

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

Company name: Japan Cash Machine Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 6418
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 Scheduled date of ordinary general meeting of shareholders: June 27, 2023
 Scheduled date to commence dividend payments: June 6, 2023
 Scheduled date to file annual securities report: June 27, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for Institutional Investors)

(Amount less than one million yen are rounded down.)

1. Consolidated Financial Results for FY 2023 (April 1, 2022 through March 31, 2023)

(1) Consolidated operating results (Percentage figures show year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2023	25,258	26.0	622	9.5	1,267	(8.5)	3,146	419.7
FY2022	20,040	(17.8)	568	-	1,384	-	605	-

(Note) Comprehensive income: 4,624 million yen for FY2023 [342.6 %]
 1,044 million yen for FY2022 [- %]

	Net income per share: Basic	Net income per share: Diluted	Return on equity	Ordinary income to total assets	Ordinary income to net sales
	yen	yen	%	%	%
FY2023	106.24	-	12.5	3.5	2.5
FY2022	20.41	-	2.7	4.3	2.8

(Reference) Equity in net income of affiliate company: - million yen for FY2023
 - million yen for FY2022

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY2023	38,816	27,163	70.0	925.68
FY2022	33,144	23,169	69.6	781.16

(Reference) Shareholders' equity: As of March 31, 2023: 27,163 million yen
 As of March 31, 2022: 23,169 million yen

(3) Consolidated cash flows

	Cash flows from Operating Activities	Cash flows from Investing Activities	Cash flows from Financing Activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2023	(799)	522	(1,422)	13,204
FY2022	1,333	(255)	397	14,241

2. Dividends

	Annual cash dividends per share					Total cash dividends (Annual)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1 st quarter end	2 nd quarter end	3 rd quarter end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY2022	-	0.00	-	5.00	5.00	148	24.5	0.7
FY2023	-	3.00	-	7.00	10.00	294	9.4	1.2
FY2024 (forecast)	-	5.00	-	7.00	12.00		32.0	

3. Forecasts of consolidated operating results for FY2024 (April 1, 2023 through March 31, 2024)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income attributable per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
2 nd quarter (Cumulative)	13,400	9.0	600	0.0	600	(63.8)	400	(69.0)	13.50
whole financial year	28,600	13.2	1,500	140.9	1,500	18.3	1,100	(65.0)	37.14

* Note

(1) Changes in significant subsidiaries during FY2023(changes in specified subsidiaries resulting in the change in consolidation scope): None

(2) Changes in accounting policies / Changes in accounting estimates / Restatements

- 1) Changes in accounting policies due to revisions of accounting standards, etc.: Yes
 2) Changes in accounting policies other than 1) : None
 3) Changes in accounting estimates : None
 4) Restatements : None

(Note)For details, please refer to "(5) Notes to Consolidated Financial Statements (Changes in Accounting Policy)" on page 15 of the Financial Results (Attachments).

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding at term end (including treasury shares)	FY2023	29,672,651 shares	FY2022	29,662,851 shares
2) Number of treasury shares at term end	FY2023	328,364 shares	FY2022	2,704 shares
3) The average number of outstanding shares	FY2023	29,612,372 shares	FY2022	29,660,197 shares

(Reference) Summary of non-consolidated financial results

1. Non-consolidated financial results for FY2023 (April 1, 2022 through March 31, 2023)

(1) Non-consolidated financial results

(Percentage figures show year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2023	6,334	15.5	(302)	-	510	-	1,818	-
FY2022	5,482	9.0	(587)	-	(45)	-	(126)	-

	Net income per share Basic		Net income per share Diluted	
	Yen		Yen	
FY2023	61.40		-	
FY2022	(4.26)		-	

(2) Non-consolidated financial position

	Total assets		Net assets		Shareholders' equity ratio	Net assets per share	
	Millions of yen		Millions of yen			Yen	
FY2023	23,736		16,868		71.1	574.84	
FY2022	22,241		15,617		70.2	526.55	

(Reference) Shareholders' equity; 16,868 million yen for FY2023 15,617 million yen for FY2022

* Consolidated Financial Results report for FY2023 is not audited by a certified public accountant or auditing firm.

* Explanation for the appropriate use of financial forecasts, and other special notes

(Notes regarding forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and certain assumptions that the Company deems reasonable.

Please refer to "4. Outlook for the Next Fiscal Year" on page 6 of the attached materials for assumptions underlying the forecasts and precautions regarding their use.

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1. Summary of Business Results

(1) Overview of Business Results for the Current Fiscal Year

During the current consolidated fiscal year, the global economy showed signs of picking up as the restrictions associated with the COVID-19 were gradually eased and full-scale economic activities were steered back on track. On the other hand, the outlook remains uncertain both in Japan and overseas due to the protracted situation in Russia and Ukraine, sharp fluctuations in foreign exchange rates, and soaring resource and raw material prices and the resulting supply chain disruptions.

