

Stock code: 6425

March 11, 2024

To Our Shareholders:

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

## Notice of Convocation of the 51st Annual Shareholders Meeting

We would like to take this opportunity to thank you for your support of Universal Entertainment Corporation (“Universal Entertainment” or the “Company”). We will hold the 51st Annual Shareholders Meeting as follows.

In accordance with the electronic provision measure as provided for in Article 325-3 of the Companies Act, items provided electronically can be viewed using the internet on the following websites. Please use any of these websites to view this information.

### Universal Entertainment website

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

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



### Website for shareholders meeting reference documents

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



### Tokyo Stock Exchange website (Listed company information service)

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

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



As there is no proposal to be resolved at the meeting, an invitation card is enclosed instead of a voting rights exercise form. When you attend the meeting in person, please bring the invitation card with you.

## Details

**1. Date and Time** Thursday, March 28, 2024 at 10:00 a.m. (The reception desk will open at 9:00 a.m.)

**2. Place** Palais Royal, 1st basement level, Grand Nikko Tokyo Daiba  
2-6-1, Daiba, Minato-ku, Tokyo

## 3. Meeting Agenda

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements and the results of audits conducted by the Accounting Auditor and the Board of Auditors of the Consolidated Financial Statements for the Company's 51st Fiscal Year (January 1, 2023 - December 31, 2023)
  2. Non-consolidated Financial Statements for the Company's 51st Fiscal Year (January 1, 2023 - December 31, 2023)

- \* When you attend the meeting in person, please submit the invitation card that is enclosed with this shareholders meeting notice at the reception desk.
- \* If there are revisions to the electronically distributed information, notification of the revisions and the information before and after revisions will be posted on the three websites listed at the beginning of this shareholders meeting notice.
- \* At this Annual Shareholders Meeting, regardless of whether or not a request for the delivery of a paper document is made, a paper document containing the above items excluded from the items to be provided electronically will be sent to all shareholders in a uniform manner. In accordance with laws and regulations and Article 25 of the Articles of Incorporation, the following three items, which are part of the information distributed electronically, are not included in the paper documents provided to shareholders.
  - 1) Systems to ensure the propriety of business operation and its operational status in the Business Report
  - 2) Notes to the Consolidated Financial Statements
  - 3) Notes to the Non-consolidated Financial StatementsThe System to Ensure the Propriety of Business Operations and its Operation Status in the Business Report is a part of the Business Report audited by Audit & Supervisory Board Members in preparing audit reports.  
The Notes to Consolidated Financial Statements and the Notes to Non-consolidated Financial Statements are a part of the consolidated financial statements and non-consolidated financial statements audited by the Independent Auditor and Audit & Supervisory Board Members in preparing audit reports.

## **Business Report**

(January 1, 2023 to December 31, 2023)

### 1. Current Status of the Corporate Group

#### (1) Results of Operations for the Fiscal Year Under Review (FY2023)

##### i. Progress and achievements

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, losses associated with the illegal occupation of OKADA MANILA held down net income attributable to owners of parent. In 2023, a large amount of deferred tax assets was reversed. Due in part to the decline in extraordinary losses in 2023, this net income increased 147.2% to 28,439 million yen.

Business segment performance was as follows.

##### 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.

##### 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

#### Others

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.

#### Sales Composition of the Group

(Millions of yen)

Business Segment	2022	2023	Change	% Change
Amusement Equipments Business	68,268	80,980	12,711	18.6%
Integrated Resort Business	71,771	96,947	25,176	35.1%
Others	785	831	46	5.9%
Total	140,825	178,759	37,933	26.9%

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

#### ii. Capital expenditures

In the current consolidated fiscal year, the Company invested 2,800 million yen for construction works, etc., of the casino resort project in the Philippines.

#### iii. Financing activities

There is no applicable information.

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

There is no applicable information.

#### v. Acquisition of businesses transferred from other companies

There is no applicable information.

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

There is no applicable information.

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

There is no applicable information.

