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## Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2023 (Under Japanese GAAP)

February 8, 2023

Company name: Japan Cash Machine Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 6418  
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 Scheduled date to file quarterly securities report: February 9, 2023  
 Scheduled date to commence dividend payments: -  
 Preparation of supplementary material on quarterly financial results: None  
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the Third Quarter ended March 31, 2023 (from April 1, 2022 to December 31, 2022)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2023 3rd quarter	19,000	30.3	892	4.1	1,455	10.8	1,171	15.6
FY2022 3rd quarter	14,578	13.3	857	—	1,313	—	1,012	—

Note: Comprehensive income For FY2023 3rd quarter: ¥3,750 million [156.2%] For FY2022 3rd quarter: ¥1,463 million [—%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2023 3rd quarter	39.48	—
FY2022 3rd quarter	34.15	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY2023 3rd quarter	37,111	26,688	71.9	899.53
FY2022	33,144	23,169	69.9	781.16

Reference: Equity As of FY2023 3rd quarter: ¥26,688 million As of FY2022: ¥23,169 million

### 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2022	—	0.00	—	5.00	5.00
FY2023	—	3.00	—		
FY2023 (Forecast)				7.00	10.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

### 3. Consolidated Financial Forecast for the Fiscal Year 2023 (from April 1, 2022 to March 31, 2023)

(Percentage indicates the rate of change from the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full Fiscal year	25,100	25.2	300	(47.2)	800	(42.2)	1,850	205.6	62.35

Note: Revisions to the forecast of earnings most recently announced: Yes

#### \*Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
  - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None

- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

FY2023 3rd quarter	29,672,751 shares
FY2022	29,662,851 shares

- (ii) Number of treasury shares at the end of the period

FY2023 3rd quarter	2,749 shares
FY2022	2,704 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

FY2023 3rd quarter	29,665,561 shares
FY2022 3rd quarter	29,660,213 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

(Note on forward-looking statements, etc.)

The forward-looking statements, including business forecasts, contained in this document are based on information currently available to the Company and on certain assumptions deemed reasonable by the Company, and are not intended to be a promise by the Company that it will achieve them. Actual results may differ significantly from these forecasts due to various factors. For more information on the above forecasts, please refer to page 3 of the attached materials.

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## 1. Qualitative information on Quarterly Results

### (1) Explanation of Operating Results

In the business environment surrounding the Company and its subsidiaries (hereinafter referred to as the "Group"), while the global soaring resource and raw material prices caused by geopolitical risks such as the prolonged situation in Russia and Ukraine, as well as the ongoing the confusion of supply chain, there have been certain improvements such as progress in balancing the measures against the CODIV-19 infection and the economic activities in each countries.

Under these market environment, in the U.S. and Europe gaming markets, Customers' capital investment appetite remains high against the background of the active in casino hotels, etc. In the commercial market in overseas, there was impact by zero-Covid policy by the Chinese government such as delays in a part of matter, however, in Japan, an increase in customer demand which is involved with environmental improvement in response to expansion of contactless and non-face-to-face payments has been brisk as a whole. Furthermore, in the domestic market for equipment for the amusement industry, as a result of the introduction of smart amusement machine has been starting from last November, demand of equipment related to smart amusement machines in customers of pachinko hall, etc. had a tendency to increase.

As stated above, the market environment in the Group segment continues to recover and turn around, as well as demand of our products gradually had a tendency to increase as a whole. On the other hand, because of the circumstances which take a time to normalize the supply of electronic components due to the supply chain disruptions, we had a difficult situation in terms of cost due to such as the delivery delay in a part of product and rising of purchase value and physical distribution cost by using distribution components in the market.

Under these circumstances, the Group made our utmost efforts to supply our products to customers by securing market distributed products continuously for a part of component which were difficult to obtain and resuming production immediately for a product which the supply shortages have been eased. Furthermore, we have established a new company (JCM COMERCIO MECATRONICA BRASIL LTDA) in Brazil in order to expand the market share of our products in a timely manner with the normalization of product supply, in this way, we focused on building a system that contributes to getting new markets and expanding our market share in the Group.

As a result of above, consolidated net sales for the third quarter were increased to 19,000 million yen (up 30.3% for the same period of the previous fiscal year). In terms of profit, operating income increased to 892 million yen (up to 4.1% from the same period of the previous fiscal year) due to increase in sales, and ordinary income increased to 1,455 million yen (up to 10.8% from the same period of the previous fiscal year) due to foreign exchange gains resulting from the depreciation of the yen. Net income attributable to owners of the parent amounted to 1,171 million yen (up 15.6% from the same period of the previous fiscal year).

