

This is an English translation of the official announcement in Japanese that was released on February 14, 2024. The translation is prepared for the readers' convenience only. All readers are strongly recommended to refer to the original Japanese version for complete and accurate information. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.



**Summary of Financial Data and Business Results for  
the Fiscal Year Ended December 31, 2023  
(JP GAAP, Consolidated)**

February 14, 2024

Listed Exchange: Tokyo Stock Exchange

Company Name: Universal Entertainment Corporation

Code No.: 6425 URL: <https://www.universal-777.com>

Representative: (Name) Jun Fujimoto (Title) Representative Director and President, CEO and CIO

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

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Scheduled Date of Ordinary Shareholders' Meeting: March 28, 2024

Scheduled Submission Date of Securities Registration Report: March 29, 2024

Scheduled Commencement Date of Dividend Payment: -

Supplementary Briefing Materials for Settlement of Accounts: Yes

Briefing on Settlement of Accounts: No

(Amounts rounded down to nearest million yen)

1. Consolidated Business Results for 2023 (Period from January 1, 2023 to December 31, 2023)

(1) Consolidated Operating Results

(Percentages refer to changes from the previous fiscal year)

|                                     | Net Sales   |      | Operating Profit |       | Ordinary Profit |       | Net Income<br>Attributable to Owners<br>of Parent |       |
|-------------------------------------|-------------|------|------------------|-------|-----------------|-------|---|-------|
|                                     | Million Yen | %    | Million Yen      | %     | Million Yen     | %     | Million Yen                                       | %     |
| Fiscal Year Ended December 31, 2023 | 178,995     | 26.9 | 30,480           | 152.2 | 38,080          | 173.3 | 28,439  | 147.2 |
| Fiscal Year Ended December 31, 2022 | 140,998     | 55.9 | 12,085           | 516.7 | 13,933          | -     | 11,506  | -     |

(Note) Comprehensive income

Fiscal Year Ended December 31, 2023: 42,161 million yen (up 305.6%)

Fiscal Year Ended December 31, 2022: 10,395 million yen (-%)

|                                     | Net Income<br>per Share | Diluted Net<br>Income per<br>Share | Ratio of<br>Net Income to<br>Shareholders'<br>Equity | Ratio of<br>Ordinary Profit<br>to Total Assets | Ratio of<br>Operating Profit<br>to Net Sales |
|-------------------------------------|-------------------------|------------------------------------|--|--|--|
|                                     | Yen                     | Yen                                | %  | %  | %  |
| Fiscal Year Ended December 31, 2023 | 367.04                  | 367.00                             | 7.7  | 6.2  | 17.0   |
| Fiscal Year Ended December 31, 2022 | 148.50                  | 148.49                             | 3.3  | 2.4  | 8.6  |

(Reference) Equity in earnings/losses of affiliates

Fiscal Year Ended December 31, 2023: (6,747) million yen

Fiscal Year Ended December 31, 2022: (2,627) million yen

(2) Consolidated Financial Status

|                         | Total Assets | Net Assets  | Ratio of<br>Shareholders' Equity | Net Assets per<br>Share |
|-------------------------|--------------|-------------|----------------------------------|-------------------------|
|                         | Million Yen  | Million Yen | %                                | Yen                     |
| As of December 31, 2023 | 628,006      | 388,388     | 61.8                             | 5,011.39                |
| As of December 31, 2022 | 596,177      | 349,315     | 58.6                             | 4,507.48                |

(Reference) Shareholders' equity

As of December 31, 2023: 388,336 million yen

As of December 31, 2022: 349,257 million yen

(3) Consolidated Cash Flow Position

|                                     | Cash Flows from<br>Operating Activities | Cash Flows from<br>Investing Activities | Cash Flows from<br>Financing Activities | Balance of Cash and<br>Cash Equivalents at<br>the End of Period |
|-------------------------------------|---|---|---|---|
|                                     | Million Yen                             | Million Yen                             | Million Yen                             | Million Yen   |
| Fiscal Year Ended December 31, 2023 | 28,017                                  | (10,124)                                | (11,326)                                | 44,190  |
| Fiscal Year Ended December 31, 2022 | 24,461                                  | (8,996)                                 | (11,246)                                | 35,793  |

## 2. Status of Dividends

|   | Annual Dividends   |                    |                    |                    |       | Total Dividends (Annual) | Dividend Payout Ratio (Consolidated) | Ratio of Dividend to Net Assets (Consolidated) |
|---|--------------------|--------------------|--------------------|--------------------|-------|--------------------------|--------------------------------------|--|
|   | End of 1st Quarter | End of 2nd Quarter | End of 3rd Quarter | End of Fiscal Year | Total |                          |                                      |  |
|   | Yen                | Yen                | Yen                | Yen                | Yen   | Million Yen              | %                                    | %  |
| Fiscal Year Ended December 31, 2022             | -                  | 0.00               | -                  | 0.00               | 0.00  | -                        | -                                    | -  |
| Fiscal Year Ended December 31, 2023             | -                  | 40.00              | -                  | 0.00               | 40.00 | 3,099                    | 10.9                                 | 0.8  |
| Fiscal Year Ending December 31, 2024 (Forecast) | -                  | -                  | -                  | -                  | -     |                          | -                                    |  |

(Note) The dividend forecast for 2024 is to be determined.

## 3. Consolidated Business Results Forecast for 2024 (Period from January 1, 2024 to December 31, 2024)

(Percentages refer to changes from the previous fiscal year)

|                  | Net Sales   |      | Operating Profit |      | Ordinary Profit |        | Net Income Attributable to Owners of Parent |        | Net Income per Share |
|------------------|-------------|------|------------------|------|-----------------|--------|---|--------|----------------------|
|                  | Million Yen | %    | Million Yen      | %    | Million Yen     | %      | Million Yen                                 | %      | Yen                  |
| Full Fiscal Year | 200,000     | 11.7 | 36,000           | 18.1 | 20,000          | (47.5) | 19,600                                      | (31.1) | 252.93               |

(Reference) The outlook is favorable in the Amusement Equipments Business for several reasons. In the Pachislot sector, the utilization of smart Pachislot machines is high and the market share of these machines is increasing. In the Pachinko sector, models with new types of game playing characteristics are expected as rules for Pachinko machines are reexamined. Universal Entertainment will also continue to work on developing and marketing appealing titles that can contribute to attracting customers to pachinko halls. In the Integrated Resort Business, the number of visitors to OKADA MANILA, an integrated resort, is steadily increasing. We will target demand within the Philippines and continue the further growth of revenue and earnings.