In this market environment, the U.S. gaming market, the JCM Group's (the "Group") main market, demand for capital investment in this market remained high due to factors such as the return of the before COVID-19 in attracting customers, particularly at casino hotels in North America. In the domestic and overseas commercial market, demand for our bill validator units remained strong as contactless and non-face-to-face payment methods became the standard in many countries around the world. Furthermore, in the market of equipment for the amusement industry, the market introduction of smart pachinko and pachislot, which had long been an issue, began in stages last November, and as a result, demand for smart pachinko and pachislot peripherals has increased.

Under these circumstances, in the gaming market, in order to respond to strong demand for our products, we made utmost efforts to supply products to customers amid soaring prices of resources and raw materials and continuing supply chain disruptions, and also focused on developing next-generation products while taking into account the continuing upward trend in demand. In addition, in the commercial market, following the establishment of a sales subsidiary in North America in the previous fiscal year (JCM COMMERCE MECHATRONICS, INC (it was established in January 2022)), the Group established a new company in Brazil, South America in the current fiscal year (JCM COMERCIO MECATRONICA BRASIL LTDA (it was established in November 2022)), and took other steps to build a business structure indispensable for the Group's sustained growth by making rapid strides toward future business expansion. In the market of equipment for the amusement industry, the Group strove to maintain and expand its market share as well as to secure profits by promptly identifying and responding to changes in the market in line with the introduction of smart pachinko and pachislot. On the other hand, the supply of parts and materials for some of our products continued to be difficult to obtain, and as a result of placing the highest priority on supplying products to customers, we were unable to avoid the impact on profit and loss due to increases in material prices and distribution costs resulting from the use of products distributed in the market.

Consequently, the Group posted net sales of 25,258 million yen (up 26.0% from the previous consolidated fiscal year) for the current consolidated fiscal year. In terms of profit, operating income was 622 million yen (up 9.5% from the previous consolidated fiscal year) due to the increase in sales, but also to higher material prices and distribution costs. In addition, due to foreign exchange gains resulting from the depreciation of the yen, ordinary income was 1,267 million yen (down 8.5% from the previous consolidated fiscal year), and an extraordinary gain of 1,587 million yen from the sale of fixed assets of the former head office real estate, as well as income taxes-deferred of -866 million yen (-: income) due to the recording of deferred tax assets, etc. Net income attributable to owners of the parent amounted to 3,146 million yen (up 419.7% from the previous consolidated fiscal year).

The average exchange rates for the consolidated fiscal year were 132.08 yen per U.S. dollar (110.37 yen in the previous consolidated fiscal year) and 138.58 yen per euro (130.37 yen in the previous consolidated fiscal year). Besides, the year-end exchange rates applied fair market valuation as of the fiscal year end were 133.54 yen per U.S. dollar (122.41 yen in the previous consolidated fiscal year).

Net sales by segment and segment income are as described below.

(Unit: millions of yen)

		FY2022	FY2023	Increase or decrease	
				Amount	Change (%)
Global Gaming	Net sales	10,093	14,583	4,490	44.5
	Segment income	1,475	1,646	171	11.6
Overseas Commercial	Net sales	4,361	4,471	109	2.5
	Segment income	209	37	(172)	(82.0)
Domestic Commercial	Net sales	1,839	1,857	18	1.0
	Segment income	86	102	15	18.0
Equipment for the Amusement Industry	Net sales	3,746	4,345	599	16.0
	Segment income	(391)	(125)	266	-
Adjustment	Net sales	—	—	—	—
	Segment income	(811)	(1,038)	(277)	—
Total	Net sales	20,040	25,258	5,218	26.0
	Ordinary income	568	622	53	9.5

(Note) The amounts in “Adjustment” include the eliminations of intersegment transactions, expenses that cannot be apportioned to reportable segments.

<Global Gaming>

The segment recorded net sales of 14,583 million yen (up 44.5% from the previous consolidated fiscal year) and an income of 1,646 million yen (up 11.6% from the previous consolidated fiscal year), mainly due to a significant increase in sales of bill validator units and printers, the Group's mainstay products, as a result of increased capital investment demand backed by booming casino halls and other facilities in North America and European regions.

<Overseas Commercial>

Sales in this segment were 4,471 million yen (up 2.5% from the previous consolidated fiscal year) due to the trend toward contactless and non-face-to-face payments as the standard in many countries, and increased sales of bill recycler units for self-checkout machines, especially in the European region. On the other hand, the impact of soaring product parts and logistics costs was significant, and negotiations to pass these costs on to product prices were difficult, especially for long-term contracts with customers, resulting in segment income of 37 million yen (down 82.0% from the previous consolidated fiscal year).

