straight-line method is applied whereby the lease period is deemed the durable life and the remaining value is deemed zero.

Finance lease transactions without transfer of ownership for which the lease transaction commenced on or before March 31, 2008, are accounted for in accordance with the method applicable to regular lease transactions.

3. Accounting for significant deferred assets

Bond issuance cost

Bond issuance costs are amortized using the straight-line method over the period until redemption.

4. Translation standard of foreign currency-denominated assets or liabilities into yen

Monetary debts and credits denominated in foreign currencies are translated into yen at the spot exchange rates on the fiscal year-end date, with the differences resulting from such translations recorded as losses or profits.

5. Reporting basis for allowances

(1) Allowance for doubtful accounts

In the provision for possible losses on receivables caused by bad debts, an estimated uncollectible amount is reported based on their historical losses as to ordinary receivables and based on the consideration of feasibly recoverable amounts in individual cases of specific receivables for which collectability is a great concern.

(2) Provision for bonuses

In the provision for the future payment of employee bonuses, the anticipated amount of future bonus payments is reported.

6. Standards for recognition of significant revenue and expenses

Amusement Equipments Business

Revenue from the sale of products is derived primarily from manufacturing and wholesale operations. In accordance with sales contracts and other agreements with customers, Universal Entertainment has an obligation to deliver products to customers. Universal Entertainment defines the fulfillment of this obligation as the time when control of the applicable product is transferred to the customer. Therefore, revenue is recognized when a product is delivered to a customer.

Sales to a subsidiary

For revenue from the sale of casino equipment to subsidiary Tiger Resort, Leisure and Entertainment, which operates OKADA MANILA, there is an obligation to deliver products in accordance with contracts with this company. The Universal Entertainment Group defines the fulfillment of an obligation as the time when a product is delivered and control of the applicable product is transferred to the customer. Therefore, revenue is recognized when a product is delivered to a customer.

In addition to the sale of casino equipment to this subsidiary, services are provided for the use of systems and for installation. There is an obligation to provide support and services during the entire contract period. Due to the recognition of the fulfillment of contractual obligations during the entire contract period, revenue is recognized during the contract period.

(Notes to Changes in Accounting Policies)

(Application of the Accounting Standard for Revenue Recognition)

Universal Entertainment has applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020), etc. from the beginning of 2022. Based on this standard, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the promised goods and services is transferred to customers.

For the application of the accounting standard for revenue recognition, etc., in accordance with the transitional treatment in the proviso to Paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting standard, if it is applied prior to the beginning of 2022, is added to or subtracted from retained earnings at the beginning of 2022. The new standard is then applied beginning with this amount of retained earnings. The impact on the non-consolidated financial statement in 2022 and the balance of retained earnings at the beginning of 2022 is immaterial.

(Application of the Accounting Standard for Fair Value Measurement)

Universal Entertainment has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc. from the beginning of 2022. In accordance with the transitional treatment prescribed in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), Universal Entertainment has decided

to prospectively apply the new accounting policy prescribed in the Accounting Standard for Fair Value Measurement, etc.
The impact on profit in 2022 is immaterial.

(Notes on Changes in Presentation or Classification)
There is no applicable information.

(Notes on Accounting Estimates)
1. Valuation of shares of subsidiaries and associates
(1) Amount shown on the non-consolidated financial statements for 2022

Shares of subsidiaries and associates:	225,070 million yen
Loss on valuation of shares of subsidiaries and associates:	29 million yen

(2) Information concerning significant accounting estimates for identifiable items
(i) Calculation method
The valuation of shares of subsidiaries and associates is based on a comparison of the book value with the actual value reflecting excess earning capacity to determine if there is a significant decline in the actual value. For shares where this process reveals a significant decline in the effective price, the book value is reduced to a negligible residual value and the amount of this reduction is recorded as a loss on valuation of shares of subsidiaries and associates. If the actual value declines significantly, a corresponding impairment loss is recognized, but impairment may not be recognized if the asset is believed to have a reasonable prospect of a recovery.

(ii) Key assumptions
For the evaluation of excess earning power, estimates based on business plans for following years are used. The sales plans are based on assumptions that take into account past market trends, future market forecasts, discount rates, market growth rates, and other factors.

