

Message from
Outside Director

Ensure governance and risk management to build global trust

Koji Yoshikawa
Outside Director

Transparency and integrity required for JCM's business

High transparency and integrity are essential to our business. The promotion of our core business, the Global Gaming Business, requires strict license management. We currently hold 195 gaming licenses, and as a result we undergo rigorous inspections by licensing committees, mainly in the U.S. The screening process requires Directors to submit to fingerprinting for criminal background checks, and to provide details of their assets and liabilities including the cars they replaced, as well as their education and employment history. By having our Directors pass this thorough screening, we ensure the transparency of our business and build social trust.

I have had a long career as a prosecutor, but I had never had the opportunity to be directly involved in corporate management. But, I became involved in management as an Outside Director of the Company, and now my role is to protect its transparency and integrity from a legal perspective.

The importance of Group company governance

The JCM Group operates globally and has subsidiaries around the world. Overseas, cultures and business practices differ from those of Japan, and the way contracts are thought of is also very different. In particular, governance of subsidiaries is extremely important in order to expand business while complying with the regulations of each country.

The most important thing in governing a subsidiary is to strictly adhere to the authority rules between parent and subsidiary. Group companies have various authority regulations, such as “decisions at this level require approval from the parent company” and “this contract must be discussed at a board of directors meeting.” However, overseas frontline employees often do not always strictly follow these rules. In other words, they do not want to miss out on business opportunities, and there is a risk that those on the frontlines will make decisions that exceed their authority. So I am responsible for making sure that due process is being followed in terms of whether the matter is being handled within the scope of authority.

The key to governance is “Ho-Ren-So (reporting, communicating, and consulting)”

Based on my many years of experience as a prosecutor, I believe the most important thing in managing an organization is “Ho-Ren-Sou (reporting, communicating, and consulting).” Particularly for a company like ours that has many overseas subsidiaries, if information is not shared properly between the frontline and management, it poses significant risks.

Corporate fraud and problems often occur due to failure to report properly and in a timely manner. If a problem occurs and isn’t reported immediately, the situation will only get worse. That is why it is so important to foster a corporate culture that understands and instills the importance of reporting, communicating, and consulting, and to ensure that all of this is practiced thoroughly.

Another way to ensure thorough governance is to review and comply with the approval system, both domestically and internationally, in accordance with actual circumstances. You will need to train and educate your employees.

Expectations for new businesses and my role as an Outside Director

The JCM Group has technology that has been cultivated over many years in the field of money-handling, but as the cashless society advances, the nature of our business is also changing. Recently, we have also been focusing on expanding into the

medical field using image recognition technology, and we hope to develop new businesses that will further advance the image recognition technology that we are proud of into other fields.

But new businesses do not generate immediate profits.

So, when developing our business, I believe it is my responsibility to ensure that we do not put the Company at a disadvantage in terms of contracts and that we do not overlook any risks during the expansion process.

The future of JCM corporate culture and governance

The good thing about the Company is that we have an open corporate culture.

The Company has an environment where it is easy to voice opinions and discussions can be held freely at Board of Directors meetings. In an organization with poor communication, no one will report problems, and it will take time for fraud and troubles to come to light.

In this regard, I feel that we have an environment of transparency and appropriate risk management.

In order for the Company, which has a history of more than 70 years, to keep growing, we must continue to take on challenges in new areas while making the most of the technologies we have built up over the years. Here, I believe that the role of an outside director such as myself is to support management from a legal perspective to ensure that they can make appropriate decisions.

I intend to continue contributing to the Company’s sustainable growth, higher corporate value, and enhanced governance.



Profile

Koji Yoshikawa

Yoshikawa has built his career as a prosecutor and, as a legal professional, is responsible for protecting the transparency and integrity of the Company from a legal perspective.

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

Corporate Governance System

Basic Policy

We are aiming for sustainable growth and improvement of corporate value over the medium to long term by implementing management principles. To strengthen our relationships of trust with stakeholders, we are working to enhance our internal management systems, ensure transparency and fairness in management, and establish a management framework that can swiftly respond to changes in the business environment.

1 Board of Directors

Number of meetings held in the fiscal year ended March 31, 2024 **18**

The Company's Board of Directors is composed of members with excellent knowledge and skills, abundant experience in divisions, and diverse expertise. In addition to persons with extensive experience and expertise in legal affairs, persons with management experience at other companies are appointed as independent outside directors. On top of providing advice and recommendations on management activities aimed at enhancing corporate value, the Company strives to enhance transparency in decision-making and strengthen oversight functions.