<Domestic Commercial>

The segment recorded net sales of 1,857 million yen (up 1.0% from the previous consolidated fiscal year) and an income of 102 million yen (up 18.0% from the previous consolidated fiscal year), due to increase in sales of banknote recycler units for ticketing machines at restaurants and hotel check-in machines remained robust, as a result of demand for products that promote contactless and non-face-to-face payments as well as overseas commercials.

<Equipment for the Amusement Industry>

Sales in this segment were 4,345 million yen (up 16.0% from the previous consolidated fiscal year) and segment loss was 125 million yen (391 million yen loss in the previous consolidated fiscal year), due to an increase in sales of dedicated Smart pachinko and pachislot units, etc. following the market introduction of smart game machines in pachinko halls nationwide from last November.

(2) Overview of Financial Position for the Fiscal Year

Total assets increased by 5,672 million yen from the end of the previous fiscal year to 38,816 million yen at the end of the current consolidated fiscal year.

Total current assets increased by 4,195 million yen from the end of the previous fiscal year to 32,273 million yen.

"Notes, accounts receivable trade and contract assets" increased by 724 million yen, inventories increased by 2,687 million yen, and "Other current assets" increased by 1,047 million yen, mainly due to an increase in advance payments.

Total noncurrent assets increased by 1,483 million yen from the end of the previous fiscal year to 6,508 million yen.

"Investments and other assets" increased by 1,330 million yen mainly due to the recording of deferred tax assets.

Total deferred assets decreased by 7 million yen to 35 million yen due to amortization of bond issuance costs.

Total current liabilities increased by 2,218 million yen from the end of the previous fiscal year to 7,625 million yen.

"Notes and accounts payable trade" increased by 1,426 million yen and "Other current liabilities" increased by 800 million yen, due to an increase in contract liabilities.

Total long-term liabilities decreased by 540 million yen from the end of the previous fiscal year to 4,027 million yen.

"Long-term debt" decreased by 600 million yen due to repayment of loans payable.

Total net assets increased by 3,994 million yen from the end of the previous fiscal year to 27,163 million yen.

"Capital stock" and "capital surplus" increased by 3 million yen each due to the issuance of new shares as restricted stock compensation. In addition, "retained earnings" increased by 2,908 million yen due to the recording of net income attributable to owners of the parent, and "foreign currency translation adjustment" increased by 1,415 million yen due to the revaluation of overseas subsidiaries to fair value.

(3) Overview of Cash Flows for the Fiscal Year

Cash and cash equivalents at the end of the current fiscal year decreased by 1,037 million yen from the end of the previous fiscal year to 13,204 million yen.

(Cash flows from operating activities)

Operating activities resulted in net cash used of 799 million yen (net cash income of 1,333 million yen in the previous fiscal year). This was because funds increased due to profit/income before income taxes of 2,844 million yen and an increase in notes and accounts payable-trade of 1,070 million yen, while funds decreased due to loss on sales and retirement of property, plant and equipment of 1,586 million yen, an increase in notes and accounts receivable-trade of 499 million yen, an increase in inventories of 1,745 million yen, income taxes paid of 380 million yen, etc.

(Cash flows from investing activities)

Investing activities resulted in net cash income of 522 million yen (net cash used of 255 million yen in the previous fiscal year). This was mainly because funds decreased due to a net increase in marketable securities of 484 million yen, purchase of property, plant and equipment of 557 million yen and other factors, while funds increased due to proceeds from sales of property, plant and equipment of 1,936 million yen and other factors.

(Cash flows from financing activities)

Financing activities in net cash used of 1,422 million yen (net cash income of 397 million yen in the previous fiscal year). This was mainly due to 600 million yen repayment of long-term loans payable, a 400 million yen purchase of treasury stock, and cash dividends paid of 236 million yen, which resulted in a decrease in funds. In addition to these items, there was an increase in funds due to a translation difference of 663 million yen related to cash and cash equivalents.

Trends in the Group's cash flow indicators are shown below.

	FY2019	FY2020	FY2021	FY2022	FY2023
Shareholders' equity ratio (%)	82.9	81.7	69.6	69.9	70.0
Shareholders' equity ratio based on market value (%)	88.4	43.3	57.0	60.4	90.7
Cash flow to interest-bearing debt ratio (year)	0.0	-	-	3.8	-
Interest coverage ratio (times)	783.1	-	-	47.2	-

*Shareholders' Equity ratio: Shareholders' equity/total assets

Shareholders' Equity ratio based on market value: Market capitalization/Total assets

Cash flow to interest-bearing debt ratio: interest-bearing debt/cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities /Interest expense

1. All figures are calculated based on consolidated financial figures.
2. Market capitalization is calculated based on the number of shares issued excluding treasury shares.
3. Cash flow is based on cash flow from operating activities.
4. Interest-bearing debt includes all liabilities on the consolidated balance sheets for which interest is paid.

