

Value Creation Process

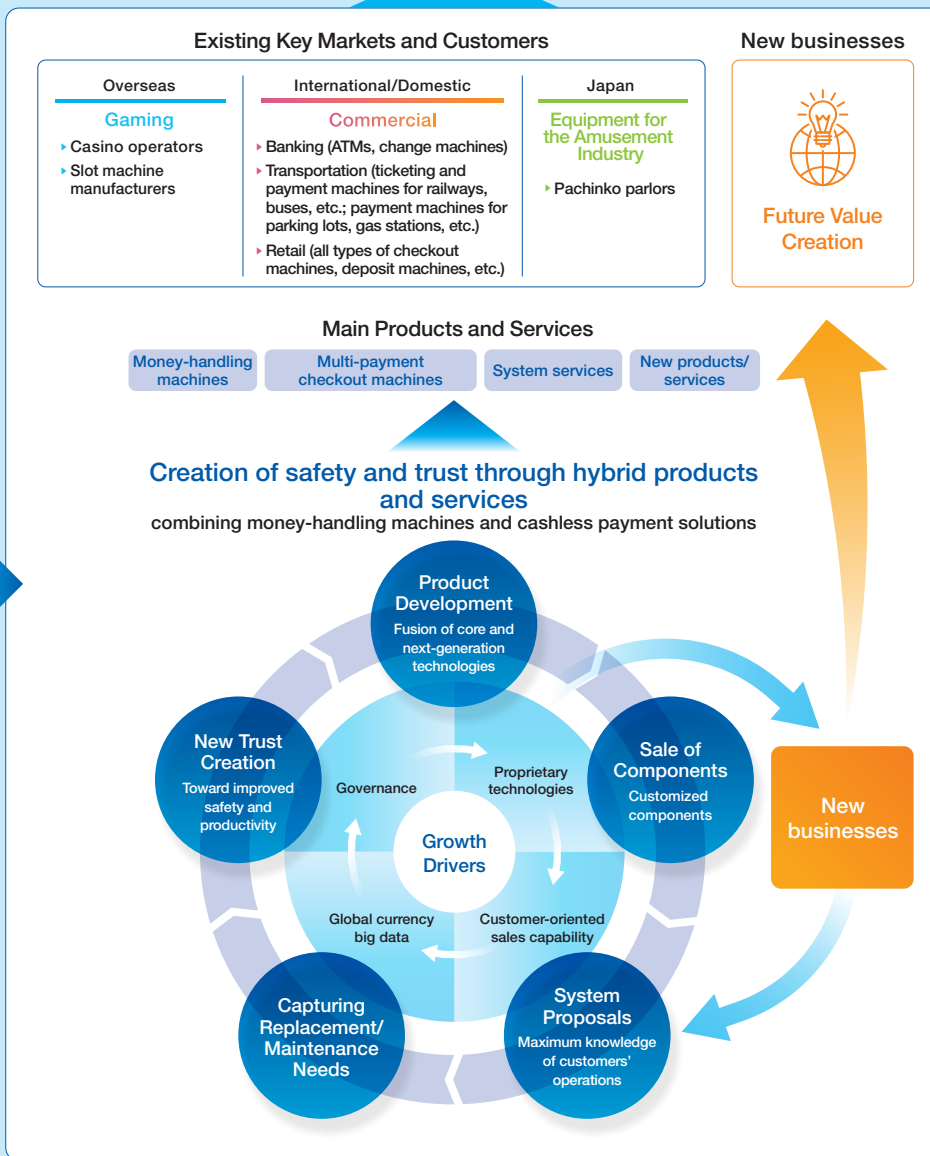
Targeted Corporate Image

Contribution to realize a rich and sustainable society through the advancement of core technologies

By means of its currency validation and identification technologies, as well as its conveying technologies, the JCM Group contributes to the seamless circulation and fraud prevention of currency, while providing safety and security to society. By evolving and integrating its unique technologies, the Group aims to achieve greater automation and labor savings, address social and environmental issues, and create richer lives and new value for people around the world.