The average foreign exchange rates for this cumulative third quarter were 129,46 yen to the US dollar (109,12 yen in the same period last year) and 136,68 yen to the euro (130,291 yen in the same period last year). The quarter-end foreign exchange rate applied to the mark-to-market valuation of assets and liabilities at the end of this third quarter was 132,70 yen to the US dollar (122,41 yen at the end of the previous consolidated fiscal year).

Results by segment are as follows.

#### i. Global Gaming

Sales in this segment were 11,171 million yen (up 60.1% year on year), and segment profit was 1,322 million yen (up 7.8% in the same period of the previous fiscal year), mainly due to significant increase in sales of our products as a result of an increase in the number of customers in the gaming markets in both the North American and European regions.

#### ii. International Commercial

Due mainly to project delays in a part of matter caused by the zero-Covid policy in China, as well as decrease in sales of our products in the Asian region, net sales in this segment amounted to 3,073 million yen (down 7.6% year on year), with segment profit of 129 million yen (down 22.5% in the same period of the previous fiscal year).

#### iii. Domestic Commercial

Due mainly to steady performance of bill recycler units for restaurant ticket vending machines and hotel check-in and checkout machines in response to increase in the demand for cashless and non-face-to-face payment, sales in this segment were 1,377 million yen (up 3.3% year on year), and segment profit was 113 million yen (up 6.0 % year on year).

#### iv. Equipment for the Amusement Industry

Due to increase in sales of units specially for smart amusement machines, etc. as a consequence of starting introduction of smart amusement machines to the market, sales in this segment were 3,377 million yen (up 14.9% year on year), and segment loss was 71 million yen (loss of 78 million yen in the same period of the previous fiscal year).

## (2) Explanation of Financial Position

### i. Assets, Liabilities and Net Assets

Total assets at the end of the third quarter of the current fiscal year increased by 3,967 million yen compared to the end of the previous fiscal year to 37,111 million yen.

Total current assets increased by 3,759 million yen compared to the end of the previous fiscal year to 31,837 million yen. "Notes and accounts receivable-trade and contract assets" increased by 1,066 million yen, "Inventories" increased by 2,128 million yen, and "Other" increased by 628 million yen mainly due to an increase in advance payments.

Total fixed assets increased by 212 million yen compared to the end of the previous fiscal year to 5,237 million yen. "Investments and other assets" increased by 220 million yen mainly due to an increase in guarantee deposits by relocating the head office.

Total deferred assets decreased by 5 million yen compared to the end of the previous fiscal year to 36 million yen mainly due to amortization of bond issue expenses.

Total current liabilities increased by 991 million yen compared to the end of the previous fiscal year to 6,397 million yen. While "Notes and accounts payable-trade" increased by 401 million yen and "Other" increased by 834 yen mainly due to an increase in contract liability, "Short-term borrowings" decreased by 119 million yen due to repayment of loans payable.

Total Non-current liabilities decreased by 543 million yen compared to the end of the previous fiscal year to 4,025 million yen. "Long-term borrowings" decreased by 600 million yen due to repayment of loans payable.

Total net assets increased by 3,519 million yen compared to the end of the previous fiscal year to 26,688 million yen. "Share capital" and "Capital surplus" increased by 3 million yen respectively, due to issuance of new shares as Restricted Stock Compensation, and "Retained earnings" increased by 933 million yen mainly due to the posting of quarterly profit attributable to owners of the parent and "Foreign currency translation adjustments" increased by 2,544 million yen due to mark-to-market valuation of foreign subsidiaries, respectively.

### ii. Cash Flows

Cash and cash equivalents (hereinafter referred to as "Net cash") at the end of the third quarter decreased by 210 million yen compared to the end of the previous fiscal year to 14,031 million yen.

The status of each cash flow and their factors during the third quarters of the current fiscal year are as follows.

#### (Cash flows from operating activities)

As a result of operating activities, net cash used amounted to 319 million yen (Revenue of 739 million yen in the same period of the previous fiscal year). This was mainly due to an increase in Net Cash resulting from income before income taxes of 1,531 million yen, while Net cash decreased due to an increase in trade receivables of 377 million yen and inventories of 621 million yen, a decrease in trade payable of 163 million yen and corporate tax payments of 177 million yen.