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

Category	2020	2021	2022	2023
Net sales	90,871	90,435	140,998	178,995
Ordinary profit (loss)	(9,249)	(2,508)	13,933	38,080
Profit (loss) attributable to owners of parent	(19,218)	(19,052)	11,506	28,439
Net income (loss) per share (Yen)	(247.60)	(245.88)	148.50	367.04
Total assets	568,502	572,381	596,177	628,006
Net assets	357,577	338,919	349,315	388,388

(3) Parent and Significant Subsidiaries

i. Status of parent

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

Note: The Company holds 2,704,096 treasury shares. The shareholding ratio is calculated excluding these shares.

ii. Transactions with parent company

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

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

iii. Significant subsidiaries

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

Notes: 1. The shareholding ratio in ARUZE Investment Co.,Ltd. is the investment ratio by Aruze USA, Inc., a subsidiary of the Company.

2. The shareholding ratios in TIGER RESORT, LEISURE AND ENTERTAINMENT, INC. and Brontia Limited are the investment ratio by Tiger Resort Asia Limited, a subsidiary of the Company.

#### (4) Issues to Be Addressed

##### i. Amusement Equipments Business

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

##### ii. Patent Strategy

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

##### iii. Integrated Resort Business

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

#### (5) Main Business (As of December 31, 2023)

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

## (6) Principal Business Place and Factories (As of December 31, 2023)

## i. Universal Entertainment

- Head Office (Koto-ku, Tokyo)

- Business Place

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

- Factories

Name	Location	Name	Location
Yotsukaido Factory	Yotsukaido-shi, Chiba	Oyama Factory	Oyama-shi, Tochigi

## ii. Subsidiaries and affiliates

(Japan)

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

(Overseas)

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

## (7) Status of Employees (as of December 31, 2023)

## i. Status of employees of the Group

Business Segment	Number of employees	Year-on-year change
Amusement Equipments Business	815	Increase of 26
Integrated Resort Business	5,979	Increase of 289
Others	15	Decrease of 17
Corporate (common)	174	Decrease of 4
Total	6,983	Increase of 294

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

ii. Status of employees of the Company

Number of employees	Year-on-year change	Average age	Average number of years employed
984	Increase of 8	44 years and 0 month	12 years and 1 months

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

(8) Status of Principal Lenders (as of December 31, 2023)

Lender	Amount (Millions of yen)
Asia United Bank Corporation	4,467

(9) Other Significant Matters Concerning the Corporate Group

Liability of Mr. Kazuo Okada

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

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

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

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

Information concerning TRLEI

On April 27, 2022, the Supreme Court of the Philippines issued an order requiring the restoration of Mr. Kazuo Okada to his status in 2017 prior to his termination as a shareholder, chairman, director and CEO of Tiger Resort, Leisure and Entertainment, Inc. (TRLEI). This was a temporary, provisional order until the Supreme Court of the Philippines renders a decision on the main action under review, i.e., the action between Kazuo Okada and TRLEI. Subsequently, on November 13, 2023, the Supreme Court of the Philippines rejected Kazuo Okada's lawsuit and lifted the restoration order with respect to the lawsuit between Kazuo Okada and TRLEI. This confirmed that Kazuo Okada was properly removed as a shareholder, director, chairman, and CEO of TRLEI.

On May 31, 2022, Mr. Okada forcibly entered OKADA MANILA, which is operated by TRLEI, and took over control of the facility and its operation. The case is still pending in the Philippine court as a criminal case.



## 2. Summary of the Company

### (1) Status of Stock (as of December 31, 2023)

- i. Total number of authorized shares 324,820,000 shares
- ii. Total number of issued shares 80,195,000 shares (including 2,704,096 treasury shares)
- iii. Number of shareholders 16,518 (an increase of 3,689 from the end of 2022)

#### iv. Major Shareholders

Name of shareholders	Number of shares held (Thousand shares)	Shareholding ratio (%)
OKADA HOLDINGS LIMITED	54,452	70.26
Hiroko Yokotsuka	2,045	2.63
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	1,780	2.29
GOLDMAN SACHS INTERNATIONAL	1,316	1.69
Jun Fujimoto	658	0.84
UBS AG LONDON ASIA EQUITIES	642	0.82
Rakuten Securities, Inc.	632	0.81
Universal Entertainment Employees' Stock Ownership Plan	508	0.65
J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SEGR ACCT	480	0.61
HOKUTO.CO.,LTD.	466	0.60

Notes: 1. The Company holds 2,704,096 treasury shares, which is excluded from the above table of major shareholders.

