

This document has been translated into English from the original Japanese text for reference purposes only.
In the event of any discrepancies between the Japanese and English versions, the former shall prevail.

Securities code: 6418

June 5, 2023

To Our Shareholders

Yojiro Kamihigashi
President and Representative Director
Japan Cash Machine Co., Ltd.
2-11-18 Nambanaka, Naniwa-ku, Osaka City

Convocation Notice of the 70th Ordinary General Meeting of Shareholders

Japan Cash Machine Co., Ltd. (hereinafter referred to as the “Company”) hereby notifies you that the 70th Ordinary General Meeting of Shareholders will be held as follows.

In convening this Ordinary General Meeting of Shareholders, the Company has taken measures to electronically provide the information contained in the Reference Documents for the General Meeting of Shareholders, etc. (matters for which measures for providing information in electronic format are to be taken). This information is published on the Company’s website for your reference.

The Company’s website

<https://www.jcm-hq.co.jp/>

(Select “Convocation Notice of the 70th Ordinary General Meeting of Shareholders” under “News Release” on the Company’s website.)

Website for posted informational materials for the General Meeting of Shareholders

<https://d.sokai.jp/6418/teiji/>

TSE website

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

(Access the TSE website, enter “Japan Cash Machine” in the “Issue name (company name)” or securities code “6418” in the “Code” field to search, then select “Basic information” and “Documents for public inspection/PR information” in that order. Finally, check “Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting” under “Filed information available for public inspection.”)

In regard to this Convocation Notice, the documents to be sent to shareholders who have requested document delivery will be sent to all shareholders.

In lieu of attending the meeting in person, you may exercise your voting rights over the Internet, etc. or in writing, etc. Please refer to the Reference Documents for the General Meeting of Shareholders and exercise your voting rights before 5:30 p.m. (JST) on Monday, June 26, 2023 according to the instructions mentioned below.

1. **Date and time:** Tuesday, June 27, 2023, at 10:00 a.m. (JST) (Reception starts at 9:00 a.m.)

2. **Venue:** Namba SkyO, Convention Hall (7th floor), 5-1-60, Namba, Chuo-ku, Osaka

3. Agenda

Matters to be reported

1. Reports on the Business Report, the Consolidated Financial Statements, and the Results of the Audit of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Board for the 70th Fiscal Year (from April 1, 2022 to March 31, 2023)
2. Reports on the Non-consolidated Financial Statements for the 70th Fiscal Year (from April 1, 2022 to March 31, 2023)

Matters to be resolved

Proposal 1 Election of Seven (7) Directors

Proposal 2 Continuation of Policy to Address Large-scale Purchases of the Company's Shares (Takeover Defense Measures)

<Request to Shareholders>

- Instead of attending in person, you can exercise your voting rights over the Internet, etc. or in writing, etc.
- If you will be attending in person, please submit the enclosed voting form at reception.

<Handling of the General Meeting of Shareholders>

- Souvenirs will not be distributed to shareholders attending the General Meeting of Shareholders.
- As usual, the Company will send you a hard copy of the informational materials for this Ordinary General Meeting of Shareholders regardless of whether or not you have requested delivery of written materials.
- Among matters for which measures for providing information in electronic format are to be taken, paper-based documents to be sent out do not include the following: (i) Business Report (systems for ensuring the appropriateness of operations and the state of operation thereof) (ii) Consolidated Financial Statements (Consolidated Statement of Changes in Equity, Notes to Consolidated Financial Statements) (iii) Non-consolidated Financial Statements (Non-consolidated Statement of Changes in Equity, Notes to Non-consolidated Financial Statements).
- In the event that corrections are made to this Convocation Notice or matters for which measures for providing information in electronic format are to be taken, the details of such corrections will be provided on the Company's website, website for posted informational materials for the General Meeting of Shareholders and the TSE website.

Information on Exercising Voting Rights

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

Please carefully consider the reference documents for the General Meeting of Shareholders before exercising your voting rights.

The three following methods can be used to exercise your voting rights.

Attending the General Meeting of Shareholders in person

Please submit the enclosed voting form at reception.

Time and date

Tuesday, June 27, 2023

10 a.m. (JST) (Reception starts at 9:00 a.m.)

Voting in writing (by mail)

Please indicate your approval or disapproval of the proposals on the enclosed voting form and return it to us.

Deadline

Must arrive by 5:30 p.m. (JST) on Monday, June 26, 2023

Voting over the Internet, etc.

Please input your approval or disapproval of the proposals according to the instructions on the following page.

Deadline

Input must be completed by 5:30 p.m. (JST) on Monday, June 26, 2023

If you vote both on the Internet, etc. and in writing (by mail), the vote on the Internet, etc. will be treated as a valid vote. Furthermore, if you vote multiple times on the Internet, etc., the final vote will be treated as a valid vote.

If neither approval nor disapproval of each proposal is indicated on the voting form when you exercise your voting rights in writing (by mail), the Company will deem that you have indicated your approval of each proposal.

Information on Exercising Voting Rights over the Internet, etc.

“Smart Voting” Reading a QR Code

You can log into the voting website without entering your voting code and password.

1 Read the QR code shown on the bottom right of the voting form.

* “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.

2 Follow the instructions on screen to enter your approval or disapproval.

You can only vote once using Smart Voting.

If you wish to change the content of your vote, please access the PC website and login using the voting code and password shown on the voting form to vote again.

* You will be taken to the PC site if you read the QR code again.

Entering the Voting Code and Password

Voting website: <https://www.web54.net>

1 Access the voting website.

2 Enter the “voting code” shown on your voting form.

3 Enter the “password” shown on your voting form.

4 Follow the instructions on screen to enter your approval or disapproval.

Institutional investors may use the electronic voting platform for institutional investors operated by ICJ, Inc.

Reference Documents for the General Meeting of Shareholders

Proposal 1 Election of Seven (7) Directors

The terms of office of all six (6) directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. Adding one (1) director to further strengthen our management system, we are therefore requesting the election of seven (7) directors.

Each candidate is nominated at the Board of Directors meeting based on the report of the Nomination and Remuneration Advisory Committee, which is chaired by an Independent External Director and the majority of its members are External Officers to ensure fairness and transparency.

The candidates for Director are as follows

Candidate No.	Name	Current Position and Responsibilities in the Company (Significant concurrent positions outside the Company)	Attendance at Board of Directors Meetings (70th Fiscal Year)
1	Reelection Yojiro Kamihigashi	President and Representative Director (Representative Director of JCM SYSTEMS Co., LTD.)	100.0% (18 out of 18 meetings)
2	Reelection Tsuyoshi Takagaki	Executive Director and Senior Executive Officer, Executive General Manager of Corporate Planning Division	100.0% (18 out of 18 meetings)
3	Reelection Yoshihiro Iuchi	Director and Senior Executive Officer, Executive General Manager of Global Strategy Division, in charge of Sales	100.0% (18 out of 18 meetings)
4	Reelection Norihiro Nakatani	Director and Senior Executive Officer, Executive General Manager of Production Division, in charge of Production	100.0% (18 out of 18 meetings)
5	New election Takatomo Imai	Senior Executive Officer Deputy Executive General Manager of Corporate Planning Division (Representative Director of JCM AMERICAN CORP.)	-% (-/-)
6	Reelection External Independent Koji Yoshikawa	External Director (Attorney (Baba Law Firm), External Audit & Supervisory Board Member of NCS&A CO., LTD.)	100.0% (18 out of 18 meetings)
7	Reelection External Independent Tatsuhiko Saruwatari	External Director (External Audit & Supervisory Board Member of NORITAKE CO., LIMITED)	88.9% (16 out of 18 meetings)

(Reference) Composition of the Board of Directors if and when this proposal is approved as proposed

The Company selects Directors and Audit & Supervisory Board Members after the Nomination and Remuneration Advisory Committee examines and reports on the skills, know-how, diversity, etc. that the Board of Directors should possess in light of the Group's business strategy, based on the experience and achievements of each candidate.

Skill Matrix of Directors (Candidates) and Audit & Supervisory Board Members

Name & Title		Management Experience/Corporate Strategy	Global Experience	Production/Manufacturing	Technology/R&D	Sales/Marketing	Finance/Accounting/M&A	Human Resources/Labor Management/Talent Development	Legal/Risk Management
Yojiro Kamihigashi	D	•	•		•	•			
Tsuyoshi Takagaki	D NR EO EC	•					•	•	•
Yoshihiro Iuchi	D NR EO EC	•	•	•	•	•			
Norihito Nakatani	D	•	•	•	•				
Takatomo Imai	New election Director (candidate)	•	•			•	•		
Koji Yoshikawa	D NR EO EC								•
Tatsuhiko Saruwatari	D NR EO EC	•			•			•	
Michimasa Teraoka	AS	•				•	•		
Hiroshi Morimoto	AS NR EO EC	•							•
Yoko Sato	AS NR EO EC	•					•		

(Note) The above positions are those held at the time of this Ordinary General Meeting of Shareholders.

Abbreviations for the above positions are as follows.

(Positions)

D Director AS Audit & Supervisory Board Member EO External Officer
NR Nomination and Remuneration Advisory Committee EC External Officer Council

Candidate No.

1

Yojiro Kamihigashi

(June 5, 1959)

Reelection

- Number of the Company's Shares Owned
1,458,283 shares
- Number of years served as Director (at the conclusion of this Ordinary General Meeting of Shareholders)
30 years
- Attendance at Board of Directors meetings (70th fiscal year)
100.0% (18/18)

■ Career Summary, and Position and Responsibility in the Company

- Oct. 1984 Joined Japan Cash Machine Co., Ltd.
- June 1993 Director of the Company
- May 1995 Director and General Manager of Overseas Sales Department
- June 2006 Director, Executive Officer, and Executive General Manager of International Division
- Apr. 2007 President and Representative Director (current position)
- June 2020 Representative Director of JCM SYSTEMS Co., LTD. (current position)

■ Significant concurrent positions outside the Company

- Representative Director of JCM SYSTEMS Co., LTD.
- Representative Director of Johto Investment and Development Inc.

Reasons for nomination as candidate for Director

Yojiro Kamihigashi has management experience at overseas subsidiaries. Capitalizing on this experience, he currently exerts effective leadership in the management of the Group's global business development. He plays an important role in decision making, while overseeing the execution of business. Since it is expected that he will continue to perform his duties appropriately and will contribute to the sustained enhancement of the corporate value of the Group, he is considered to be a suitable candidate for Director. Accordingly, he is a proposed candidate for Director.

Special interests between candidate and the Company

There is no special interest between Mr. Kamihigashi and the Company.

Directors and Officers Liability Insurance

The Company has entered into a liability insurance policy for Directors and Audit & Supervisory Board Members with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act. A summary of the content of the insurance policy is provided on page 57 of the Business Report. If the election of the candidate for Director is approved, the candidate will continue to be included as an insured under the insurance policy. In addition, when the insurance policy is renewed, the Company plans to renew the policy with the same terms. The details of the contract are as outlined below:

- The scope of the insured under this insurance policy is the Company's officers (Board Directors and Audit & Supervisory Board Members) and Officers of domestic and overseas subsidiaries (Board Directors, Audit & Supervisory Board Members, etc.), and the insured does not pay insurance premiums.
- The insurance contract will cover the loss incurred by the insured (compensation for damages and litigation expenses (legal fees, etc.) borne by the individual).

Candidate No.

2

Tsuyoshi Takagaki

(September 13, 1961)

Reelection

■Number of the Company's Shares Owned

7,300 shares

■Number of years served as Director (at the conclusion of this Ordinary General Meeting of Shareholders)

10 years

■Attendance at Board of Directors meetings (70th fiscal year)

100.0% (18/18)

■Career Summary, and Position and Responsibility in the Company

Aug. 1997	Joined Japan Cash Machine Co., Ltd.
June 2007	Executive Officer and Deputy Executive General Manager of Administration Division of the Company
Oct. 2011	Senior Executive Officer and Executive General Manager of Human Resources, General Affairs and Corporate Planning Division
June 2013	Director and Senior Executive Officer
Dec. 2013	Executive General Manager of Corporate Planning Division (current position)
June 2019	Executive Director and Senior Executive Officer (current position)

Reasons for nomination as candidate for Director

Since joining the Company, Tsuyoshi Takagaki has worked for the development of the Group, taking charge of general affairs, legal, compliance, and human resources. He currently makes effective business decisions based on his experiences accumulated through his career, while also currently supervises execution of effective business activities as Executive Director. Since it is expected that he will continue to perform his duties appropriately and will contribute to the sustained enhancement of the corporate value of the Group, he is considered to be a suitable candidate for Director. Accordingly, he is a proposed candidate for Director.

Special interests between candidate and the Company

There is no special interest between Mr. Takagaki and the Company.

Directors and Officers Liability Insurance

The Company has entered into a liability insurance policy for Directors and Audit & Supervisory Board Members with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act. A summary of the content of the insurance policy is provided on page 57 of the Business Report. If the election of the candidate for Director is approved, the candidate will continue to be included as an insured under the insurance policy. In addition, when the insurance policy is renewed, the Company plans to renew the policy with the same terms. The details of the contract are as outlined below:

- The scope of the insured under this insurance policy is the Company's officers (Board Directors and Audit & Supervisory Board Members) and Officers of domestic and overseas subsidiaries (Board Directors, Audit & Supervisory Board Members, etc.), and the insured does not pay insurance premiums.
- The insurance contract will cover the loss incurred by the insured (compensation for damages and litigation expenses (legal fees, etc.) borne by the individual).

Candidate No.

3

Yoshihiro Iuchi

(May 21, 1960)

Reelection

■Number of the Company's Shares Owned

13,600 shares

■Number of years served as Director (at the conclusion of this Ordinary General Meeting of Shareholders)

5 years

■Attendance at Board of Directors meetings (70th fiscal year)

100.0% (18/18)

■Career Summary, and Position and Responsibility in the Company

Mar. 2004	Joined Japan Cash Machine Co., Ltd.
June 2007	Executive Officer and Deputy Executive General Manager of International Division of the Company
Nov. 2010	Representative Director of JCM GOLD (H.K.) LTD.
June 2016	Senior Executive Officer in charge of Production Division of the Company
June 2018	Director, Senior Executive Officer, and Executive General Manager of Global Strategy Division (current position)
July 2019	In charge of Sales (current position)

Reasons for nomination as candidate for Director

Since joining the Company, Yoshihiro Iuchi has engaged mainly in overseas sales activities, and then worked as the Representative Director of a subsidiary company that controls overseas production. Currently, he serves as Director playing a useful role overseeing appropriate decision making and business execution from a global perspective. Since it is expected that he will continue to perform his duties appropriately and will contribute to the sustained enhancement of the corporate value of the Group, we consider him a suitable candidate for Director. Accordingly, he is a proposed candidate for Director.

Special interests between candidate and the Company

There is no special interest between Mr. Iuchi and the Company.

Directors and Officers Liability Insurance

The Company has entered into a liability insurance policy for Directors and Audit & Supervisory Board Members with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act. A summary of the content of the insurance policy is provided on page 57 of the Business Report. If the election of the candidate for Director is approved, the candidate will continue to be included as an insured under the insurance policy. In addition, when the insurance policy is renewed, the Company plans to renew the policy with the same terms. The details of the contract are as outlined below:

- The scope of the insured under this insurance policy is the Company's officers (Board Directors and Audit & Supervisory Board Members) and Officers of domestic and overseas subsidiaries (Board Directors, Audit & Supervisory Board Members, etc.), and the insured does not pay insurance premiums.
- The insurance contract will cover the loss incurred by the insured (compensation for damages and litigation expenses (legal fees, etc.) borne by the individual).

Candidate No.

4

Norihito Nakatani

(February 20, 1960)

Reelection

■ Number of the Company's Shares Owned

11,700 shares

■ Number of years served as Director (at the conclusion of this Ordinary General Meeting of Shareholders)

4 years

■ Attendance at Board of Directors meetings (70th fiscal year)

100.0% (18/18)

■ Career Summary, and Position and Responsibility in the Company

Oct. 1990	Joined Japan Cash Machine Co., Ltd.
June 2007	Executive Officer and Deputy Executive General Manager of SCM Division of the Company
May 2008	Deputy Executive General Manager of Engineering Division
Nov. 2010	Representative Director of JCM CHINA CO., LTD.
June 2015	In charge of Production of Creating and Manufacturing Division of the Company
June 2016	Executive General Manager of Production Division
June 2017	Executive General Manager of Second R&D Division
June 2018	Senior Executive Officer Executive Director of JCM SYSTEMS Co., LTD.
June 2019	Director and Senior Executive Officer of the Company (current position)
Oct. 2021	In charge of Production (current position)
Jan. 2022	Executive General Manager of Production Division (current position)

Reasons for nomination as candidate for Director

Since joining the Company, Norihito Nakatani has engaged mainly in production-related operations, and then worked as the Representative Director of a subsidiary company that controls overseas production. Currently, he serves as Director, responsible for the Production Division overseeing appropriate decision making and business execution based on relevant work experience. Since it is expected that he will continue to perform his duties appropriately and will contribute to sustained enhancement of the corporate value of the Group, we consider him a suitable candidate for Director. Accordingly, he is a proposed candidate for Director.

Special interests between candidate and the Company

There is no special interest between Mr. Nakatani and the Company.

Directors and Officers Liability Insurance

The Company has entered into a liability insurance policy for Directors and Audit & Supervisory Board Members with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act. A summary of the content of the insurance policy is provided on page 57 of the Business Report. If the election of the candidate for Director is approved, the candidate will continue to be included as an insured under the insurance policy. In addition, when the insurance policy is renewed, the Company plans to renew the policy with the same terms. The details of the contract are as outlined below:

- The scope of the insured under this insurance policy is the Company's officers (Board Directors and Audit & Supervisory Board Members) and Officers of domestic and overseas subsidiaries (Board Directors, Audit & Supervisory Board Members, etc.), and the insured does not pay insurance premiums.
- The insurance contract will cover the loss incurred by the insured (compensation for damages and litigation expenses (legal fees, etc.) borne by the individual).

Candidate No.

5

Takatomo Imai

(February 28, 1961)

New election

- Number of the Company's Shares Owned
5,900 shares
- Number of years served as Director (at the conclusion of this Ordinary General Meeting of Shareholders)
- years
- Attendance at Board of Directors meetings (70th fiscal year)
-% (-/-)

■ Career Summary, and Position and Responsibility in the Company

- Sep. 2001 Joined Japan Cash Machine Co., Ltd.
- Oct. 2011 Deputy General Manager of Finance and Accounting Division of the Company
- July 2016 Executive Officer, Deputy Executive General Manager of Corporate Planning Division of the Company (current position)
- July 2018 Senior Executive Officer (current position)
Representative Director of JCM AMERICAN CORP. (current position)

■ Significant concurrent positions outside the Company

Representative Director of JCM AMERICAN CORP.

Reasons for nomination as candidate for Director

Since joining the Company, Mr. Takatomo Imai has been involved mainly in accounting and finance, and in management of an overseas subsidiary. Moreover, he has a track record and experience contributing to the Group, including serving as Representative Director of an overseas sales subsidiary. We have nominated him as a new candidate for Director because we have determined that he is suitable for the position of Director with a view to helping realize the Group's sustainable increase in corporate value. He is an essential person for stimulating further overseas expansion within the Group going forward and he is expected to conduct appropriate decision-making and supervision of business execution based on these operations, and to carry out his duties appropriately.

Special interests between candidate and the Company

There is no special interest between Mr. Imai and the Company.

Directors and Officers Liability Insurance

The Company has entered into a liability insurance policy for Directors and Audit & Supervisory Board Members with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act. A summary of the content of the insurance policy is provided on page 57 of the Business Report. If the election of the candidate for Director is approved, the candidate will be included as an insured under the insurance policy. In addition, when the insurance policy is renewed, the Company plans to renew the policy with the same terms. The details of the contract are as outlined below:

- The scope of the insured under this insurance policy is the Company's officers (Board Directors and Audit & Supervisory Board Members) and Officers of domestic and overseas subsidiaries (Board Directors, Audit & Supervisory Board Members, etc.), and the insured does not pay insurance premiums.
- The insurance contract will cover the loss incurred by the insured (compensation for damages and litigation expenses (legal fees, etc.) borne by the individual).