### \* Matters of Note

- (1) Changes in material subsidiaries during the period (Changes in specified subsidiaries accompanying changes in scope of consolidation) : None
- (2) Changes in accounting policies, changes in accounting estimates and/or restatements
  - 1) Changes in accounting policies accompanying revision of accounting standards, etc. : None
  - 2) Changes in accounting policies other than 1) : None
  - 3) Changes in accounting estimates : None
  - 4) Restatements : None
- (3) Number of outstanding shares (common stock)
  - 1) Shares issued at end of fiscal period (including treasury shares)
    - As of December 31, 2023: 80,195,000 shares
    - As of December 31, 2022: 80,195,000 shares
  - 2) Number of treasury shares at end of fiscal period
    - As of December 31, 2023: 2,704,096 shares
    - As of December 31, 2022: 2,711,046 shares
  - 3) Average number of shares during fiscal period
    - Fiscal Year Ended December 31, 2023: 77,484,165 shares
    - Fiscal Year Ended December 31, 2022: 77,483,996 shares

(Reference) Summary of the Non-consolidated Business Results

1. Non-consolidated Business Results for 2023 (Period from January 1, 2023 to December 31, 2023)

(1) Non-consolidated Operating Results

(Percentages refer to changes from the previous fiscal year)

|                                     | Net Sales   |      | Operating Profit |       | Ordinary Profit |       | Net Income  |      |
|-------------------------------------|-------------|------|------------------|-------|-----------------|-------|-------------|------|
|                                     | Million Yen | %    | Million Yen      | %     | Million Yen     | %     | Million Yen | %    |
| Fiscal Year Ended December 31, 2023 | 83,028      | 18.5 | 14,982           | 100.0 | 9,527           | 12.4  | 7,374       | 55.3 |
| Fiscal Year Ended December 31, 2022 | 70,049      | 25.0 | 7,490            | 137.9 | 8,479           | 599.8 | 4,749       | -    |

|                                     | Net Income per Share |  | Diluted Net Income per Share |  |
|-------------------------------------|----------------------|--|------------------------------|--|
|                                     | Yen                  |  | Yen                          |  |
| Fiscal Year Ended December 31, 2023 | 95.17                |  | 95.16                        |  |
| Fiscal Year Ended December 31, 2022 | 61.29                |  | 61.29                        |  |

(2) Non-consolidated Financial Status

|                         | Total Assets | Net Assets  | Ratio of Shareholders' Equity | Net Assets per Share |
|-------------------------|--------------|-------------|-------------------------------|----------------------|
|                         | Million Yen  | Million Yen | %                             | Yen                  |
| As of December 31, 2023 | 525,775      | 366,516     | 69.7                          | 4,729.13             |
| As of December 31, 2022 | 508,414      | 362,261     | 71.2                          | 4,674.55             |

(Reference) Shareholders' equity

As of December 31, 2023: 366,464 million yen

As of December 31, 2022: 362,202 million yen

Reason for differences between non-consolidated financial results for 2022 and 2023

Sales and earnings in the Amusement Equipments Business have been strong because of firm demand for machines that comply with the 6.5 standard and smart Pachislot machines. Major contributors to the performance of this business are "ANOTHER GOD HADES: TOKIHANATARESHI SOUGEKI ver.," "SMART PACHISLOT Puella Magi Madoka Magica The Movie Part 1: Beginnings/Part 2: Eternal forte," which is the latest addition to the Madoka Magica Series, and "SMART PACHISLOT Basilisk: The Kouga Ninja Scrolls Kizuna 2 Tenzen BLACK EDITION," which is the latest addition to the Basilisk Series. As a result, the number of units sold in the Amusement Equipments Business increased from 150,048 in 2022 to 180,632 in 2023, resulting in higher sales and operating profit. The ordinary profit and net income also increased, including a foreign exchange gain because of the weaker yen and stronger U.S. dollar.

\* The current financial report is not subject to audit by certified public accountants or auditing firms.

\* Explanation on Proper Usage of Business Results Forecast and Other Noteworthy Items

The forward-looking statements regarding business results, etc. as featured herein are based on information that is currently available and certain assumptions that are determined to be reasonable, but are not promises by Universal Entertainment Corporation regarding future performance. Actual business results may vary significantly due to a number of factors. For preconditions for business forecasts, notes on the usage of business forecasts and so forth, please see "1. Overview of Results of Operations, etc., (1) Overview of Operating Results for the Fiscal Year Under Review" on page 2 of the Attached Materials.

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## 1. Overview of Results of Operations, etc.

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

(Million yen)

| Fiscal year ended December 31, 2023 | Net sales | Operating profit | Ordinary profit | Net income attributable to owners of parent |
|-------------------------------------|-----------|------------------|-----------------|---|
| Non-consolidated                    | 83,028    | 14,982           | 9,527           | 7,374                                       |
| Consolidated                        | 178,995   | 30,480           | 38,080          | 28,439                                      |

In 2023, social and economic activity in Japan slowly returned to normal following the Japanese government's downgrade of COVID-19. The economy gradually recovered as a result. However, the outlook for the economy is still uncertain because of global monetary tightening in response to high prices of raw materials caused by turmoil in many places, the yen's depreciation and other events.

In the Amusement Equipments Business, demand is strong because of the large number of machines that comply with the 6.5 standard and of smart Pachislot machines that pachinko halls are beginning to use. Most significantly, more market share growth is anticipated for smart Pachislot machines, which offer a broad array of game playing characteristics. Overall, 2023 sales of Pachislot and Pachinko machines totaled 180,632 units. In the Integrated Resort Business, the number of visitors was high throughout the year and the volume of business increased in each category of this business. As a result, sales increased 35.1%.

Sales in 2023 totaled 178,995 million yen, up 26.9% from 2022. Operating profit increased 152.2% to 30,480 million yen. Higher personnel expenses caused by a larger scale of operations at OKADA MANILA due to more visitors were offset by a decline in litigation expenses at Universal Entertainment. There were gain on cancellation of leases following the cancellation of lease contracts and a foreign exchange gain because of the yen's depreciation. Interest payments on U.S. dollar-denominated bonds increased because the yen's depreciation raised yen translations of these payments. After these and other items, ordinary profit increased 173.3% to 38,080 million yen. In 2022, large losses on the retirement of non-current assets and losses associated with the illegal occupation of OKADA MANILA held down net income attributable to owners of parent. Due in part to the decline in extraordinary losses in 2023, On the other hand due to decrease resulting from a reversal of deferred tax assets net income increased 147.2% to 28,439 million yen.