2. Shareholding ratio is calculated after deducting 2,704,096 treasury shares.

### (2) Matters concerning Share Acquisition Rights

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

Date of resolution	September 21, 2017	
Number of share acquisition rights (Units)	2,700	
Type and number of stock subject to share acquisition rights	Common stock: 270,000 shares (100 shares per share acquisition right)	
Amount to be paid upon the exercise of share acquisition rights	8,000 yen per unit	
Value of assets to be contributed upon the exercise of the share acquisition rights	446,300 yen per share acquisition right (4,463 yen per share)	
Exercise period	From April 1, 2020 to October 5, 2024	
Conditions for the exercise of share acquisition rights	(Note)	
Status of share acquisition rights held by directors	Directors (excluding Outside Directors)	<ul style="list-style-type: none"> <li>• Number of share acquisition rights: 2,500</li> <li>• Number of shares to be issued for share acquisition rights: 250,000</li> <li>• Number of directors who hold share acquisition rights: 4</li> </ul>
	Outside Directors	<ul style="list-style-type: none"> <li>• Number of share acquisition rights: 200</li> <li>• Number of shares to be issued for share acquisition rights: 20,000</li> <li>• Number of directors who hold share acquisition rights: 1</li> </ul>

Notes: 1. Holders of the share acquisition rights shall be able to exercise all or part of the share acquisition rights only in the event that either of the two following conditions is met. In the event that there is a significant change in the concept of ordinary profit, etc. to be referred to due to the adoption of the IFRS or other reasons, any other indicator to be referred to shall be determined by the Board of Directors.

- (i) In the event that ordinary profit for the fiscal years ended December 31, 2018 and December 31, 2019 (ordinary profit on the Company's audited consolidated or non-consolidated statements of income, same hereafter) meets all the conditions set forth below.
    - (a) Ordinary profit for the fiscal year ended December 31, 2018 must exceed 30.0 billion yen.
    - (b) Ordinary profit for the fiscal year ended December 31, 2019 must exceed 32.0 billion yen.
  - (ii) In the event that the cumulative amount of ordinary profit for the fiscal years ended December 31, 2018 and December 31, 2019 has exceeded 80.0 billion yen.
2. In addition to 1 above, the holders of the share acquisition rights may exercise the share acquisition rights only after the time when the closing price of the Company's common stock for the regular trading session on the financial instrument exchange has become equal to or more than 130% of the exercise price of the share acquisition rights even once during the period from the date of allotment of the share acquisition rights to the end of the exercise period of the share acquisition rights.
  3. At the time of exercising the share acquisition rights, each holder of the share acquisition rights shall have the position of director, Audit & Supervisory Board member or employee of the Company or any of its affiliates. Provided, however, that this clause shall not apply to cases where the Board of Directors finds a justifiable reason for leaving the Company before exercising the share acquisition rights, such as retirement from office due to expiry of tenure and mandatory age-limit retirement.
  4. The share acquisition rights may not be exercised by an heir to the holder of the share acquisition rights.
  5. If the total number of issued shares would exceed the number of then-authorized shares by the exercise of the share acquisition rights at the time of exercise thereof, or in other cases that would violate laws and regulations, said share acquisition rights cannot be exercised at that time.
  6. The partial exercise of a single share acquisition rights is not allowed.
- ii. Status of share acquisition rights awarded to employees as compensation for performance of their duties during the current fiscal year  
There is no applicable information.
  - iii. Other concerning share acquisition rights  
There is no applicable information.