Management Resources (as of March 31, 2024)

- Human Capital**
 - Number of employees (consolidated) **564 employees** (409 men, 155 women)
 - Employees overseas **266 employees**
- Proprietary Technologies in the Currency Field**
 - Bill validation and identification technologies, Robotics, mechatronics, and conveying technologies cultivated through our track record in money handling
- Number of engineers** **122 engineers** (non-consolidated)
- Global Production System**
 - Company-owned plants **2 plants** (1 plant in Japan (Nagahama, Shiga), 1 plant in the Philippines)
- Main contractors** **6 companies** (3 companies in Japan, 3 companies in the Philippines)
- Global Brand**
 - Gaming licenses **195 licenses** (42 states and 2 regions in North America)
- Natural Capital**
 - Energy consumption (at production bases in Japan) **4,713 GJ**
- Financial Capital**
 - Cash equivalents **12.5 billion yen**
 - Total assets **47.6 billion yen**
 - Net assets **28.6 billion yen**



Value Co-Creation with Stakeholders

- Customers**
 - Safe and stable business operations
- Shareholders**
 - Highly transparent management and long-term improvement of corporate value
- Employees**
 - Improving motivation by having employees share in the management principles while acquiring skills and expertise
- Business partners**
 - Mutual growth through collaboration linked to social issues
- Society/Environment**
 - Contribution to a sustainable society by reducing greenhouse gases and providing safety and security

Financial Results

- Net Sales **31.6 billion yen**
- Operating income **2.8 billion yen**
- Operating income ratio **9.0%**

Fostering Diverse Values

- Ratio of female employees (consolidated) **27.5%**
- Ratio of overseas employees **47.2%** (previous fiscal year 45.8%)
- Ratio of managers among female employees (consolidated) **14.2%** (previous fiscal year 14.7%)
- Average years of service (non-consolidated) **15.5 years** (previous fiscal year 15.4 years)

Innovation Creation

- Patents held **585** (197 in Japan, 388 overseas)
- Design rights held **111** (40 in Japan, 71 overseas)
- Trademarks held **163** (52 in Japan, 111 overseas)

Raising Our Global Presence

- Dominant share of overseas gaming market **60%** of global market, **65%** of U.S. market

Awards received: Selected as "Most Innovative New Technology" in the EILERS-FANTINI G2E Vendor Survey (2022 and 2023)

Environmental Impact from Business Activities

- CO₂ emissions (Total of Scope 1, 2, and 3) **98,000 tons**
- Waste discharge (Scope 3 Category 5) **12 tons**

Performance Trends

The business environment surrounding the JCM Group has been changing more drastically in recent years, and in May 2023, with an eye to further business growth, we formulated and are promoting a Medium-Term Management Plan, “JCM Global Vision 2032,” which sets out our “Vison” for the next 10 years and the priority measures to achieve it.

Basic Policy

Aiming to be a truly global company that continues to create markets and value in the field of money circulation

Key Strategies

Improve the revenue structure and management quality to enhance overall corporate value for the JCM Group

1. Strengthen the profitability of existing businesses
2. Further enhance dominant businesses
3. Nurture growth businesses
4. Establish a solid management foundation

Segment Strategies

Global Gaming
Improve product offering capabilities, including system products

International Commercial
Expand sales channels by providing products tailored to the characteristics of each country's market

Domestic Commercial
Deepen understanding of major customers' needs

Equipment for the amusement industry
Capture demand by responding to legal changes such as smoking bans in halls