Candidate No.

6

Koji Yoshikawa

(February 8, 1950)

Reelection

External

Independent

■Number of the Company's Shares Owned

-

■Number of years served as Director (at the conclusion of this Ordinary General Meeting of Shareholders)

9 years

■Attendance at Board of Directors meetings (70th fiscal year)

100.0% (18/18)

■Career Summary, and Position and Responsibility in the Company

- Apr. 1978 Appointed Public Prosecutor, Osaka District Public Prosecutors Office
- Apr. 2000 Deputy Manager, Special Investigation Department, Osaka District Public Prosecutors Office
- Apr. 2004 Prosecutor, Supreme Public Prosecutors Office
- July 2005 Deputy Chief Public Prosecutor, Osaka District Public Prosecutors Office
- Jan. 2009 Chief Public Prosecutor, Kobe District Public Prosecutors Office
- Jan. 2010 Resigned from Prosecutor
- Mar. 2010 Registered as Attorney
- June 2014 External Director of the Company (current position)

■Significant concurrent positions outside the Company

Attorney (Baba Law Firm)
External Audit & Supervisory Board Member of NCS&A CO., LTD.

Reasons for nomination as candidate for External Director and summary of expected roles

Although Koji Yoshikawa has not been directly involved in the management of a company, he has extensive knowledge and expertise as a judicial officer. He has been giving appropriate advice to the Group, which operates compliance-oriented management, such as maintaining casino gaming licenses in the U.S. Since it is expected that he will contribute to strengthening the function of supervising the execution of duties of other Directors and transparency of management, we consider him an appropriate candidate for External Director of the Company. Accordingly, he is a proposed candidate for External Director.

Independence

The Company has submitted notification to the Tokyo Stock Exchange that Mr. Yoshikawa has been designated as an independent officer as provided for by the aforementioned exchange. The Company has also established its own standards for determining independence, separately from those stipulated by the aforementioned exchange, and this candidate also fulfills the Company's standards for determining independence.

Special interests between candidate and the Company

There is no special interest between Mr. Yoshikawa and the Company.

Limited liability agreement

The Company has concluded an agreement with Mr. Yoshikawa to limit his liability for damages under Article 423, paragraph (1) of the Companies Act pursuant to the provision of Article 427, paragraph (1) of the same Act. The maximum amount of the liability for damages under the agreement shall be the higher of either ten million yen or the minimum amount of liability prescribed by Article 425, paragraph (1) of the Companies Act. If the reelection of this candidate is approved, the Company plans to continue the agreement.

Directors and Officers Liability Insurance

The Company has entered into a liability insurance policy for Directors and Audit & Supervisory Board Members with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act. A summary of the content of the insurance policy is provided on page 57 of the Business Report. If the election of the candidate for Director is approved, the candidate will continue to be included as an insured under the insurance policy. In addition, when the insurance policy is renewed, the Company plans to renew the policy with the same terms. The details of the contract are as outlined below:

- The scope of the insured under this insurance policy is the Company's officers (Board Directors and Audit & Supervisory Board Members) and Officers of domestic and overseas subsidiaries (Board Directors, Audit & Supervisory Board Members, etc.), and the insured does not pay insurance premiums.
- The insurance contract will cover the loss incurred by the insured (compensation for damages and litigation expenses (legal fees, etc.) borne by the individual).

Candidate No.

7

Tatsuhiko Saruwatari

(March 1, 1953)

Reelection

External

Independent

■Number of the Company's Shares Owned

-

■Number of years served as Director (at the conclusion of this Ordinary General Meeting of Shareholders)

3 years

■Attendance at Board of Directors meetings (70th fiscal year)

88.9% (16/18)

■Career Summary, and Position and Responsibility in the Company

Apr. 1976	Joined Toto Kiki Ltd. (current TOTO Ltd.)
June 2001	Director, Executive Officer, Director of Equipment Business Group of the Same Company
June 2002	Director, Managing Executive Officer, Director of Equipment Business Group, General Manager of Central Technology Center of the Same Company
June 2006	Director, Senior Managing Executive Officer, In Charge of Research & Technology Group, Corporate Planning Department of the Same Company
May 2013	External Audit & Supervisory Board Member of Izutsuya Co., Ltd.
June 2013	Representative Director, Executive Vice President of TOTO Ltd.
June 2016	External Audit & Supervisory Board Member of NORITAKE CO., LIMITED (current position)
June 2020	External Director of the Company (current position)

■Significant concurrent positions outside the Company

External Audit & Supervisory Board Member of NORITAKE CO., LIMITED

Reasons for nomination as candidate for External Director and summary of expected roles

Tatsuhiko Saruwatari has a wealth of experience and broad knowledge as a manager and is expected to provide advice and suggestions in management activities aimed at realizing the sustainable enhancement of the corporate value of the Group. In addition, we consider him an appropriate candidate for the position of External Director of the Company, who aims to strengthen the function of supervising the execution of duties of other Directors and further improve the transparency of management. Accordingly, he is a proposed candidate for External Director.

Independence

The Company has submitted notification to the Tokyo Stock Exchange that Mr. Saruwatari has been designated as an independent officer as provided for by the aforementioned exchange. The Company has also established its own standards for determining independence, separately from those stipulated by the aforementioned exchange, and this candidate also fulfills the Company's standards for determining independence.

Special interests between candidate and the Company

There is no special interest between Mr. Saruwatari and the Company.

Limited liability agreement

The Company has concluded an agreement with Mr. Saruwatari to limit his liability for damages under Article 423, paragraph (1) of the Companies Act pursuant to the provision of Article 427,

paragraph (1) of the same Act. The maximum amount of the liability for damages under the agreement shall be the higher of either ten million yen or the minimum amount of liability prescribed by Article 425, paragraph (1) of the Companies Act. If the reelection of this candidate is approved, the Company plans to continue the agreement.

Directors and Officers Liability Insurance

The Company has entered into a liability insurance policy for Directors and Audit & Supervisory Board Members with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act. A summary of the content of the insurance policy is provided on page 57 of the Business Report. If the election of the candidate for Director is approved, the candidate will continue to be included as an insured under the insurance policy. In addition, when the insurance policy is renewed, the Company plans to renew the policy with the same terms. The details of the contract are as outlined below:

- The scope of the insured under this insurance policy is the Company's officers (Board Directors and Audit & Supervisory Board Members) and Officers of domestic and overseas subsidiaries (Board Directors, Audit & Supervisory Board Members, etc.), and the insured does not pay insurance premiums.
- The insurance contract will cover the loss incurred by the insured (compensation for damages and litigation expenses (legal fees, etc.) borne by the individual).

Standards for Determining Independence of External Officers

The Company has established the following standards on independence of External Directors and External Audit & Supervisory Board Members (hereinafter collectively referred to as "External Officers"), and if it is found that none of the following items apply to an External Officer as a result of investigations conducted to the extent reasonably possible in the Company, the External Officer is deemed to have adequate independence from the Company.

1. An executive (meaning Executive Directors, Executive Officers and employees (excluding Audit & Supervisory Board Members); the same applies below) of the Company and the Company's consolidated subsidiaries (hereinafter collectively referred to as the "Group"), or a person who has been an executive of the Group in the past ten years
2. A person who is a major seller to the Group (a trading group (meaning a corporate group made up of direct business partners, their parent company and subsidiaries, and the subsidiaries of said parent company) providing products or services to the Group, where the transaction amount in the most recent fiscal year exceeds 2% of the consolidated net sales of said group) or an executive thereof
3. A major purchaser of the Group (a purchaser group to which the Group provides products or services, where the transaction amount in the most recent fiscal year exceeds 2% of the consolidated net sales of the Group) or an executive thereof
4. A legal expert, accounting expert, consultant, or advisor (if the party obtaining an economic benefit is an organization such as a corporation or association, a person belonging to the organization) who receives a large sum of money or other economic benefit (meaning money or other economic benefit exceeding 5 million yen per year in the case of an individual or 12 million yen per year in the case of a group, excluding officer remuneration, in the most recent fiscal year) separate from officer remuneration from the Group
5. A person who belongs to an audit firm conducting statutory audits of the Group
6. A person who receives donations or subsidies exceeding a certain amount (10 million yen per year on average over the past three fiscal years) from the Company (if the party receiving the donations or subsidies is an organization such as a corporation or an association, an executive of the organization)
7. An executive of a major financial institution from which the Group conducts borrowing (a financial institution from which the amount of borrowing at the end of the most recent fiscal year exceeds 2% of the consolidated total assets of the Company) or the parent company or a subsidiary thereof
8. A major shareholder (a person who directly or indirectly holds a percentage of voting rights that is 10% or more of the total voting rights in the most recent fiscal year) of the Group, or if the major shareholder is a corporation, an executive of the corporation
9. An executive of another company with mutual appointment of External Officers (a relationship in which an executive of the Group is an External Officer of another company, and an executive of another company is an External Officer of the Company)
10. A person who has fallen under 2 through 9 above during the past five years
11. The spouse or a relative within the second degree of kinship of a person falling under 1 through 10 above (limited to persons in important positions (limited to Directors (excluding External Directors), Executive Officers, employees in senior managerial positions of general manager or higher, attorneys who belong to a law firm, certified public accountants who belong to an audit firm or accounting office, officers such as councilors, directors and auditors who belong to an incorporated foundation, an incorporated association, an incorporated educational institution or other corporation, or a person objectively and reasonably deemed to have equivalent importance))
12. Beyond what is provided for in the preceding items, a person who has special grounds for being unable to fulfill his/her duties as an independent External Officer such as the potential for the occurrence of a conflict of interests with the Company

Even if a person falls under any of 2 through 11 above, if the person satisfies the requirements for an external officer under the Companies Act and is deemed by the Company to be suitable as an independent External Officer, the person may be exceptionally nominated as a candidate for independent External Officer by indicating the reason for the decision.

Proposal 2 Continuation of Policy to Address Large-scale Purchases of the Company's Shares (Takeover Defense Measures)

Having obtained approval by resolution of the 53rd Ordinary General Meeting of Shareholders held on June 28, 2006, as a measure for enhancing the Company's corporate value, as well as for ensuring and improving the common interests of the shareholders, the Company introduced countermeasures against large-scale purchases of the Company's shares (takeover defense measures) for the purpose of preventing abusive acquisition of the Company and other hostile actions. Subsequently, the continuation of the policy was approved by shareholders at the 55th, 58th, 61st, 64th, and 67th Ordinary General Meetings of Shareholders, as part of the contents were revised as necessary in consideration of various developments about takeover defense measures (hereinafter referred to as the "Current Plan"). The effective period of the Current Plan will expire at the conclusion of this Ordinary General Meeting of Shareholders.

After the continuation of the Current Plan was approved, the Company has explored the best way to implement it, including the pros and cons of having it from the perspective of enhancing corporate value, as well as ensuring and improving the common interests of the shareholders, taking into account changes in social and economic conditions, and developments in various arguments on takeover defense measures.

As a result, at the Board of Directors Meeting held on May 23, 2023, the Company decided to continue the Current Plan after the necessary revisions on the condition that shareholders at this Ordinary General Meeting of Shareholders approves it as an effort to prevent an inappropriate person from controlling the decisions on the financial and business policies of the Company (Article 118, Item 3 (ii) (2) of the Regulations for Enforcement of the Companies Act) in light of the Basic Policies related to the way the persons are to control the decisions on the financial and business policies of the Company (hereinafter the "Basic Policies"), provided by Article 118, Item 3 of the Regulations for Enforcement of the Companies Act (hereinafter, the Current Plan is referred to as "this Plan" after its continuation). As such, the Company proposes the Proposal 2.

At the above meeting of the Board of Directors, the continuation of this Plan was unanimously approved and passed by six Directors, including two Independent External Directors, and all three of the Company Audit & Supervisory Board Members, including two External Audit & Supervisory Board Members, attended the meeting and expressed their approval of this Plan, provided that the concrete implementation of this Plan is carried out appropriately.

The major details for changes in this Plan are as follows.

- 1) In regard to the medium-term management plan, we have updated the details of the new three-year plan for the period from the fiscal year ended March 31, 2024 to the fiscal year ending March 31, 2026, which was announced on May 10, 2023.
- 2) We revised the scope of the target "large-scale purchases" and "non-qualified persons."
- 3) We also reworded some sections.

I. Basic Policies Related to the Way the Persons who Control the Decisions on the Financial and Business Policies of the Company

The Company believes that the person who controls the decision on the financial and business policies of the Company needs to be one who fully understands details of finance and business, the origin of the Company's corporate value, and the relationships of trust with each of the stakeholders who support the Company, and who sincerely aims to continuously secure and enhance the Company's corporate value, and also the common interests of its shareholders.

Since the Company is a listed company, the purchase and sale of the Company's shares is, in principle, made at the discretion of shareholders and investors, and we believe that the decision whether or not to accept a proposal to purchase a large number of shares, which would involve a transfer of control of the company, should ultimately be made based on the consensus of the shareholders. Even if it is a large-scale purchase of shares of our Company, if it contributes to the improvement of our Company's corporate value and ultimately to the common interests of shareholders, we do not deny this, nor do we deny the significance and effect of revitalizing corporate activities through changes in management control.

However, in recent years, there has been a trend in Japan's capital markets to suddenly, hostilely and unilaterally purchase a large number of shares without prior consultation or agreement with the management of the target company. Among the unilateral purchases of a large number of shares, we believe there may be purchases that significantly damage the enhancement of the corporate value of the target company and consequently the common interests of its shareholders, such as those that target only businesses, assets, technology or know-how in a specific field, or that would obviously damage the corporate value of the target company and consequently the common interests of its shareholders due to the purpose of the purchase; those that may effectively force shareholders to sell their shares; those that do not provide sufficient time or information to consider the Large-Scale Purchase for the Board of Directors or shareholders of the target company or to propose an alternative proposal for the Board of Directors of the target company; and those that do not show a sincere intention to conduct reasonable management activities.

As part of the responsibility of the management entrusted by the Company's shareholders, the Company has made efforts to conduct investor relations activities so that the Company's shareholders and investors can understand the appropriate value of the Company's shares. However, the Company believes that it is essential that appropriate and sufficient information be provided by both the Purchaser and the Board of Directors of the Company to the shareholders who are required to make an appropriate decision in a short period of time on the appropriateness of the price for the acquisition of the Company's shares presented by the Large-Scale Purchaser (defined in III. 2. (1) below; the same shall apply hereinafter) in the event of a Large-Scale Purchase such as a sudden large-scale acquisition of the Company's shares (defined in III. 2. (1) below; the same shall apply hereinafter). Furthermore, the Company believes that information such as the impact of the Large-Scale Purchase on the Company, the management policy of the Large-Scale Purchaser when it participates in the management of the Company, the details of the Large-Scale Purchaser's business plan, the Large-Scale Purchaser's past investment behavior, and the opinion of the Board of Directors of the Company regarding the Acquisition will be the material information for making decision to the Company's shareholders.

In this regard, under the current Financial Instruments and Exchange Act, there is a mechanism for providing information under the tender offer regulations, but since a Large-Scale Purchase conducted in the market is not subject to the regulations, the aforementioned mechanism for providing information cannot be established.

Furthermore, even with respect to a Large-Scale Purchase to which the Tender Offer Restrictions apply, the number of questions to the Large-Scale Purchaser in the Opinion Report, as permitted under the Financial Instruments and Exchange Act, is limited to one time, and the Large-Scale Purchaser is not required to provide sufficient answers to such questions, and it is possible for the Purchaser not to provide answers with reasons.

Therefore, it cannot be denied that even in the case of a Large-Scale Purchase to which the Tender Offer Regulations apply, there may be cases in which shareholders are required to respond to the pros and cons of the Tender Offer without providing sufficient information and without securing sufficient time for shareholders to consider whether or not to accept the Tender Offer.

As a result of considering the above situation, the Company believes that it is necessary for a Large-Scale

Purchaser to provide the Board of Directors in advance with information necessary and sufficient for the shareholders to make a decision on the purchase in accordance with certain reasonable rules established and disclosed in advance by the Company, and to allow the Large-Scale Purchaser to commence the Large-Scale Purchase only after a certain Assessment Period has elapsed at the Board of Directors.

In addition, as mentioned above, it cannot be said that there are no Large-Scale Purchases that would cause irreparable damage to the Company such as significantly damage for the corporate value of the Company and the common interests of its shareholders. The Company recognizes that it is its natural responsibility as a person entrusted with the management of the Company to protect the corporate philosophy and brand of the Company and the interests of its shareholders and other stakeholders from such Large-Scale Purchases. In order to fulfill the above responsibilities, the Board of Directors believes that it is necessary to determine whether or not a Large-Scale Purchaser who intends to acquire a large number of the Company's shares is appropriate as a person who controls decisions on the Company's financial and business policies, after carefully considering the impact of such acquisition on the enhancement of the corporate value of the Company and the common interests of its shareholders, based on the details of the Large-Scale Purchaser's business, future business plans, past investment behavior, and other factors, and that it is necessary to take measures that the Board of Directors consider appropriate in accordance with certain reasonable rules established and disclosed in advance in order to enhance the corporate value of the Company and, by extension, ensure the common interests of its shareholders.

II. The Source of the Company's Corporate Value and Special Efforts that Contribute to Putting the Basic Policies into Practice

1. The source of the Company's corporate value

Since its founding in 1955, the Company, as a group, has pursued a unique business model by developing, manufacturing, and selling money handling units for the gaming market and commercial market (retail, banking, transportation, etc.) including a variety of vending machines, payment machines and information terminals and a broad range of labor-saving machines for handling money to all markets in the world and a series of devices and equipment for amusement industry through carrying out basic research and technology development with an eye on the future on the strength of technological capability and a huge amount of monetary data accumulated from the past related to currency validation and transport, that we have built over decades, as well as on a stable financial standing.

In addition, the Company has obtained more than 200 gaming licenses through rigorous screening of the Company and its management team by the Gaming Commission of each U.S. state, and boasts a high share of the U.S. casino market based on its credibility as a compliance-oriented company.

The Company has contributed to the development of the economy and society through these unique businesses while helping build a social environment that meets the needs of the times and security systems by developing hybrid products with bill validator units that respond to the emergence of cashless payments, and system product that integrate bill transport technology and money payment function. The company will continue to make efforts to broadly promote our high-quality, high-performing products to various markets and to increase their adoption in various fields.

2. Outline of efforts to maximize corporate value

(1) Formulation of a medium-term management plan

The Company is currently conducting its business activities under the following Basic Policies and priority

measures set forth in the Medium-Term Management Plan JCM Global Vision 2032, which ends in fiscal 2025 (the fiscal year ending March 2026), announced on May 10, 2023.

[Basic Policies]

Anticipating sustainable growth of the Company, we have drawn up a long-term vision covering the next 10 years, clearly defining the following two items as our vision for 2032. We are committed to pursuing the achievement of this vision.

- 1) “Continuing to be a company that earns customer trust in the diversified field of money transactions (payment settlement).”
⇒Our strength to date has been capturing a high market share in the niche market of money-handling machines.
- 2) “Aiming to establish a name for ourselves in new business domains.”
⇒We are pursuing the acquisition of new niche markets looking ahead to a cashless era, which is the major trend of today.

In order to realize our vision, we recognize the three years of this medium-term management plan as a period of planting seeds and will prioritize expanding existing businesses, which are showing signs of recovery from the COVID-19 pandemic, further strengthening our earnings structure, and promoting forward-looking investment to acquire new business areas. The priority measures to achieve that are as follows:

[Priority Measures]

Item	Category (new or existing)
(1) Establish a foundation (forward-looking investment) to build new business domains	New
(2) Actively roll out existing technologies and products into other markets	Existing
(3) Further expand the International Commercial market	Existing
(4) Address diversifying money transactions	Existing
(5) Improve the profitability of the existing business domains	Existing
(6) Optimally allocate management resources	New and existing

[Quantitative Targets]

Consolidated performance	(Millions of yen)		
	FY2023 (Ending March 2024)	FY2024 (Ending March 2025)	FY2025 (Ending March 2026)
Net sales	28,600	35,000	38,500
Operating profit	1,500	2,625	3,080
Profit	1,100	2,085	2,500

[Main Management Indicators]

- Operating profit margin FY2025: 8%
- ROE FY2025: 8%

(2) Strengthening of corporate governance

In June 2006, the Company has introduced an executive officer system to separate management oversight functions from business execution functions and has made a series of reforms to corporate governance in pursuit of the most appropriate style for the Company. In June 2014, the Company has introduced an External Director system to strengthen the supervisory function of Directors over the execution of business and to improve management transparency. We currently have two External Directors and two External Audit & Supervisory Board Members, including one woman, as we work to ensure diversity in the Board of Directors and to strengthen the supervisory function.