(3) Status of the Board Members

i. Directors and Audit & Supervisory Board Members (as of December 31, 2023)

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

- Notes:
1. Mr. Masayoshi Miyanaga and Mr. Hiroshi Miyauchi are Outside Directors as defined by Paragraph 15, Article 2 of the Companies Act.
  2. Mr. Yutaka Yazawa, Makoto Suzuki and Mr. Akiyoshi Kaneko are Outside Audit & Supervisory Board Members as defined by Paragraph 16, Article 2 of the Companies Act.
  3. Mr. Makoto Suzuki is a certified public accountant and tax accountant, and Mr. Akiyoshi Kaneko is also a certified public accountant, and these Audit & Supervisory Board Members have considerable knowledge of finance and accounting.
  4. The Company has registered Mr. Masayoshi Miyanaga and Mr. Hiroshi Miyauchi as Independent Directors, and Mr. Yutaka Yazawa, Mr. Makoto Suzuki and Mr. Akiyoshi Kaneko as Independent Audit & Supervisory Board Members as provided for the rules of the Tokyo Stock Exchange.

ii. Overview of Liability Limitation Agreements

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

iii. Overview of Liability Compensation Contracts

The Company signed liability compensation contracts as prescribed in Article 430-2-1 of the Companies Act with Directors Jun Fujimoto, Hajime Tokuda, Takako Okada, Kenshi Asano, Masayoshi Miyanaga, and Hiroshi Miyauchi as well as with Audit & Supervisory Board Members Yutaka Yazawa, Makoto Suzuki, and Akiyoshi Kaneko, and thereby shall compensate for expenses prescribed in Article 430-2-1-1 of the said Act and losses

prescribed in Article 430-2-1-2 of the said Act within the limits prescribed by laws and regulations. In order to ensure that the said contracts do not impair the appropriateness of the execution of duties by Directors and Audit & Supervisory Board Members of the Company, the said contracts stipulate, among others, that the Company shall not be obligated to compensate each of Directors and Audit & Supervisory Board Members for the expenses incurred in the event that the Company makes a claim seeking liability against a Director or an Audit & Supervisory Board Member (excluding cases of shareholder derivative suits), or the expenses incurred in the event that a Director or an Audit & Supervisory Board Member has acted in bad faith or gross negligence in performing their duties.

#### iv. Overview of Liability Insurance Agreements for Executives

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

##### (1) Summary of insured events eligible for coverage

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

##### (2) Insurance premium

The Company pays the entire cost of these insurance policies.

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

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

#### v. Remuneration for Directors and Audit & Supervisory Board Members

##### • Aggregate amount of remuneration for the current fiscal year

	Number of Directors and Audit & Supervisory Board Members	Amount of remuneration, etc. by category			Amount of remuneration
		Fixed remuneration	Performance-based remuneration, etc.	Non-monetary remuneration, etc.	
Directors (o/w, Outside Directors)	7 (3)	888 million yen (42 million yen)	- (-)	- (-)	888 million yen (42 million yen)
Audit & Supervisory Board Members (o/w, Outside Audit & Supervisory Board Members)	3 (3)	37 million yen (37 million yen)	- (-)	- (-)	37 million yen (37 million yen)
Total	10	925 million yen	-	-	925 million yen

- Notes:
1. The above amount of remuneration does not include employee salaries that have been paid to Directors who serve concurrently as employees.
  2. The amount of remuneration to be paid to Directors was approved at the Annual Shareholders Meeting held on June 29, 2017, as no more than 2,000 million yen per year (200 million yen for Outside Directors). The number of Directors at the conclusion of the said Annual Shareholders Meeting was seven (including three Outside Directors). The amount of remuneration does not include the employee salaries of Directors who serve concurrently as employees.

3. The amount of remuneration to be paid to Audit & Supervisory Board Members was approved at the Extraordinary Shareholders Meeting held on March 26, 1998, as no more than 100 million yen per year. The number of Audit & Supervisory Board Member at the conclusion of the said Annual Shareholders Meeting was one.
4. The number of Directors as of December 31, 2023 is six (including two Outside Directors), which is different from the number of Directors described in the above table because such Directors include one Outside Director who resigned at the conclusion of the 50th Annual Shareholders Meeting held on March 30, 2023.