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

(Million yen)

| Fiscal year ended December 31, 2023 | Net sales | Segment profit |
|-------------------------------------|-----------|----------------|
| Amusement Equipments Business       | 80,980    | 24,082         |
| Integrated Resort Business          | 96,947    | 14,367         |
| Others                              | 831       | 285            |
| Total                               | 178,759   | 38,734         |

## (i) Amusement Equipments Business

In 2023, the Amusement Equipments Business posted net sales of 80,980 million yen (an increase of 18.6% year on year) and an operating profit of 24,082 million yen (an increase of 21.5% year on year).

Sales were strong in 2023 because of consistently high machine utilization rates at pachinko halls due to the large-scale installation of machines that comply with the 6.5 standard and smart Pachislot machines. In the Pachinko sector, the installation of smart Pachinko machines began in April 2023. The market share of smart Pachinko machines has been slowly increasing and there are expectations for these machines to continue invigorating the market for Pachinko machines.

There were several major new products: "ANOTHER GOD HADES: TOKIHANATARESHI SOUGEKI ver.," which is the first GOD Series Pachislot title based on standard 6; "SMART PACHISLOT Puella Magi Madoka Magica The Movie Part 1: Beginnings/Part 2: Eternal forte," which is the latest addition to the Madoka Magica Series; and "SMART PACHISLOT Basilisk: The Kouga Ninja Scrolls Kizuna 2 Tenzen BLACK EDITION," which is the latest addition to the Basilisk Series. Universal Entertainment had a large share of the Pachislot market in 2023 based on the number of units sold.

(ii) Integrated Resort Business

The Integrated Resort Business posted net sales<sup>(1)</sup> of 96,947 million yen (an increase of 35.1% year on year) and an operating profit of 14,367 million yen (an increase of 280.0% year on year) in 2023. Adjusted segment EBITDA<sup>(2)</sup> in the Integrated Resort Business was 29,981 million yen in 2023 (an increase of 54.9% year on year).

At OKADA MANILA, an integrated casino resort owned and operated by the Universal Entertainment Group, the number of visitors increased throughout 2023 and the volume of business increased in all categories. In the casino category, there was a big increase in revenue in the VIP, mass market table games and gaming machines sectors. Furthermore, there were many events for specific periods and measures to bring more restaurants and stores to the resort now that the impact of the pandemic has mostly ended. In the first quarter of 2023, OKADA MANILA received five stars from Forbes Travel Guide for the fourth consecutive year. In the third quarter, OKADA MANILA was selected by the World Travel Awards as Asia's Leading Casino Resort in 2023. These awards and other recognition raised the resort's profile among world travelers, resulting in more visitors from outside the Philippines. In the fourth quarter, there were activities at OKADA MANILA to reinforce internal administrative systems that include a reexamination of data management in response to a company-wide IT system problem.

Overall, EBITDA after adjustments rose to a record high in 2023 in the Integrated Resort Business despite a temporary downturn in revenues caused by an IT system problem.

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

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

(iii) Other

Other Business posted net sales of 831 million yen (an increase of 5.9% year on year) and an operating profit of 285 million yen (an increase of 838.6% year on year) in 2023.

The Media Content Business has been performing very well. One highlight is the start of distributions to the App Store and Google Play the simulator apps of "OKIDOKI! GOLD," "ANOTHER GOD HADES: TOKIHANATARESHI SOUGEKI ver.," "PACHI SLOT Shin Onimusha 2" and "CRANKY CREST." In addition, several titles ranked first in the app, game and casino category paid downloads. "Universal Kingdom," a smartphone app with a monthly fee, added three apps: "HANABI ZEKKEI," "OKIDOKI! GOLD" and "ANOTHER GOD HADES: TOKIHANATARESHI SOUGEKI ver." "Slots Street," a social casino game where basic play is free, added three video slot games with designs based on Pachislot machines, which raised the total number of games to 57. All services, including the addition of new titles, are aimed at attracting new users and increasing the satisfaction of current users. In the music distribution category, eight titles were distributed to 24 sites, including Apple Music, Spotify and YouTube Music.

(Future Outlook)

(i) Amusement Equipments Business

The outlook is favorable in this business for several reasons. In the Pachislot sector, the utilization of smart Pachislot machines is high and the market share of these machines is increasing. In the Pachinko sector, models with new types of game playing characteristics are expected as rules for Pachinko machines are reexamined.

In 2024, this business has started increasing output of "SMART PACHISLOT Basilisk: The Kouga Ninja Scrolls Kizuna 2 Tenzen BLACK EDITION" and launched "WARD OF LIGHTS II," the latest member of the A PROJECT. In addition, sales started for "SLOT Ninja Jajamaru-kun," the latest member of the Family Slot Series, which brings back popular games from many years ago.

Universal Entertainment will continue to work on developing unique and appealing titles. By creating and selling innovative and appealing machines, our goal is to play a role in energizing the entire amusement machine industry as we increase our share of this market.

(ii) Integrated Resort Business

In 2023, there was a recovery in the number of visitors from other countries in the Philippines as the impact of the pandemic on travel and other activities declined. According to the Philippine Department of Tourism, foreign visitors in 2023 totaled 5.45 million, far higher than the goal of 4.8 million and more than double the 2.65 million visitors in 2022. This is still below the 8.26 million foreign visitors in 2019. In 2024, the goal is 7.7 million visitors from other countries, a level higher than in 2023.

The Integrated Resort Business achieved record-high adjusted EBITDA in 2023. In 2024, this business is aiming for more growth by adding more restaurants and stores that are popular among people in the Philippines in order to benefit from domestic demand.

The Status Quo Ante Order (SQAQO) of the Supreme Court of the Philippines was immediately terminated when the supreme court rejected the lawsuit filed by Kazuo Okada, a former director of Universal Entertainment, on November 13, 2023. As a result, negotiations with financial institutions in the Philippines that had been suspended have resumed and activities are moving forward for an overseas private placement of bonds to refinance debt and for other measures.

In December 2023, Universal Entertainment signed a basic agreement for the acquisition of the Emerald Bay Resort Project. Discussions and negotiations are under way for a definitive agreement that is to be signed by no later than July 2024.

(iii) Other

The Media Content Business plans to start distributing to App Store and Google Play the simulator app of “SMART PACHISLOT Puella Magi Madoka Magica The Movie Part 1: Beginnings/Part 2: Eternal: forte” in the first quarter of 2024. This business will continue to distribute high-quality simulator applications and music. “Universal Kingdom,” which has a monthly fee, and “Slots Street” social casino game, where basic play is free, will continue to improve services to increase user satisfaction.

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

Financial status for 2023 is as follows.