2 Audit & Supervisory Committee

Number of meetings held in the fiscal year ended March 31, 2024 **15**

The Audit & Supervisory Committee balances the information held by the Directors (Full-time Audit & Supervisory Committee Members) with the high level of expertise held by Outside Directors (Audit & Supervisory Committee Members) to ensure that it can exercise its authority actively and proactively from an independent and objective standpoint and to act with appropriate judgment.

3 Nomination and Remuneration Advisory Committee

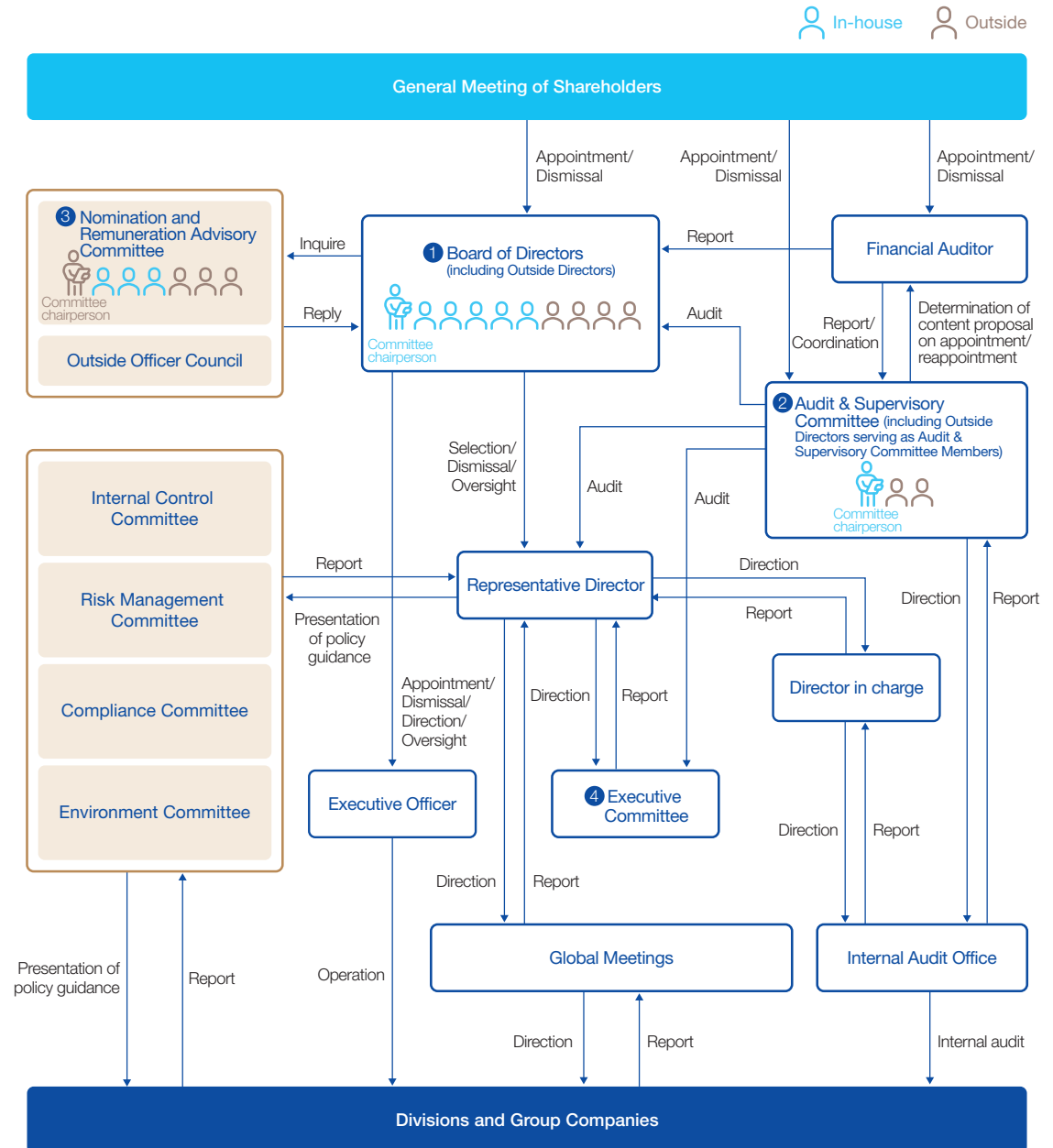
Number of meetings held in the fiscal year ended March 31, 2024 **4**

The Committee was established as a voluntary advisory body for the purposes of further enhancing the fairness, transparency and objectivity of procedures related to the nomination and remuneration of Directors (including Audit & Supervisory Committee Members) and strengthening the corporate governance system. The Committee will make recommendations on matters related to candidates for Directors (including Audit & Supervisory Committee Members), as well as matters related to the remuneration system and amounts of remuneration for Directors.