(4) Future Outlook

As for the business environment surrounding the Group in the next fiscal year (ending March 31, 2024), with the shift of the classification of the COVID-19 from Category 2 to Category 5 under the Infectious Disease Control Law, which is equivalent to seasonal influenza, etc., the normalization of social and economic activities is progressing further, and the relaxation of border control measures in countries around the world has led to a return of tourists from overseas, therefore, in the gaming market, which is our core market, we expect that the appetite for capital investment in hotels will remain high. On the other hand, a drop in consumer confidence is expected due to soaring raw material and energy costs caused by such factors as the prolonged geopolitical risks in Russia and Ukraine, as well as the risk of a slowdown in the global economy triggered by a sharp rise in interest rates and financial instability originating in the United States, so the situation is likely to remain unpredictable.

Under these circumstances, the Group will establish a structure to ensure a reliable supply of products to meet the high level of demand, mainly in the gaming market, and at the same time, in the commercial market, where demand is expected to grow in the future due to the worldwide spread of non-face-to-face and contactless payments on the occasion of COVID-19, we will aim to expand our business in the North American, Central and South American markets through our newly established sales subsidiaries in Europe in order to make it a business that can catch up the gaming market as soon as possible.

For the next consolidated fiscal year, the Group forecast net sales of 28,600 million yen, operating income of 1,500 million yen, ordinary income of 1,500 million yen, and net income attributable to owners of the parent of 1,100 million yen.

The exchange rates for the next consolidated fiscal year are assumed to be 130 yen to the U.S. dollar and 140 yen to the euro.

Consolidated Earnings Forecast for the Next Fiscal Year

(Unit: millions of yen)

	Net sale	Operating income	Ordinary income	Net income attributable to owners of the parent
Forecast for the next consolidated fiscal year	28,600	1,500	1,500	1,100
Actual results for the current consolidated fiscal year	25,258	622	1,267	3,146
Amount of increase/decrease	3,341	877	232	(2,046)
Percentage change (%)	13.2	140.9	18.3	(65.0)

In our existing businesses such as gaming businesses, commercial businesses, and Equipment for the Amusement Industry businesses, we will strive to expand the market share of our products through the development of new products and marketing activities that promptly respond to the ever-changing market environment. At the same time, we will accelerate the creation of a business foundation that can adapt to the changing times by making upfront investments to establish new business areas and conducting research and development activities centered on AI and algorithms to create new business pillars for the Group in the future.

As the recovery of business performance from before COVID-19 is on track, we have formulated the "Medium-Term Management Plan JCM Global Vision 2032," which defines the long-term outlook for the next 10 years and sets the business direction, priority measures, and performance targets of the Group for the three years through FY2026 (fiscal year ending March 31, 2026), the initial phase of the plan.

(5) Basic policy for profit allocation and dividends for the current fiscal year and next fiscal year

The Group determines its basic policy for profits allocation, based on a consolidated dividend payout ratio of 30% or more, considering the ratio of dividends to net assets while taking into accounts two factors: an increase in dividend amounts through the expansion of income by realizing our growth strategy and the stable implementation of dividend payments as a mean of profits allocation to shareholders.

Although net sales, operating income, and net income attributable to owners of the parent company increased during the current fiscal year, the Group took into consideration the many uncertainties in the business environment, the

strategic investments that the Group will likely make in its business development, and the status of expenditures for shareholder return measures such as share buybacks, we have decided to pay a year-end dividend of 7 yen per share for the current consolidated fiscal year (10 yen per share for the year including the interim dividend), as previously forecasted.

For the next consolidated fiscal year, we plan to pay an annual dividend of 12 yen per share (consolidated dividend payout ratio: 32.0%) based on the above basic policy for profit allocation.

2. Fundamental policy on choosing corporate accounting standards

The Group has a policy, for the time being, of preparing consolidated financial statements based on Japanese standards in view of comparability between consolidated financial statements for different fiscal years, as well as comparability with those of other corporations.