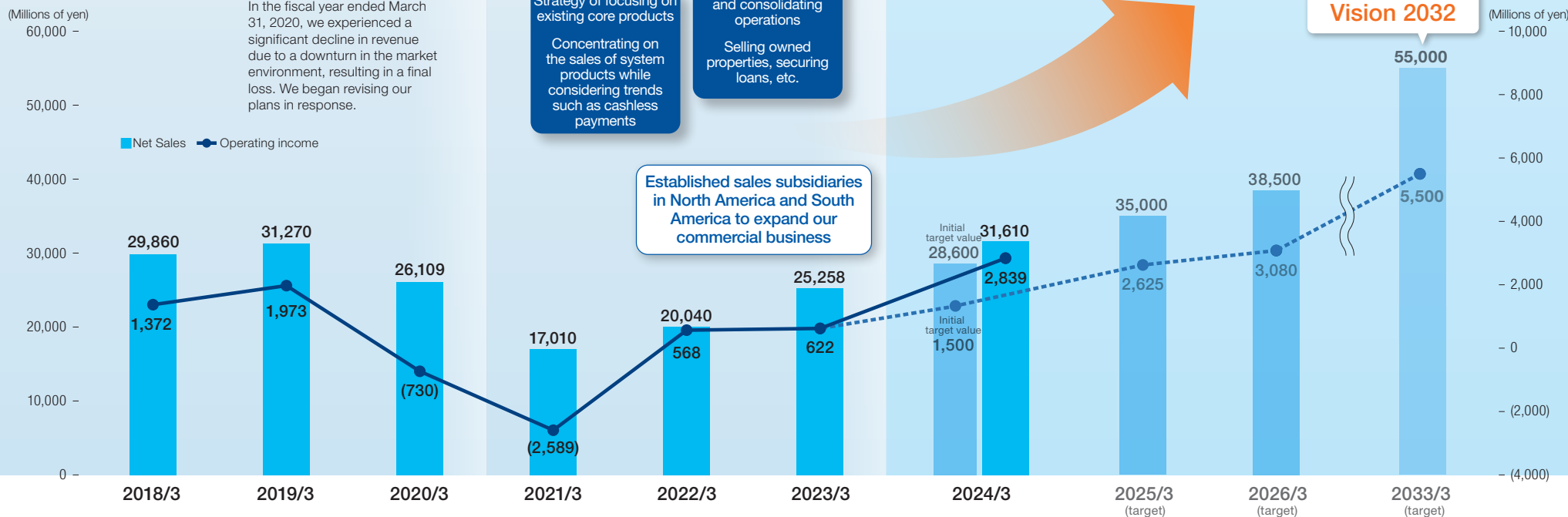
Review

In the fiscal year ended March 31, 2020, we experienced a significant decline in revenue due to a downturn in the market environment, resulting in a final loss. We began revising our plans in response.

Following the impact of the pandemic, we recorded losses for two consecutive periods, the years ended March 2020 and March 2021. In response, we focused our sales efforts on existing core products, while also emphasizing the sales of system products aligned with trends such as cashless payments. In addition, we implemented various cost-saving measures, such as reducing and controlling personnel expenses and R&D costs. We further stabilized management by consolidating business locations, selling owned real estate, and securing funds from financial institutions, all while striving for the continued growth of the Group.





We are strengthening our overall business structure. As part of this effort, we established sales subsidiaries in North America (Chicago) and South America (São Paulo) in January and November 2022, respectively. These subsidiaries serve as key bases for expanding our commercial business, which is essential for the sustainable growth of the Group.

We also formulated the Medium-Term Management Plan, “JCM Global Vision 2032,” setting out our long-term vision for what we aim to achieve in 10 years. This plan to the fiscal year ending March 2026 is positioned as a “seed sowing” period for new businesses, with specific key strategies and performance goals defined to achieve our long-term vision. Thanks to the trust we have earned from global markets, our consolidated financial results for the fiscal year ended March 2024 significantly exceeded our quantitative targets. Without resting on our laurels, the entire JCM Group will continue to make every effort to look back on the trajectory of past performance and steadily achieve quantitative targets for the future.



Medium- to Long-Term Risks and Opportunities

The business environment surrounding the JCM Group is expected to change rapidly due to various factors. Our Group monitors and analyzes these changes, recognizing management resources at hand, competitive advantages, and the social issues that need addressing. We view the risks we must prepare for as opportunities for further growth and focus on controlling these risks while striving to create revenue opportunities.