(3) Policy for returning profits

Regarding the policy for returning profits, the Company has set a goal of deciding the policy with a minimum consolidated dividend payout ratio of 30% as the basis and with the ratio of dividends to net assets in mind, while considering both an increase in dividend amounts through expanding profits via our growth strategy, and stable payment of dividends as returning profits to the shareholders. In accordance with this policy, the Company will continue to return profits in accordance with the performance of each fiscal year.

III. Efforts to Prevent an Inappropriate Person from Controlling the Decisions on the Financial and Business Policies of the Company considering the Basic Policies

1. Purpose of the continuation of this Plan

This Plan is intended to be continued for the purpose of enhancing the Company's corporate value and ultimately, improving the common interests of the shareholders in accordance the Basic Policies described in I. The Board of Directors of the Company has concluded that it is essential to have in place a framework for preventing large-scale purchases of shares that conflict with the corporate value and ultimately, the common interests of the shareholders. Under the framework, in the case of a large-scale purchase of shares of the Company, the Board of Directors will have the Large-Scale Purchaser provide information on the said Large-Scale Purchase in advance, and thereby, the shareholders can decide whether or not to accept the Large-Scale Purchase, or the Board of Directors of the Company can either secure the time necessary to make alternative proposals or negotiate with the Large-Scale Purchaser on behalf of the shareholders.

The situation of major shareholders of the Company as of March 31, 2023 is as described in business report. Approximately 31% of the total Company shares issued are held by the Company's board members (four Directors, one Audit & Supervisory Board Member and eight Executive Officers) and their related parties (one asset management firm, the employee shareholding association, and two relatives within a second degree of kinship with the Directors, Audit & Supervisory Board Members and Executive Officers). However, the Company is listed on a stock exchange. Therefore, it is natural that shares of the Company change hands through transactions and other methods, based on the independent will of shareholders. About 16% of the approximately 31% shares held by the Company's Directors and their related parties are held by individual shareholders. It cannot be denied that the possibility that the Company's shares may be transferred, inherited, or otherwise disposed of according to the will or circumstances of each individual, and that the shares held may be dispersed or scattered and there is no guarantee of future stability. It causes the possibility that a large-scale purchase of shares may be made in the future that may damage the corporate value of the Company and the common interests of shareholders.

Accordingly, judging that the effort remains necessary to prevent an inappropriate person from controlling the decisions on the financial and business policies of the Company in light of the Basic Policies, the Company, at

the Board of Directors Meeting held on May 23, 2023, has decided to continue the effort on the condition that the proposal is approved by shareholders at this Ordinary General Meeting of Shareholders.

Please be advised that as of the time when the continuation of this Plan was decided, there was no evidence that the Board of Directors of the Company had received any proposal for a Large-Scale Purchase of shares from a specific third party.

2. Details of this Plan

The contents of this Plan are as follows. Please also refer to the procedures related to this Plan that is summarized in the form of a flow chart in [Attachment 1].

(1) Purchases subject to this Plan

Under this Plan, any person (“Large-Scale Purchaser”) who commits or intends to commit an act falling under 1), 2) or 3) below (unless the Board of Directors of the Company agrees in advance, hereinafter referred to as a “Large-Scale Purchase”) shall follow the procedures set forth in this Plan.

- 1) A purchase or acquisition that brings the total of the holding rate (Note 3) of holders (Note 2) of share certificates, etc., that were issued by the Company (Note 1) to 20% or more.
- 2) A tender offer that brings the total ownership rate (Note 6) of share certificates, etc., issued by the Company (Note 4), of the person making the tender offer (Note 5), and that of persons in its special relationship (Note 7) to 20% or more.
- 3) Regardless of whether the acts specified in 1) or 2) above have been performed, this refers to acts carried out by a specific shareholder of the Company with another shareholder of the Company (including multiple shareholders; the same shall apply hereinafter) as well as agreements or other acts resulting from such acts, which cause the other shareholder(s) to become joint holders (Note 8) with the specific shareholder or acts establishing a relationship where one of them effectively controls the other or they act jointly or cooperatively (Note 9). (However, this is limited to cases where the total ownership rate of the specific shareholder and the other shareholders with respect to share certificates, etc. issued by the Company is 20% or more).

Note 1) means the share certificates, etc., prescribed in Article 27-23, paragraph 1 of the Financial Instruments and Exchange Act. The same shall apply hereinafter except as otherwise provided.

Note 2) means the holders, prescribed in Article 27-23, paragraph 3 of the Financial Instruments and Exchange Act. The same shall apply hereinafter except as otherwise provided.

Note 3) means the holding rate of share certificates, etc., prescribed in Article 27-23, paragraph 4 of the Financial Instruments and Exchange Act. The same shall apply hereinafter except as otherwise provided.

Note 4) means share certificates, etc., prescribed in Article 27-2, paragraph 1 of the Financial Instruments and Exchange Act. The same shall apply to 2) below.

Note 5) means tender offers, prescribed in Article 27-2, paragraph 6 of the Financial Instruments and Exchange Act. The same shall apply hereinafter except as otherwise provided.

Note 6) means the ownership rate of share certificates, etc., prescribed in Article 27-2, paragraph 8 of the Financial Instruments and Exchange Act. The same shall apply hereinafter except as otherwise provided.

Note 7) means persons in a special relationship, prescribed in Article 27-2, paragraph 7 of the Financial Instruments and Exchange Act. However, the persons prescribed in paragraph 1 of the same Act exclude those prescribed in Article 3, paragraph 1 of the Cabinet Office Ordinance on Disclosure

Required for Tender Offer for Share Certificates, etc., by Person Other Than Issuer. The same shall apply hereinafter except as otherwise provided.

Note 8) means the joint holders, prescribed in Article 27-23, paragraph 5 of the Financial Instruments and Exchange Act. The same shall apply hereinafter except as otherwise provided.

Note 9) The establishment of a “relationship where one of them effectively controls the other or they act jointly or cooperatively” is determined on the basis of investment relationship, business alliance, transactional or contractual relationship, concurrent directorships, funding relationship, credit granting relationship, status of purchase of share certificates, etc. issued by the Company, exercise of voting rights in relation to share certificates, etc. issued by the Company, the formation of a substantial interest in share certificates, etc. issued by the Company through derivatives or stock lending, or the direct or indirect effect of the specific shareholder or other shareholder(s) on the Company. The factors to be considered in making such determination may be changed as reasonable from time to time by a resolution of an independent committee based on amendments to laws and regulations, trends in court precedents, etc. In such cases, however, the Company will promptly disclose the changes.

(2) Demand for Purchasers to submit information

If Large-Scale Purchasers conduct a Large-Scale Purchase, they are firstly required to submit to the Company a letter of intent, before effecting Large-Scale Purchases, stating that the said Large-Scale Purchasers will observe the procedures set forth by this Plan when conducting Large-Scale Purchases.

The letter of intent shall comply with a form specified by the Company and clearly describe the name, address, governing law of incorporation of the Large-Scale Purchasers, their name of the representative, and their contact information in Japan, as well as the outline of the Large-Scale Purchases. Please note that the letter of intent shall be written in Japanese only.

Next, the Company will issue to Large-Scale Purchasers a list of information items that Large-Scale Purchasers shall submit to enable shareholders to make judgments and the Company’s Board of Directors to form opinions, etc., (hereinafter referred to as the “Necessary Information”) within 10 business days of receiving the letter of intent. The specific contents of the information to be submitted include the following as concrete examples, though they depend on the attributes of Large-Scale Purchasers and the contents of Large-Scale Purchases. Such information shall also be submitted in Japanese only.

(a) Specific details of Large-Scale Purchases

- 1) Purposes, methods, and contents of Purchases (including the timing of purchases, schemes of related transactions, legality of purchasing methods, and probability of executing purchases).
- 2) Whether or not there has been communication of intention with a third party at the time of the Large-Scale Purchase (including communication of intention to make a material proposal, etc. to the Company), and if so, the specific form and content of such communication and an outline of the third party
- 3) Contents of consideration for Purchase (the value, types, etc.) and grounds for the calculation (facts and hypotheses as the premises of the calculation, calculation method, and numerical information used for calculation, as well as the value of synergies that are expected to be created by a series of deals related to Purchases and grounds for the calculation).
- 4) Information substantiating the availability of funds for Purchases, the specific name of fund providers to

Large-Scale Purchasers (including effective fund providers), and methods for financing Purchases (including the contents of related deals).

- 5) Contents of the Company group's management policies, business plans, financing plans, capital policies, dividend policies, measures for utilizing assets, etc., after the Large-Scale Purchase is executed.
- 6) Policies for treating the Company's and Company group's stakeholders, including employees, trading partners, and customers, after the Large-Scale Purchase is executed.
- 7) Other information that the Company reasonably judges necessary.

(b) Matters related to Large-Scale Purchasers

Details include the specific names, capital structures, and career records or histories of Large-Scale Purchasers and their groups (main shareholders or investors, main subsidiaries and affiliates, joint holders and people with whom they are in a special relationship), as well as information on investors, members and constituent members (in the case of a fund) and those providing ongoing advice on such investments, such as their line of business, financial standing, their businesses' performance, histories and outcomes of their past acquisitions, existence or nonexistence of past violations of laws or regulations and their contents, if any, and the career records of board members and other relevant people.

The Company may ask for additional information until all Necessary Information are collected, if the information already submitted, on its own, is regarded as insufficient for forming an opinion that facilitates the judgment of the shareholders and if written consent on the need for additional information is obtained from a Special Committee.

However, the period for the Large-Scale Purchasers' reply (hereinafter referred to as the "Period for Providing Information") is set to a maximum of 60 days after the day the list for the Necessary Information is dispatched. If the Period for Providing Information passes before all the Necessary Information is provided, the Company may end communications with the Large-Scale Purchasers about provision of information and commence the procedures described in (3) below.

The Board of Directors of the Company will disclose the fact that the letter of intent was submitted, as appropriate. Regarding information provided to the Company, the Company will disclose it in full or in part in a timely manner if the Company deems it necessary.

(3) Study of contents of Purchases, negotiations with Purchasers, and presentation of alternative proposals

If the Board of Directors of the Company judges that the information that it asked for based on (2) above has been obtained in a sufficient amount, or when the Period for Providing Information expires, the Board of Directors will notify the Large-Scale Purchasers to that effect, and disclose thus promptly and set the period based on that described in 1) or 2) below as the time for assessing and examining the information, negotiating with the Large-Scale Purchasers, or forming of opinions and formulating alternative proposals with respect to the Large-Scale Purchases, depending on the contents of the Large-Scale Purchases (hereinafter referred to as the "Assessment Period"). A Purchase can be made for the first time after the Assessment Period expires.

- 1) 60 days (the first day is not included) in the case of Purchases of all shares of the Company through a tender offer with cash (the Japanese yen) as the only consideration.
- 2) 90 days (the first day is not included) in the case of Purchases other than the above.

During the Assessment Period, the Board of Directors of the Company will assess, examine, and work on the contents of the Large-Scale Purchases of the Large-Scale Purchasers from the perspective of enhancing the Company's corporate value and ultimately, ensuring and improving the common interests of the shareholders,

based on the information and materials that the Large-Scale Purchasers have submitted. In addition, the Board of Directors of the Company will discuss or negotiate with the Large-Scale Purchasers to improve the contents of the Purchases, as necessary, from the perspective of enhancing the Company's corporate value and ultimately, ensuring and improving the common interests of the shareholders, as well as to present alternative plans to the shareholders.

If the Board of Directors does not reach a final decision on whether or not to implement this Plan within the Assessment Period, the Board of Directors may pass a resolution to extend the Assessment Period by a maximum of 30 days (the first day is not included) within the range necessary to examine the contents of the Purchases of the Large-Scale Purchasers, negotiate with Large-Scale Purchasers, prepare alternative plans, etc. In this case, the Board of Directors of the Company will disclose the reason for extending the Assessment Period, the extended period of time, and matters that are regarded as appropriate promptly after the resolution of the extension was passed.

(4) Recommendation of Special Committee

(a) The Special Committee

The Company has set up a Special Committee separately as is the case with the Current Plan for the purpose of ensuring the objectivity and reasonableness of the judgments of the Board of Directors of the Company with respect to discussions, negotiations with the Large-Scale Purchasers, and extensions of the Assessment Period, provided for in (3) above, as well as the applicability, etc., of Trigger Events, set forth in (b) below.

The Special Committee will follow the procedure provided for in "Special Committee Rules" to assess and examine the contents of the Purchases of the Large-Scale Purchasers and make a recommendation to the Board of Directors of the Company. A summary of the Special Committee Rules is shown in [Attachment 2]. In conducting assessments, examinations, and other tasks, the Special Committee may obtain advice from experts (financial advisers, attorneys in law, certified public accountants, etc.) who are third parties and independent at the expenses of the Company to ensure that its judgment contributes to the enhancement of corporate value and the common interests of the shareholders.

When the Special Committee makes a decision, all the committee members should attend the meeting in principle, and a decision shall be made by a majority vote. The Board of Directors of the Company will make a final decision by giving utmost respect to the committee's recommendation.

In order to enable fair and neutral judgments, the Special Committee shall consist of three or more members who are selected by the board of directors from among the Company's external directors and external audit & supervisory board member of the Company who have been notified to the Tokyo Stock Exchange as independent officers and who, in principle, have entered into an agreement with the Company that includes a duty of care clause for the Company. The names and career records of the members of the Special Committee are as described in [Attachment 3].

(b) The Special Committee's recommendation for implementing this Plan

The Special Committee will recommend to the Board of Directors of the Company that this Plan be implemented (the contents of specific countermeasures are as described in (6) below) in the event that the Large-Scale Purchases of the Large-Scale Purchasers fall under any of the following events (hereinafter referred to as "Trigger Events") and are regarded as deserving the implementation of this Plan.

- 1) In the event of Large-Scale Purchases that do not comply with the procedures provided for in this Plan.
- 2) In the event of Large-Scale Purchases that fall under any of the acts listed in (i) through (iv) as follows

that can cause obvious damage to the enhancement of the Company's corporate value and ultimately, the common interests of the shareholders.

- (i) Act of buying up shares merely to raise its price without the Large-Scale Purchasers' serious intention of being involved in corporate management, then demanding that the Company or its related people buy these shares at a high price (the so-called "green mailers").
 - (ii) Act of taking temporary control of the Company and engaging in management to realize the profits of the Large-Scale Purchasers to the detriment of the Company, such as acquiring important intellectual property rights, know-how, and confidential corporate information necessary for the Companies to run operations, as well as assets, etc., of main trading partners and customers at a low price.
 - (iii) Act of appropriating the assets of the Companies to secure the debts or to be a source for repayment of the debts of the Large-Scale Purchasers or their group companies.
 - (iv) Act of taking temporary control of the company management, disposing of the Companies' real properties, securities, and other high-value assets without immediate relationship to the business of the Companies, and paying out a temporarily high dividend with profits from that disposal, or watching for an opportunity for a rapid increase in stock prices caused by the temporarily high dividend to sell off shares.
- 3) In the event of Large-Scale Purchases that in fact risk pressuring shareholders to sell shares, such as a coercive two-tiered tender offer (meaning the Purchase of shares such as in a public tender offer under which the shareholders are not solicited to sell all their shares at the first stage, and the second-stage Purchase terms are disadvantageously set compared to the initial Purchase terms or the second-stage Purchase terms are left ill-defined)
 - 4) In the event of Large-Scale Purchase terms that are insufficient or inappropriate from the perspective of the Company's intrinsic value (including the value and kind of consideration, the timing of Purchases, the legality of purchasing methods, the probability of undertaking Purchases, and the policies for treating the Company's employees, business partners, customers, and other stakeholders after the Purchases were executed.)
 - 5) In the event of Large-Scale Purchases that risk destroying relationships with employees, customers, trading partners, creditors, and other stakeholders, who are indispensable to realizing the sustainable growth of the Company's corporate value, and causing damage to the enhancement of the Company's corporate value and ultimately, the common interests of the shareholders.

However, whether or not it is before or after the record date of the right, the Special Committee may make a new and different judgment, including on the suspension or withdrawal of the implementation of this Plan, and give that recommendation to the Board of Directors of the Company in the event of the Large-Scale Purchasers' withdrawal of the Large-Scale Purchases or the nonexistence of other Large-Scale Purchases after the above recommendation was made, or in the event that it is judged that the Large-Scale Purchases of the Large-Scale Purchasers do not fall under the Trigger Events, as there is a change in the relevant facts upon which the judgment on the above recommendation was premised.

Even in the event of judging whether or not this Plan should be implemented, if the Special Committee concludes that it is appropriate that the implementation obtain a resolution at a General Meeting of Shareholders, the Special Committee will recommend the Board of Directors of the Company to convene a General Meeting of Shareholders to take up an agenda item related to the implementation of this Plan thereto.

(c) The Special Committee's recommendation for not implementing this Plan

The Special Committee will recommend the Board of Directors of the Company not to implement this Plan when judging whether or not the Large-Scale Purchasers comply with the procedures provided for in this Plan, including the provision of information and ensuring the Assessment Period provided for in 2) and 3) above, and that it has reached the judgment that the Large-Scale Purchases of the Large-Scale Purchasers do not fall under any of the Trigger Events as a result of assessment and examination of information and materials provided by the Large-Scale Purchasers and discussions and negotiations between the Board of Directors of the Company and the Large-Scale Purchasers.

However, the Special Committee may make a new and different judgment, including on the implementation of this Plan, and give that recommendation to the Board of Directors of the Company in the event that it reaches the judgment that the Large-Scale Purchases of the Large-Scale Purchasers fall under any of the Trigger Events, as there is a change in the relevant facts, etc., upon which the said judgment was premised.

(5) Resolution by the Board of Directors

The Board of Directors of the Company shall give utmost respect to the Special Committee's recommendation in (4) above and make a final decision on whether or not to implement this Plan, or whether or not to suspend or withdraw the implementation. In the event of having made such a decision, the Board of Directors of the Company will disclose information on the outline of the said decision, that of the recommendation of the Special Committee, and other matters deemed appropriate by the Board of Directors of the Company promptly after the decision was made.

In the event that the Special Committee recommends the convocation of a General Meeting of Shareholders to confirm the intent of shareholders related to the implementation of this Plan ("General Meeting of Shareholders for Confirmation of Shareholders' Intentions"), the Board of Directors of the Company shall convene the meeting as soon as practically possible and take up the agenda item related to the implementation of this Plan thereto. In such cases, the Board of Directors will disclose details such as the scope of shareholders who are entitled to exercise their voting rights, the record date for exercising voting rights, and the date and time of the General Meeting of Shareholders for Confirmation of Shareholders' Intentions in accordance with applicable laws and regulations. A resolution of the General Meeting of Shareholders for Confirmation of Shareholders' Intentions shall be adopted by a majority of the voting rights of the shareholders present at the said General Meeting of Shareholders for Confirmation of Shareholders' Intentions who are entitled to exercise their voting rights. The General Meeting of Shareholders for Confirmation of Shareholders' Intentions may be held in conjunction with the Ordinary General Meeting of Shareholders or the Extraordinary General Meeting of Shareholders. If the Company's Board of Directors decides to hold a General Meeting of Shareholders for Confirmation of Shareholders' Intentions, the Assessment Period of the Board of Directors shall end at that time. In the event of resolving the implementation of this Plan at the General Meeting of Shareholders for Confirmation of Shareholders' Intentions, the Board of Directors of the Company shall follow the resolution and perform the procedures necessary for the implementation of this Plan. The Large-Scale Purchasers must not undertake the Large-Scale Purchase in the period from the commencement of the procedure related to this Plan to the passing of a resolution of whether or not to implement this Plan at a meeting of the Board of Directors of the Company, or to the passing of a resolution of whether or not to implement this Plan at the General Meeting of Shareholders for Confirmation of Shareholders' Intentions in the case of the said General Meeting of Shareholders for Confirmation of Shareholders' Intentions being convened.