(iii) Effect on the non-consolidated financial statements for the following fiscal year
These estimates are based on information available when the non-consolidated financial statements were prepared. However, there is a possibility of a significant decline below book value caused by changes in business plans and market conditions or the impairment of assets of the Integrated Resort business. If there is a change in the conditions or assumptions used as the premise for these estimates, there may be a significant effect on the non-consolidated financial statements for the following fiscal year.

Information about the effect of the pandemic on accounting estimates is the same as the information in the “Note concerning Accounting Estimates” for the consolidated financial statements.

(Notes to Additional Information)
There is no applicable information.

(Notes to Non-consolidated Balance Sheet)
1. Figures less than a unit
Amounts are rounded down to the nearest million yen.

2. Assets pledged as collateral

Shares of subsidiaries and associates	199,384 million yen

There are no secured liabilities.

3. Monetary claims relating to directors	791 million yen
4. Accumulated depreciation on property, plant and equipment	34,454 million yen

5. Notes matured at the end of the fiscal year and electrically recorded receivable and payable
With respect to accounting for notes matured at the end of the fiscal year and electrically recorded receivable and payable, though the current fiscal year-end fell on a holiday for financial institutions, they were treated as though they were settled on the maturity date. Notes that matured at the end of the fiscal year and electrically recorded receivables and payables are as follows.

Notes receivable	413 million yen
Electronically recorded receivables	623 million yen
Notes payable	211 million yen
Electronically recorded payables	655 million yen

6. Assets and liabilities relating to affiliated companies (excluding separately presented on the balance sheet)

Short-term monetary claims	5,906 million yen
Long-term monetary claims	9,634 million yen
Short-term monetary liabilities	10,892 million yen
Long-term monetary liabilities	1,276 million yen

(Notes to Non-consolidated Statement of Income)

1. Figures less than a unit
Amounts are rounded down to the nearest million yen.

2. Transactions with subsidiaries and affiliates
Amount of business transactions

Net sales	1,212 million yen
Purchase amount	14,645 million yen
Selling, general and administrative expenses	158 million yen
Amount of non-business transactions	212 million yen

(Notes to Non-consolidated Statement of Changes in Equity)

1. Figures less than a unit
Amounts are rounded down to the nearest million yen.

2. The class and number of treasury shares as of December 31, 2022

Common stock	2,711,046 shares

(Notes to Tax-Effect Accounting)

Detail of the causes for deferred tax liabilities is foreign exchange gains on long-term receivables.

(Notes to Non-current Assets used for Lease)

In addition to the non-current assets on the non-consolidated balance sheet, some of the vehicles and furniture and fixtures are used under finance lease transactions where there is no transfer ownership.

(Notes to Transactions with related parties)

1. Parent company and major institutional shareholders, etc. of the Company

Category	Name	Holding or Held Ratio of Voting Rights	Relationship with the Related Party
Parent company	Okada Holdings Limited	70.2% directly held	Control of shares of the Company

Category	Name	Description of Transactions	Transaction Amount (Million yen)	Account Item	Year-end Balance (Million yen)
Parent company	Okada Holdings Limited	Dividends for prior year	750	Other non-current liabilities	1,250

Transaction terms and policies in determining the terms:

Notes: 1. The ratio of shares held (excluding treasury shares) is rounded down to the second decimal place.
2. The Company notifies the parent company of these transactions. The Company's Board of Directors examines these transactions and reaches a decision about the suitability and legitimacy of the transactions after confirming that there are no negative effects on the earnings of the Universal Entertainment Group.

2. Non-consolidated subsidiaries and affiliates, etc. of the Company

Category	Name	Holding or Held Ratio of Voting Rights (Note 1)	Relationship with the Related Party
Non-consolidated subsidiaries	TIGER RESORT, LEISURE AND ENTERTAINM ENT, INC.	99.9% indirectly held	Investment Shared directors Financial support
	Tiger Resort Asia Limited	100.0% directly held	Investment Shared directors Financial support
Affiliated company	EAGLE I LANDHOLDINGS, INC.	40.0% indirectly held	Investment Shared directors Financial support
	ZEEG Co. Ltd.	50.0% directly held	Investment Procurement of parts and materials Financial support