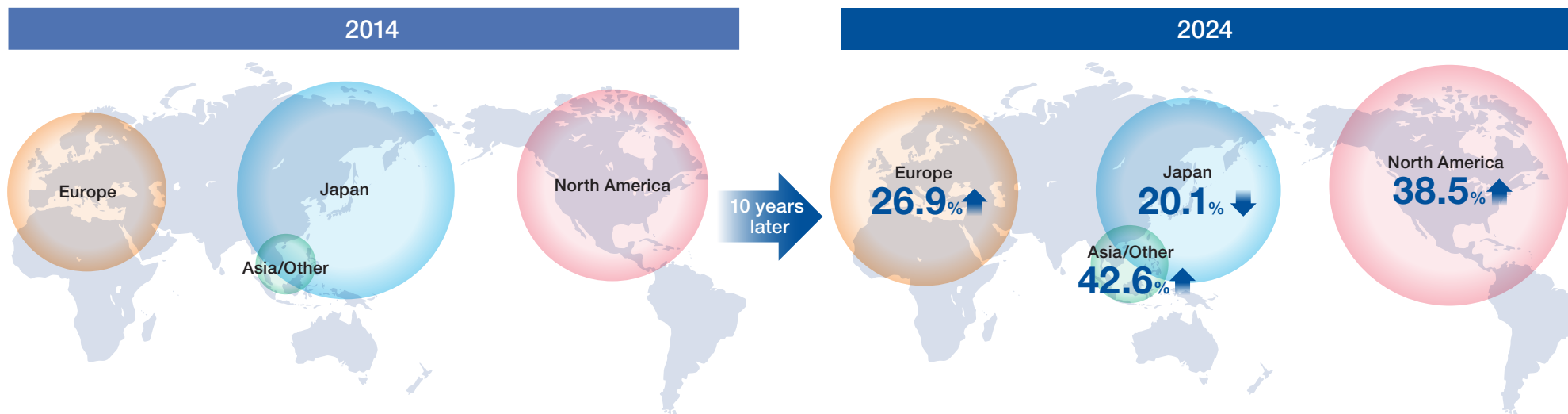
	Risks	Control/Opportunities
 <p>Diversifying payment methods</p>	<ul style="list-style-type: none"> ● Decrease in demand for money-handling machines due to the rapid development of cashless payments 	<ul style="list-style-type: none"> ● Services to public transportation, etc. Even in a society where cashless transactions are advancing globally, we believe that the demand for cash payments will persist, particularly in public transportation, which serves the public interest, and in service-related products that require consideration for the elderly and others. ● Responses to emergencies such as cyber-terrorism and disasters In the event of a cyber-terrorist attack or a natural disaster, cashless payment methods may become unusable, and cash payment methods are therefore considered necessary to diversify risks. ● Services to areas where payment is mainly made in cash Given that cash culture remains strong in many regions such as North, Central and South Americas, we believe that the demand for cash payment methods will continue to exist. ➡ The JCM Group will accurately address this demand, appropriately control risks, and then focus on manufacturing and selling existing products. At the same time, we see the advent of the cashless era as a new growth opportunity. We will leverage the technologies developed through our Money-Handling Machine Business to advance the development of new products related to cashless transactions.
 <p>Global conditions and risks</p>	<ul style="list-style-type: none"> ● Unstable economic conditions in countries ● Declining demand in various markets due to worsening global situations such as conflicts and terrorism, as well as a decline in consumer confidence due to natural disasters and infectious diseases ● Decline in production capacity due to shortage of components caused by geopolitical risks 	<ul style="list-style-type: none"> ● Regional diversification of supply chains The JCM Group will continue to explore risk diversification methods by establishing multiple production and sales bases, as well as securing multiple sources for components such as semiconductors. ● Expansion to new regions We are also expanding into new markets and businesses and developing new products to avoid excessive dependence on our core markets and products. We view these risks as opportunities for growth. ➡ Through these measures, we will continue our efforts to consistently provide high-quality products and services to our customers.
 <p>Social and environmental changes</p>	<ul style="list-style-type: none"> ● Decrease in the working-age population due to the falling birthrate and aging population ● Environmental changes such as storms, floods and other abnormal weather events, infectious diseases, and other events, and the resulting strengthening of regulations 	<ul style="list-style-type: none"> ● Investment in human capital We will actively invest in human capital, taking into account gender diversity, etc., and build a system to secure labor and technical capabilities, while appropriately controlling these risks. ● Development of products and services that solve social and environmental issues We recognize that these social and environmental challenges not only create new demand from customers but also generate new business opportunities for the Group. ➡ We aim to continue growing alongside our customers and society by accurately understanding the demand arising from these challenges and constantly developing and supplying products that contribute to solving issues.
 <p>Technological issues</p>	<ul style="list-style-type: none"> ● Intensifying competition in development due to advances in AI technology ● Disputes arising from third-party intellectual property infringement ● Information leakage and business interruption due to cyber-terrorism 	<ul style="list-style-type: none"> ● Protection of intangible assets We will protect intellectual property and make proactive investments in human capital while strengthening security measures. By properly maintaining and developing the technological expertise gained from years in the money-handling machine business, we aim to manage these risks effectively. In addition, we view the evolution of technologies such as AI as a significant opportunity for acquiring new core technologies, developing new products, and entering new markets and businesses. ➡ Seizing these opportunities, the Group will continuously focus on evolving technologies and strive to develop and deliver standout products amid intensifying competition in technology development.

Net Sales by Area

While continuing to engage in its existing businesses, the JCM Group is also working to further expand globally in anticipation of population growth and economic development, particularly in emerging countries. In particular, we are focusing on developing international commercial markets, primarily in North, Central and South Americas and Asia, as a new axis of our management.