4 Executive Committee

Number of meetings held in the fiscal year ended March 31, 2024 **24**

By receiving resolutions or reports on the execution of important business operations from the perspective of expertise and agility, and by holding prior discussions on matters to be resolved by the Board of Directors and matters to be approved by the President, the Company strives to sort out points of discussion and grasp problems so that it can make more appropriate management decisions at the Board of Directors.



Board Member (including Audit & Supervisory Committee Member) Skills Matrix, Main Topics of the Board of Directors and the Nomination and Remuneration Advisory Committee

Name	Number of years served as Director (as of June 30, 2024)	Attendance ratio at the Board of Directors meetings	Attendance ratio at the Audit & Supervisory Board meetings	Attendance ratio at the Nomination and Remuneration Advisory Committee meetings	Management experience/ Corporate strategy	Global experience	Production/ Manufacturing	Technology/ R&D	Sales/ Marketing	Finance/ Accounting/ M&A	Human resources/Labor management/ Talent development	Legal/Risk management
Yojiro Kamihigashi	31	100% 18 out of 18 meetings			●	●		●	●			
Tsuyoshi Takagaki	11	100% 18 out of 18 meetings		100% 4 out of 4 meetings	●					●	●	●
Yoshihiro Iuchi	6	100% 18 out of 18 meetings		100% 4 out of 4 meetings	●	●	●	●	●			
Norihito Nakatani	5	100% 18 out of 18 meetings			●	●	●	●				
Takatomo Imai	1	100% 14 out of 14 meetings*			●	●			●	●		
Koji Yoshikawa	10	100% 18 out of 18 meetings		100% 4 out of 4 meetings								●
Tatsuhiko Saruwatari	4	100% 18 out of 18 meetings		100% 4 out of 4 meetings	●			●			●	
Michimasa Teraoka	5	100% 18 out of 18 meetings	100% 15 out of 15 meetings	100% 4 out of 4 meetings	●				●	●		
Yoko Sato	4	100% 18 out of 18 meetings	100% 15 out of 15 meetings	100% 4 out of 4 meetings	●					●		
Hiroki Yonekura	Newly appointed director	- % - out of - meetings	- % - out of - meetings	- % - out of - meetings		●				●		●

*Number of meetings attended since assuming the position on June 27, 2023

Main topics discussed by the Board of Directors (fiscal 2023)

Change in organizational structure	Investment planning, business investment, M&A	Business monitoring	Effective use of treasury stock	Report on the main topics of the Executive Committee
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Main topics discussed at the Nomination and Remuneration Advisory Committee (fiscal 2023)

Board director candidate	Medium- to long-term composition of directors	Succession planning	Board director bonuses, individual compensation	Examination of promoted executive officers
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Audit & Supervisory Committee

The Audit & Supervisory Committee consists of three members: one Director (Full-time Audit & Supervisory Committee Member) and two Outside Directors (Audit & Supervisory Committee Members). Directors who are originally from our company (Full-time Audit & Supervisory Committee Member) collect internal information accurately and in a timely manner and use this information to conduct appropriate audits, while Outside Directors (Audit & Supervisory Committee Members) utilize their specialized knowledge (one is an attorney and the other is a certified public accountant) and multifaceted perspectives to conduct audits. To ensure sound management and improve the Company's corporate value, each Audit & Supervisory Committee Member attends the Board of Directors' meetings and other important meetings in accordance with auditing policies and plans established by the Audit & Supervisory Committee, receives reports on the status of execution of duties from the board directors, executive officers, employees, etc., and requests explanations as necessary.

Board Directors' Succession Plan and Development

The Group regards the Succession Plan for board directors as one of its material issues. It is formulated based on the individual requirements of a board director and the constituent elements of the Board of Directors as a whole. The Board of Directors appropriately oversees the Succession Plan. In formulating the Succession Plan, we strive to enhance the plan and ensure transparency in the process by evaluating and developing human resources as needed, identifying new human resources, checking from a diverse perspective, and visualizing the overall human resource pool. With respect to outside directors, we provide them with information on general conditions, including organization, business, and financial conditions. We also provide them with opportunities to deepen their understanding through visits to offices and other facilities.