The Group will respond to apply to International Accounting Standards appropriately considering various situations in Japan and overseas.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: thousands of yen)

	FY2022	FY2023
Assets		
Current assets		
Cash and deposits	14,261,965	13,224,447
Notes and accounts receivable - trade, and contract assets	3,792,187	4,516,570
Electronically recorded monetary claims - operating	198,798	488,474
Securities	—	487,201
Merchandise and finished goods	4,380,470	5,826,025
Work in process	759,813	1,083,263
Raw materials and supplies	3,782,713	4,701,398
Other	1,087,231	2,135,230
Allowance for doubtful accounts	(185,710)	(189,281)
Total current assets	28,077,468	32,273,329
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,078,208	1,171,662
Machinery, equipment and vehicles, net	95,199	58,338
Land	1,801,169	1,515,704
Leased assets, net	0	0
Other, net	258,913	592,852
Total property, plant and equipment	3,233,490	3,338,558
Intangible assets		
Software	17,718	29,838
Other	78,021	113,994
Total intangible assets	95,740	143,833
Investments and other assets		
Investment securities	876,107	1,168,845
Retirement benefit asset	613,753	604,335
Deferred tax assets	8,359	896,193
Other	261,160	434,298
Allowance for doubtful accounts	(64,114)	(77,846)
Total investments and other assets	1,695,267	3,025,828
Total non-current assets	5,024,498	6,508,219
Deferred assets		
Bond issuance costs	42,091	35,076
Total deferred assets	42,091	35,076
Total assets	33,144,058	38,816,625

	FY2022	FY2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,133,138	3,559,318
Short-term borrowings	119,552	-
Current portion of long-term borrowings	600,000	600,000
Lease liabilities	65,684	80,242
Income taxes payable	202,602	356,207
Provision for bonuses	249,000	277,200
Provision for bonuses for directors (and other officers)	6,000	20,000
Provision for business restructuring	253,436	154,756
Other	1,777,067	2,577,597
Total current liabilities	5,406,480	7,625,321
Non-current liabilities		
Bonds payable	2,000,000	2,000,000
Long-term borrowings	2,100,000	1,500,000
Lease liabilities	169,905	173,125
Deferred tax liabilities	253,524	302,163
Other	44,837	52,621
Total non-current liabilities	4,568,266	4,027,910
Total liabilities	9,974,747	11,653,232
Net assets		
Shareholders' equity		
Share capital	2,216,945	2,220,316
Capital surplus	2,762,525	2,765,896
Retained earnings	18,790,970	21,699,807
Treasury shares	(2,379)	(402,481)
Total shareholders' equity	23,768,061	26,283,539
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	151,789	215,273
Foreign currency translation adjustment	(750,540)	(664,579)
Total accumulated other comprehensive income	(598,750)	879,853
Total net assets	23,169,310	27,163,392
Total liabilities and net assets	33,144,058	38,816,625

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

(Unit: thousands of yen)

	FY2022		FY2023	
Net sales		20,040,100		25,258,580
Cost of sales	*1, *3	12,443,984	*1, *3	16,268,572
Gross profit		7,596,116		8,990,008
Selling, general and administrative expenses	*2, *3	7,027,479	*2, *3	8,367,374
Operating profit		568,637		622,633
Non-operating income				
Interest income		5,908		5,121
Dividend income		31,568		35,991
Foreign exchange gains		490,135		521,229
Gain on forgiveness of debts		214,833		-
Other		132,461		127,181
Total non-operating income		874,907		689,524
Non-operating expenses				
Interest expenses		31,963		27,382
Amortization of bond issuance costs		7,015		7,015
Other		19,767		10,192
Total non-operating expenses		58,745		44,590
Ordinary profit		1,384,799		1,267,567
Extraordinary income				
Gain on sale of non-current assets		—	*4	1,587,839
Total extraordinary income		—		1,587,839
Extraordinary losses				
Loss on retirement of non-current assets	*5	247	*5	1,492
Loss on valuation of investment securities		—		9,568
Total extraordinary losses		247		11,060
Profit before income taxes		1,384,551		2,844,346
Income taxes - current		(204,589)		564,902
Income taxes - deferred		983,765		(866,703)
Total income taxes		779,175		(301,801)
Profit		605,375		3,146,147
Profit attributable to owners of parent		605,375		3,146,147

Consolidated Statement of Comprehensive Income

(Unit: thousands of yen)

	FY2022	FY2023
Profit	605,375	3,146,147
Other comprehensive income		
Valuation difference on available-for-sale securities	(191,782)	63,484
Foreign currency translation adjustment	631,339	1,415,119
Total other comprehensive income	439,557	1,478,603
Comprehensive income	1,044,932	4,624,751
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,044,932	4,624,751
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Net Assets

Fiscal Year 2022 (From April 1, 2021 to March 31, 2022)

(Unit: thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,216,945	2,762,525	18,174,396	(2,294)	23,151,572
Cumulative effects of changes in accounting policies			11,198		11,198
Restated balance	2,216,945	2,762,525	18,185,594	(2,294)	23,162,770
Changes during period					
Dividends of surplus					—
Profit (loss) attributable to owners of parent			605,375		605,375
Purchase of treasury shares				(85)	(85)
Issuance of new shares					—
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	605,375	(85)	605,290
Balance at end of period	2,216,945	2,762,525	18,790,970	(2,379)	23,768,061