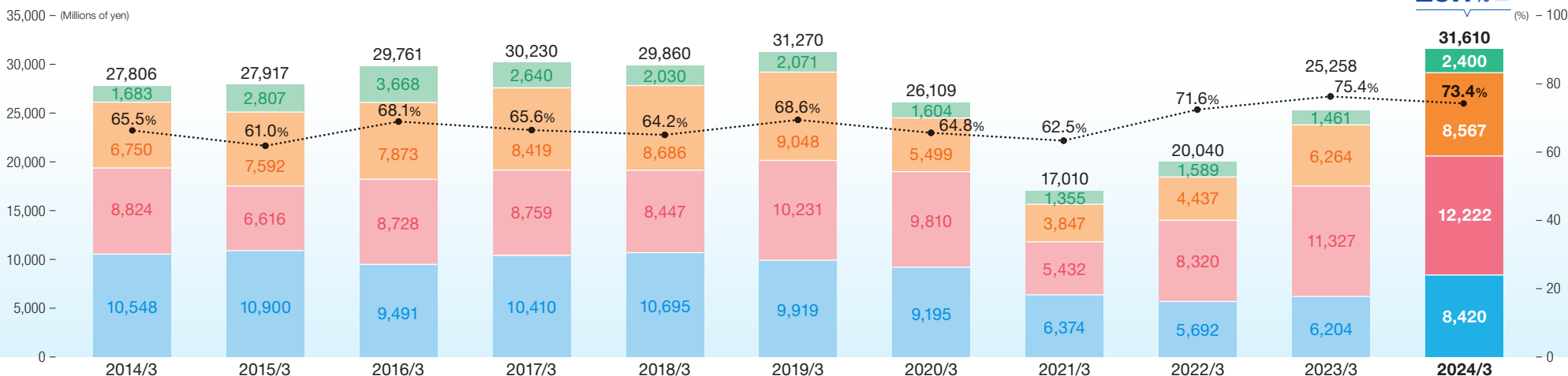
Furthermore, since we have been expanding globally with a medium- to long-term perspective for the past 10 years, we can see the results of this in terms of regional net sales, which have steadily expanded from Japan to overseas.

Our Group will continue to promote our business with our Group Purpose (reason for existence) of “Spreading Happiness Worldwide” at the core of our management.