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

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

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

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

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

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

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

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

There is no applicable information.

viii. Matters Concerning the Company's Outside Board Members (as of December 31, 2023)

i) Concurrently serving Outside Directors

Name	Responsibilities and significant concurrent positions	Relationship with the Company
Masayoshi Miyanaga	Project Professor, Graduate School of Strategic Management, Chuo University	There are no significant relationships.
Hiroshi Miyauchi	Representative Attorney, Miyauchi & Mizumachi IT Law Offices	There are no significant relationships.

ii) Concurrently serving Outside Audit & Supervisory Board Members

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

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

Name	Position	Principal activities and overview of duties performed in relation to the expected roles of Outside Director
Masayoshi Miyanaga	Director	He attended all 12 meetings of the Board of Directors during 2023 and made statements mainly from his expert perspective in business administration and corporate finance. Besides attending such meetings, he held meetings to exchange opinions among Independent Directors and shared the results with executive directors by providing advice and supervision on them. Moreover, he contributed to improving the Corporate Governance Report of the Company by proactively giving advice on its content. Accordingly, he adequately fulfilled the expected roles and responsibilities of Outside Director.
Hiroshi Miyauchi	Director	After he was elected, he attended all nine meetings of the Board of Directors during 2023 and made statements mainly from his professional perspective as an attorney and IT expert. Besides attending such meetings, he held meetings to exchange opinions among Independent Directors and shared the results with executive directors by providing advice and supervision on them. Accordingly, he adequately fulfilled the expected roles and responsibilities of Outside Director.
Yutaka Yazawa	Audit & Supervisory Board Member	After he was elected, he attended all 12 meetings of the Board of Directors and all 15 meetings of the Audit & Supervisory Board during 2023 and made statements mainly from his professional perspective as a Barrister-at-Law (UK).
Makoto Suzuki	Audit & Supervisory Board Member	He attended 11 out of 12 meetings of the Board of Directors and 14 out of 15 meetings of the Audit & Supervisory Board during 2023 and made statements mainly from his professional perspective as a certified public accountant.
Akiyoshi Kaneko	Audit & Supervisory Board Member	He attended all 12 meetings of the Board of Directors and all 15 meetings of the Audit & Supervisory Board during 2023 and made statements mainly from his professional perspective as a certified public accountant.

- Notes:
1. The number of meetings of the Board of Directors by written resolution is excluded.
  2. Hiroshi Miyauchi was newly elected as a Director at the shareholders meeting held on March 30, 2023. As a result, the number of Board of Directors meetings attended differs from the other Outside Directors and Outside Audit & Supervisory Board Members. Following Mr. Miyauchi's election, there were nine Board of Directors meetings in 2023.

(4) Status of Independent Accounting Auditor

i. Name: UHY Tokyo & Co.

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

	Total amounts of remuneration paid
Remuneration for the current fiscal year to be paid to the Independent Accounting Auditor	102 million yen
Sum of money and other property benefits to be paid by the Company and its subsidiaries to the Independent Accounting Auditor	102 million yen

- Notes:
1. The audit agreement entered into by the Independent Accounting Auditor and the Company does not clearly distinguish the amount for the audit under the Companies Act and for the audit under the Financial Instruments and Exchange Act, and the two amounts cannot be substantially distinguished from each other. Therefore, the remuneration to be paid by the Company to the Independent Accounting Auditor indicates the total for the two audits.
  2. The Audit & Supervisory Board has determined that the amounts of remuneration, etc. of the Independent Accounting Auditor is agreeable, after necessary verification of the appropriateness of the content of the audit plan, the status of the performance of duties of the Independent Accounting Auditor, and the basis of calculation of the remuneration estimate.
  3. The Company's consolidated subsidiary TIGER RESORT, LEISURE AND ENTERTAINMENT, INC. is audited by an auditing firm other than the Company's Independent Accounting Auditor.

iii. Details of non-audit activities

There is no applicable information.