#### (Cash flows from investing activities)

Net cash provided by investing activities amounted to 49 million yen (Expenditure of 219 million yen in the same period of the previous year). This was mainly due to a decrease in Net cash resulting from the purchase of property, plant and equipment of 284 million yen, while there was an increase in Net cash resulting from proceeds from sales of property, plant and equipment of 348 million yen.

#### (Cash flows from financing activities)

As a result of financing activities, Net cash used amounted to 1,003 million yen (Revenue of 524 million yen in the same period of the previous fiscal year). This was mainly due to a decrease in Net Cash resulting from the repayment of Long-term borrowings of 600 million yen and Dividends paid of 236 million yen. In addition to these factors, there was an increase in net cash of 1,063 million yen due to the effect of exchange rate changes on cash and cash equivalents.

## (3) Explanation for the forecast of consolidated financial results and other future information

The Group has revised the consolidated earnings forecast for the fiscal year ending March 31, 2023 announced on November 8, 2022. For details, please refer to the "Notice of Decline in Non-Operating Income (Foreign Exchange Gains) and Revision of Earnings and Dividend Forecasts" separately disclosed February 8, 2022.

If there are any matters to be disclosed due to various factors in the future, we will promptly disclose them.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

(In thousands of yen)

	Prior Fiscal Year (As of March 31, 2022)	Current third Quarter (As of December 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	14,261,965	14,051,534
Notes and accounts receivable, and contract assets	3,792,187	4,859,002
Electronically recorded monetary claims	198,798	354,613
Merchandise and finished goods	4,389,470	5,512,655
Work in process	759,813	934,362
Raw materials and supplies	3,782,713	4,604,706
Other	1,087,231	1,715,904
Allowance for doubtful accounts	(185,710)	(195,326)
Total current assets	28,077,468	31,837,451
Non-current assets		
Property, plant and equipment	3,233,490	3,215,247
Intangible assets	95,740	106,036
Investments and other assets		
Other	1,759,381	1,966,623
Allowance for doubtful accounts	(64,114)	(80,500)
Total investments and other assets	1,695,267	1,916,123
Total non-current assets	5,024,498	5,237,408
Deferred assets	42,091	36,829
Total assets	33,144,058	37,111,689
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2,133,138	2,534,581
Short-term borrowings	119,552	–
Current portion of long-term borrowings	600,000	600,000
Income taxes payable	202,602	256,931
Provision for bonuses	249,000	82,428
Provision for bonuses to directors and corporate auditors	6,000	–
Provision for business restructuring	253,436	246,832
Other	1,842,751	2,677,011
Total current liabilities	5,406,480	6,397,786
Non-current liabilities		
Bonds payable	2,000,000	2,000,000
Long-term borrowings	2,100,000	1,500,000
Other	468,266	525,037
Total non-current liabilities	4,568,266	4,025,037
Total liabilities	9,974,747	10,422,824
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,216,945	2,220,316
Capital surplus	2,762,525	2,765,896
Retained earnings	18,790,970	19,724,875
Treasury shares	(2,379)	(2,410)
Total shareholders' equity	23,768,061	24,708,678
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	151,789	186,482
Foreign currency translation adjustment	(750,540)	1,793,705
Total accumulated other comprehensive income	(598,750)	1,980,187
Total net assets	23,169,310	26,688,865
Total liabilities and net assets	33,144,058	37,111,689

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

**(Quarterly Consolidated Statement of Income)**  
**(Cumulative period for the consolidated third quarter)**

(In thousands of yen)

	Prior third Quarter (From April 1, 2021 To December 31, 2021)	Current third Quarter (From April 1, 2022 To December 31, 2022)
Net sales	14,578,520	19,000,000
Cost of sales	8,788,588	12,108,020
Gross profit	5,789,931	6,891,980
Selling, General and Administrative Expenses	4,932,882	5,999,578
Operating profit (loss)	857,049	892,402
Non-operating income		
Interest income	4,675	2,315
Dividend income	28,331	34,615
Foreign exchange gains	145,729	470,122
Gain on forgiveness of debts	212,400	–
Other	108,630	87,917
Total non-operating income	499,766	594,969
Non-operating expenses		
Interest expenses	23,754	21,218
Other	19,211	10,402
Total non-operating income	42,965	31,620
Ordinary profit (loss)	1,313,850	1,455,751
Extraordinary profit		
Gain on sale of current assets	–	75,571
Total extraordinary income	–	75,571
Extraordinary loss		
Gain on sale of non-current assets	176	12
Total extraordinary income	176	12
Profit (loss) before income taxes	1,313,673	1,531,310
Corporation tax, Inhabitants Tax, and Enterprise Tax	249,521	326,223
Income taxes - deferred	51,223	33,871
Total income taxes	300,744	360,094
Quarterly Net Income	1,012,928	1,171,215
Profit (loss) attributable to owners of parent	1,012,928	1,171,215