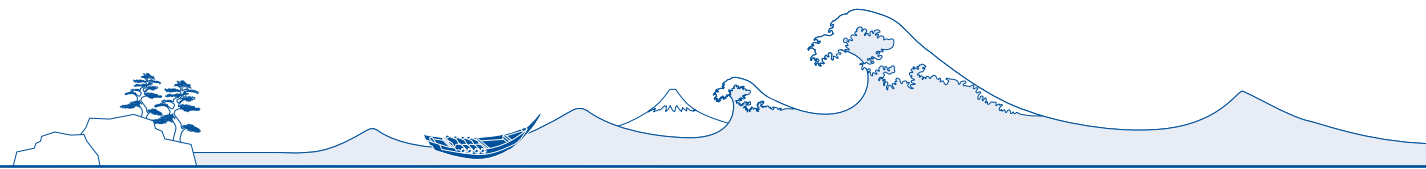


Net sales by area

■ Japan ■ North America ■ Europe ■ Asia/Other ●● Overseas sales ratio

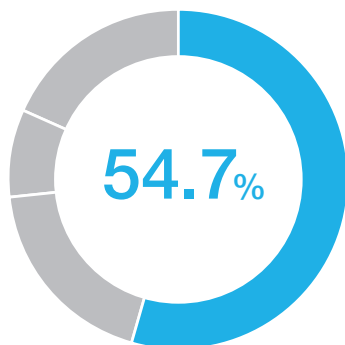


Overview by Segment

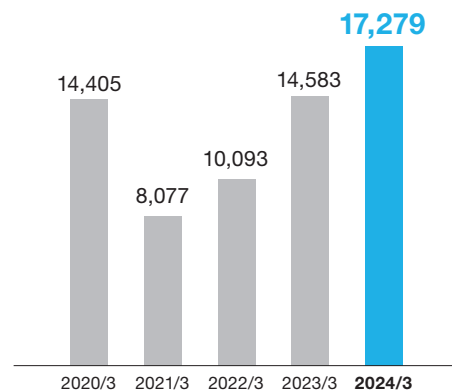


Global Gaming

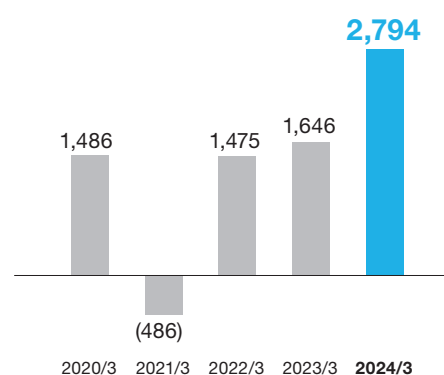
Net sales composition ratio



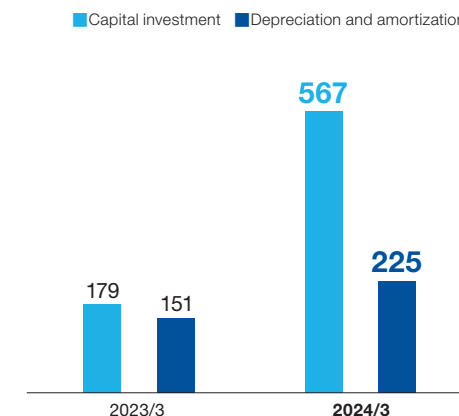
Net sales (Millions of yen)



Segment profit (Millions of yen)



Capital investment, and depreciation and amortization (Millions of yen)



Business Conditions

Demand for capital investment in casino hotels expanded as global travel demand recovered and expanded and casino hotel business remained brisk.

Overview of the Fiscal Year Ended March 31, 2024

The difficulty in obtaining components that continued through the first half of the fiscal year was largely resolved in the second half, and sales of our mainstay products, bill validator units and printer units for casino game machines grew. As a result, segment sales increased. In terms of profit, segment income was also up due to the penetration of product price revisions in response to higher component and raw material prices.

Medium-term Outlook

In the Global Gaming Business, the casino hotel market is booming and demand for travel is expected to continue to grow worldwide.

We are striving to expand our sales and market share by diversifying our product lineup, not only offering unit products for casino game machines, but also offering system products that contribute to labor-saving and automated operations on the casino floor.

As a result, capital investment also increased significantly from 179 million yen in the fiscal year ended March 2023 to 567 million yen.

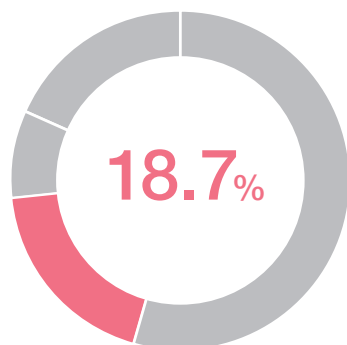
Overview by Segment

International Commercial

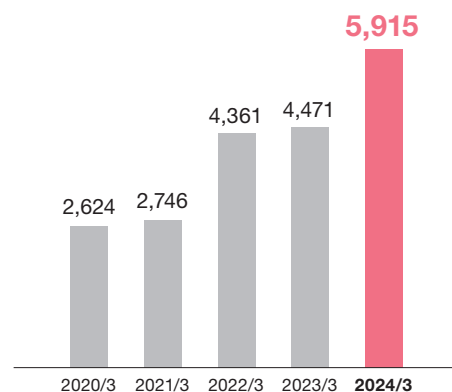
International Commercial



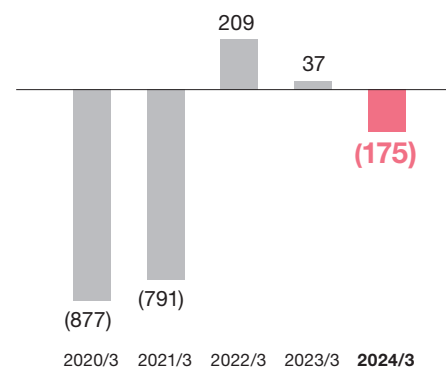
Net sales composition ratio



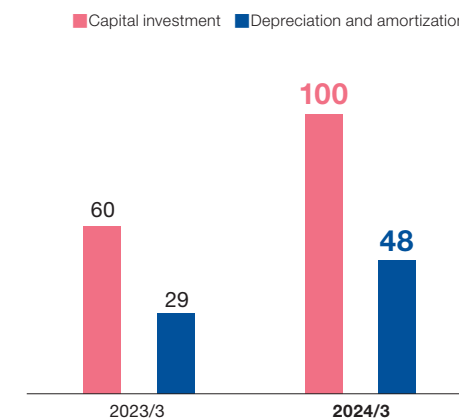
Net sales (Millions of yen)



Segment profit (Millions of yen)



Capital investment, and depreciation and amortization (Millions of yen)



Business Conditions

As contactless, non-face-to-face payments became the norm after the COVID-19 pandemic, demand for self-checkout machines has increased, leading to stronger sales of related products such as bill recycling units.