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	343,572	(1,381,879)	(1,038,307)	22,113,265
Cumulative effects of changes in accounting policies				11,198
Restated balance	343,572	(1,381,879)	(1,038,307)	22,124,463
Changes during period				
Dividends of surplus				—
Profit (loss) attributable to owners of parent				605,375
Purchase of treasury shares				(85)
Issuance of new shares				—
Net changes in items other than shareholders' equity	(191,782)	631,339	439,557	439,557
Total changes during period	(191,782)	631,339	439,557	1,044,847
Balance at end of period	151,789	(750,540)	(598,750)	23,169,310

(Unit: thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,216,945	2,762,525	18,790,970	(2,379)	23,768,061
Cumulative effects of changes in accounting policies					—
Restated balance	2,216,945	2,762,525	18,790,970	(2,379)	23,768,061
Changes during period					
Dividends of surplus			(237,310)		(237,310)
Profit (loss) attributable to owners of parent			3,146,147		3,146,147
Purchase of treasury shares				(400,101)	(400,101)
Issuance of new shares	3,371	3,371			6,742
Net changes in items other than shareholders' equity					—
Total changes during period	3,371	3,371	2,908,837	(400,101)	2,515,478
Balance at end of period	2,220,316	2,765,896	21,699,807	(402,481)	26,283,539

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	151,789	(750,540)	(598,750)	23,169,310
Cumulative effects of changes in accounting policies				—
Restated balance	151,789	(750,540)	(598,750)	23,169,310
Changes during period				
Dividends of surplus				(237,310)
Profit (loss) attributable to owners of parent				3,146,147
Purchase of treasury shares				(400,101)
Issuance of new shares				6,742
Net changes in items other than shareholders' equity	63,484	1,415,119	1,478,603	1,478,603
Total changes during period	63,484	1,415,119	1,478,603	3,994,082
Balance at end of period	215,273	664,579	879,853	27,163,392

(4) Consolidated Statements of Cash Flows

(Unit: thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,384,551	2,844,346
Depreciation	191,644	244,859
Increase (decrease) in provisions	33,646	(38,680)
Interest and dividend income	(37,476)	(41,113)
Interest expenses	31,963	27,382
Amortization of bond issuance costs	7,015	7,015
Foreign exchange losses (gains)	(463,669)	(349,575)
Gain on forgiveness of debts	(214,833)	—
Loss (gain) on sale and retirement of property, plant and equipment	247	(1,586,347)
Loss (gain) on valuation of investment securities	—	9,568
Decrease (increase) in trade receivables	(374,549)	(499,831)
Decrease (increase) in inventories	1,153,272	(1,745,950)
Increase (decrease) in trade payables	667,253	1,070,634
Decrease (increase) in consumption taxes refund receivable	(17,945)	(105,045)
Increase/decrease in other assets/liabilities	(282,672)	(268,929)
Subtotal	2,078,448	(431,667)
Interest and dividends received	36,789	40,425
Interest paid	(28,255)	(28,367)
Payments for Voluntary early retirement-Related expenses	(468,306)	—
Income taxes paid	(285,620)	(380,094)
Net cash provided by (used in) operating activities	1,333,055	(799,703)
Cash flows from investing activities		
Purchase of property, plant and equipment	(207,610)	(557,256)
Proceeds from sale of property, plant and equipment	—	1,936,809
Purchase of intangible assets	(46,309)	(21,124)
Net decrease (increase) in short-term investment securities	55,202	(484,925)
Purchase of investment securities	(57,079)	(2,074)
Purchase of shares of subsidiaries and associates	—	(240,556)
Proceeds from sale of investment securities	—	45,567
Payments of guarantee deposits	—	(154,588)
Other, net	—	200
Net cash provided by (used in) investing activities	(255,797)	522,051
Cash flows from financing activities		
Repayments of short-term borrowings	(4,300,000)	—
Net increase (decrease) in short-term borrowings	119,552	(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	(396)	(236,504)
Repayments of lease liabilities	(72,020)	(66,719)
Purchase of treasury shares	(85)	(400,101)
Net cash provided by (used in) financing activities	397,943	(1,422,876)
Effect of exchange rate change on cash and cash equivalents	352,917	663,010
Net increase (decrease) in cash and cash equivalents	1,828,119	(1,037,518)
Cash and cash equivalents at beginning of period	12,413,846	14,241,965
Cash and cash equivalents at end of period	14,241,965	13,204,447

(5) Notes to Consolidated Financial Statements

(Notes on premise of a going concern)

Not applicable

(Changes in accounting policies)

(Adoption of FASB Accounting Standards Codification (ASC) No. 842, "Leases")

Effective from the current fiscal year, U.S. subsidiaries that apply U.S. GAAP have adopted ASC No. 842, "Leases." As a result, lessees will recognize assets and liabilities for all leases in principle. The adoption of this accounting standard did not have a material impact on the Group's financial position and results of operations.