Total assets at the end of 2023 amounted to 628,006 million yen, an increase of 31,829 million yen over the end of 2022. There was an increase in non-current assets as the yen depreciated relative to the Philippine peso, an increase in receivables owed by a non-consolidated subsidiary, and an increase in long-term accounts receivable from subsidiaries and associates - other due to cancellation of rental contracts. There was a decrease in leased assets, a decrease resulting from a reversal of deferred tax assets, and a decrease in investment securities due to share of loss of entities accounted for using equity method.

Liabilities at the end of 2023 amounted to 239,618 million yen, a decrease of 7,243 million yen over the end of 2022. There was a decrease resulting from repayments of long-term borrowings at consolidated subsidiaries and a decrease in accrued expenses. There was an increase in bonds payable due to the yen’s decline vs. the U.S. dollar.

Net assets at the end of 2023 amounted to 388,388 million yen, an increase of 39,072 million yen over the end of 2022, which was mainly the result of an increase in retained earnings due to net income attributable to owners of parent, which was partially offset by dividend payment, and an increase in foreign currency translation adjustment because of the yen depreciated against the Philippine peso.

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

As of the end of 2023, cash and cash equivalents totaled 44,190 million yen, an increase of 8,397 million yen over the end of 2022. This was mainly due to the result of depreciation, share of loss of entities accounted for using equity method, gain on cancellation of rental contracts, gain on cancellation of leases, foreign exchange gains as the yen

weakened in relation to the U.S. dollar, interest expenses on leases and borrowings and interest on bonds. There were increases due to collection of short- and long-term loans receivable from an equity-method affiliate. There were decreases due to an increase in receivables owed by a non-consolidated subsidiary, interest expenses paid for bonds, leases and borrowings, payments for the purchase of property, plant and equipment and intangible assets, partly including payments for construction payables and construction advance payments, repayments of long-term borrowings, and cash dividends paid.

The primary reasons for increases/decreases in each cash flow category in 2023 are as follows:

<Cash Flows from Operating Activities>

Net cash provided by operating activities amounted to 28,017 million yen mainly due to income before income taxes and others of 37,948 million yen, depreciation of 17,254 million yen, share of loss of entities accounted for using equity method of 6,747 million yen, interest expenses and interest on bonds of 16,050 million yen, gain on cancellation of rental contracts of 18,698 million yen, gain on cancellation of leases of 4,150 million yen, foreign exchange gains of 6,583 million yen, an increase in accounts receivable-other of 4,922 million yen, and interest expenses paid of 13,820 million yen.

<Cash Flows from Investing Activities>

Net cash used in investing activities amounted to 10,124 million yen mainly due to purchase of property, plant and equipment and intangible assets of 11,734 million yen.

<Cash Flows from Financing Activities>

Net cash used in financing activities amounted to 11,326 million yen mainly due to repayments of long-term borrowings of 7,698 million yen and cash dividends paid of 3,099 million yen.

(Reference) Transition of Cash Flow-related Indicators

|   | Dec. 2019<br>Fiscal Year | Dec. 2020<br>Fiscal Year | Dec. 2021<br>Fiscal Year | Dec. 2022<br>Fiscal Year | Dec. 2023<br>Fiscal Year |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Ratio of shareholders' equity (%)                           | 64.9                     | 62.9                     | 59.2                     | 58.6                     | 61.8                     |
| Ratio of shareholders' equity on market value basis (%)     | 50.7                     | 32.4                     | 33.0                     | 30.9                     | 28.3                     |
| Ratio of interest-bearing liabilities to cash flows (years) | 2.9                      | 31.8                     | 62.8                     | 4.7                      | 4.2                      |
| Interest coverage ratio (x)                                 | 5.5                      | 0.6                      | 0.3                      | 2.7                      | 2.0                      |

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

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

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

Interest coverage ratio = cash flows / interests paid

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

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

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

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

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

The Universal Entertainment Group considers the return of profits to shareholders to be one of the highest priorities.

The Universal Entertainment Group's basic capital policy is to use capital with even greater efficiency and maintain financial soundness in order to consistently increase corporate value and maintain a solid base for sustained growth. For the dividend, the basic policy is to make stable and consistent payments that reflect results of operations.

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



Stock repurchases will be made after carefully considering all applicable factors and for the purpose of taking actions concerning equity with speed and flexibility that reflect changes in the business climate.

The dividend for 2023 is the interim dividend of 40 yen per share with a record date of June 30, 2023. No year-end dividend was paid primarily in order to maintain financial soundness for the redemption of an overseas private placement of bonds and other reasons.

The Articles of Incorporation of Universal Entertainment state that it can distribute an interim dividend pursuant to Article 454, Paragraph 5 of the Companies Act.

The dividends from surplus for which the record date belongs to the current fiscal year are as follows:

| Date of resolution                                | Total amount of dividends<br>(Million yen) | Dividend per share<br>(Yen) |
|---|--|-----------------------------|
| Board of Directors' meeting held on July 14, 2023 | 3,099                                      | 40.00                       |

Dividends for 2024 will be determined after carefully considering the outlook for results of operations and the demand for capital.

## 2. Basic Approach to the Selection of Accounting Standards

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

## 3. Consolidated Financial Statements and Notes

## (1) Consolidated Balance Sheet

|  | (Million yen)               |                             |
|--|-----------------------------|-----------------------------|
|  | 2022<br>(December 31, 2022) | 2023<br>(December 31, 2023) |
| <b>Assets</b>  |                             |                             |
| Current assets   |                             |                             |
| Cash and deposits  | 35,895                      | 44,300                      |
| Notes and accounts receivable-trade                                  | 9,707                       | 11,039                      |
| Securities   | 2,179                       | 2,448                       |
| Merchandise and finished goods                                       | 2,652                       | 3,399                       |
| Work in process  | 14,328                      | 13,839                      |
| Raw materials and supplies   | 10,644                      | 10,988                      |
| Other  | 13,187                      | 18,827                      |
| Allowance for doubtful accounts                                      | (787)                       | (884)                       |
| Total current assets   | 87,807                      | 103,958                     |
| Non-current assets   |                             |                             |
| Property, plant and equipment  |                             |                             |
| Buildings and structures   | 385,374                     | 406,384                     |
| Accumulated depreciation   | (43,891)                    | (56,678)                    |
| Buildings and structures (net amount)                                | 341,483                     | 349,706                     |
| Machinery, equipment and vehicles                                    | 55,402                      | 62,551                      |
| Accumulated depreciation   | (32,248)                    | (37,450)                    |
| Machinery, equipment and vehicles (net amount)                       | 23,154                      | 25,100                      |
| Lease assets   | 61,288                      | 56,151                      |
| Accumulated depreciation   | (11,924)                    | (6,366)                     |
| Leased assets, net   | 49,363                      | 49,784                      |
| Land   | 7,438                       | 7,544                       |
| Construction in progress   | 6,212                       | 6,670                       |
| Other  | 25,536                      | 30,661                      |
| Accumulated depreciation   | (20,899)                    | (26,670)                    |
| Other, net   | 4,636                       | 3,991                       |
| Total property, plant and equipment                                  | 432,289                     | 442,798                     |
| Intangible assets  |                             |                             |
| Other  | 1,112                       | 1,795                       |
| Total intangible assets  | 1,112                       | 1,795                       |
| Investments and other assets   |                             |                             |
| Investment securities  | 16,265                      | 9,941                       |
| Long-term deposits   | 8,179                       | 8,743                       |
| Long-term deposits for subsidiaries and associates                   | 32,189                      | 34,402                      |
| Long-term accounts receivable from subsidiaries and associates-other | -                           | 11,423                      |
| Deferred tax assets  | 11,047                      | 4,586                       |
| Other  | 11,426                      | 15,047                      |
| Allowance for doubtful accounts                                      | (4,743)                     | (4,992)                     |
| Total investments and other assets                                   | 74,365                      | 79,152                      |
| Total non-current assets   | 507,766                     | 523,745                     |
| Deferred assets  | 603                         | 301                         |
| Total assets   | 596,177                     | 628,006                     |