Overview of the Fiscal Year Ended March 31, 2024

Segment net sales grew due to higher sales of bill recycling units installed in self-checkout machines. In terms of profit, however, the Segment posted a loss due to soaring component prices and, unlike the Global Gaming Segment, difficulties in smoothly transferring component price increases to product prices.

Medium-term Outlook

As one of the key priorities in the Medium-Term Management Plan, we are actively investing in the International Commercial Segment with the aim of making this business our second main business after the Gaming Business.

In the fiscal year ended March 2024, capital investment increased 67% from 60 million yen in the previous fiscal year (ended March 2023) to 100 million yen. The investment is aimed at strengthening our product lineup and expanding our market share, and is laying the foundation for improved competitiveness.

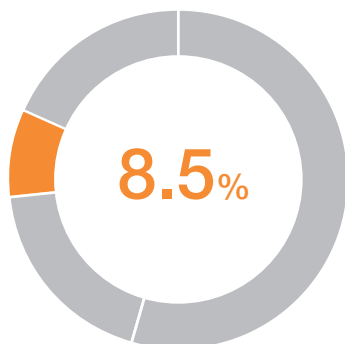
Overview by Segment

Domestic Commercial

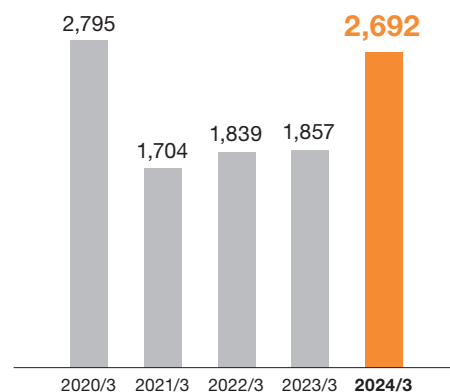
Domestic Commercial



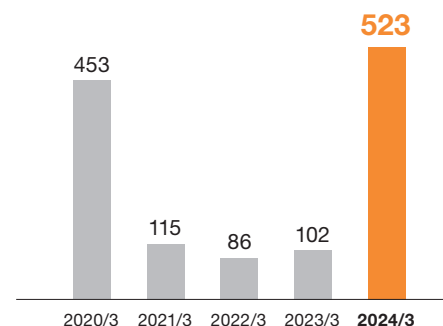
Net sales composition ratio



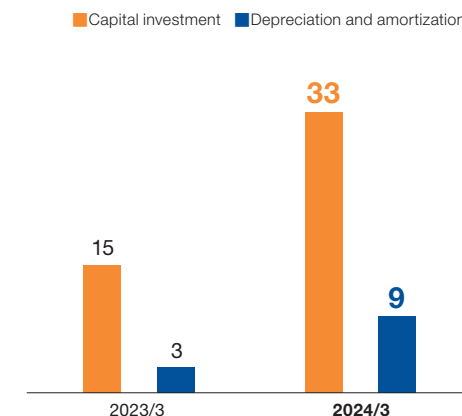
Net sales (Millions of yen)



Segment profit (Millions of yen)



Capital investment, and depreciation and amortization (Millions of yen)



Business Conditions

In the domestic commercial market, demand remained strong for products such as bill recycling units for self-service gas station payment machines and restaurant ticket vending machines, and bill validator units for bus fare boxes.

Overview of the Fiscal Year Ended March 31, 2024

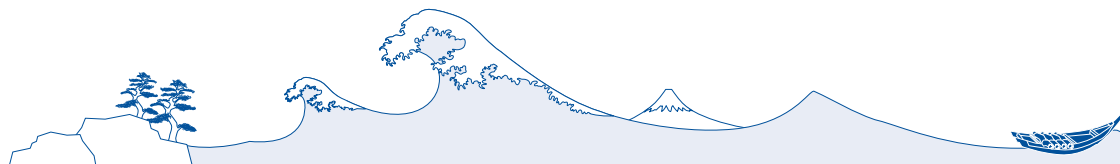
Both segment net sales and segment profits increased. This was primarily due to the success of proactively proposing products for specific applications in the retail and transportation markets, driven by the increasing number of tourists visiting Japan. In

addition, from the second half of the fiscal year onwards, there was greater demand for replacing bill validator units and other machines in response to the printing of new banknotes, and the fact that software updates were the main response to the banknote printing, which was therefore highly profitable, also contributed to the increases.