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

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

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

## Consolidated Balance Sheet

(As of December 31, 2023)

(Million yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	103,958	Current liabilities	164,739
Cash and deposits	44,300	Notes and accounts payable-trade	9,399
Notes and accounts receivable-trade	11,039	Current portion of long-term borrowings	4,467
Securities	2,448	Current portion of bonds	113,810
Merchandise and finished goods	3,399	Accounts payable-other	6,492
Work in process	13,839	Accrued expenses	10,169
Raw materials and supplies	10,988	Income taxes payable	81
Other	18,827	Provision for bonuses	87
Allowance for doubtful accounts	(884)	Other	20,230
Non-current assets	523,745	Non-current liabilities	74,879
Property, plant and equipment	442,798	Retirement benefit liability	650
Buildings and structures	349,706	Long-term deposits received from subsidiaries and associates	7,091
Machinery, equipment and vehicles	25,100	Lease obligations	56,650
Leased assets	49,784	Deferred tax liabilities	7,305
Land	7,544	Other	3,181
Construction in progress	6,670	<b>Total liabilities</b>	<b>239,618</b>
Other	3,991	<b>Net assets</b>	
Intangible assets	1,795	Shareholders' equity	375,900
Other	1,795	Share capital	98
Investments and other assets	79,152	Capital surplus	18,828
Investment securities	9,941	Retained earnings	364,273
Long-term deposits	8,743	Treasury shares	(7,298)
Long-term deposits for subsidiaries and associates	34,402	Accumulated other comprehensive income	12,436
Long-term accounts receivable from subsidiaries and associates-other	11,423	Valuation difference on available-for-sale securities	(20)
Deferred tax assets	4,586	Foreign currency translation adjustment	12,620
Other	15,047	Remeasurements of defined benefit plans	(163)
Allowance for doubtful accounts	(4,992)	Share acquisition rights	51
Deferred assets	301	<b>Total net assets</b>	<b>388,388</b>
<b>Total assets</b>	<b>628,006</b>	<b>Total liabilities and net assets</b>	<b>628,006</b>

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



## Consolidated Statement of Income

(January 1, 2023 to December 31, 2023)

(Million yen)

Item	Amount	
Net sales		178,995
Cost of sales		79,661
Gross profit		99,334
Selling, general and administrative expenses		68,854
Operating profit		30,480
Non-operating income		
Interest income	1,095	
Dividend income	25	
Foreign exchange gains	6,259	
Gain on cancellation of rental contracts	18,698	
Gain on cancellation of leases	4,150	
Other	717	30,946
Non-operating expenses		
Interest expenses	4,745	
Interest on bonds	11,305	
Share of loss of entities accounted for using equity method	6,747	
Commission expenses	10	
Provision of allowance for doubtful accounts	46	
Other	490	23,345
Ordinary profit		38,080
Extraordinary income		
Gain on sales of non-current assets	49	
Other	2	51
Extraordinary losses		
Loss on sales and retirement of non-current assets	183	183
Profit before income taxes		37,948
Income taxes-current	409	
Income taxes-deferred	9,099	9,508
Profit		28,439
Profit attributable to owners of parent		28,439

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

## Consolidated Statement of Changes in Equity

(January 1, 2023 to December 31, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	98	18,829	338,932	(7,317)	350,542
Changes during period					
Dividends from 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 in items other than shareholders' equity					
Total changes during period	-	(1)	25,340	18	25,358
Balance at end of 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 period	(16)	(1,287)	18	(1,285)	58	349,315
Changes during period						
Dividends from surplus						(3,099)
Profit attributable to owners of parent						28,439
Purchase of treasury shares						(0)
Disposal of treasury shares						17
Net changes in items other than shareholders' equity	(4)	13,907	(181)	13,721	(7)	13,714
Total changes during period	(4)	13,907	(181)	13,721	(7)	39,072
Balance at end of period	(20)	12,620	(163)	12,436	51	388,388

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

## Non-consolidated Balance Sheet

(As of December 31, 2023)