*1 The ending inventory is the amount after devaluation of the book value due to the decline in profitability, and the following loss on valuation of inventories is included in the cost of sales.

	FY2022 (From April 1, 2021 To March 31, 2022)	FY2023 (From April 1, 2022 To March 31, 2023)
	(338,688) thousand yen	205,447 thousand yen

*2 Major items and amounts of Selling, general and administrative expenses are as follows

	FY2022 (From April 1, 2021 To March 31, 2022)	FY2023 (From April 1, 2022 To March 31, 2023)
Salaries and bonuses	2,451,928 thousand yen	2,892,208 thousand yen
Allowance for doubtful accounts	22,172	11,648
Provision for bonuses	130,116	146,570
Provision for bonuses for directors (and other officers)	6,000	20,000
Retirement benefit expenses	41,408	79,949
Commission fee	705,257	712,216

*3 Total R&D expenses included in General and administrative expenses and manufacturing costs

	FY2022 (From April 1, 2021 To March 31, 2022)	FY2023 (From April 1, 2022 To March 31, 2023)
	1,341,563 thousand yen	1,396,188 thousand yen

*4 The main contents of gain on sales of Non-current assets are as follows

	FY2022 (From April 1, 2021 To March 31, 2022)	FY2023 (From April 1, 2022 To March 31, 2023)
Land	- thousand yen	1,584,502 thousand yen
Machinery, equipment and vehicles	-	2,509
Other	-	827

*5 The main contents of loss on retirement of Non-current assets are as follows.

	FY2022 (From April 1, 2021 To March 31, 2022)	FY2023 (From April 1, 2022 To March 31, 2023)
Property, plant and equipment	- thousand yen	0 thousand yen
Software	0	-
Other	247	1,491

(Segment Information, etc.)

【Segment Information】

1. Overview of Reportable Segments

The company's reportable segments are its constituent units for which separate financial information is available and which are regularly reviewed by the Board of Directors to determine the allocation of management resources and to evaluate performance.

The Group formulates comprehensive strategies for its products and services on a business-by-business basis and conducts its business activities accordingly.

Therefore, the Company is composed of segments based on business units and has four reportable segments: "Global Gaming," "Overseas Commercial," "Domestic Commercial," and "Equipment for the Amusement Industry".

"Global Gaming" is engaged in the sale of bill validator/recycler units, gaming printers and other products to casino halls and OEM customers. "Overseas Commercial" is engaged in the sale of bill validator/recycler units and other products for the overseas banking, retail and transportation markets. "Domestic Commercial" sells bill validator/recycler units for the domestic banking, retail and transportation markets. "Equipment for the Amusement Industry" sells peripheral equipment, including automatic token supply/collection system and bill transport system, for pachinko halls.

2. Calculation of net sales, profit or loss, assets and other items by reportable segment

The accounting method for reported business segments is generally the same as that described in "Basis of Presenting Consolidated Financial Statements.

Internal revenue and transfers between segments are based on prevailing market prices.

3. Information on net sales, income or loss, assets, liabilities and other items by reportable segment

Fiscal year 2022 (From April 1, 2021 to March 31, 2022)

(Unit: thousands of yen)

	Reportable segments					Adjustment (Note)	Consolidated
	Global Gaming	Overseas Commercial	Domestic Commercial	Equipment for the Amusement Industry	Total		
Net sales							
Sales to customers	10,093,060	4,361,192	1,839,704	3,746,143	20,040,100	—	20,040,100
Intersegment sales and transfers	—	—	—	—	—	—	—
Total	10,093,060	4,361,192	1,839,704	3,746,143	20,040,100	—	20,040,100
Segment income (loss)	1,475,030	209,864	86,535	(391,619)	1,379,811	(811,174)	568,637
Segment assets	10,893,711	5,017,769	1,579,923	2,814,558	20,305,962	12,838,095	33,144,058
Other items							
Depreciation	114,616	29,036	2,245	7,760	153,659	37,984	191,644
Investments in equity method affiliates	—	—	—	—	—	—	—
Increase in property, plant and equipment and intangible assets	150,304	54,276	19,100	86,594	310,277	44,460	354,737

Notes: Adjustments are as follows:

- (1) The adjustment of segment income negative 811,174 thousand yen is Company expenses not allocated to each reportable segment.
- (2) The adjustment of segment asset, 12,838,095 thousand yen, is Company assets not allocated to each reportable segment.
- (3) The adjustment of depreciation, 37,984 thousand yen, is depreciation related to Company assets not allocated to each reportable segment.
- (4) The adjustment of 44,460 thousand yen for increase in property, plant and equipment and intangible assets represents capital investment in corporate assets that are not allocated to each segment.