In the event that a decision is made to suspend or withdraw the implementation of this Plan after the decision to

implement it was made, the value of the stock per share will not be diluted. Therefore, investors who trade the Company's shares on the premise that dilution of the value of the stock per share will occur, risk suffering a considerable loss due to fluctuations in the share prices.

(6) Contents of the specific measure

The specific measure that the Board of Directors of the Company will take to counter inappropriate Large-Scale Purchases is an issuance of Stock Acquisition Rights through a gratis allotment as described in [Attachment 4], Procedures for Gratis Allotment of Stock Acquisition Rights (hereinafter referred to as the "Stock Acquisition Rights").

The outline of the Stock Acquisition Rights is as below:

(a) Shareholders eligible to allotments

Shareholders who are recorded in the final shareholder registry on the record date prescribed by the Board of Directors (hereinafter referred to as the "Allotment Date") when passing a resolution related to the Stock Acquisition Rights (hereinafter referred to as the "Resolution to Issue the Stock Acquisition Rights") shall be allotted Stock Acquisition Rights at a ratio of a minimum of one (1) right for every one (1) share held (however, excluding common shares of the Company held by the Company itself).

(b) Class and number of shares that are the object of the Stock Acquisition Rights

The class of shares that is the object of the Stock Acquisition Rights shall be common shares of the Company. The number of shares that is the object of one (1) Stock Acquisition Right shall be one (1) unless otherwise adjusted.

(c) The total number of Stock Acquisition Rights

The upper limit shall be calculated by multiplying the final total number of shares issued as of the Allotment Date by two (2) (however, excluding the number of shares of the Company that the Company itself holds at the same point in time.)

(d) Amount to be paid upon exercise of the Stock Acquisition Rights

The amount to be paid for one (1) share to be delivered upon exercise of the Stock Acquisition Rights shall be one (1) yen.

(e) Exercise Period of the Stock Acquisition Rights

The Exercise Period shall be from the date when three (3) weeks elapse since the effective date of the gratis allotment of the Stock Acquisition Rights to the date when six (6) months elapse since the above start date. However, if the final day of the Exercise Period is a holiday for the institutions that handle the payment, the final day will be extended to the next business day.

(f) Exercise terms of the Stock Acquisition Rights

Only those who do not fall under the category of Non-Qualified Persons as defined in [Attachment 4] Procedures for Gratis Allotment of Stock Acquisition Rights (e) may exercise these Stock Acquisition Rights. Non-residents who are required to go through specified procedures under applicable laws at home and overseas by exercising the Stock Acquisition Rights are in principle not eligible to exercise the Stock Acquisition Rights.

(g) Acquisition of the stock acquisition right

- 1) The Company may acquire all the Stock Acquisition Rights without consideration on a date that falls within what the Board of Directors of the Company specifies as between the effective date of the gratis allotment of the Stock Acquisition Rights and the date when the Exercise Period of the Stock Acquisition Rights expires according to the decision of the Board of Directors of the Company in the

event that the Board of Directors of the Company recognizes that it is appropriate for the Company to acquire the Stock Acquisition Rights.

- 2) On a date that the Board of Directors of the Company will separately specify, the Company may acquire all the Stock Acquisition Rights held by persons other than the Non-Qualified Persons that have not been exercised until the business day immediately before the said date. In exchange, the Company may deliver one (1) common share of the Company in the number of applicable shares for every one (1) Stock Acquisition Right. In the events that include one that a third party who is not a Non-Qualified person has come to own the Stock Acquisition Rights, held by the Non-Qualified Persons, through transfers, etc., after the Company performed the acquisition, the Company may acquire such Stock Acquisition Rights multiple times. Details of the conditions for acquisition of the Stock Acquisition Rights shall be separately determined in the resolution for the issuance of the Stock Acquisition Rights through the Gratis Allotment of Stock Acquisition Rights.

(h) Transfer of the Stock Acquisition Rights

Transfer of the Stock Acquisition Rights is subject to approval by the Board of Directors of the Company.

(7) Effective period, continuation, abolition, and revision of this Plan

The period of delegation of the right to decide matters related to the gratis allotment of the Stock Acquisition Rights regarding this Plan, to be given at a resolution in this Ordinary General Meeting of Shareholders (hereinafter referred to as the "Effective Period") shall be up to the conclusion of the Ordinary General Meeting of Shareholders related to the term ending in March 2026.

The Company will seek approval to continue this Plan from the shareholders at the Ordinary General Meeting of Shareholders related to the term ending in March 2026. If approval is given, this Plan will remain effective up to the conclusion of the Ordinary General Meeting of Shareholders related to the last of the fiscal years ending within three years from the conclusion of this Ordinary General Meeting of Shareholders. Similarly, the Company shall confirm the intention of the shareholders to continue this Plan every three years thereafter.

However, even before the maturation of the Effective Period of this Plan and in the event that a resolution is passed to withdraw the above delegation to the Board of Directors regarding decisions on matters related to the gratis allotment of the Stock Acquisition Rights at a General Meeting of Shareholders of the Company, or that a resolution is passed to abolish this Plan at a meeting of the Board of Directors of the Company, which consists of Directors elected at a General Meeting of Shareholders, this Plan shall be abolished at that point. Therefore, it is possible to abolish this Plan by the intention of the shareholders.

In addition, from the perspective of enhancement of corporate value and ultimately, ensuring and improving the common interests of the shareholders, based on the examination of the Board of Directors of the Company of revisions, establishments, etc., of the Financial Instruments and Exchange Act and other related laws and regulations, the Company may revise or alter this Plan as necessary.

In the event that this Plan is abolished or altered, the Company will disclose the facts of the said abolition or alterations promptly, as well as the contents of changes in the case of alteration and other items deemed appropriate by the Board of Directors of the Company.

IV. Judgment of the Board of Directors of the Company on the above Efforts and the Reasons for the Judgment

1. Special efforts that contribute to realizing the Basic Policies (Efforts in II above)

The efforts described in II above have been formulated as concrete measures for enhancing the Company's

corporate value and ultimately, improving the common interests of the shareholders in a continuous manner, contributing to realizing the Basic Policies.

Therefore, these efforts comply with the Basic Policies and agree with the common interests of the shareholders but are not intended to protect the positions of Directors and Audit & Supervisory Board Members of the Company.

2. Efforts to prevent an inappropriate person from controlling the decisions on the financial and business policies of the Company considering the Basic Policies (Efforts in III above)

(1) This Plan complies with the Basic Policies

This Plan is a framework for enhancing corporate value and ultimately, ensuring the common interests of the shareholders in the event that a Large-Scale Purchase of shares of the Company is undertaken, under which the Board of Directors of the Company will have the Large-Scale Purchasers and the person who proposes the Large-Scale Purchase provide information on the said Large-Scale Purchase in advance, and thereby, the shareholders can decide whether or not to accept the Large-Scale Purchase, or the Board of Directors of the Company can either secure the time necessary to make alternative proposals or negotiate with the Large-Scale Purchasers on behalf of the shareholders. In addition, this Plan complies with the Basic Policies.

(2) Efforts will not damage the common interests of the shareholders and are not intended to protect the positions of the corporate officers of the Company

For the following reasons, the Company believes that the efforts to prevent control by an inappropriate person will not damage the common interests of the shareholders and are not intended to protect the positions of the corporate officers of the Company in light of the Basic Policies.

(a) The efforts completely fulfill the requirements of the guidelines related to takeover defense measures. This Plan completely fulfills the three principles (the principle of ensuring or enhancing corporate value and the common interests of the shareholders, the principle of prior disclosure and consent of the shareholders, and the principle of necessity and reasonableness) provided for in the “Guidelines Regarding Takeover Defenses for the Purpose of the Protection and Enhancement of Corporate Value and Shareholders’ Common Interests,” jointly announced by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. In addition, the contents of this Plan are established in reference to “Takeover Defense Measures in Light of Recent Environmental Changes,” released on June 30, 2008 by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry, as well as day-to-day practices and arguments regarding takeover defense measures.

(b) The efforts place importance on the intention of the shareholders (resolutions at General Meetings of Shareholders and a sunset clause).

As described in 1 in III above, this Plan will remain effective on the condition that the shareholders give approval at this Ordinary General Meeting of Shareholders.

In addition, as described in 2 (5) in III above, Resolution by the Board of Directors Meeting, in the event that the Special Committee issues a recommendation to convene a General Meeting of Shareholders with respect to the implementation of this Plan, the Board of Directors of the Company will be required to convene a General Meeting of Shareholders to take up an agenda item about the implementation of this Plan and pass a resolution thereon at the General Meeting of Shareholders.

Furthermore, as described above in 2 (7) in III, Effective period, continuation, abolition and revision of this Plan, this Plan includes the so-called sunset clause that limits the effective period to about three years. In

addition, before the expiration of the effective period, in the event that a resolution is passed to withdraw the above resolution to delegate, or a resolution is passed in a meeting of the Board of Directors, elected at General Meetings of Shareholders, to abolish this Plan, this Plan will be abolished at that point. In this sense, continuation or abolition of this Plan is based on the intention of the shareholders of the Company.

(c) Setting reasonable and objective Trigger Events

As described in 2 (4)(b) in III above, this Plan is designed not to be implemented unless predetermined reasonable and objective requirements are fulfilled and can be regarded to incorporate a mechanism for preventing arbitrary implementation by the Board of Directors of the Company. Moreover, such Trigger Events have been set based on an elaborate analysis of the way appropriate and reasonable takeover defense measures should be in reference to materials including analysis of court cases in Japan and the above "Guidelines."

(d) Setting of the Special Committee

The Company has set up a Special Committee separately for the purpose of ensuring the objectivity and reasonableness of judgments by the Board of Directors of the Company regarding negotiations and discussions with Large-Scale Purchasers, extension of the Assessment Period, the applicability of Trigger Events, etc.

The Special Committee, in consideration of the purpose for setting it, consists of only persons who are independent from the Board of Directors and fulfill the requirements described in 2 (4) (a) in III. The Special Committee may seek advice from independent third-party experts (financial advisors, attorneys in law, certified public accountants, etc.) at the expense of the Company.

The Special Committee will follow the procedure provided for in "Rules for Special Committee" to assess and examine the applicability, etc., of Trigger Events, and make a recommendation to the Board of Directors of the Company. The Board of Directors of the Company will make a final decision on whether to implement this Plan, or whether to suspend or withdraw the implementation while giving utmost respect to the Special Committee's recommendation.

(e) This Plan is not a dead-hand or slow-hand takeover defense measure.

This Plan may be abolished by the Board of Directors, which consists of directors elected at General Meetings of Shareholders of the Company. A person who acquired a large amount of share certificates of the Company may appoint directors at a General Meeting of Shareholders, and the Board of Directors, which consists of such directors, may abolish this Plan.

Therefore, this Plan is not a dead-hand takeover defense measure (in which even if a majority of the Board of Directors are replaced, the implementation of this Plan cannot be stopped). In addition, as the term of office for the directors of the Company is one (1) year, this Plan is not a slow-hand takeover defense measure (in which it takes more time to stop the implementation because the directors cannot be replaced all at once).

V. Impact on Shareholders and Investors

1. Impact on shareholders and investors at the time of renewing this Plan

The Stock Acquisition Rights will not be issued at the time of renewing this Plan. Therefore, it will not have any direct and concrete impact on the rights and economic interests of the shareholders and investors.

2. Impact on shareholders and investors at the time of issuing the Stock Acquisition Rights

If a Board of Directors Meeting or a General Meeting of Shareholders of the Company decides to implement this Plan and pass a resolution to issue the Share Acquisition Rights through a gratis allocation of the Stock

Acquisition Rights, the Company will allocate the Stock Acquisition Rights to shareholders who are recorded in the final registry of shareholders on the Allotment Date, specified by the said resolution, at a ratio of a minimum of one (1) Stock Acquisition Right for every one (1) share held.

3. Procedure required for shareholders upon issuance of the Stock Acquisition Rights

(1) If a Board of Directors Meeting or a General Meeting of Shareholders of the Company decides to implement this Plan and passes a resolution to issue the Stock Acquisition Rights through a gratis allocation of stock acquisition rights, the Board of Directors of the Company will decide and publicize the Allocation Date.

(2) Procedure for exercising the Share Acquisition Rights

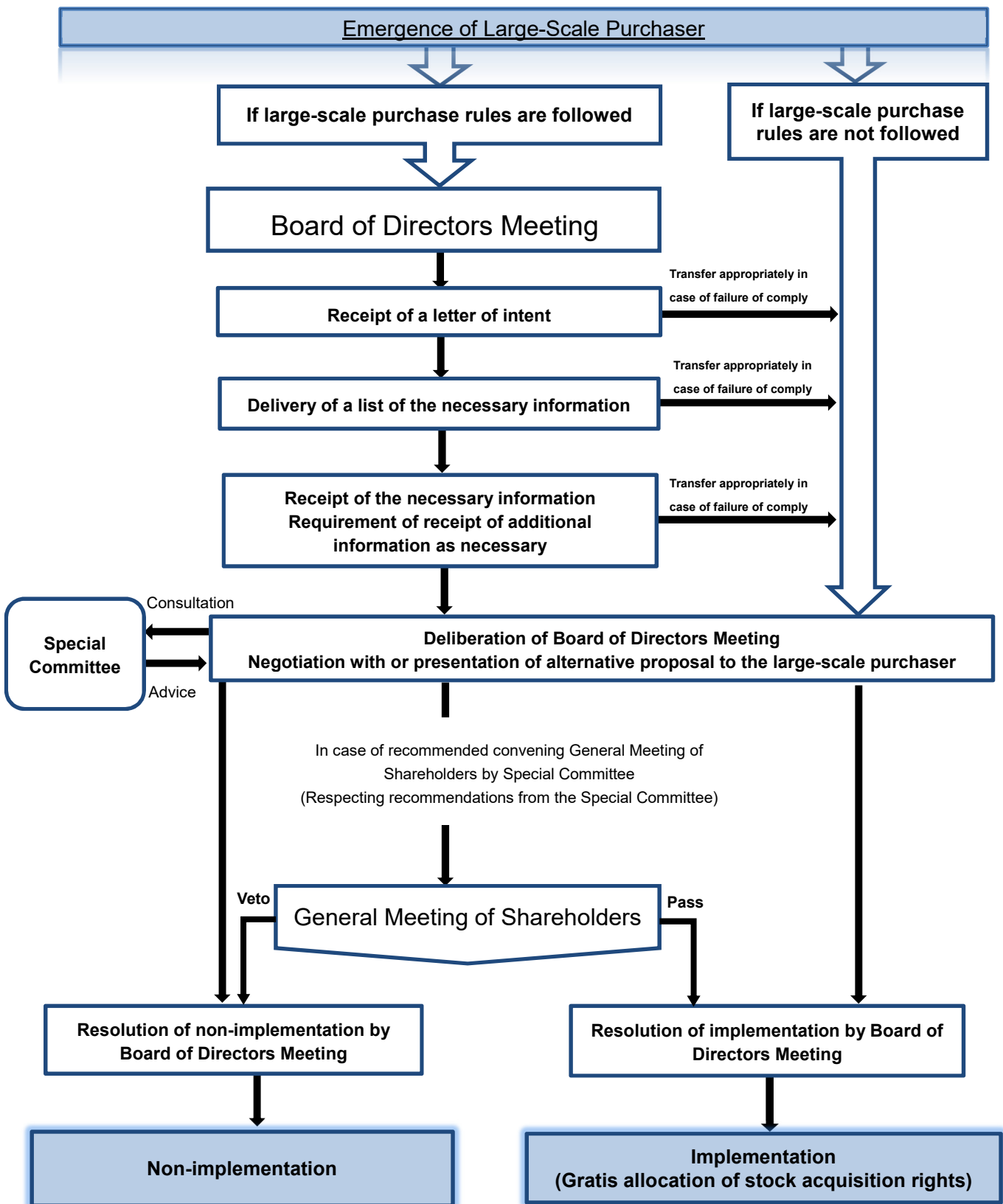
The Company will deliver an application form to be submitted by shareholders upon the exercise of the Share Acquisition Rights (in a form prescribed by the Company, including a pledge letter that states that the shareholders themselves are not Non-Qualified Persons) and other necessary documents to shareholders who are recorded in the final register of shareholders on the Allotment Date. The shareholders of the Company who submit these necessary documents and pay one (1) yen per share acquisition right held to institutions that handle the payment during the Exercise Period, separately decided by the Board of Directors of the Company, will be issued shares of the Company at a rate of one (1) common share for every one (1) share acquisition right.

(3) Procedure for acquisition of the Stock Acquisition Rights

If the Company determines terms that allow the Company to acquire the Stock Acquisition Rights in exchange for shares of the Company, the Company may acquire the Stock Acquisition Rights on the date that the Board of Directors of the Company determined separately.

In this case, if the Company acquires the Stock Acquisition Rights from shareholders other than Non-Qualified Persons and delivers common shares of the Company in exchange for them, the Company will not pay a money equivalent to the exercise price. Accordingly, the shareholders holding the Stock Acquisition Rights will receive common shares of the Company at a ratio of one (1) share of the Company for every one (1) Stock Acquisition Right as consideration. Therefore, in this case, documents related to the exercise of the Stock Acquisition Rights will not be delivered, but the said shareholders may be separately requested to submit written forms, prescribed by the Company, regarding matters such as the fact that they are not Non-Qualified Persons.

Procedure flow of this Plan



Note: This flowchart was created for easy understanding of the flow of procedures in this Plan after having simplified the content of the Plan. Please refer to the body of the proposal 2 for details of this Plan.

Outline of the Special Committee Rules

1 Establishment

The Special Committee shall be established by a resolution of the Board of Directors of the Company.

2 Members

The Special Committee shall consist of three or more of the Company's external directors or external audit & supervisory board members who have been delegated by the board of directors of the Company and who have been notified to the Tokyo Stock Exchange as independent officers or audit & supervisory board member of the Company.

3 The Person Authorized to Call the Committee

A special committee shall be convened by each member of the special committee.

4 Requirements for Resolution

A special committee shall be constituted by the presence of all members of the special committee and shall be resolved by a majority of those present. However, if a member of the Special Committee is absent for unavoidable reasons, the resolution shall be passed by a majority of the members of the Special Committee present and approved by a majority of those present.

5 Powers and Duties

- (1) The Special Committee shall evaluate and examine the details of the Large-Scale Purchase based on the information provided, and if necessary, make efforts to improve the corporate value of the Company and the common interests of the shareholders by recommending an extension of the Assessment Period or negotiating with the prospective Large-Scale Purchaser through the Representative Director of the Company, etc. and finally determine whether or not there are Trigger Events for implementing this Plan and make a recommendation to the Board of Directors of the Company as to whether or not to implement this Plan.
- (2) The Special Committee may request the Board of Directors of the Company to submit information necessary for resolutions and recommendations.
- (3) The Special Committee will recommend the implementation of this Plan to the Board of Directors of the Company if the Large-Scale Purchase falls under any of the Trigger Events and the implementation of this Plan is deemed appropriate. However, even when the implementation of this Plan is judged to be appropriate, if the Special Committee concludes that it is appropriate that a resolution be obtained at a General Meeting of shareholders, the Special Committee will recommend the Board of Directors of the Company to convene a General Meeting of Shareholders to take up an agenda item related to the implementation of this Plan thereto.

6 Consultation

Special Committees may, at the expense of the Company, obtain the advice of independent third-party experts (including financial advisers, certified public accountants, lawyers, and other professionals).

7 The Board of Directors' Duty to Respect

The Board of Directors of the Company shall make the final decision with the utmost respect for the recommendations of the Special Committee. However, if the implementation of the Plan is discussed at the General Meeting of Shareholders, the Board of Directors will follow the resolution passed at the General Meeting of Shareholders.