(Million yen)

|  | 2022<br>(December 31, 2022) | 2023<br>(December 31, 2023) |
|--|-----------------------------|-----------------------------|
| <b>Liabilities</b>   |                             |                             |
| <b>Current liabilities</b>                                   |                             |                             |
| Notes and accounts payable-trade                             | 7,530                       | 9,399                       |
| Current portion of long-term borrowings                      | 7,299                       | 4,467                       |
| Current portion of bonds                                     | -                           | 113,810                     |
| Accounts payable-other                                       | 10,002                      | 6,492                       |
| Accrued expenses   | 23,074                      | 10,169                      |
| Income taxes payable   | 46                          | 81                          |
| Provision for bonuses  | 80                          | 87                          |
| Other  | 17,732                      | 20,230                      |
| <b>Total current liabilities</b>                             | <b>65,765</b>               | <b>164,739</b>              |
| <b>Non-current liabilities</b>                               |                             |                             |
| Bonds payable  | 104,585                     | -                           |
| Long-term borrowings   | 4,180                       | -                           |
| Retirement benefit liability                                 | 367                         | 650                         |
| Long-term deposits received from subsidiaries and associates | 6,635                       | 7,091                       |
| Lease obligations  | 57,464                      | 56,650                      |
| Deferred tax liabilities                                     | 5,371                       | 7,305                       |
| Other  | 2,491                       | 3,181                       |
| <b>Total non-current liabilities</b>                         | <b>181,096</b>              | <b>74,879</b>               |
| <b>Total liabilities</b>                                     | <b>246,861</b>              | <b>239,618</b>              |
| <b>Net assets</b>  |                             |                             |
| <b>Shareholders' equity</b>                                  |                             |                             |
| Share capital  | 98                          | 98                          |
| Capital surplus  | 18,829                      | 18,828                      |
| Retained earnings  | 338,932                     | 364,273                     |
| Treasury shares  | (7,317)                     | (7,298)                     |
| <b>Total shareholders' equity</b>                            | <b>350,542</b>              | <b>375,900</b>              |
| <b>Accumulated other comprehensive income</b>                |                             |                             |
| Valuation difference on available-for-sale securities        | (16)                        | (20)                        |
| Foreign currency translation adjustment                      | (1,287)                     | 12,620                      |
| Remeasurements of defined benefit plans                      | 18                          | (163)                       |
| <b>Total accumulated other comprehensive income</b>          | <b>(1,285)</b>              | <b>12,436</b>               |
| Share acquisition rights                                     | 58                          | 51                          |
| <b>Total net assets</b>                                      | <b>349,315</b>              | <b>388,388</b>              |
| <b>Total liabilities and net assets</b>                      | <b>596,177</b>              | <b>628,006</b>              |

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

(Million yen)

|   | 2022<br>(January 1 to December 31, 2022) | 2023<br>(January 1 to December 31, 2023) |
|---|--|--|
| Net sales   | 140,998                                  | 178,995                                  |
| Cost of sales   | 62,657                                   | 79,661                                   |
| Gross profit  | 78,340                                   | 99,334                                   |
| Selling, general and administrative expenses                | 66,255                                   | 68,854                                   |
| Operating profit  | 12,085                                   | 30,480                                   |
| Non-operating income  |  |  |
| Interest income   | 128                                      | 1,095                                    |
| Dividend income   | 32                                       | 25                                       |
| Foreign exchange gains                                      | 8,228                                    | 6,259                                    |
| Gain on cancellation of rental contracts                    | 8,550                                    | 18,698                                   |
| Gain on cancellation of leases                              | 2,057                                    | 4,150                                    |
| Other   | 911                                      | 717                                      |
| Total non-operating income                                  | 19,909                                   | 30,946                                   |
| Non-operating expenses                                      |  |  |
| Interest expenses   | 5,533                                    | 4,745                                    |
| Interest on bonds   | 8,508                                    | 11,305                                   |
| Share of loss of entities accounted for using equity method | 2,627                                    | 6,747                                    |
| Commission expenses   | 10                                       | 10                                       |
| Provision of allowance for doubtful accounts                | 498                                      | 46                                       |
| Other   | 881                                      | 490                                      |
| Total non-operating expenses                                | 18,060                                   | 23,345                                   |
| Ordinary profit   | 13,933                                   | 38,080                                   |
| Extraordinary income  |  |  |
| Gain on sales of non-current assets                         | 54                                       | 49                                       |
| Gain on liquidation of subsidiaries and associates          | 28                                       | -  |
| Other   | 2  | 2  |
| Total extraordinary income                                  | 86                                       | 51                                       |
| Extraordinary losses  |  |  |
| Loss on sales and retirement of non-current assets          | 3,100                                    | 183                                      |
| Loss on valuation of shares of subsidiaries and associates  | 4  | -  |
| Non-recurring loss  | 818                                      | -  |
| Losses associated with an illegal occupation                | 1,526                                    | -  |
| Other   | 119                                      | -  |
| Total extraordinary losses                                  | 5,569                                    | 183                                      |
| Income before income taxes and others                       | 8,450                                    | 37,948                                   |
| Income taxes-current  | 261                                      | 409                                      |
| Income taxes-deferred                                       | (3,318)                                  | 9,099                                    |
| Total income taxes  | (3,056)                                  | 9,508                                    |
| Net income  | 11,506                                   | 28,439                                   |
| Net income attributable to non-controlling interests        | -  | -  |
| Net income attributable to owners of parent                 | 11,506                                   | 28,439                                   |