Fiscal year 2023 (From April 1, 2022 to March 31, 2023)

(Unit: thousands of yen)

	Reportable segments					Adjustment (Note)	Consolidated
	Global Gaming	Overseas Commercial	Domestic Commercial	Equipment for the Amusement Industry	Total		
Net sales							
Sales to customers	14,583,988	4,471,034	1,857,867	4,345,690	25,258,580	—	25,258,580
Intersegment sales and transfers	—	—	—	—	—	—	—
Total	14,583,988	4,471,034	1,857,867	4,345,690	25,258,580	—	25,258,580
Segment income (loss)	1,646,303	37,751	102,132	(125,024)	1,661,161	(1,038,528)	622,633
Segment assets	14,822,018	6,321,863	1,749,436	3,663,845	26,557,164	12,259,460	38,816,625
Other items							
Depreciation	151,883	29,279	3,465	21,740	206,368	38,490	244,859
Investments in equity method affiliates	107,353	138,307	—	—	245,660	—	245,660
Increase in property, plant and equipment and intangible assets	179,820	60,696	15,925	160,514	416,957	181,306	598,263

Notes: Adjustments are as follows:

- (1) The segment income (loss) adjustment of (1,038,528) thousand yen is a company-wide expense that is not allocated

to each segment.

- (2) Adjustment of segment assets of 12,259,460 thousand yen is corporate assets not allocated to each segment.
- (3) Adjustment of depreciation and amortization of 38,490 thousand yen is depreciation and amortization of corporate assets that are not allocated to each segment.
- (4) Adjustment of increase in property, plant and equipment and intangible assets of 181,306 thousand yen represents capital investment in corporate assets that are not allocated to each segment.

【Related information】

Fiscal year 2022 (From April 1, 2021 to March 31, 2022)

1. Information by products and services

Sales to external customers in a single product/service category exceed 90% of sales in the consolidated statement of income and therefore are omitted.

2. Regional information

(1) Net sales (In thousands of yen)

Japan	North America	Europe	Others	Total
5,692,841	8,320,560	4,437,171	1,589,527	20,040,100

(Note) Sales are classified into countries or regions based on customer locations.

(2) Property, plant and equipment (In thousands of yen)

Japan	North America	Europe	Others	Total
2,384,699	644,775	64,899	139,116	3,233,490

3. Information for each key customer

None of the sales to specific customer accounts for more than 10% of the sales in the consolidated statement of income, so this information is omitted.

Fiscal year 2023 (From April 1, 2022 to March 31, 2023)

1. Information by products and services

Sales to external customers in a single product/service category exceed 90% of sales in the consolidated statement of income and therefore are omitted.

2. Regional information

(1) Net sales (In thousands of yen)

Japan	North America	Europe	Others	Total
6,204,621	11,327,336	6,264,803	1,461,819	25,258,580

(Note) Sales are classified into countries or regions based on customer locations.

(2) Property, plant and equipment

Japan	North America	Europe	Others	Total
2,515,032	384,697	58,973	379,853	3,338,558

3. Information for each key customer

(In thousands of yen)

Name or title of customer	Net sales	Related Segments
Aristocrat Technologies Inc.	2,584,290	Global Gaming

【Information on loss on impairment of Non-current assets by reportable segment】

FY2022 (From April 1, 2021 to March 31, 2022)

Not applicable.

FY2023 (From April 1, 2022 to March 31, 2023)

Not applicable.

【Information on amortization of goodwill and unamortized balance by reportable segment】

FY2022 (From April 1, 2021 to March 31, 2022)

Not applicable

FY2023 (From April 1, 2022 to March 31, 2023)

Not applicable.

【Information on gain on negative goodwill by reportable segment】

FY2022 (From April 1, 2021 to March 31, 2022)

Not applicable.

FY2023 (From April 1, 2022 to March 31, 2023)

Not applicable.

(Information per share)

	FY2022 (From April 1, 2021 To March 31, 2022)	FY2023 (From April 1, 2022 To March 31, 2023)
Net assets per share	781.16 yen	925.68 yen
Net income (loss) per share	20.41 yen	106.24 yen

(Note) 1. Diluted net income per share for the consolidated fiscal year is not shown since there were no residual shares.

2. The basis for calculating net income per share or net loss per share is as follows.

	FY2022 (From April 1, 2021 To March 31, 2022)	FY2023 (From April 1, 2022 To March 31, 2023)
Net income (loss) attributable to owners of the parent (Unit : thousands of yen)	605,375	3,146,147
Amount not attributable to common shareholders (Unit : thousands of yen)	-	-
Net income (loss) attributable to the parent company in respect of common shares (Unit : thousands of yen)	605,375	3,146,147
Average number of outstanding common shares during period (Unit : thousands of yen)	29,660,197	29,612,372

(Significant subsequent events have occurred)

Not applicable.