Names and Brief histories of Special Committee members

1. Koji Yoshikawa

(Date of Birth: February 8, 1950)

Apr. 1978 Appointed Public Prosecutor, Osaka District Public Prosecutors Office

Apr. 2000 Deputy Manager, Special Investigation Department, Osaka District Public Prosecutors Office

Apr. 2004 Prosecutor, Supreme Public Prosecutors Office

July 2005 Deputy Chief Public Prosecutor, Osaka District Public Prosecutors Office

Jan. 2009 Chief Public Prosecutor, Kobe District Public Prosecutors Office

Jan. 2010 Resigned from Prosecutor

Mar. 2010 Registered as Attorney

June 2014 External Director of the Company (current position)

[Important Concurrent Position]

Attorney (Baba Law Firm)

External Audit & Supervisory Board Member of NCS&A CO., LTD.

* Mr. Koji Yoshikawa is an External Director as defined in Article 2, Item 15 of the Companies Act and will be reappointed as an External Director of the Company subject to his election at this Ordinary General Meeting of Shareholders. The Company has registered him as an independent officer as stipulated by the Tokyo Stock Exchange.

2. Tatsuhiko Saruwatari

(Date of Birth: March 1, 1953)

Apr. 1976 Joined Toto Kiki Ltd. (current TOTO Ltd.)

June 2001 Director, Executive Officer, Director of Equipment Business Group of the Same Company

June 2002 Director, Managing Executive Officer, Director of Equipment Business Group, General Manager of Central Technology Center of the Same Company

June 2006 Director, Senior Managing Executive Officer, In Charge of Research & Technology Group, Corporate Planning Department of the Same Company

May 2013 External Audit & Supervisory Board Member of Izutsuya Co., Ltd.

June 2013 Representative Director, Executive Vice President in charge of Corporate Group, Business Promotion Group, Legal Division and V-Plan Supply Chain Innovation of TOTO Ltd.

June 2016 External Audit & Supervisory Board Member of NORITAKE CO., LIMITED (current position)

June 2020 External Director of the Company (current position)

[Important Concurrent Position]

External Audit & Supervisory Board Member of NORITAKE CO., LIMITED

* Mr. Tatsuhiko Saruwatari is an External Director as defined in Article 2, Item 15 of the Companies Act and will be reappointed as an External Director of the Company subject to his election at this Ordinary General Meeting of Shareholders. The Company has registered him as an independent officer as stipulated by the Tokyo Stock Exchange.

3. **Hiroshi Morimoto**

(Date of Birth: July 13, 1960)

Apr. 1987 Registered as Attorney, Joined Kitahama Partners

June 1995 External Audit & Supervisory Board Member of the Company (current position)

[Important Concurrent Position]

Attorney (The Representative of Kitahama Partners and the CEO of Kitahama Group)

External Audit & Supervisory Board Member of IwaiCosmo Securities Co., Ltd.

*Mr. Hiroshi Morimoto is an External Audit & Supervisory Board Member as defined in Article 2, Item 16 of the Companies Act. The Company has registered him as an independent officer as stipulated by the Tokyo Stock Exchange.

4. **Yoko Sato**

(Date of Birth: July 23, 1960)

Sep. 1986 Joined Showa Ota & Co. (current Ernst & Young ShinNihon LLC)

Mar. 1990 Registered as Certified Public Accountant

May 2011 Appointed Senior Partner of Ernst & Young ShinNihon LLC

June 2019 Resigned from Ernst & Young ShinNihon LLC

Sep. 2019 Representative of Yoko Sato Certified Public Accountant Office (current position)

June 2020 External Audit & Supervisory Board Member of the Company (current position)

[Important Concurrent Position]

Certified Public Accountant (Representative of Yoko Sato Certified Public Accountant Office)

External Director of TOCALO Co., Ltd.

External Director of Sanyo Electric Railway Co., Ltd.

*Ms. Yoko Sato is an External Audit & Supervisory Board Member as defined in Article 2, Item 16 of the Companies Act. The Company has registered her as an independent officer as stipulated by the Tokyo Stock Exchange.

Guideline of Gratis Allocation of the Stock Acquisition Rights

(a) Content of the stock acquisition right

(1) Type and the number of shares to be acquired under the stock acquisition right

- 1) Type of shares to be acquired under the stock acquisition right shall be common shares of the Company.
- 2) The number of shares of the Company to be delivered (this collectively refers to issuance of new shares of the Company and transfer of shares of the Company held by the Company corresponding to such new shares. This shall hereinafter apply.) in exchange for acquisition of the stock acquisition right and the number of shares of the Company to be newly delivered by the exercise of the stock acquisition right shall be as provided in (b) below.

However, if the number of subject shares (defined in 3) below) is adjusted in 3) below, the number shall be adjusted to that calculated by multiplying the number of subject shares after adjustment by total number of the stock acquisition rights.

- 3) The number of common shares of the Company to be delivered in exchange for acquisition or by the exercise of each stock acquisition right (hereinafter referred to as the “Number of Subject Shares”) shall be one share. However, if the Company makes a stock split or reverse stock split, the Number of Subject Shares shall be adjusted by the following calculation formula:

Number of Subject Shares after adjustment = Number of Subject Shares before adjustment x rate of stock split/ reverse stock split

In this connection, such adjustment shall be made only for the stock acquisition rights not acquired or exercised at that time, and any fractions less than one share, which may occur as a result of adjustment, shall be rounded down, with no adjustment in cash being made. In addition, for such treatment of fractions, in adjusting the Number of Subject Shares given any subsequent event of adjustment of the Number of Subject Shares, such fractions shall be properly reflected in the Number of Subject Shares before adjustment, and the Number of Subject Shares after adjustment shall then be calculated.

(2) Value of assets to be contributed in exercising the stock acquisition right

- 1) The amount to be paid in exercising each stock acquisition right shall be the value calculated by multiplying the exercise price (defined in 2) below) by the Number of Subject Shares.
- 2) The amount of one share of common stock of the Company to be paid in exercising the stock acquisition right (hereinafter referred to as the “Exercise Price”) shall be one (1) yen.

(3) Bank receiving the amount to be paid in exercising the stock acquisition right and place of receipt of payment

The above bank and place shall be designated by the Board of Directors of the Company at the time of resolution of issuance of the stock acquisition right.

(4) Exercise period for the stock acquisition right

Exercise period shall be a period from the day three weeks after the effective date of gratis allocation of the stock acquisition right in (d) below to the day six months after this effective date. However, if the final day of the Exercise Period is a holiday for the institutions that handle the payment, the final day will be extended to the next business day.

(5) Matter concerning capital and capital reserve to be increased when shares are issued following the exercise of the stock acquisition right

When issuing common shares of the Company following the exercise of the stock acquisition right, the entire

amount of offer price of shares shall be capitalized, and the amount not to be included in capital shall be zero (0) yen.

(6) Restrictions on transfer of the stock acquisition right

Transfer of the stock acquisition right requires approval of the Board of Directors of the Company.

(7) Acquisition of the stock acquisition right

- I. If the Board of Directors of the Company considers it appropriate for the Company to acquire the Stock Acquisition Rights, the Company may acquire all Stock Acquisition Rights free of charge at a date specified by the Board of Directors during the period from the effective date of gratis allocation of the Stock Acquisition Rights to the maturity of the exercise period for the Stock Acquisition Rights.
- II. The Company may acquire at a date separately specified by the Board of Directors of the Company all stock acquisition rights not exercised until the business day prior to the said date specified by the Board of Directors of the Company of the stock acquisition rights held by those other than the “Non-Qualified Persons” defined in (e)-(1) below, and deliver in exchange for this one common share of the Company from the Number of Subject Shares in relation to one stock acquisition right. If any third party other than the Non-Qualified Persons acquires the Stock Acquisition Rights held by any Non-Qualified Persons by transfer, etc. after the Company’s acquisition, the Company may implement more than one such acquisition of the Stock Acquisition Rights.

(8) Succession of obligations involving the stock acquisition right in the case of merger, company split-up, stock swap and stock transfer

In the case of a merger/ company split-up/ stock swap/ stock transfer, if a merger in which the Company succeeding obligations involving the stock acquisition rights becomes an expired corporation, split-up by merger or new establishment in which the Company becomes a company split, or stock swap or stock transfer in which the Company becomes a wholly-owned subsidiary is conducted, obligations involving the stock acquisition right not acquired, exercised, or retired at the time may be transferred under the decision policy below to the surviving company after merger (hereinafter referred to as the “Surviving Company in Merger”) or company to be established through the merger (hereinafter referred to as the “New Company in Merger”) in the case of a merger, a company taking over all or part of obligations held by the Company split in the split-up by merger in connection with that company’s business (hereinafter referred to as the “Succeeding Company in Split-up by Merger”), a new company established in new establishment in split-up by new establishment (New Company in Split-up by Establishment”), or a company which becomes the wholly owning parent company through stock swap or stock transfer (wholly owning parent company in Stock Swap, wholly owning parent company in Stock Transfer and those six companies are referred to collectively as the “Surviving Company, etc.”) in a stock swap or stock transfer. However, this shall only apply when a proposal on the merger contract, contract on split-up by acquisition, plan for split-up by new establishment, stock swap contract, or stock transfer plan in which the effect that succession of obligations involving the stock acquisition right is subject to the following decision policy for each case is entered is approved by the General Meeting of Shareholders of the Company:

- 1) Type of shares to be acquired under the stock acquisition right succeeded
Common stock of the Surviving Company, etc.
- 2) Number of shares to be acquired under the stock acquisition right succeeded
The amount shall be reasonably adjusted corresponding to the ratio, etc. of merger, company split-up, stock swap, or stock transfer. Fractions less than one share after adjustment shall be rounded down.
- 3) The amount to be paid in exercising each stock acquisition right succeeded
The amount shall be reasonably adjusted corresponding to the ratio, etc. of merger, company split-up, stock

swap, or stock transfer. Fractions less than one (1) yen after adjustment shall be rounded down.

- 4) Exercise period for the stock acquisition right succeeded, other acquisition or exercise of the right conditions, lapse of the resolution on issuance, etc.

Those matters shall be determined by the Board of Directors of the Company at the time of merger, company split-up, stock swap, or stock transfer in accordance with this Guideline.

- 5) Approval of transfer by the Board of Directors

Transfer of the stock acquisition right requires approval of the Board of Directors of the Surviving Company, etc.

- (9) Restrictions on issuance of certificates the stock acquisition right

No certificates of the stock acquisition right shall be issued.

(b) Total number of stock acquisition rights

Total number shall be up to the number calculated by multiplying the last outstanding shares as of the record date (defined in (d) below) for gratis allocation of the stock acquisition right (excluding the number of common shares held by the Company at that time) by 2.

(c) Method of gratis allocation of the stock acquisition right and recipients of such allocation

For shareholders recorded in the final list of shareholders (including those who cannot exercise stock acquisition rights in accordance with the provision of (e) below, and excluding the Company as owner of treasury stock) as of the record date for gratis allocation of the stock acquisition right (defined in (d) below), the stock acquisition right shall be allocated by one or more in relation to one share of common stock of the Company held by them.

(d) Record date for gratis allocation of the stock acquisition right and the effective date

- (1) Record date

Record date shall be the day separately specified by the Board of Directors of the Company, which comes after the day the Board of Directors of the Company determines implementation of the Plan.

- (2) Effective date

Effective date shall be the day separately specified by the Board of Directors of the Company, which comes after the record date.

(e) Conditions for the exercise of the stock acquisition right

- (1) Only those who do not fall under the categories 1 "Large-Scale Purchaser," 2 "Joint Holders," 3 "Specially Related Parties," or 4 "Persons reasonably identified by the Board of Directors as falling under 1) or 2) below, excluding persons the Board of Directors agree to in advance" (Persons falling under 1) through 4) below are collectively referred to as "Non-Qualified Persons") may exercise the Stock Acquisition Rights.

- 1) Any person who has received or taken over the Stock Acquisition Rights from a person belonging to the category of Non-Qualified Persons without the Company's approval
- 2) A "related party" of a person belonging to the category of Non-Qualified Persons. "Related party" refers to investment banks, securities firms, and other financial institutions that have entered into financial advisory contracts with these persons, those who share substantial interests with these persons, public tender offer agents, lawyers, accountants, and other advisors, as well as one who actually controls the person, is controlled by the person, or is under common control with the person, or one who acts in cooperation with the person. In determining "related parties" for partnerships and other funds, the substantial identity of the fund manager and other various circumstances are taken into account.

- (2) If it is required by the applicable law of a foreign country that a party located in the jurisdiction under that law 1) perform designated procedures, 2) meet designated conditions (including prohibition of exercise for a specific

period and submission of designated documents), or 3) meet both conditions to exercise the Stock Acquisition Rights (hereinafter collectively referred to as the “Exercise Procedures/Conditions under Applicable Law”), the party located in that jurisdiction may exercise the Stock Acquisition Rights only if all the Exercise Procedures/Conditions under Applicable Law are performed or met. However, regarding the Exercise Procedures/ Conditions under Applicable Law necessary to be performed or met by the Company in order that the party located in the jurisdiction can exercise the stock acquisition right, the Company shall not liable to perform or meet such Conditions. In addition, if it is not approved under the said law that the party existing in the jurisdiction exercises the Stock Acquisition Rights, the party existing in the jurisdiction cannot exercise the Stock Acquisition Rights.

- (3) The provision of (2) above notwithstanding, only if a party located in the U.S. promises the Company to exercise the Stock Acquisition Rights 1) by representing and guaranteeing that the party is an accredited investor defined in 501 (a) of the U.S. Securities Act of 1933, and 2) by reselling common shares of the Company acquired as a result of the exercise of the Stock Acquisition Rights only in a regular transaction at the Tokyo Stock Exchange (however, such resale shall not be under prior arrangement, and prior solicitation shall not be conducted), the party may exercise the Stock Acquisition Rights. Only in this case shall the Company perform or meet the regulation D of U.S. Securities Act of 1933 and Exercise Procedures/Conditions under Applicable Law involving U.S. state law in order for the party located in the U.S. to exercise the Stock Acquisition Rights. If the Board of Directors of the Company recognizes that even if the party located in the U.S. satisfies the conditions in 1) and 2) above, it cannot lawfully exercise the Stock Acquisition Rights under the U.S. Securities Act, the party may not exercise the Stock Acquisition Rights.
- (4) Even in a case where a party holding the Stock Acquisition Rights cannot exercise the Stock Acquisition Rights in accordance with the provision of (1) or (3) above, the Company shall not have any liabilities to that party, including liability for damages.

(f) Method of exercise of stock acquisition right

- (1) Method of exercise of stock acquisition right and place of claim for exercise

To exercise the stock acquisition right, it is required to enter necessary matters, including the number of stock acquisition rights to be exercised, the number of subject shares, and address, in the claim form for exercise of stock acquisition right designated by the Company (including representation/ guarantee clause and compensation clause stipulating that the party eligible for the stock acquisition right shall not be classified as Non-Qualified Persons and shall not exercise for any Non-Qualified Persons), with signature and seal being affixed to it, submit it together with necessary documents separately designated, as necessary, for the exercise of the stock acquisition right, as well as other documents required by the Financial Instruments and Exchange Act and other laws and related regulations (including rules established by the Japan Securities Dealers Association and Japanese securities exchanges) from time to time, to the place of receipt of payment, and pay cash equivalent to the entire amount of exercise price of shares subject to the stock acquisition right involving such exercise to the place of receipt of payment. In this connection, the party eligible for the stock acquisition right may individually exercise each stock acquisition right held by it, and if there are remaining stock acquisition rights in such individual exercise, the Company shall enter or record the date of such individual exercise by the party eligible for the stock acquisition right and the number of remaining stock acquisition rights in the original register of stock acquisition rights.

- (2) Time of occurrence of effect of claim for exercise of stock acquisition right

Time of occurrence of effect of claim for exercise of Stock acquisition right shall be the time the claim form for exercise of the Stock acquisition right involving the exercise and attached documents arrive at the place of

receipt of payment in accordance with the provision of (1) above. Effect of the Stock acquisition right shall occur at the time when the claim for exercise of the Stock acquisition right is effective, and cash equivalent to the entire amount of exercise price of shares subject to the stock acquisition right involving such exercise is paid at the place of receipt of payment.

(g) Notice to the party eligible for the stock acquisition right

- (1) Notice to the party eligible for the stock acquisition right shall be given in writing to the address of the party eligible for the stock acquisition right entered in the original register of stock acquisition rights, and such notice shall be deemed to be received at the time it should normally be received.
- (2) For approval, the Company may deem that the party eligible for the stock acquisition right approves the notice requesting his/her approval unless he/she has otherwise notified to the Company in writing within 14 days from the day that notice is deemed to be received.

(h) Notification under the Financial Instruments and Exchange Act

If it is necessary to give notification for each item above under the Financial Instruments and Exchange Act, occurrence of the effect of such notification shall be a condition to be met.

(i) Amendment following revision of law

If it becomes necessary to amend the provisions established in the above clauses or meanings of terms due to establishment of a new law or changes in laws, considering the purpose of such establishment or changes, the provisions established in the above clauses or meanings of terms shall read in response to the purpose to the reasonable extent.

Business Report

(from April 1, 2022 to March 31, 2023)

1. Status of the Business Group

(1) Status of business during the fiscal year under review

1) Business progress and results

During the fiscal year under review, the global economy showed signs of a recovery as COVID-19 restrictions were gradually eased and efforts were made to head towards a full-scale resumption of economic activity. At the same time, the outlook remains uncertain both in Japan and overseas due to such factors as the prolonged conflict between Russia and Ukraine and sharp fluctuations in foreign exchange rates, along with soaring resource and raw material prices and the accompanying supply chain disruptions.

Under these circumstances, demand for capital investment in the Group's primary markets, namely the American and European gaming markets, remained high. This was primarily due to the resurgence of customer attraction to pre-COVID-19 levels, especially in casino hotels in North America. In the domestic and overseas commercial markets, demand for our bill validator units remained strong as contactless and non-face-to-face payment methods, which are becoming the standard in various countries, gained popularity. Furthermore, last November, we began introducing smart gaming machines, which has been a long-standing theme, in stages in Equipment for the Amusement Industry. This has also led to increased demand for peripheral devices related to these machines.

In order to meet the strong demand for our products in the gaming market amid these circumstances, we made every effort to supply products to our customers even as resource and raw material prices soared and supply chain disruptions continued. We also focused on the development of next-generation products, which are sustainability oriented, such as reducing environmental impacts, while taking into account the continuing upward trend in demand. In addition, in the commercial market, after establishing a North American sales subsidiary (JCM COMMERCE MECHATRONICS, INC. established in January 2022) in the previous fiscal year, we quickly laid the groundwork for future business expansion by establishing a new company in South America, Brazil to be precise (JCM COMERCIO MECATRONICA BRASIL LTDA established in November 2022). These steps are part of our efforts to build the business structure that is essential for the sustainable growth of our Group. Moreover, in Equipment for the Amusement Industry, we worked to maintain and expand our market share as well as to secure profits by quickly identifying and responding to changes in the market associated with the introduction of smart gaming machines. At the same time, obtaining parts and materials continued to be difficult for some of our products. As a result of placing top priority on supplying products to our customers, we were unable to avoid the impact on profits due to higher material prices and distribution costs arising from the use of market-distributed products.

In addition, recently corporate BCP measures have been under close scrutiny and as have conducted multifaceted examination including stable continuation of operations, further efforts to ensure employee safety, protection of company assets, and increasing capital efficiency. As a result, at the end of March

2023, we relocated our head office to a brand new office building and decided to sell our old head office property.

As a result, net sales for the fiscal year under review came to 25,258 million yen (up 26.0% YoY). Operating profit was 622 million yen (up 9.5% YoY) due to higher material prices and distribution costs despite the increase in net sales. In addition, the Company recorded foreign exchange gains resulting from the depreciation of the yen. As a result, the Company recorded ordinary profit of 1,267 million yen (down 8.5% YoY) and an extraordinary gain of 1,587 million yen from the sale of non-current assets, specifically the former Head Office real estate, as well as an income tax adjustment amount of -866 million yen (minus indicating a gain) resulting from reversal of deferred tax assets. This brought profit attributable to owners of parent to 3,146 million yen (up 419.7% YoY).