(Million yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	67,143	Current liabilities	140,741
Cash and deposits	18,184	Notes payable-trade	5,088
Notes receivable-trade	4,527	Accounts payable-trade	4,806
Accounts receivable-trade	5,562	Short-term borrowings	7,400
Merchandise and finished goods	1,702	Accounts payable-other	3,357
Work in process	13,839	Current portion of bonds	113,810
Raw materials and supplies	10,899	Accrued expenses	1,407
Advance payments-trade	5,105	Income taxes payable	40
Prepaid expenses	760	Provision for bonuses	85
Short-term loans receivable	4,656	Other	4,746
Other	2,102	Non-current liabilities	18,517
Allowance for doubtful accounts	(197)	Long-term deposits received from subsidiaries and associates	9,672
Non-current assets	458,330	Deferred tax liabilities	7,305
Property, plant and equipment	17,583	Asset retirement obligations	598
Buildings	7,575	Other	941
Structures	366	Total liabilities	159,259
Machinery and equipment	800	Net assets	
Tools, furniture and fixtures	2,935	Shareholders' equity	366,528
Land	5,894	Share capital	98
Other	10	Capital surplus	20,260
Intangible assets	785	Legal capital surplus	7,503
Software	647	Other capital surplus	12,757
Other	138	Retained earnings	353,469
Investments and other assets	439,960	Legal retained earnings	861
Investment securities	78	Other retained earnings	352,607
Shares of subsidiaries and associate	225,070	General reserve	90,000
Long-term advances paid to subsidiaries and associates	189,167	Retained earnings brought forward	262,607
Long-term deposits	3,291	Treasury shares	(7,298)
Long-term deposits for subsidiaries and associates	16,528	Valuation and translation adjustments	(63)
Other	7,496	Valuation difference on available-for-sale securities	(63)
Allowance for doubtful accounts	(1,671)	Share acquisition rights	51
Deferred assets	301	Total net assets	366,516
Current assets	525,775	Total liabilities and net assets	525,775

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

## Non-consolidated Statement of Income

(January 1, 2023 to December 31, 2023)

(Million yen)

Item	Amount	
Net sales		83,028
Cost of sales		46,600
Gross profit		36,427
Selling, general and administrative expenses		21,445
Operating profit		14,982
Non-operating income		
Interest income	83	
Dividend income	6	
Foreign exchange gains	5,801	
Other	485	6,377
Non-operating expenses		
Interest expenses	155	
Interest expenses on bonds	11,305	
Amortization of bond issuance costs	301	
Commission expenses	10	
Provision of allowance for doubtful accounts	46	
Other	12	11,831
Ordinary profit		9,527
Extraordinary income		
Gain on sales of investment securities	0	
Gain on reversal of subscription rights to shares	2	2
Extraordinary losses		
Loss on sales and retirement of non-current assets	182	182
Profit before income taxes		9,347
Income taxes-current	39	
Income taxes-deferred	1,934	1,973
Profit		7,374

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

## Non-consolidated Statement of Changes in Equity

(January 1, 2023 to December 31, 2023)

(Million yen)

	Shareholders' equity							
	Share capital	Capital surplus			Legal retained earnings	Other retained earnings		Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of period	98	7,503	12,758	20,261	861	90,000	258,332	349,193
Changes during period								
Dividends of surplus							(3,099)	(3,099)
Profit							7,374	7,374
Purchase of treasury shares								
Disposal of treasury shares			(1)	(1)				
Net changes in items other than shareholders' equity								
Total changes during period	-	-	(1)	(1)	-	-	4,275	4,275
Balance at end of period	98	7,503	12,757	20,260	861	90,000	262,607	353,469

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(7,317)	362,235	(33)	(33)	58	362,261
Changes during period						
Dividends of surplus		(3,099)				(3,099)
Profit		7,374				7,374
Purchase of treasury shares	(0)	(0)				(0)
Disposal of treasury shares	18	17				17
Net changes in items other than shareholders' equity			(30)	(30)	(7)	(37)
Total changes during period	18	4,292	(30)	(30)	(7)	4,254
Balance at end of period	(7,298)	366,528	(63)	(63)	51	366,516

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

## Audit Report by Independent Auditor

February 26, 2024

Board of Directors  
Universal Entertainment Corporation

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

### Auditor's opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes to consolidated financial statements of Universal Entertainment Corporation (the "Company") applicable to the fiscal year from January 1, 2023 through December 31, 2023.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Universal Entertainment Group, which consisted of the Company and its consolidated subsidiaries, applicable to the fiscal year ended December 31, 2023 in conformity in accordance with the corporate accounting standards generally accepted in Japan.