Category	Name	Description of Transactions	Transaction Amount (Million yen)	Account Item	Year-end Balance (Million yen)
Non-consolidated subsidiaries	TIGER RESORT, LEISURE AND ENTERTAINM ENT, INC.	Sales of casino equipment	370	Long-term accounts receivable from subsidiaries and associates - other	5,995
		Collection of accounts receivable-other	1,730		
		Advances for expenses Collection of advances paid	62 179	Long-term advances paid to subsidiaries and associates	138,699
	Tiger Resort Asia Limited	Remittance of funds	217	Long-term advances paid to subsidiaries and associates	35,487
		Advances for expenses	153		
Affiliated company	EAGLE I LANDHOLDINGS, INC.	-	-	Long-term deposit for subsidiaries and associates Long-term deposits received from subsidiaries and associates	15,460 6,635
		Advances for expenses Collection of advances paid	1,119 860	Advances paid	295
	ZEEG Co. Ltd.	Interest income received	66	Accrued interest	41
		Loans (Note 2)	2,000	Short-term loans receivable Long-term loans receivable	4,122 2,582
		Collection of loans receivables	1,347		
		Procurement of parts and materials (Note 3)	11,354	Accounts payable-trade	1,521
				Advance payments-trade	161

Transaction terms and policies in determining the terms:

(Notes) 1. The ratio of shares held (excluding treasury shares) is rounded down to the second decimal place.
2. Terms of loans are determined by discussions between both parties in consideration of interest rates.
3. Transaction terms are determined in the same fashion as regular transaction conditions taking market prices into consideration.

3. Executives and major individual shareholders

Category	Name	Holding or Held Ratio of Voting Rights (Note 1)	Relationship with the Related Party
Company, etc. with majority voting rights owned by director or his close relatives	Okada Holdings GK (Note 2)	None	Rental of real property
	Aruze Gaming America, Inc. (Note 3)	None	Sales of the Company's products
Close relative of Director	Kazuo Okada	70.2% indirectly held (Note 4)	Payment of rents, etc.
Directors	Jun Fujimoto	0.8% directly held	Loans
	Hajime Tokuda	0.1% directly held	Loans
	Kenshi Asano	0.0% directly held	Loans

Category	Name	Description of Transactions	Transaction Amount (Million yen)	Account Item	Year-end Balance (Million yen)
Company, etc. with majority voting rights owned by director or his close relatives	Okada Holdings GK (Note 2)	Provision of guarantees	-	Guarantee deposits	141
		Payment of rents, etc.	-	Advances paid	12
	Aruze Gaming America, Inc. (Note 3)	Sales of products	-	Long-term accounts receivable-other (Note 7)	354
Close relative of Director	Kazuo Okada	Payment of rents, etc. (Note 5)	10	Advances paid Accrued expenses	43 61
Directors	Jun Fujimoto	Loans (Note 6)	-	Short-term loans receivable	527
	Hajime Tokuda	Loans (Note 6)	-	Short-term loans receivable	131
	Kenshi Asano	Loans (Note 6)	-	Short-term loans receivable	131

Transaction terms and policies in determining the terms:

(Notes) 1. The ratio of shares held (excluding treasury shares) is rounded down to the second decimal place.

2. 99.9% of its voting rights are indirectly held by Kazuo Okada, a close relative of a director of the Company and his close relatives.

3. 100% of its voting rights are directly or indirectly held by Kazuo Okada, a close relative of a director of the Company.

4. Ownership of the Company's parent company, where Kazuo Okada, a close relative of a director of the Company, and his close relatives directly hold 100% of the voting rights.

5. Terms for the payment of rents are determined by consultation between both parties in consideration of interest rates.

6. Terms for loans are determined by discussions between both parties in consideration of interest rates.

7. In the fiscal year ended December 31, 2022, there was a provision for the allowance for doubtful accounts of 354 million yen for long-term accounts receivable.
In the fiscal year ended December 31, 2022, provision of allowance for doubtful accounts of 354 million yen is reported.

(Notes to Revenue Recognition)

(Information for an understanding of revenue from contracts with customers)

There is no information for an understanding of revenue from contracts with customers because the same information is in the Note to Revenue Recognition in the Notes to the Consolidated Financial Statements.

(Notes to Per Share Information)

Net assets per share	4,674.55 yen
Net income per share	61.29 yen

(Notes to Significant Subsequent Events)

There is no applicable information.