**(Quarterly Consolidated Statement of Comprehensive Income)**  
**(Cumulative period for the consolidated third quarter)**

	(In thousands of yen)	
	Prior third Quarter (From April 1, 2021 To December 31, 2021)	Current third Quarter (From April 1, 2022 To December 31, 2022)
Profit (loss)	1,012,928	1,171,215
Other comprehensive income		
Valuation difference on available-for-sale securities	(159,417)	34,692
Foreign currency translation adjustment	610,270	2,544,245
Total other comprehensive income	450,852	2,578,938
Comprehensive income	1,463,781	3,750,153
(Break down)		
Comprehensive income attributable to owners of parent	1,463,781	3,750,153
Comprehensive income attributable to non-controlling interests	-	-



**(3) Quarterly Consolidated Statements of Cash Flows**

(In thousands of yen)

	Prior third Quarter (From April 1, 2021 To September 30, 2021)	Current third Quarter (From April 1, 2022 To September 30, 2022)
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	1,313,673	1,531,310
Depreciation	132,200	164,422
Increase (decrease) in provisions	(126,601)	(173,464)
Interest and dividend income	(33,006)	(36,930)
Interest expenses	23,754	21,218
Foreign exchange losses (gains)	(253,581)	(325,813)
Gain on forgiveness of debts	(212,400)	–
Loss (gain) on sale and retirement of property, plant and equipment	176	(75,558)
Decrease (increase) in trade receivables	(944,916)	(377,454)
Decrease (increase) in inventories	765,179	(621,279)
Increase (decrease) in trade payables	820,002	(163,190)
Decrease (increase) in consumption taxes refund receivable	10,297	(38,881)
Other	(109,593)	(59,912)
Subtotal	1,385,184	(155,535)
Interest and dividends received	32,488	36,412
Interest paid	(26,166)	(23,297)
Payments for Voluntary early retirement-related expenses	(468,306)	–
Income taxes paid	(183,991)	(177,303)
Net cash provided by (used in) operating activities	739,208	(319,724)
<b>Cash flows from investing activities</b>		
Net decrease (increase) in short-term investment securities	54,577	–
Purchase of property, plant and equipment	(187,377)	(284,998)
Proceeds from sale of property, plant and equipment	–	348,582
Deposit from sales of property, plant and equipment	–	133,108
Purchase of intangible assets	(30,831)	(16,744)
Purchase of investment securities	(55,785)	(41,821)
Deposit of guarantee money	–	(88,712)
Other	–	200
Net cash provided by (used in) investing activities	(219,417)	49,614
<b>Cash flows from financing activities</b>		
Repayments of short-term borrowings	(4,300,000)	–
Increase (decrease) in short-term borrowings	218,873	(119,552)
Proceeds from long-term borrowings	3,000,000	–
Repayments of long-term borrowings	(300,000)	(600,000)
Proceeds from issuance of bonds	1,950,893	–
Dividends paid	(368)	(236,820)
Repayments of lease obligations	(44,605)	(47,575)
Purchase of treasury shares	(85)	(30)
Net cash provided by (used in) financing activities	524,708	(1,003,978)
Effect of exchange rate change on cash and cash equivalents	298,012	1,063,656
Net increase (decrease) in cash and cash equivalents	1,342,513	(210,430)
Cash and cash equivalents at beginning of period	12,413,846	14,241,965
Cash and cash equivalents at end of period	13,756,359	14,031,534

#### (4) Notes to Quarterly Consolidated Financial Statements

(Notes on premise of a going concern)

Not applicable.

(Note in the event of a significant change in the amount of shareholders' equity)

The Company issued new shares as restricted stock compensation on August 24, 2022 based on the resolution of the Board of Directors meeting held on July 26, 2022. As a result, share capital and capital surplus increased by 3,371 thousand yen each in the first half of the current fiscal year, resulting in share capital of 2,220,316 thousand yen and capital surplus of 2,765,896 thousand yen at the end of the third quarter of the current fiscal year.