Medium-term Outlook

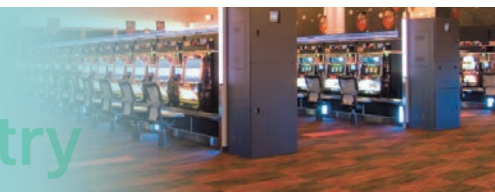
In the Domestic Commercial Business, we intend to focus on expanding the market share of products for markets in which we have expertise, uncovering latent needs in those markets and among our customers, and developing high-value-added products in an effort to expand the scale of sales in this business.

Overview by Segment

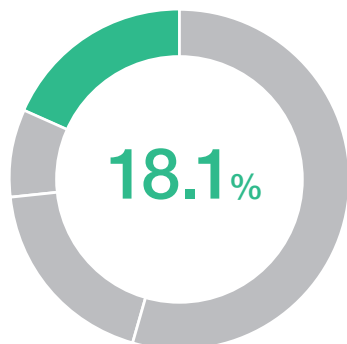


Equipment for the Amusement Industry

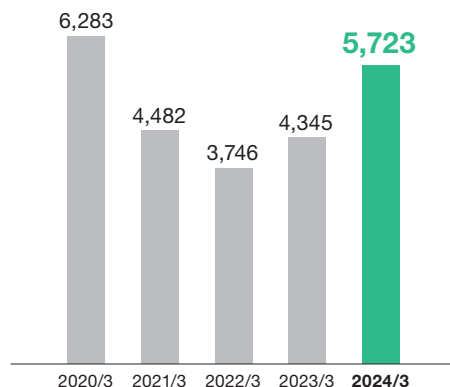
Equipment for the Amusement Industry



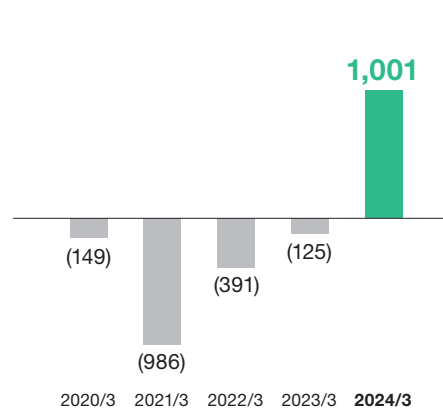
Net sales composition ratio



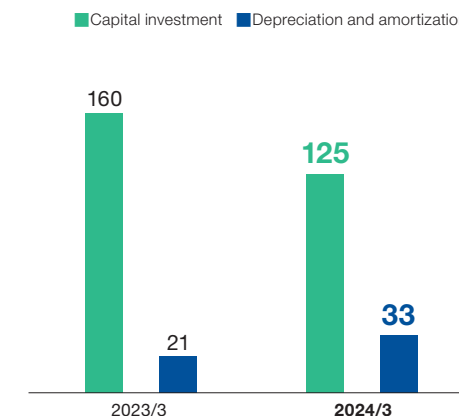
Net sales (Millions of yen)



Segment profit (Millions of yen)



Capital investment, and depreciation and amortization (Millions of yen)



Business Conditions

In the market of equipment for the amusement industry, the widespread use of smart gaming machines has led to a surge in demand for peripheral devices, particularly dedicated units. Unlike conventional ball rental machines or token rental machines, smart gaming machines are a system that allows for management and play of balls or medals as electronic data, without using physical gaming balls or medals. Although it is expected that this will improve efficiency and convenience, the demand for such machines will be likely temporary.

Overview of the Fiscal Year Ended March 31, 2024

The Company enjoyed a significant increase in sales and installation of peripheral devices,

particularly dedicated smart gaming machine units. In particular, dedicated smart gaming machine units, unlike conventional ball rental machines and token rental machines, were almost never sold at low prices, which led to a significant increase in segment profits.

Medium-term Outlook

In the Equipment for the Amusement Industry Business, we are making efficient investments in response to changes in the market environment, particularly the growing popularity of smart gaming machines.

While demand related to smart gaming machines may be temporary, the need for equipment development to improve operational efficiency and user experience for the entire amusement industry is expected to continue.

We will continue to engage in aggressive sales activities based on such needs.