During the fiscal year under review, the average exchange rates were 132.08 yen to the U.S. dollar (110.37 yen in the previous fiscal year) and 138.58 yen to the euro (130.37 yen in the previous fiscal year). Furthermore, the exchange rate on the final day of the fiscal year applied to market valuation at the end of the fiscal year was 133.54 yen per U.S. dollar (122.41 yen at the end of the previous fiscal year).

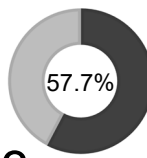
Net sales by segment were as follows.

(Millions of yen)

Category	69th fiscal year From April 1, 2021 to March 31, 2022	The 70th fiscal year (fiscal year under review) From April 1, 2022 to March 31, 2023	Year-on-year change	Percentage change
Global Gaming	10,093	14,583	4,490	44.5%
International Commercial	4,361	4,471	109	2.5%
Domestic Commercial	1,839	1,857	18	1.0%
Equipment for the Amusement Industry	3,746	4,345	599	16.0%
Total	20,040	25,258	5,218	26.0%

Global Gaming

Net sales composition



Net sales

14,583 million yen



44.5% increase

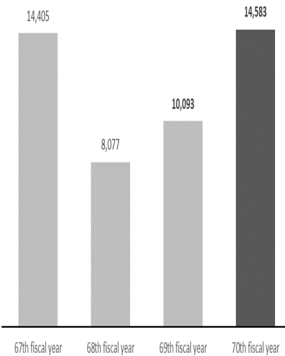
Segment profit

1,646 million yen

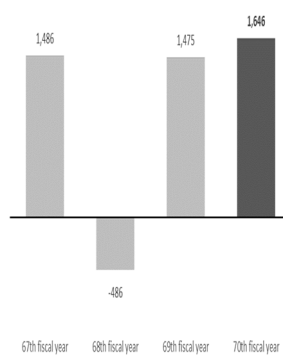


11.6% increase

Net sales
(Millions of yen)



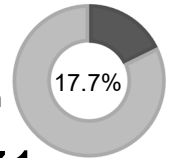
Segment profit



Both net sales and segment profit in this segment increased mainly owing to a significant increase in sales of bill validator units and printers, our mainstay products. This was a result of increased capital investment demand against a backdrop of booming casino halls and other facilities in the North American and European regions.

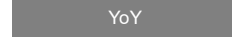
International Commercial

Net sales composition



Net sales

4,471 million yen



2.5% increase

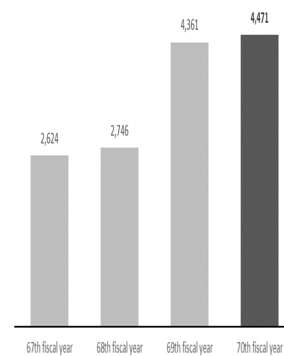
Segment profit

37 million yen

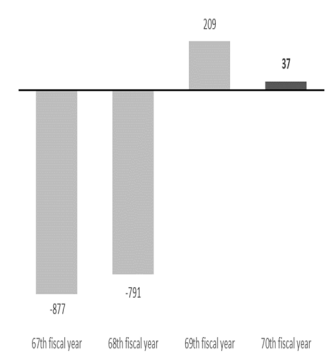


82.0% decrease

Net sales
(Millions of yen)



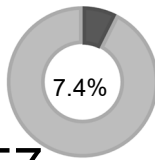
Segment profit



Net sales in this segment increased owing to the shift toward contactless and non-face-to-face payments in many countries. In particular, there was an increase in sales of bill recycling units for self-checkout machines in the European region. On the other hand, soaring product material and logistics costs had a significant impact, pushing segment profit down due to the difficulty of negotiating with customers to pass these costs onto product prices. This was especially true for customer projects with long-term contracts in place.

Domestic Commercial

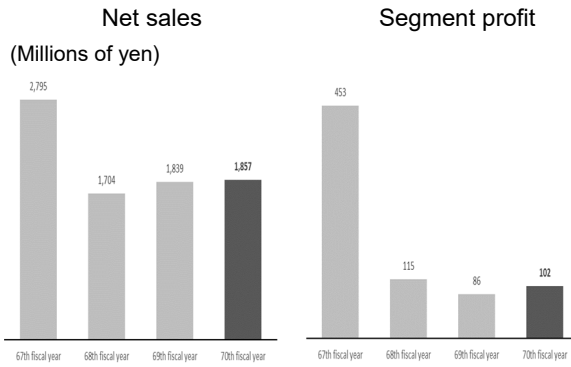
Net sales composition



Net sales **1,857** million yen



Segment profit **102** million yen

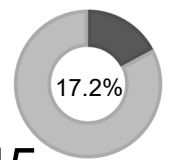


As with International Commercial, increased demand for products that promote contactless and non-face-to-face payments led to strong sales of bill recycling units for restaurant ticket vending machines and hotel check-in/check-out machines, driving both segment net sales and segment profit up.

(Note) Figures in parentheses indicate losses.

Equipment for the Amusement Industry

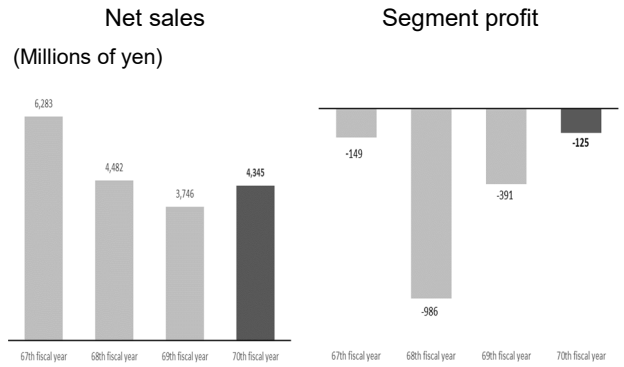
Net sales composition



Net sales **4,345** million yen



Segment profit **(125)** million yen



Net sales in this segment increased owing to an increase in sales of dedicated units for smart gaming machines and other products associated with the introduction of smart gaming machines at pachinko halls nationwide starting last November.

2) Status of capital investment

The total amount of capital investment in the fiscal year under review was 598 million yen.

This was mainly attributable to 285 million yen for dies for production.

3) Status of financing

On August 24, 2022, 9,800 new shares were issued as restricted share-based remuneration.

(issue price of 688 yen per share for a total value of 6.742 million yen)

4) Status of transfer of business, absorption-type company splits and incorporation-type company splits

Not applicable.

5) Status of receipt of transfer of business of other companies

Not applicable.

6) Status of assumption of rights and obligations concerning businesses of other corporations, etc. due to absorption-type company mergers or absorption-type company splits

Not applicable.

7) Status of acquisition or disposal of other companies shares, other holdings or share acquisition rights, etc.

Not applicable.

(2) Status of property and profits and losses

Category	67th fiscal year From April 1, 2019 to March 31, 2020	68th fiscal year From April 1, 2020 to March 31, 2021	69th fiscal year From April 1, 2021 to March 31, 2022	The 70th fiscal year (fiscal year under review) From April 1, 2022 to March 31, 2023
Net sales (Millions of yen)	26,109	17,010	20,040	25,258
Ordinary profit (loss) (Millions of yen)	(861)	(2,902)	1,384	1,267
Profit (loss) attributable to owners of parent (Millions of yen)	(1,796)	(7,558)	605	3,146
Profit (loss) per share	(60.57) yen	(254.83) yen	20.41 yen	106.24 yen
Total assets (Millions of yen)	37,090	31,772	33,144	38,816
Net assets (Millions of yen)	30,303	22,113	23,169	27,163

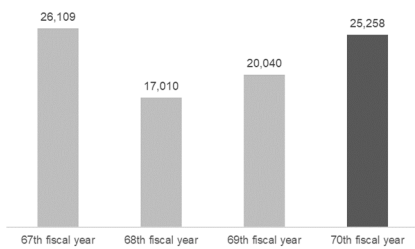
(Notes) 1. Figures in parentheses indicate losses.

2. Profit (loss) per share is calculated based on the average number of issued shares during the period after deducting the number of treasury shares.

(Reference)

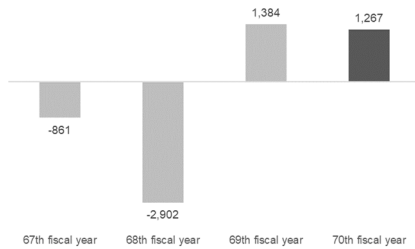
Net sales

(Millions of yen)



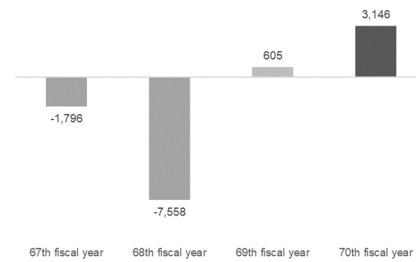
Ordinary profit (loss)

(Millions of yen)



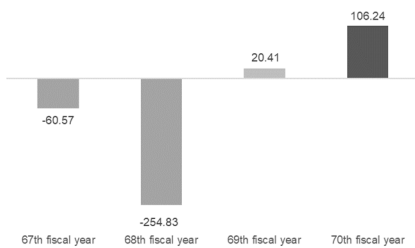
Profit (loss) attributable to owners of parent

(Millions of yen)



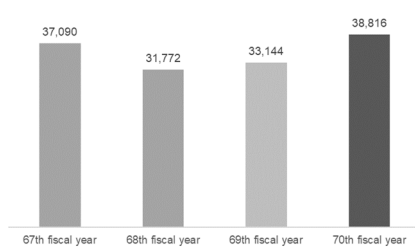
Profit (loss) per share

(Yen)



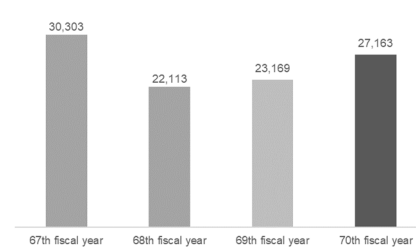
Total assets

(Millions of yen)



Net assets

(Millions of yen)



(3) Status of principal parent company and subsidiaries

1) Relationship with parent company

Not applicable.

2) Status of significant subsidiaries

Company name	Share capital	Percentage of voting rights held by the Company	Principal businesses
JCM SYSTEMS Co., LTD.	100,000 thousand yen	100.0	Sales, installation and maintenance of amusement industry equipment, etc.
JCM Meiho Co., Ltd.	50,000 thousand yen	(100.0)	Sales of amusement machines
JCM AMERICAN CORP.	7,200 thousand USD	100.0	Sales of money-handling machines, etc.
JCM INNOVATION CORP.	1 thousand USD	(100.0)	Management of the manufacturing and sale business of printer units
JCM COMMERCE MECHATRONICS INC.	500 thousand USD	100.0	Sales of money-handling machines, etc.
JCM COMERCIO MECATRONICA BRASIL LTDA	2,600 thousand BRL	100.0	Sales of money-handling machines, etc.
JCM EUROPE GMBH.	1,650 thousand EUR	100.0	Sales of money-handling machines, etc.
JCM EUROPE (UK) LTD.	127 thousand GBP	(100.0)	Sales of money-handling machines, etc. Sales and repairs of printer units
JCM GOLD (H.K.) LTD.	17,500 thousand HKD	100.0	Manufacture of money-handling machines, etc.
SHAFTY CO.,LTD.	7,500 thousand HKD	100.0	Leasing of real estate to affiliates
JCM CHINA CO.,LTD.	500 thousand CNY	(100.0)	Support for manufacture of money-handling machines, etc.
J-CASH MACHINE (THAILAND) CO.,LTD.	5,000 thousand THB	100.0	Software development
J-CASH MACHINE GLOBAL MANUFACTURING (PHILIPPINES) INC.	154,400 thousand PHP	100.0	Manufacture of money-handling machines, etc.

- (Notes)
1. The Company had 17 subsidiaries including those listed above as of March 31, 2023.
 2. The figures in parentheses shown for the percentage of voting rights held by the Company indicate indirect holdings through the Company's subsidiaries.
 3. JCM COMERCIO MECATRONICA BRASIL LTD was established on November 9, 2022.

3) Other

Not applicable.

(4) Issues to be addressed

As for the business environment surrounding the Group, the change in classification of COVID-19 under the Infectious Diseases Act from Category 2 to Category 5, which is equivalent to illnesses such as seasonal influenza, has led to further normalization of social and economic activities. At the same time, the relaxation of border control measures around the world has led to a recovery in overseas tourism. As such, in the gaming market, which is our main market, we expect that appetite for capital investment will remain high among casino hotels. On the other hand, the business situation is likely to remain unpredictable due to declining consumer confidence arising from soaring raw material and energy costs caused by prolonged geopolitical risks such as the situation in Russia and Ukraine as well as the risk of a global economic slowdown triggered by sharply rising interest rates and financial instability originating in the United States.

Under these circumstances, in order to meet the high-level demand, especially in the North American and European gaming markets, we are establishing a system to ensure reliable product supply. In addition, with the global spread of non-face-to-face and contactless payments associated with the COVID-19 pandemic, we are expecting further growth in the commercial market. To promote sales in the commercial market and put it on par with our core gaming market, we will conduct swift and efficient business activities in regions where the Group has previously taken time for market development through sales subsidiaries established in Europe, and newly established to serve sales areas in the North American and the Central and South American regions. Through these activities, the Group will quickly expand its business in these markets.

Moreover, in the medium- to long-term, we will strive to expand the market share of our existing businesses such as gaming through the development of new products and marketing activities that swiftly address the ever-changing market environment. At the same time, we will accelerate the creation of a business foundation capable of adapting to the changing times by making forward-looking investments to build the foundation for new business domains that will become new pillars in the future and by conducting research and development activities, mainly in the areas of AI and algorithms.

In addition, in our initiatives to address sustainability issues in recent years, including climate change and the decarbonization of society, the Group will continue striving to assess its risks and opportunities and working to develop next-generation products with high social value that can contribute to solutions.

Because business performance is on track for recovery from the COVID-19 pandemic, we have put together Medium-Term Management Plan: JCM Global Vision 2032. This plan defines our long-term vision for the next 10 years and sets the direction of the Group's business, priority measures, and performance targets for the three years from now through FY2025 (ending March 31, 2026), which is the initial phase of the plan. The JCM Group will come together to achieve its targets.

We ask our shareholders for their ongoing support and encouragement for the Group.

(5) Principal businesses (As of March 31, 2023)

Major products	Details of product, etc.	Purpose of use, etc.
Money-handling machines * Applicable segments · Global Gaming · International Commercial · Domestic Commercial	Bill validator units	These are used as bill intakes on arcade machines, vending machines, etc.
	Bill recycling units	These are devices for receiving and paying out bills, temporarily storing bills that are received and paying them out as change (recycling), and are used in ATM terminals, etc.
	Printer units	These are mainly used as printers installed on casino slot machines.
	Automatic deposit machines	These are devices that sort different types of bills by type, tally the number of bills and store them, and are used in locations such as taxi service centers.
	Deposit and withdrawal machines, change machines	These are used in locations such as supermarkets where cash is frequently exchanged with customers and accurate and efficient cash management is required.
	Bill validation machines	These are used as a means of identifying authentic and counterfeit bills in locations such as foreign exchange tellers of financial institutions.
	OEM terminals	These are products provided to other companies as an OEM.
Equipment for the Amusement Industry * Applicable segments · Equipment for the Amusement Industry	Automatic token supply system	These are devices for replenishing tokens in slot machines, etc. in pachinko stores, and automatically collecting and cleaning overflowing tokens.
	Bill transport systems	This system transfers bills inserted by players into ball and token rental machines at pachinko stores to a vault installed at the end of the pachinko machine row.
	i clear system	An Electronic Authentication System Association system that conducts comprehensive management of the lending of balls and tokens in pachinko stores, and realizes sound ball and token lending with a high level of transparency through a third-party organization.
	Prize POS system	A system installed on the counter of a pachinko store for the exchange of prizes for balls and tokens obtained by players, and the management of prize inventory.
	Slot machines and pachinko machines	These are used as gaming machines in pachinko stores.
	Payout machines	These are used for the purpose of paying the relevant amount of currency at prize exchange sites.
	Environmental devices	These are used for air purification in pachinko stores, etc.

(Note) Due to the many of products handled in each business segment overlapping, this table shows them organized by the major product lines as in the past. The applicable segments indicate the business segments handling each of the major product lines.

(6) Major sales offices and plants (As of March 31, 2023)

Company name	Site name	Location
Japan Cash Machine Co., Ltd. (the Company)	Head Office	Naniwa-ku, Osaka City
	Tokyo Office	Chuo-ku, Tokyo
	Nagahama Plant	Nagahama City, Shiga
JCM SYSTEMS Co., LTD.	Head Office	Chuo-ku, Tokyo
JCM Meiho Co., Ltd.	Head Office	Chuo-ku, Tokyo
JCM AMERICAN CORP.	Head Office	Nevada, U.S.A.
JCM INNOVATION CORP.	Head Office	Nevada, U.S.A.
JCM COMMERCE MECHATRONICS INC.	Head Office	Delaware, U.S.A.
JCM COMERCIO MECATRONICA BRASIL LTDA	Head Office	Sao Paulo, Brazil
JCM EUROPE GMBH.	Head Office	Dusseldorf, Germany
JCM EUROPE (UK) LTD.	Head Office	Milton Keynes, U.K.
JCM GOLD (H.K.) LTD.	Head Office	Hong Kong
SHAFTY CO.,LTD.	Head Office	Hong Kong
JCM CHINA CO.,LTD.	Head Office	Guangdong, China
J-CASH MACHINE (THAILAND) CO.,LTD.	Head Office	Bangkok, Thailand
J-CASH MACHINE GLOBAL MANUFACTURING (PHILIPPINES) INC.	Head Office	Laguna, Philippines

(Notes) 1. The Company has relocated its head office in Naniwa-ku, Osaka City as of March 22, 2023.

2. The registered head office of JCM SYSTEMS Co., LTD. is in Naniwa-ku, Osaka City.

3. JCM COMERCIO MECATRONICA BRASIL LTD was established on November 9, 2022.

(7) Status of employees (As of March 31, 2023)

1) Status of employees of the business group

Number of employees	Change from the end of previous fiscal year
526	Decreased by 2

- (Notes) 1. These figures do not include 110 quasi-employees (average during the period).
2. The employees are not classified by business segment due to the difficulty in grouping them.

2) Status of the Company's employees

Number of employees	Change from the end of previous fiscal year	Average age	Average years of service
218	-	42.2 years old	15.4 years

- (Note) These figures do not include 73 temporary employees and 53 quasi-employees (average during the period).

(8) Status of principal lenders (As of March 31, 2023)

Lender	Borrowings (millions of yen)
Sumitomo Mitsui Banking Corporation	1,050
Sumitomo Mitsui Trust Bank, Limited	700
The Nanto Bank, Ltd.	350

- (Note) In addition to the above borrowing amount, there are outstanding private placement bonds (corporate bonds) as follows.

Resona Bank, Limited: 2,000 million yen

(9) Other significant matters concerning the current status of the business group

Not applicable.

2. Current Status of the Company

(1) Status of shares (As of March 31, 2023)

1) Total number of authorized shares 118,000,000 shares

2) Total number of issued shares 29,672,651 shares

(Note) On August 24, 2022, the Company issued new shares as restricted share-based remuneration, which increased the total number of issued share by 9,800 shares.

3) Number of shareholders 15,812

4) Major shareholders (top ten)

Shareholder name	Number of shares held	Percentage of shares held
Johto Investment and Development Inc.	4,661,713	15.89
Koichiro Kamihigashi	2,437,246	8.31
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,288,000	7.80
Yojiro Kamihigashi	1,458,283	4.97
Yoshiko Kamihigashi	638,600	2.18
Resona Bank, Limited	563,343	1.92
Sumitomo Mitsui Banking Corporation	503,724	1.72
Totor Engineering Co., Ltd.	432,474	1.47
Custody Bank of Japan, Ltd. (Trust Account)	431,700	1.47
Nippon Life Insurance Company	403,226	1.37

(Note) The ownership of shares have been calculated by deducting 328,364 treasury shares.