### Basis for auditor's opinion

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

### Other information

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

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

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

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

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

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

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

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

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

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

The auditor's responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements. The auditor makes professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

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

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

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

#### Vested interests

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

End



## Audit Report by Independent Auditor

February 26, 2024

Board of Directors  
Universal Entertainment Corporation

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

### Auditor's opinion

Pursuant to Article 436, Paragraph 2-1 of the Companies Act, we have audited the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity, the notes to non-consolidated financial statements and the related supplementary schedules of Universal Entertainment Corporation (the "Company") applicable to the 51st fiscal year from January 1, 2023 through December 31, 2023.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Company, applicable to the fiscal year ended December 31, 2023 in conformity in accordance with the corporate accounting standards generally accepted in Japan.

### Basis for auditor's opinion

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

### Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Vested interests

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

End

## Audit Report

Regarding the performance of duties by the Directors for the 51st fiscal year from January 1, 2023 through December 31, 2023, we have prepared this Audit Report upon deliberation based on the audit reports prepared by each Audit & Supervisory Board Member and hereby report as follows.

1. Auditing methods employed by Audit & Supervisory Board Members and the Audit & Supervisory Board and details thereof
  - (1) We established auditing policies, audit plan for 2023 and other relevant items, and received reports from the Audit & Supervisory Board Members regarding their execution of audits and results of these audits, as well as reports from Directors, other relevant personnel, and the accounting auditor regarding performance of their duties, and sought explanations as necessary.
  - (2) All Audit & Supervisory Board Members took actions to maintain sound lines of communication with Directors, the Internal Audit Division and other employees. These actions complied with the standards established by the Audit & Supervisory Board for audits by Audit & Supervisory Members as well as with the auditing policies and audit plan for 2023. The goals are to collect information and create a proper environment for performing audits. The audits were performed by using the following methods.
    - i) Audit & Supervisory Board Members attended meetings of the Board of Directors and other important meetings, received reports from the Directors, the Internal Audit Division and other employees concerning the performance of their jobs, asked for explanations as needed, examined documents for important decisions and other documents, and performed examinations concerning the operations and assets of the head office and major business sites. In addition, business reports were received on a regular basis from directors for subsidiaries in Japan and from the applicable directors at Universal Entertainment Board of Directors meetings for major overseas subsidiaries. Audit & Supervisory Board Members also asked for explanations as needed. Furthermore, these members received reports of the results of audits performed by the Internal Audit Divisions of overseas subsidiaries and asked for explanations as needed.
    - ii) Regarding the system to ensure that the performance of the Directors stated in the business report conforms to laws, regulations and the Articles of Incorporation, the resolution of the Board of Directors to establish a system stipulated in Article 100, Paragraphs 1 and 3 of the Enforcement Regulations of the Companies Act for ensuring appropriate business operations as a corporate group consisting of a limited liability company and its consolidated subsidiaries in Japan and other countries, and the system (internal control system) established based on the resolution, we received construction and operation reports periodically from the Board of Directors, the Internal Audit Division and employees and asked for explanations and gave opinions as required.
    - iii) Regarding the matters noted in Article 118, Item 5 (a) of the Enforcement Regulations of the Companies Act and reasons for decisions in (b) of the same Article, we have reviewed the details based on the deliberations at the Board of Directors and other meetings.
    - iv) For accounting audits, we received an explanation of the auditing plan from the accounting auditor prior to the audit and performed oversight and confirmations concerning the independence of this auditor and the suitability of auditing activities. We also received reports concerning the performance of the accounting auditor and asked for explanations as needed. In addition, we received notice from the Accounting Auditor that “System for ensuring that duties are performed properly” (matters set forth in each item of Article 131 of the Ordinance on Accounting of Companies) is organized in accordance with the “Quality Management Standards Regarding Audits” (Business Accounting Council) and other relevant standards, and sought explanations as needed. Furthermore, to ensure the suitability of audits, we established items concerning the selection and evaluation of the accounting auditor and other associated items that need to be confirmed or monitored and used these items to evaluate the performance of this auditor.

Based on these methods, we examined the business report and non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in

equity, and notes to non-consolidated financial statements) and the related supplementary schedules, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements), for this fiscal year.

## 2. Audit results

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

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

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

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

### (3) Results of audit of consolidated financial statements

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

February 26, 2024

Audit & Supervisory Board, Universal Entertainment Corporation

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

End