(Additional information)

(Transfer of significant fixed assets)

At a meeting of the Board of Directors held on August 3, 2022, the Company resolved to transfer fixed assets held by the Company.

#### I. Reason for transfer of fixed assets

With the exception of a brief period in the early years of the company's existence, the current head office has been the company's primary business location, and efforts have been made to maintain its functionality by expanding its size and remodeling it as the company's business expanded.

Although it is possible to maintain the functionality of the building by expanding and renovating it at the site, the Company has decided that the best course of action is to relocate the head office to a modern office building and sell the real estate of the current head office, after considering various aspects such as limited room for expansion due to the progress of residential development in the surrounding area, etc., relocation of important functions, BCP response through dispersion to factories, etc., further securing employee safety, protecting corporate assets, and improving capital efficiency.

#### II. Details of Assets to be Sold

Name of the asset	Location and details of the asset	Present condition
Osaka Head Office (Hirano-ku, Osaka) Land / buildings	2-3-15 Nishiwaki, Hirano-ku, Osaka, Japan Land area 3,494.22 m <sup>2</sup> Total floor area of the building 8,703.48 m <sup>2</sup>	Head office

#### III. Overview of the transferee

The transferee is a domestic corporation, but due to a confidentiality agreement with the transferee, we will refrain from disclosing this information.

There are no capital, personal, or business relationships between the transferee and the Company, and the transferee is not a related party of the Company. We have also confirmed that the transferee is not an antisocial force.

#### IV. Schedule of transfer

(1) Date of resolution by the Board of Directors	August 3, 2022
(2) Contract date	August 3, 2022
(3) Time limit for the delivery	Late March 2023 (planned)

#### V. Impact on the Company's business performance

In connection with the transfer of such Non-current assets, the Company expects to record an extraordinary profit of approximately 1,509 million yen as "Gain on sale of current assets" in the fiscal year ending March 31, 2023.

(Segment Information)

【Segment Information】

I. Prior third quarter (From April 1, 2021 to December 31, 2021)

Information on sales and income (loss) by reportable segments

(In thousands of yen)

	Reportable segments					Adjustment (Note)	Consolidated
	Global Gaming	International Commercial	Domestic Commercial	Equipment for the Amusement Industry	Total		
Net sales							
Sales to external customers	6,976,917	3,326,797	1,334,325	2,940,479	14,578,520	—	14,578,520
Intersegment sales and transfers	—	—	—	—	—	—	—
Total	6,976,917	3,326,797	1,334,325	2,940,479	14,578,520	—	14,578,520
Segment income (loss)	1,226,638	167,399	106,972	(78,317)	1,422,691	(565,642)	857,049

(Note) The adjustment on segment income or loss includes certain expenses that are not allocated to each reportable segment.

II. Current third quarter (From April 1, 2022 to December 31, 2022)

Information on sales and income (loss) by reportable segments

(In thousands of yen)

	Reportable segments					Adjustment (Note)	Consolidated
	Global Gaming	International Commercial	Domestic Commercial	Equipment for the Amusement Industry	Total		
Net sales							
Sales to external customers	11,171,395	3,073,549	1,377,790	3,377,265	19,000,000	—	19,000,000
Intersegment sales and transfers	—	—	—	—	—	—	—
Total	11,171,395	3,073,549	1,377,790	3,377,265	19,000,000	—	19,000,000
Segment income (loss)	1,322,571	129,801	113,343	(71,856)	1,493,859	(601,456)	892,402

(Note) The adjustment on segment income or loss includes certain expenses that are not allocated to each reportable segment.

(Significant subsequent events)

Repurchase of shares:

The Group resolved at the Board of Directors meeting held on February 8, 2023 as follows concerning the repurchase of shares pursuant to its Articles of Incorporation and Article 459, paragraph 1 of the companies Act of Japan.

I. Reason for share repurchase

To improve equity value per share and capital efficiency.

II. Details of repurchase

(1) Class of shares to be repurchased:

Common stock of the Company

(2) Total number of shares to be repurchased:

400,000 shares (maximum)

(Ratio to total shares issued (excluding treasury shares): 1.3%)

(3) Total purchase price for repurchase of shares:

400 million yen (maximum)

(4) Period of repurchase:

From February 9, 2023 to July 31, 2023

(5) Method of repurchase:

Market purchases on the Tokyo Stock Exchange

(Reference) Treasury share held as of December 31, 2022:

Total number of shares issued (excluding treasury shares):

29,669,902 shares

Number of Treasury shares:

2,749 shares