5) Status of shares delivered to the Company's officers as consideration for the execution of duties during the fiscal year under review

	Number of shares	Number of directors eligible for delivery
Director (excluding President and Representative Director, and External Director)	6,000	3

(2) Status of share acquisition rights, etc.

1) Status of share acquisition rights held by the Company's officers that are granted as consideration for the execution of duties (as of March 31, 2023)

Not applicable.

2) Status of share acquisition rights granted to employees, etc. as consideration for the execution of duties during the fiscal year under review

Not applicable.

3) Other significant matters concerning share acquisition rights, etc.

Not applicable.

(3) Status of the Company's officers

1) Status of Directors and Audit & Supervisory Board Members (as of March 31, 2023)

Position in the Company	Name	Responsibilities and significant concurrent positions outside the Company
President and Representative Director	Yojiro Kamihigashi	Representative Director of JCM SYSTEMS Co., LTD. Representative Director of Johto Investment and Development Inc.
Executive Director	Tsuyoshi Takagaki	Senior Executive Officer and Executive General Manager of Corporate Planning Division
Director	Yoshihiro Iuchi	Senior Executive Officer, Executive General Manager of Global Strategy Division, and in charge of Sales
Director	Norihito Nakatani	Senior Executive Officer, Executive General Manager of Production Division, and in charge of Production
Director (External Director)	Koji Yoshikawa	Attorney (Baba Law Firm) External Audit & Supervisory Board Member of NCS&A CO., LTD.
Director (External Director)	Tatsuhiko Saruwatari	External Audit & Supervisory Board Member of NORITAKE CO., LIMITED
Full-time Audit & Supervisory Board Member	Michimasa Teraoka	
Audit & Supervisory Board Member (External Audit & Supervisory Board Member)	Hiroshi Morimoto	Attorney (Representative of Kitahama Partners and CEO of Kitahama Group) External Audit & Supervisory Board Member of IwaiCosmo Securities Co., Ltd.
Audit & Supervisory Board Member (External Audit & Supervisory Board Member)	Yoko Sato	Certified Public Accountant (Representative of Yoko Sato Certified Public Accountant Office) External Director of TOCALO Co., Ltd. External Director of Sanyo Electric Railway Co., Ltd.

- (Notes)
1. Director Koji Yoshikawa and Director Tatsuhiko Saruwatari are External Directors as provided for in Article 2, item (15) of the Companies Act.
 2. Audit & Supervisory Board Member Hiroshi Morimoto and Audit & Supervisory Board Member Yoko Sato are External Audit & Supervisory Board Members as provided for in Article 2, item (xvi) of the Companies Act.
 3. Audit & Supervisory Board Member Yoko Sato is qualified as a certified public accountant, and has considerable knowledge of finance and accounting.
 4. The Company has designated Director Koji Yoshikawa, Director Tatsuhiko Saruwatari, Audit & Supervisory Board Member Hiroshi Morimoto, and Audit & Supervisory Board Member Yoko Sato as independent officers as defined by the Tokyo Securities Exchange, and has provided notification to the aforementioned exchange.

5. The Company has introduced an executive officer system to rejuvenate the Board of Directors by separating decision making and supervision from execution. There are 11 Executive Officers and the following eight Executive Officers do not concurrently serve as Directors.

Name	Principal responsibilities
Mitsuhiro Ueno	Senior Executive Officer and Representative Director of JCM EUROPE GMBH.
Takatomo Imai	Senior Executive Officer, Representative Director of JCM AMERICAN CORP., Deputy Executive General Manager of Corporate Planning Division
Yasuyuki Fujiwara	Senior Executive Officer and Representative Director of J-CASH MACHINE (THAILAND) CO., LTD. Executive General Manager of First R&D Division and in charge of R&D Division
Makoto Hasegawa	Executive Officer, Representative Director of JCM COMMERCE MECHATRONICS INC.
Toshi Yamasaki	Executive Officer, Director of JCM COMMERCE MECHATRONICS INC.
Noriyuki Kanno	Executive Officer, Deputy Executive General Manager of First R&D Division
Kazuo Nakatake	Executive Officer, Executive General Manager of Second R&D Division
Masato Onomura	Executive Officer, Executive General Manager of Quality Division, and in charge of Quality Division

2) Directors and Audit & Supervisory Board Members who left office or resigned during the fiscal year under review

Not applicable.

3) Details and summary, etc. of directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The scope of the insured under the insurance policy includes the Company's officers (Directors and Audit & Supervisory Board Members) and domestic subsidiaries' officers (Directors and Audit & Supervisory Board Members, etc.), and the insured do not bear the cost of insurance premiums. The insurance policy will cover damages incurred by the insured (compensation for damages and litigation expenses (attorneys' fees, etc.) incurred as an individual.)

4) Remuneration, etc. of Directors and Audit & Supervisory Board Members

(i) Policy on determination of the content of remuneration, etc. of Directors

The Company resolved the policy on determination of the content of remuneration, etc. for individual Directors in the meeting of the Board of Directors held on March 25, 2021. To pass the resolution, the Board of Directors consulted the Nomination and Remuneration Advisory Committee about the content in advance, and received its recommendations.

Furthermore, with regard to the remuneration, etc. for individual Directors for the current fiscal year, the Board of Directors confirmed that the method of determining the content of remuneration, etc. and the consistency of the content of the determined remuneration, etc., with the basic policy concerning a decision resolved by the Board of Directors. In addition, the Board of Directors confirmed that the recommendations of the Nomination and Remuneration Advisory Committee are respected to the maximum extent, and they are aligned with said policy.

The content of the basic policy, etc., on the determination of the content of remuneration, etc., for individual Directors is as follows.

Basic Policy

The remuneration system shall clarify the commitment to the steady execution of growth strategy, while functioning as sound incentives aimed at improving short-term business performance, as well as medium- to long-term and sustainable corporate value. Also, the remuneration system shall incorporate perspectives of valuing shareholders with whom the Company shall share profit awareness.

The remuneration for the Company's Directors shall be made up of basic remuneration, bonuses that are short-term performance-linked remuneration, and share-based remuneration that is medium- to long-term performance-linked remuneration.

The basic remuneration shall be a fixed remuneration paid monthly according to the position, reflecting the performance evaluation of each officer within a certain range.

The bonuses shall be performance-linked remuneration paid annually based on the level of achievement of the consolidated profit target set out each fiscal year in addition to qualitative elements, such as strengthening a management foundation. The bonuses shall be paid on the day immediately following the date the Ordinary General Meeting of Shareholders is held, which coincides with the yearly expiry of the term of office.

The share-based remuneration shall be the issuance of the Company's common stocks with a specified transfer restriction period to the Directors, excluding External Directors, depending on their positions, to provide an incentive to achieve sustainable enhancement of the Company's and shareholder values over medium- to long-term.

(Summary, etc. of composition and method of calculation of remuneration)

Type of remuneration, etc.		Key performance indicator (KPI)	Method of calculation, etc.	Summary of calculation method
Monetary remuneration	Fixed	—	Remuneration amount	[Basic remuneration limit] The limit on basic remuneration for Directors shall be within 180 million yen per year (including short-term performance-linked remuneration) (Note 2). (Not including employee wages.)
			Method of calculation of amount paid to eligible Directors	[Per person] Monthly individual remuneration payment amount shall be calculated using an amount of 1,500,000 yen per month as a base, multiplied by the following coefficient. (i) Directors Within the range of 100-130% of the base amount of basic remuneration according to evaluation. (ii) Senior Directors (Chairman, President, Executive Director) Within the range of 150-250% of the base amount of basic remuneration according to position, evaluation and results.
	Variable	Profit attributable to owners of parent	Remuneration amount	[Remuneration amount] Within the general range of 30-40% of the amount of fixed basic remuneration.
Payment conditions			Paid when a profit is recorded each fiscal year, and not paid when a loss is recorded.	
Non-monetary	Medium- to long-term performance-linked remuneration (Note 1) (Restricted share-based remuneration)	—	Remuneration amount	[Remuneration limit] Within 70 million yen per year (Note 3)
			Method of calculation of amount paid to eligible Directors	[Maximum total amount paid] Equivalent to around 10% of the amount of fixed basic remuneration. The Company's common shares with restrictions on transfer for a fixed period are provided according to position.

- (Notes) 1. Directors excluding External Directors are eligible for short-term performance-linked remuneration and medium- to long-term performance-linked remuneration.
2. Determined by resolution of the 68th Ordinary General Meeting of Shareholders held on June 24, 2021.
3. Determined by resolution of the 66th Ordinary General Meeting of Shareholders held on June 26, 2019.

(ii) Total amount of remuneration, etc. for the fiscal year under review

Category	Number of recipients	Total amount of remuneration, etc. (millions of yen)	Total amount of remuneration, etc. by type		
			Basic remuneration (millions of yen)	Variable performance-linked remuneration	Restricted share-based remuneration (millions of yen)
				Bonuses (millions of yen)	
Directors (External Directors included therein)	6 (2)	114 (12)	91 (12)	20 (-)	3 (-)
Audit & Supervisory Board Members (External Audit & Supervisory Board Members included therein)	3 (2)	25 (12)	25 (12)	- (-)	- (-)
Total (External Officers included therein)	9 (4)	140 (24)	117 (24)	20 (-)	3 (-)

- (Notes) 1. The total amount of remuneration, etc., for Directors does not include the employee salary for employees who concurrently serve as a Director.
2. The limit on remuneration for Directors was resolved to be within 180 million yen per year (not including employee salary) in the 68th Ordinary General Meeting of Shareholders held on June 24, 2021 (the number of those who are eligible at the time of the conclusion of the General Meeting of Shareholders was six), of which the maximum amount of remuneration for External Directors is 20 million yen per year. Furthermore, a separate framework has been resolved by the 66th Ordinary General Meeting of Shareholders held on June 26, 2019 (the number of those who are eligible at the time of the conclusion of the General Meeting of Shareholders was seven) to limit the amount of remuneration under the restricted share-based remuneration plan to within 70 million yen per year. The amount of payment of bonuses to four Directors (excluding External Directors) has been resolved at the meeting of the Board of Directors held on May 23, 2023, after consulting with the Nomination and Remuneration Advisory Committee and receiving its advice.
3. The limit on remuneration for Audit & Supervisory Board Members was resolved to be within 45 million yen per year in the 68th Ordinary General Meeting of Shareholders held on June 24, 2021 (the number of those who are eligible at the time of the conclusion of the General Meeting of Shareholders was three).

5) Matters concerning External Officers

(i) Status of significant positions concurrently held in other corporations, etc. and relationships with other corporations

External Director Koji Yoshikawa is an attorney (Baba Law Firm), but there is no special relationship between the Company and Baba Law Firm. Furthermore, he concurrently serves as External Audit & Supervisory Board Member of NCS&A CO., LTD., and the Company outsources the maintenance and management operations of internal computer systems to NCS&A CO., LTD.

External Director Tatsuhiko Saruwatari concurrently serves as an External Audit & Supervisory Board Member of NORITAKE CO., LIMITED, but there is no special relationship between the Company and NORITAKE CO., LIMITED.

External Audit & Supervisory Board Member Hiroshi Morimoto is an attorney (Representative of Kitahama Partners and CEO of Kitahama Group), and the Company has concluded an advisory agreement with Kitahama Partners. Furthermore, he concurrently serves as an External Audit & Supervisory Board Member of IwaiCosmo Securities Co., Ltd., but there is no special relationship between the Company and IwaiCosmo Securities Co., Ltd.

External Audit & Supervisory Board Member Yoko Sato is a certified public accountant (Representative of Yoko Sato Certified Public Accountant Office), but there is no special relationship between the Company and Yoko Sato Certified Public Accountant Office. Furthermore, she also concurrently serves as an External Director of TOCALO Co.,Ltd. and Sanyo Electric Railway Co.,Ltd., but there are no special relationships between the Company and these companies.

(ii) Status of major activities during the fiscal year under review

a. Attendance at meetings of the Board of Directors and the Audit & Supervisory Board

Name, etc.	Board of Directors		Audit & Supervisory Board	
	Number of meetings attended	Attendance (%)	Number of meetings attended	Attendance (%)
External Director Koji Yoshikawa	18 out of 18 meetings	100.0	—	—
External Director Tatsuhiko Saruwatari	16 out of 18 meetings	88.9	—	—
External Audit & Supervisory Board Member Hiroshi Morimoto	18 out of 18 meetings	100.0	15 out of 15 meetings	100.0
External Audit & Supervisory Board Member Yoko Sato	18 out of 18 meetings	100.0	15 out of 15 meetings	100.0

b. Status of comments in meetings of the Board of Directors and the Audit & Supervisory Board

External Director Koji Yoshikawa provides objective and appropriate advice and suggestions as needed based on his advanced specialized knowledge developed over many years as a prosecutor and attorney.

External Director Tatsuhiko Saruwatari provides objective and appropriate advice and suggestions as needed based on his abundant experience and extensive insight into corporate management as an officer of a listed company for many years.

External Audit & Supervisory Board Member Hiroshi Morimoto expresses fair and neutral opinions, and provides advice and suggestions to ensure the appropriateness of decision-making and the legality of the execution of duties of Directors, based on his specialized viewpoint as an attorney.

External Audit & Supervisory Board Member Yoko Sato expresses fair and neutral opinions, and provides advice and suggestions to ensure the appropriateness of decision-making and the soundness of corporate management, based on her specialized viewpoint as a certified public accountant.

c. Summary of duties performed in relation to roles expected as External Directors

Koji Yoshikawa

Mr. Yoshikawa is expected to provide objective and appropriate advice based on his experience and expert knowledge as a legal professional.

Since he was appointed as Director in June 2014, the Company has received specific advice and proposals for specific procedures, such as corporate management decisions with a mind to strengthening compliance and risk management, which is essential for business operation in the U.S. casino market that requires thorough legal compliances, as well as, on the establishment of internal systems, and the implementation of preventative measures.

Tatsuhiko Saruwatari

Mr. Saruwatari is expected to provide advice and suggestions on the Company's corporate management based on his abundant experience as an executive of a listed company and extensive insight, especially into engineering areas.

Since he was appointed as a Director in June 2020, not only has he attended meetings of the Board of Directors, but he also participated in regular meetings to discuss engineering, development, and quality aspects of matters as there are his areas of expertise. He has been contributing to many projects by providing advice on decisions about individual projects as necessary.

Common matters to both candidates

Both candidates have contributed to making the management system more transparent and sound in involving in shaping opinions to determine candidates for Directors and remuneration as the members of the Nomination and Remuneration Advisory Committee established on January 27, 2021, aimed at further enhancing corporate governance.

In addition, Mr. Saruwatari chairs the committee.

(iii) Summary of limited liability agreements

Pursuant to the provision of Article 427, paragraph (1) of the Companies Act, the Company and each External Director and External Audit & Supervisory Board Member have entered into an agreement

limiting liability for damages specified in Article 423, paragraph (1) of the same Act.

The limit on liability for damages pursuant to the agreement is the higher amount of either 10 million yen or the minimum limit on liability specified in Article 425, paragraph (1) of the Companies Act.

(4) Status of financial auditor

1) Name Ernst & Young ShinNihon LLC

2) Amount of remuneration, etc.

Category	Payment amount (millions of yen)
Amount of remuneration, etc. as financial auditor for the current fiscal year	46
Total amount of cash and other economic benefit to be paid by the Company and its subsidiaries to the financial auditor	46

(Notes) 1. JCM AMERICAN CORP., JCM EUROPE GMBH., JCM GOLD (H.K.) LTD., and J-CASH MACHINE GLOBAL MANUFACTURING (PHILIPPINES) INC. are subject to audits (limited to those pursuant to the provisions of the Companies Act or the Financial Instruments and Exchange Act (including laws and regulations of foreign countries equivalent to these acts)) by certified public accountants or audit firms (including persons with qualifications equivalent to these qualifications in a foreign country) other than the Company's financial auditor.

2. The audit agreement concluded between the Company and the financial auditor does not clearly separate and cannot effectively separate the amounts of audit remuneration, etc., for audits performed pursuant to the Companies Act from audits performed pursuant to the Financial Instruments and Exchange Act. Therefore, the total amount of these amounts of remuneration, etc., for the current fiscal year is stated.

3. The Company's Audit & Supervisory Board has confirmed and examined the analysis and evaluation of audit results for the previous fiscal year, as well as the audit time and staff assignment plans in the audit plan, in addition to the execution of duties of the financial auditor, and the appropriateness of remuneration estimates based on the "Guidelines for Coordination with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association. Based on such examination, the Company's Audit & Supervisory Board gave consent to the remuneration of the financial auditor as stipulated in Article 399, paragraph (1) of the Companies Act.

3) Content of non-auditing operations

Not applicable.

4) Policies for determination of dismissal or refusal of reappointment of financial auditor

The Audit & Supervisory Board will determine the details of a proposal on the dismissal or refusal of reappointment of the financial auditor submitted to the General Meeting of Shareholders as deemed necessary by the Audit & Supervisory Board when the execution of the duties of the financial auditor is disrupted.

Furthermore, the Audit & Supervisory Board will dismiss the financial auditor given the consent of all Audit & Supervisory Board Members if the financial auditor is found to fall under any of the items of Article 340, paragraph (1) of the Companies Act. In such a case, an Audit & Supervisory Board Member selected by the Audit & Supervisory Board will report that the financial auditor has been dismissed and the reason for the dismissal at the first General Meeting of Shareholders convened after such a dismissal.

5) Summary of limited liability agreements

Not applicable.

6) Matters concerning disposition in the event that the financial auditor has been subject to a suspension order in the past two years

Not applicable.

(5) Policy on determination of dividends of surplus

The Group's basic policy on the distribution of profit is to strike a balance between two aspects; to increase dividend payment amount as a result of a profit increase through the realization of growth strategies and to return a profit to shareholders through the payment of stable dividends. The Company has decided a consolidated dividend payout ratio of 30% or more by taking into account the ratio of dividends to net assets. In the fiscal year under review, we have seen an increase in net sales, operating profit, and profit attributable to owners of parent. However, considering remaining uncertainty in the business environment and the need for strategic investments for the future expansion of the Group's businesses, as well as expenditures related to shareholder return measures such as the purchase of treasury shares, we have decided to pay a year-end dividend of 7 yen per share (10 yen per share for the year including the interim dividend) for the fiscal year under review, as previously forecasted.

(6) Basic policy on control of the Company

1) Summary of the content of the basic policy

The Company understands the people controlling the determination of the policies on the Company's finance and business must understand the source of the Company's corporate value, and should be able to enhance the Company's corporate value so as to enable to continuously and sustainably ensure and enhance shareholders' common interests.

The Company does not deny a large purchase of shares if such a purchase would enhance the Company's value and thus contribute to shareholders' common interests. Furthermore, a decision on whether or not to respond to such a proposal of purchasing a large volume of shares that accompanies a transfer of the control of the Company should be made with the general consensus of shareholders.

However, many purchases of a large quantity of shares do not benefit targeted companies in enhancing corporate value and thus the common interests of shareholders, and such purchases often include those that clearly bring about harm to the companies to enhance their corporate value and thus the common interests of shareholders because the purposes of the purchase are to acquire only a specific area of business, assets, technologies, or knowhow, those that may effectively coerce the sale of shares by shareholders, those that do not set aside an adequate time or information for the board of directors of the target company to make an alternative proposal when the board of directors or general shareholders of the target company deliberate on the large purchase of shares, and those requiring the target company to negotiate with the purchaser to agree on more favorable conditions than those presented by the purchaser.

The source of the Group's corporate value lies in promoting the development, manufacture, and sale of equipment capable of reducing the labor required for processing money for every market worldwide on a broader scale. Such a promotion is possible through the practical implementation of core research and technological development with an eye set on the future, against the backdrop of a stable financial foundation and technological capability of money processing centered on the validation and transportation of bills that the Company has developed over many years.

A person who conducts a purchase of a large quantity of shares without understanding the source of the Company's corporate value, and does not contribute to the enhancement of corporate value and thus the common interests of shareholders, is inappropriate as a person to have control over the determination of policies on the Company's finance and business, and the Company believes it is necessary to put in

place necessary and appropriate measures against such a purchase in order to enhance the Company's corporate value and thus secure the common interests of shareholders.