## (Consolidated Statement of Comprehensive Income)

(Million yen)

|  | 2022<br>(January 1 to December 31, 2022) | 2023<br>(January 1 to December 31, 2023) |
|--|--|--|
| Net income   | 11,506                                   | 28,439                                   |
| Other comprehensive income                                     |  |  |
| Valuation difference on available-for-sale securities          | (42)                                     | (4)                                      |
| Foreign currency translation adjustment                        | (1,004)                                  | 13,907                                   |
| Remeasurements of defined benefit plans, net of tax            | (63)                                     | (181)                                    |
| Total other comprehensive income                               | (1,110)                                  | 13,721                                   |
| Comprehensive income   | 10,395                                   | 42,161                                   |
| (Breakdown)  |  |  |
| Comprehensive income attributable to owners of parent          | 10,395                                   | 42,161                                   |
| Comprehensive income attributable to non-controlling interests | -  | -  |

## (3) Consolidated Statement of Changes in Equity

2022 (January 1 to December 31, 2022)

(Million yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period               | 98                   | 18,829          | 327,426           | (7,317)         | 339,036                    |
| Changes of items during period                       |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 |                   |                 | -                          |
| Profit attributable to owners of parent              |                      |                 | 11,506            |                 | 11,506                     |
| Purchase of treasury shares                          |                      |                 |                   | (0)             | (0)                        |
| Disposal of treasury shares                          |                      |                 |                   |                 | -                          |
| Net changes of items other than shareholders' equity |                      |                 |                   |                 |                            |
| Total changes of items during period                 | -                    | -               | 11,506            | (0)             | 11,506                     |
| Balance at end of current 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 current period               | 26  | (282)                                   | 81                                      | (174)  | 58                       | 338,919          |
| Changes of items during period                       |   |   |   |  |                          |                  |
| Dividends of surplus                                 |   |   |   |  |                          | -                |
| Profit attributable to owners of parent              |   |   |   |  |                          | 11,506           |
| Purchase of treasury shares                          |   |   |   |  |                          | (0)              |
| Disposal of treasury shares                          |   |   |   |  |                          | -                |
| Net changes of items other than shareholders' equity | (42)  | (1,004)                                 | (63)                                    | (1,110)                                      | -                        | (1,110)          |
| Total changes of items during period                 | (42)  | (1,004)                                 | (63)                                    | (1,110)                                      | -                        | 10,395           |
| Balance at end of current period                     | (16)  | (1,287)                                 | 18                                      | (1,285)                                      | 58                       | 349,315          |

2023 (January 1 to December 31, 2023)

(Million yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period               | 98                   | 18,829          | 338,932           | (7,317)         | 350,542                    |
| Changes of items during period                       |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (3,099)           |                 | (3,099)                    |
| Profit attributable to owners of parent              |                      |                 | 28,439            |                 | 28,439                     |
| Purchase of treasury shares                          |                      |                 |                   | (0)             | (0)                        |
| Disposal of treasury shares                          |                      | (1)             |                   | 18              | 17                         |
| Net changes of items other than shareholders' equity |                      |                 |                   |                 |                            |
| Total changes of items during period                 | -                    | (1)             | 25,340            | 18              | 25,358                     |
| Balance at end of current period                     | 98                   | 18,828          | 364,273           | (7,298)         | 375,900                    |

|  | 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 current period               | (16)  | (1,287)                                 | 18                                      | (1,285)                                      | 58                       | 349,315          |
| Changes of items during period                       |   |   |   |  |                          |                  |
| Dividends of surplus                                 |   |   |   |  |                          | (3,099)          |
| Profit attributable to owners of parent              |   |   |   |  |                          | 28,439           |
| Purchase of treasury shares                          |   |   |   |  |                          | (0)              |
| Disposal of treasury shares                          |   |   |   |  |                          | 17               |
| Net changes of items other than shareholders' equity | (4)   | 13,907                                  | (181)                                   | 13,721                                       | (7)                      | 13,714           |
| Total changes of items during period                 | (4)   | 13,907                                  | (181)                                   | 13,721                                       | (7)                      | 39,072           |
| Balance at end of current period                     | (20)  | 12,620                                  | (163)                                   | 12,436                                       | 51                       | 388,388          |

## (4) Consolidated Statement of Cash Flows

(Million yen)

|  | 2022<br>(January 1 to December 31, 2022) | 2023<br>(January 1 to December 31, 2023) |
|--|--|--|
| <b>Cash flows from operating activities</b>                          |  |  |
| Income before income taxes and others                                | 8,450                                    | 37,948                                   |
| Depreciation   | 18,739                                   | 17,254                                   |
| Loss on valuation of shares of subsidiaries and associates           | 4  | -  |
| Loss (gain) on sales and retirement of non-current assets            | 3,045                                    | 134                                      |
| Gain on cancellation of rental contracts                             | (8,550)                                  | (18,698)                                 |
| Gain on cancellation of leases                                       | (2,057)                                  | (4,150)                                  |
| Losses associated with an illegal occupation                         | 1,526                                    | -  |
| Share of loss (profit) of entities accounted for using equity method | 2,627                                    | 6,747                                    |
| Interest and dividend income   | (161)                                    | (1,120)                                  |
| Interest expenses  | 5,533                                    | 4,745                                    |
| Interest on bonds  | 8,508                                    | 11,305                                   |
| Foreign exchange losses (gains)                                      | (8,431)                                  | (6,583)                                  |
| Increase (decrease) in allowance for doubtful accounts               | (1,390)                                  | 59                                       |
| Decrease (increase) in trade receivables                             | 1,677                                    | (1,288)                                  |
| Decrease (increase) in inventories                                   | (2,537)                                  | (461)                                    |
| Decrease (increase) in accounts receivable-other                     | (441)                                    | (4,922)                                  |
| Increase (decrease) in accrued consumption taxes                     | 1,327                                    | 187                                      |
| Increase (decrease) in trade payables                                | (76)                                     | 1,852                                    |
| Increase (decrease) in accounts payable-other                        | 1,358                                    | (1,689)                                  |
| Decrease (increase) in other current assets                          | (239)                                    | 353                                      |
| Increase (decrease) in other current liabilities                     | 2,084                                    | 381                                      |
| Increase (decrease) in other non-current liabilities                 | (745)                                    | (1,677)                                  |
| Other, net   | 332                                      | 1,468                                    |
| <b>Subtotal</b>  | <b>30,586</b>                            | <b>41,843</b>                            |
| Interest and dividend income received                                | 154                                      | 365                                      |
| Interest expenses paid   | (8,982)                                  | (13,820)                                 |
| Proceeds from cancellation of rental contracts                       | 4,636                                    | -  |
| Payments for cash outflows associated with the illegal occupation    | (1,526)                                  | -  |
| Income taxes paid  | (408)                                    | (371)                                    |
| <b>Net cash provided by (used in) operating activities</b>           | <b>24,461</b>                            | <b>28,017</b>                            |



(Million yen)

|   | 2022<br>(January 1 to December 31, 2022) | 2023<br>(January 1 to December 31, 2023) |
|---|--|--|
| <b>Cash flows from investing activities</b>                 |  |  |
| Purchase of property, plant and equipment                   | (7,534)                                  | (10,969)                                 |
| Proceeds from sales of property, plant and equipment        | 34                                       | 73                                       |
| Purchase of intangible assets                               | (493)                                    | (764)                                    |
| Purchase of investment securities                           | (9)                                      | (10)                                     |
| Payments of short-term loans receivable                     | (2,000)                                  | (800)                                    |
| Collection of short-term loans receivable                   | 910                                      | 1,500                                    |
| Payments of long-term loans receivable                      | (3)                                      | -  |
| Collection of long-term loans receivable                    | 451                                      | 208                                      |
| Other, net  | (350)                                    | 636                                      |
| <b>Net cash provided by (used in) investing activities</b>  | <b>(8,996)</b>                           | <b>(10,124)</b>                          |
| <b>Cash flows from financing activities</b>                 |  |  |
| Net increase (decrease) in short-term borrowings            | (6,452)                                  | -  |
| Repayments of long-term borrowings                          | (4,179)                                  | (7,698)                                  |
| Cash dividends paid   | -  | (3,099)                                  |
| Payments for sale and lease back transactions               | (821)                                    | (434)                                    |
| Amount of increase and decrease of mortgage offer deposit   | 249                                      | -  |
| Other, net  | (42)                                     | (93)                                     |
| <b>Net cash provided by (used in) financing activities</b>  | <b>(11,246)</b>                          | <b>(11,326)</b>                          |
| Effect of exchange rate change on cash and cash equivalents | 1,130                                    | 1,831                                    |
| <b>Net increase (decrease) in cash and cash equivalents</b> | <b>5,348</b>                             | <b>8,397</b>                             |
| Cash and cash equivalents at beginning of period            | 30,546                                   | 35,793                                   |
| Other net increase (decrease) in cash and cash equivalents  | (102)                                    | -  |
| <b>Cash and cash equivalents at end of period</b>           | <b>35,793</b>                            | <b>44,190</b>                            |

(5) Notes to Consolidated Financial Statements

(Notes Pertaining to Going Concern)

There is no applicable information.

(Changes in Significant Matters that Serve as the Basis for Preparation of Consolidated Financial Statements)

There is no applicable information.

(Changes in Accounting Policies)

There is no applicable information.

(Notes to Consolidated Statement of Income)

Loss on sales and retirement of non-current assets

2022 (January 1 to December 31, 2022)

There is currently a dispute with a construction company concerning defects in non-current assets provided by this company. After reexamining the prospects for receiving a payment for these defects, it was determined that proving that defects exist would be difficult and resulted in a loss on sales and retirement of non-current assets of 1,181 million yen for these disputed assets. It also includes 1,706 million yen loss concerning a property that was to be used for a joint development project that was subsequently canceled. As a result, the total loss on sales and retirement of non-current assets in 2022 is 3,100 million yen.

2023 (January 1 to December 31, 2023)

There is no significant loss on sales and retirement of non-current assets.

Non-recurring loss

2022 (January 1 to December 31, 2022)

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 the Philippine Amusement and Gaming Corporation (PAGCOR) in order to prevent the spread of COVID-19.

2023 (January 1 to December 31, 2023)

There is no applicable information.

(Notes to Consolidated Statement of Cash Flows)

The deposit at Philippine National bank and Union bank of Universal Entertainment Group consolidated subsidiary TIGER RESORT, LEISURE AND ENTERTAINMENT, INC. has been deducted from "Other net increase (decrease) in cash and cash equivalents" because these accounts have been frozen. Consequently, the funds in this account no longer fulfill the definition of cash and cash equivalents in the consolidated statement of cash flows because these funds cannot be withdrawn at any time.

(Additional Information)

There is no applicable information.

(Segment Information)

Segment information

1. Outline of reportable segments

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

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

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

(1) "Amusement Equipments Business" includes research, development, manufacture and sales of Pachislot/Pachinko machines and peripheral equipments.

(2) "Integrated Resort Business" operates casino, hotel, food and beverage, retail and leasing, entertainment and real estate development business in Philippines.

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

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

Values in segment profit are based on operating profit.

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

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

2022 (January 1 to December 31, 2022)

(Million yen)

|   | Reportable Segment            |                            | Others (Note) | Total   |
|---|-------------------------------|----------------------------|---------------|---------|
|   | Amusement Equipments Business | Integrated Resort Business |               |         |
| Net sales   |                               |                            |               |         |
| Sales to external customers                                     | 68,268                        | 71,771                     | 785           | 140,825 |
| Inter-segment sales or transfers                                | -                             | -                          | 370           | 370     |
| Total   | 68,268                        | 71,771                     | 1,156         | 141,195 |
| Segment profit  | 19,818                        | 3,780                      | 30            | 23,629  |
| Segment assets  | 66,437                        | 471,440                    | 7,001         | 544,879 |
| Other items   |                               |                            |               |         |
| Depreciation  | 1,917                         | 16,117                     | 95            | 18,131  |
| Increase in property, plant and equipment and intangible assets | 1,176                         | 2,198                      | 136           | 3,511   |

(Notes) 1. "Others" classification consists of business segments not included in the reportable segment and is inclusive of the Media Content Business and others.

2. Depreciation of 16,117 million yen in the Integrated Resort Business includes 781 million yen from non-recurring loss of 818 million yen in the consolidated statement of income.