2) Summary of special initiatives contributing to the realization of the basic policy

The Company has been developing unique businesses as a group that entails the development, manufacture, and sale of equipment capable of reducing the labor required for processing money for every market worldwide on a broader scale, against the backdrop of a stable financial foundation and technological capability of money processing centered on the validation and transportation of bills that the Company has developed since its establishment.

With the unique nature of the businesses, the Company aims to contribute to the development of the economy and society, as well as the creation of a social environment and security system that meet the needs of the time and will ensure the broader recognition and penetration of the Company's products, which boast high quality and high performance, in the markets and various fields.

Furthermore, the Company has a policy of determining returns to shareholders with consideration of the ratio of dividends to net assets based on a consolidated dividend payout ratio of 30% or more, and these will continue to be implemented in accordance with the policy.

3) Summary of initiatives to prevent the Company's policy on finance and business being controlled by an inappropriate person in light of the basic policy

The Company received shareholders' approval of the current measures on large purchases of the Company's shares (hereinafter referred to as "the Plan") at the 67th Ordinary General Meeting of Shareholders held on June 25, 2020. The specific details are as follows

- (i) The Company shall request a purchaser, etc. purchasing a holding of 20% or more of the Company's shares to submit a letter of intent prior to the implementation of the purchase, and to provide the information required for shareholders to make a decision and the Company's Board of Directors to form an opinion no later than ten days of receipt of the letter of intent.
- (ii) The Company's Board of Directors shall establish an evaluation period of 60 days or 90 days as needed as a grace period for evaluating and examining the information provided, negotiating with the purchaser, etc., forming opinions on the purchase and alternative proposals.
- (iii) The Company's Board of Directors shall evaluate and examine the content of the purchase, conduct consultations and negotiations with the purchaser, etc., and present an alternative proposal to shareholders during the above evaluation period. If a decision on whether or not to carry out the Plan is not made during the evaluation period, the evaluation period may be extended by up to 30 days (the first day is not included).
- (iv) The Company's Board of Directors shall establish a special committee to ensure the objectivity and rationality of its decision, and make a final decision with maximum respect for its recommendations. If the special committee recommends the convocation of a General Meeting of Shareholders on the execution of the Plan, a General Meeting of Shareholders will be convened in the shortest period possible, and a proposal on the execution of the Plan shall be submitted.
- (v) If the Plan is carried out, the Company shall adopt the method of allotment of share acquisition rights without contribution, and allot the share acquisition rights to shareholders recorded in the final shareholder registry on the record date specified by the Company's Board of Directors at a ratio of at least one right per share held.
- (vi) After the allotment of share acquisition rights, the Company shall acquire all unexercised share acquisition rights held by persons other than non-qualified persons such as those designated as

large shareholders, and shall grant one of the Company's common shares per share acquisition right in exchange.

4) Judgment of the Company's Board of Directors on the above initiative and reasons therefor

The Plan was formulated as a specific measure to enhance the Company's corporate value, thereby achieving the continuous and sustained enhancement of the common interests of shareholders, and if a purchase of a large quantity of the Company's shares is conducted, the Plan will allow the Company to have negotiations, etc., with the purchaser, etc., in order to ensure the enhancement of the Company's corporate value and thus the common interests of shareholders and contribute to the realization of the basic policy on control of the company.

Furthermore, this Plan does not harm the common interests of the Company's shareholders and is not for the purpose of maintaining the status of the Company's officers owing to the following reasons: i. this Plan completely satisfies the requirements of the Guidelines on Takeover Defense Measures; ii. this Plan prioritizes the will of shareholders (although the Effective Period is until the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2023, the Guidelines on Takeover Defense Measures may be abolished based on the intentions of shareholders prior to the expiration of the Effective Period); iii. This Plan stipulates reasonable and objective Trigger Events; iv. This Plan stipulates the establishment of a Special Committee; and v. The takeover defense measures are not a dead-hand and slow-hand takeover defense measure.

Note that the effective period of the Plan will expire at the conclusion of this Ordinary General Meeting of Shareholders. The Company has decided to continue the Plan subject to the approval of shareholders at this Ordinary General Meeting of Shareholders. For details, please refer to Proposal 2 in the Reference Documents for the General Meeting of Shareholders.

Presentation of the Business Report

The methods of presentation of the amounts, percentages, and numbers of shares in the Business Report are as follows.

1. Amounts less than one million yen are rounded down.
2. The percentage change of net sales and profit, the percentage of voting rights held by the Company in significant subsidiaries, the average age and average years of service of employees, and the attendance rate of Directors and Audit & Supervisory Board Members at meetings of the Board of Directors and the Audit & Supervisory Board are rounded to one decimal place, and the percentage of share held by major shareholders is rounded to the nearest two decimal places.

Consolidated Financial Statements

Consolidated Balance Sheet

(As of March 31, 2023)

(Thousands of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	32,273,329	Current liabilities	7,625,321
Cash and deposits	13,224,447	Notes and accounts payable - trade	3,559,318
Notes and accounts receivable - trade, and contract assets	4,516,570	Current portion of long-term borrowings	600,000
Electronically recorded monetary claims - operating	488,474	Lease liabilities	80,242
Securities	487,201	Income taxes payable	356,207
Merchandise and finished goods	5,826,025	Provision for bonuses	277,200
Work in process	1,083,263	Provision for bonuses for directors (and other officers)	20,000
Raw materials and supplies	4,701,398	Provision for business restructuring	154,756
Other current assets	2,135,230	Other current liabilities	2,577,597
Allowance for doubtful accounts	(189,281)	Non-current liabilities	4,027,910
Non-current assets	6,508,219	Bonds payable	2,000,000
Property, plant and equipment	3,338,558	Long-term borrowings	1,500,000
Buildings and structures	1,171,662	Lease liabilities	173,125
Machinery, equipment and vehicles	58,338	Deferred tax liabilities	302,163
Land	1,515,704	Other non-current liabilities	52,621
Leased assets	0	Total liabilities	11,653,232
Other property, plant and equipment	592,852	Net assets	
Intangible assets	143,833	Shareholders' equity	26,283,539
Software	29,838	Share capital	2,220,316
Other intangible assets	113,994	Capital surplus	2,765,896
Investments and other assets	3,025,828	Retained earnings	21,699,807
Investment securities	1,168,845	Treasury shares	(402,481)
Retirement benefit asset	604,335	Accumulated other comprehensive income	879,853
Deferred tax assets	896,193	Valuation difference on available-for-sale securities	215,273
Other investments, etc.	434,298	Foreign currency translation adjustment	664,579
Allowance for doubtful accounts	(77,846)	Total net assets	27,163,392
Deferred assets	35,076	Total liabilities and net assets	38,816,625
Bond issuance costs	35,076		
Total assets	38,816,625		

Consolidated Statement of Income

(from April 1, 2022 to March 31, 2023)

(Thousands of yen)

Item	Amount	
Net sales		25,258,580
Cost of sales		16,268,572
Gross profit		8,990,008
Selling, general and administrative expenses		8,367,374
Operating profit		622,633
Non-operating income		
Interest income	5,121	
Dividend income	35,991	
Foreign exchange gains	521,229	
Other	127,181	689,524
Non-operating expenses		
Interest expenses	27,382	
Amortization of bond issuance costs	7,015	
Other	10,192	44,590
Ordinary profit		1,267,567
Extraordinary income		
Gain on sale of non-current assets	1,587,839	1,587,839
Extraordinary losses		
Loss on retirement of non-current assets	1,492	
Loss on valuation of investment securities	9,568	11,060
Profit before income taxes		2,844,346
Income taxes - current	564,902	
Income taxes - deferred	(866,703)	(301,801)
Profit		3,146,147
Profit attributable to owners of parent		3,146,147

Non-consolidated Financial Statements

Non-consolidated Balance Sheet

(As of March 31, 2023)

(Thousands of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	17,110,670	Current liabilities	3,234,992
Cash and deposits	7,785,457	Notes payable - trade	2,824
Notes receivable	49,950	Accounts payable - trade	1,365,503
Electronically recorded monetary claims - operating	167,559	Current portion of long-term borrowings	600,000
Accounts receivable - trade	1,612,228	Lease liabilities	2,147
Merchandise and finished goods	544,342	Accounts payable - other	567,018
Work in process	1,030,709	Income taxes payable	165,931
Raw materials and supplies	1,001,609	Accrued expenses	96,600
Advance payments to suppliers	14,666	Advances received	7,174
Prepaid expenses	94,108	Provision for bonuses	220,600
Accounts receivable - other	575,513	Provision for bonuses for directors (and other officers)	20,000
Short-term loans receivable from subsidiaries and associates	4,072,970	Provision for business restructuring	152,580
Other current assets	222,723	Other current liabilities	34,612
Allowance for doubtful accounts	(61,169)	Non-current liabilities	3,633,009
Non-current assets	6,590,535	Bonds payable	2,000,000
Property, plant and equipment	2,769,562	Long-term borrowings	1,500,000
Buildings	866,091	Deferred tax liabilities	85,470
Structures	0	Lease liabilities	4,768
Machinery and equipment	0	Other non-current liabilities	42,770
Vehicles	0	Total liabilities	6,868,001
Tools, furniture and fixtures	467,271	Net assets	
Leased assets	0	Shareholders' equity	16,653,133
Land	1,389,356	Share capital	2,220,316
Construction in progress	46,843	Capital surplus	2,765,896
Intangible assets	10,754	Legal capital surplus	2,067,276
Software	10,554	Other capital surplus	698,619
Other intangible assets	200	Retained earnings	12,069,401
Investments and other assets	3,810,218	Legal retained earnings	274,318
Investment securities	880,490	Other retained earnings	11,795,082
Shares of subsidiaries and associates	1,301,871	General reserve	10,064,761
Investments in capital	4,910	Retained earnings brought forward	1,730,321
Investments in capital of subsidiaries and associates	606,224	Treasury shares	(402,481)
Membership	52,310	Valuation and translation adjustments	215,146
Prepaid pension costs	590,980	Valuation difference on available-for-sale securities	215,146
Long-term loans receivable from subsidiaries and associates	267,080		
Other investments, etc.	158,622	Total net assets	16,868,279
Allowance for doubtful accounts	(52,270)		
Deferred assets	35,076		
Bond issuance costs	35,076		
Total assets	23,736,281	Total liabilities and net assets	23,736,281

Non-consolidated Statement of Income

(from April 1, 2022 to March 31, 2023)

(Thousands of yen)

Item	Amount	
Net sales		
Net sales of merchandise and finished goods	4,062,051	
Service revenue	2,272,188	6,334,239
Cost of sales		3,651,458
Gross profit		2,682,781
Selling, general and administrative expenses		2,985,049
Operating loss		(302,267)
Non-operating income		
Interest income	144,080	
Dividend income	174,271	
Outsourcing service income	234,580	
Rental income	36,948	
Foreign exchange gains	516,066	
Proceeds from miscellaneous income	22,234	1,128,182
Non-operating expenses		
Interest expenses	14,330	
Interest expenses on bonds	8,400	
Outsourcing service costs	243,668	
Rental costs	36,948	
Miscellaneous losses	4,621	
Other	7,015	314,983
Ordinary profit		510,931
Extraordinary income		
Gain on sale of non-current assets	1,509,074	1,509,074
Extraordinary losses		
Loss on retirement of non-current assets	1,487	
Loss on valuation of investment securities	9,568	11,055
Profit before income taxes		2,008,949
Income taxes - current	190,624	190,624
Profit		1,818,325

Audit Report

Financial Auditor's Report on Consolidated Financial Statements

Independent Auditor's Report (Translation)

Japan Cash Machine Co., Ltd.

May 22, 2023

To the Board of Directors

Ernst & Young ShinNihon LLC

Osaka Office

Designated Limited Liability Partner

Engagement Partner

Naotaka Sasayama, Certified Public Accountant

Designated Limited Liability Partner

Engagement Partner

Daiki Takai, Certified Public Accountant

Audit Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the related notes of Japan Cash Machine Co., Ltd. (the "Company") and its consolidated subsidiaries (collectively referred to as the "Group"), as at March 31, 2023 and for the fiscal year from April 1, 2022 to March 31, 2023 in accordance with Article 444, paragraph (4) of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our 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 our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the Business Report and the accompanying supplemental schedules thereof. Management is responsible for the preparation and disclosure of the other information. In addition, Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing Directors' execution of duties relating to the design and operation of the reporting process for the other information.

The scope of our audit opinion on the consolidated financial statements does not include the content of the other

information, and we do not express an opinion regarding the other information.

Our responsibility in auditing the consolidated financial statements is to read through the other information and, in doing so, examine whether the other information is materially inconsistent with the consolidated financial statements or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other information of material misstatement other than such material inconsistency.

If, based on the work we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact.

We have nothing to report regarding the other information.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes the development and operation of internal control determined by management to be necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group's ability to continue as a going concern, and disclosing matters related to going concern as applicable in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are 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 issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. In addition, audit procedures shall be designed and implemented to address the risks of material misstatement. The procedures selected to be applied depend on the auditor's judgment. In addition, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, in making those risk assessments, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.

Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if such notes are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Evaluate whether the presentation of the consolidated financial statements and the notes thereto are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements represent the underlying transactions and accounting events in a manner that achieves fair presentation.

Obtain sufficient and appropriate audit evidence regarding the financial information of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and the designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Financial Auditor's Report on Non-consolidated Financial Statements

Independent Auditor's Report (Translation)

Japan Cash Machine Co., Ltd.

May 22, 2023

To the Board of Directors

Ernst & Young ShinNihon LLC

Osaka Office

Designated Limited Liability Partner

Engagement Partner

Naotaka Sasayama, Certified Public Accountant

Designated Limited Liability Partner

Engagement Partner

Daiki Takai, Certified Public Accountant

Audit Opinion

We have audited the non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity, the related notes and the accompanying supplemental schedules (collectively, "non-consolidated financial statements, etc.") of Japan Cash Machine Co., Ltd. (the "Company"), as at March 31, 2023 and for the 70th fiscal year from April 1, 2022 to March 31, 2023 in accordance with Article 436, paragraph (2), item (i) of the Companies Act.

In our opinion, the non-consolidated financial statements, etc. referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the non-consolidated financial statements, etc. were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our 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, Etc. section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements, etc. in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the Business Report and the accompanying supplemental schedules thereof. Management is responsible for the preparation and disclosure of the other information. In addition, Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing Directors' execution of duties relating to the design and operation of the reporting process for the other information.

The scope of our audit opinion on the non-consolidated financial statements, etc. does not include the content of the other information, and we do not express an opinion regarding the other information.

Our responsibility in auditing the non-consolidated financial statements, etc. is to read through the other information and, in doing so, examine whether the other information is materially inconsistent with the non-consolidated

financial statements, etc. or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other information of material misstatement other than such material inconsistency.

If, based on the work we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact.

We have nothing to report regarding the other information.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-consolidated Financial Statements, Etc.

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan. This includes the development and operation of internal control determined by management to be necessary to enable the preparation and fair presentation of the non-consolidated financial statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. with the assumption of the Company's ability to continue as a going concern, and disclosing matters related to going concern as applicable in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements, Etc.

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements, etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements, etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. In addition, audit procedures shall be designed and implemented to address the risks of material misstatement. The procedures selected to be applied depend on the auditor's judgment. In addition, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Obtain, in making those risk assessments, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit of the non-consolidated financial statements, etc. is not to express an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.

Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements, etc. and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements, etc. or, if such notes are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Evaluate whether the presentation of the non-consolidated financial statements, etc. and the notes thereto are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the non-consolidated financial statements, etc., including the related notes thereto, and whether the non-consolidated financial statements, etc. represent the underlying transactions and accounting events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and the designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Audit Report of the Audit & Supervisory Board

Audit Report

The Audit & Supervisory Board has conducted discussion and prepared an audit report based on the audit reports prepared by each Audit & Supervisory Board Member concerning the execution of duties of Directors for the 70th fiscal year from April 1, 2022 to March 31, 2023, and reports the following.

1. Method and Content of Audits of Audit & Supervisory Board Members and the Audit & Supervisory Board
 - (1) The Audit & Supervisory Board specified the audit policy and division of duties, etc., received reports on the status of implementation and results of audits from each Audit & Supervisory Board Member, and also received reports on the status of execution of duties from the Directors, etc. and the financial auditor, and requested explanations as needed.
 - (2) Each Audit & Supervisory Board Member communicated with Directors, the Internal Audit Division and other employees in compliance with the standards for auditing by Audit & Supervisory Board Members specified by the Audit & Supervisory Board and in accordance with the audit policy and division of duties, etc., endeavored to collect information and establish an audit environment, and conducted audits using the following methods.
 - 1) Attended meetings of the Board of Directors and other important meetings, received reports on the status of execution of duties from Directors and employees, requested explanations as needed, viewed important approval documents, etc., and investigated the status of operations and property at the head office and principal business locations. Also communicated and exchanged information on subsidiaries with the Directors of subsidiaries, and received business reports from subsidiaries as needed.
 - 2) Received reports from Directors and employees, etc., requested explanations as needed, and expressed opinions on the creation and status of operation of systems for ensuring that the execution of duties of Directors stated in the Business Report conforms with laws, regulations and the articles of incorporation, the content of resolutions of the Board of Directors on the establishment of systems specified in Article 100, paragraph (1) and paragraph (3) of the Regulation for Enforcement of the Companies Act as otherwise being necessary for ensuring the appropriateness of operations of the business group made up of a joint stock company and its subsidiaries, and the systems (internal control systems) established based on said resolutions.
 - 3) Considered the content of the basic policies under Article 118, item (iii)(a) of the Regulations for Enforcement of the Companies Act and the efforts under (b) of the same item stated in the Business Report based on the status of discussion in the Board of Directors and elsewhere.
 - 4) Monitored and examined whether the financial auditor maintained an independent position and implemented appropriate auditing, received reports from the financial auditor on the status of execution of its duties, and requested explanations as needed. Also received notification from the financial auditor that the “systems for ensuring that the performance of the duties” (matters listed in the items of Article 131 of the Regulation on Corporate Accounting) have been established in accordance with the Quality Control Standards for Audit (October 28, 2005, Business Accounting Council), etc., and requested explanations as needed.

Examined that the Business Report and accompanying notes, the 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 accompanying supplemental schedules thereof, and the Consolidated Financial Statements (Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements) for the relevant fiscal year based on the above methods.

2. Audit Results

(1) Results of Audit of Business Report, etc.

- 1) The Business Report and the accompanying supplemental schedules thereof were found to accurately indicate the status of the company in accordance with laws, regulations and the articles of incorporation.
- 2) No improper acts concerning the execution of duties of Directors or material facts in violation of laws, regulations or the articles of incorporation were found.
- 3) The content of resolutions of the Board of Directors concerning internal control systems was found to be reasonable. Furthermore, no matters to be pointed out were found regarding the content stated on the Business Report concerning the internal control systems and the execution of duties of Directors.
- 4) No matters to be pointed out were found regarding the basic policy on the persons controlling the determination of policies on the company's finance and business stated in the Business Report. It was found that the efforts set forth under Article 118, item (iii)(b) of the Regulation for Enforcement of the Companies Act were in accordance with the basic policy, did not harm the common interests of the Company's shareholders, and were not for the purpose of maintaining the status of the Company's officers.

(2) Results of Audit of the Non-consolidated Financial Statements and Accompanying Supplemental Schedules
The method and results of the audit by the financial auditor Ernst & Young ShinNihon LLC were found to be reasonable.

(3) Results of the Audit of the Consolidated Financial Statements

The method and results of the audit by the financial auditor Ernst & Young ShinNihon LLC were found to be reasonable.

May 23, 2023

Japan Cash Machine Co., Ltd. Audit & Supervisory Board

Michimasa Teraoka, Full-time Audit & Supervisory Board Member (Seal)

Hiroshi Morimoto, Audit & Supervisory Board Member (External Audit & Supervisory Board Member) (Seal)

Yoko Sato, Audit & Supervisory Board Member (External Audit & Supervisory Board Member) (Seal)