2023 (January 1 to December 31, 2023)

(Million yen)

|   | Reportable Segment            |                            | Others (Note) | Total   |
|---|-------------------------------|----------------------------|---------------|---------|
|   | Amusement Equipments Business | Integrated Resort Business |               |         |
| Net sales   |                               |                            |               |         |
| Sales to external customers                                     | 80,980                        | 96,947                     | 831           | 178,759 |
| Inter-segment sales or transfers                                | -                             | -                          | 420           | 420     |
| Total   | 80,980                        | 96,947                     | 1,252         | 179,180 |
| Segment profit  | 24,082                        | 14,367                     | 285           | 38,734  |
| Segment assets  | 74,856                        | 491,900                    | 2,041         | 568,797 |
| Other items   |                               |                            |               |         |
| Depreciation  | 1,520                         | 15,286                     | 56            | 16,863  |
| Increase in property, plant and equipment and intangible assets | 1,144                         | 2,858                      | 152           | 4,155   |

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

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

(Million yen)

| Net Sales                                      | 2022                             |  | 2023                             |  |
|--|----------------------------------|--|----------------------------------|--|
|  | (January 1 to December 31, 2022) |  | (January 1 to December 31, 2023) |  |
| Total of reportable segment                    | 140,039                          |  | 177,927                          |  |
| Net sales in "Others" classification           | 1,156                            |  | 1,252                            |  |
| Eliminated inter-segment transactions          | (370)                            |  | (420)                            |  |
| Corporate revenue (Note)                       | 172                              |  | 236                              |  |
| Net sales in consolidated financial statements | 140,998                          |  | 178,995                          |  |

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

(Million yen)

| Profit  | 2022                             |  | 2023                             |  |
|---|----------------------------------|--|----------------------------------|--|
|   | (January 1 to December 31, 2022) |  | (January 1 to December 31, 2023) |  |
| Total of reportable segment                           | 23,599                           |  | 38,449                           |  |
| Profit in "Others" classification                     | 30                               |  | 285                              |  |
| Eliminated inter-segment transactions                 | (268)                            |  | (305)                            |  |
| Corporate revenue (Note 1)                            | 172                              |  | 236                              |  |
| Unallocated expenses (Note 2)                         | (11,448)                         |  | (8,185)                          |  |
| Operating profit in consolidated financial statements | 12,085                           |  | 30,480                           |  |

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

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

(Million yen)

| Assets  | 2022                |  | 2023                |  |
|---|---------------------|--|---------------------|--|
|   | (December 31, 2022) |  | (December 31, 2023) |  |
| Total of reportable segment                       | 537,878             |  | 566,756             |  |
| Assets in "Others" classification                 | 7,001               |  | 2,041               |  |
| Unallocated assets (Note)                         | 51,297              |  | 59,209              |  |
| Total assets in consolidated financial statements | 596,177             |  | 628,006             |  |

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

(Million yen)

| Other Items   | Total of Reportable Segment                    |  | Others   |  | Adjusted Amounts                               |  | Amounts Recorded in Consolidated Financial Statements |  |
|---|--|--|--|--|--|--|---|--|
|   | 2022<br>(January 1 to<br>December<br>31, 2022) | 2023<br>(January 1 to<br>December<br>31, 2023) | 2022<br>(January 1 to<br>December<br>31, 2022) | 2023<br>(January 1 to<br>December<br>31, 2023) | 2022<br>(January 1 to<br>December<br>31, 2022) | 2023<br>(January 1 to<br>December<br>31, 2023) | 2022<br>(January 1 to<br>December<br>31, 2022)        | 2023<br>(January 1 to<br>December<br>31, 2023) |
| Depreciation  | 18,035   | 16,807   | 95   | 56   | 607  | 391  | 18,739  | 17,254   |
| Increase in property, plant and equipment and intangible assets | 3,375  | 4,002  | 136  | 152  | 309  | 433  | 3,820   | 4,589  |

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

## Related information

2022 (January 1 to December 31, 2022)

## 1. Information by product and service

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

## 2. Geographical information

## (1) Net sales

(Million yen)

| Japan  | Philippines | Other Overseas Countries | Total   |
|--------|-------------|--------------------------|---------|
| 69,230 | 71,767      | -                        | 140,998 |

## (2) Property, plant and equipment

(Million yen)

| Japan  | Philippines | Other Overseas Countries | Total   |
|--------|-------------|--------------------------|---------|
| 17,406 | 411,702     | 3,180                    | 432,289 |

2023 (January 1 to December 31, 2023)

## 1. Information by product and service

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

## 2. Geographical information

## (1) Net sales

(Million yen)

| Japan  | Philippines | Other Overseas Countries | Total   |
|--------|-------------|--------------------------|---------|
| 82,053 | 96,942      | -                        | 178,995 |

## (2) Property, plant and equipment

(Million yen)

| Japan  | Philippines | Other Overseas Countries | Total   |
|--------|-------------|--------------------------|---------|
| 16,685 | 422,794     | 3,318                    | 442,798 |

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

2022 (January 1 to December 31, 2022)

There is no applicable information.

2023 (January 1 to December 31, 2023)

There is no material impairment loss.

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

2022 (January 1 to December 31, 2022)

There is no applicable information.

2023 (January 1 to December 31, 2023)

There is no applicable information.

Information regarding gain on negative goodwill in each reportable segment

2022 (January 1 to December 31, 2022)

There is no applicable information.

2023 (January 1 to December 31, 2023)

There is no applicable information.

## (Per Share Information)

(Yen)

| 2022<br>(January 1 to December 31, 2022) |          | 2023<br>(January 1 to December 31, 2023) |          |
|--|----------|--|----------|
| Net assets per share                     | 4,507.48 | Net assets per share                     | 5,011.39 |
| Net income per share                     | 148.50   | Net income per share                     | 367.04   |
| Diluted net income per share             | 148.49   | Diluted net income per share             | 367.00   |

(Note) The calculation basis for net income per share and diluted net income per share is as follows:

|   | 2022<br>(January 1 to December 31, 2022)  | 2023<br>(January 1 to December 31, 2023)  |
|---|---|---|
| (1) Net income per share (yen)  | 148.50  | 367.04  |
| (Calculation basis)   |   |   |
| Net income attributable to owners of the parent (million yen)   | 11,506  | 28,439  |
| Amount not attributed to common shareholders (million yen)  | -   | -   |
| Net income attributable to owners of the parent applicable to common stock (million yen)  | 11,506  | 28,439  |
| Average number of shares of common stock during the year (thousand shares)  | 77,483  | 77,483  |
| (2) Diluted net income per share (yen)  | 148.49  | 367.00  |
| (Calculation basis)   |   |   |
| Adjusted net income attributable to owners of the parent (million yen)  | -   | -   |
| Increase in the number of common stock (thousand shares)  | 4   | 7   |
| (Of which, share acquisition rights (Thousand shares))  | ( 4)  | ( 7)  |
| Description of the latent shares not included in the calculation of diluted net income per share due to their non-dilutive effect | Stock option approved at the Board of Directors' meeting held on September 21, 2017: Common stock of 380,000 shares (Share acquisition rights of 3,800 units) | Stock option approved at the Board of Directors' meeting held on September 21, 2017: Common stock of 360,000 shares (Share acquisition rights of 3,600 units) |

## (Material Subsequent Events)

There is no applicable information.