Directors (as of June 25, 2024)

Audit Audit & Supervisory Committee Member **Outside** Outside Director

Nomination Nomination and Remuneration Advisory Committee Member



Yojiro Kamihigashi
President and Representative Director

Number of the Company's Shares Owned: 1,458 thousand
Number of years served as Director: 31

- Oct. 1984 Joined Japan Cash Machine Co., Ltd.
- June 1993 Director
- May 1995 Director, General Manager of Overseas Sales Department
- June 2006 Director, Executive Officer and Executive General Manager of Overseas Sales Department
- April 2007 President and Representative Director (current position)
- June 2020 Representative Director of JCM Systems Co., Ltd.



Tsuyoshi Takagaki
Executive Director
Senior Executive Officer
Executive General Manager of Corporate Planning Division

Number of the Company's Shares Owned: 8 thousand
Number of years served as Director: 11

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

Design of the Organization

In June 2024, the Company transitioned from a company with an Audit & Supervisory Board to a Company with an Audit & Supervisory Committee. The Company has also introduced an executive officer system to clarify the responsibilities of business execution and to further speed up and improve efficiency.

Design of the Organization
 Company with an Audit & Supervisory Committee
 Number of Directors 10 members (6 internal and 4 external)
 Ratio of Outside (Independent) Directors 40%
 Term of Office for Directors (excluding Directors who are Audit & Supervisory Committee Members) 1 year

Term of office for Directors who are Audit & Supervisory Committee Members 2 years
 Adoption of an executive officer system Yes
 Organization that assists the President in making decisions Executive Committee
 Board of Directors' advisory body
 Nomination and Remuneration Advisory Committee



Yoshihiro Iuchi
Director
Senior Executive Officer
Executive General Manager of Strategy Division and in charge of Sales

Number of the Company's Shares Owned: 14 thousand
Number of years served as Director: 6

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



Norihito Nakatani
Director
Senior Executive Officer
Executive General Manager of Production Division and in charge of Production

Number of the Company's Shares Owned: 12 thousand
Number of years served as Director: 5


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



Takatomo Imai
Director
Senior Executive Officer
Deputy Executive General Manager of Corporate Planning Division
Deputy Executive General Manager of Global Strategy Division
Concurrently in charge of Global Finance

Number of the Company's Shares Owned: 8 thousand
Number of years served as Director: 1

- Sept. 2001 Joined Japan Cash Machine Co., Ltd.
- Oct. 2011 Deputy General Manager of Finance and Accounting Division
- July 2016 Executive Officer
- Deputy Executive General Manager of Corporate Planning Division (current position)
- July 2018 Senior Executive Officer
- Representative Director of JCM AMERICAN CORP. (current position)
- June 2023 Director, Senior Executive Officer (current position)
- Deputy Executive General Manager of Global Strategy Division (current position)
- In charge of Global Finance (current position)



Koji Yoshikawa
Outside Director

Number of the Company's Shares Owned: -
Number of years served as Director: 10

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



Tatsuhiko Saruwatari
Outside Director

Number of the Company's Shares Owned: -
Number of years served as Director: 4


- April 1976 Joined Toto Kiki Ltd. (currently TOTO Ltd.)
- June 2001 Director, Executive Officer, Director of Equipment Business Group of the Same Company
- June 2002 Director, Managing Executive Officer
- Director of Equipment Business Group, General Manager of Central Technology Center of the Same Company
- June 2006 Director, Senior Managing Executive Officer
- In charge of Research & Technology Group, Corporate Planning Department of the Same Company
- May 2013 Outside Audit & Supervisory Board member of Iutsuya Co., Ltd.
- June 2013 Representative Director, Executive Vice President of TOTO Ltd.
- June 2016 Outside Audit & Supervisory Board member of NORITAKE CO., LIMITED
- June 2020 Outside Director of the Company (current position)
- June 2023 Outside Director [Audit & Supervisory Committee Member] of NORITAKE CO., LIMITED (current position)



Michimasa Teraoka
Director
[Full-time Audit & Supervisory Committee Member]

Number of the Company's Shares Owned: 42 thousand
Number of years served as Audit & Supervisory Board Member: 5
(Full-time Audit & Supervisory Board Member)


- June 1980 Joined Japan Cash Machine Co., Ltd.
- June 2006 Executive Officer, Deputy Executive General Manager of Administration Division
- June 2007 Senior Executive Officer, Executive General Manager of Administration Division
- June 2014 Executive Director of JCM SYSTEMS CO., LTD.
- June 2017 Senior Executive Officer
- General Manager of Corporate Planning Division
- Domestic Affairs Office
- June 2018 In charge of Risk Management and Internal Audit of the Company
- June 2019 Full-time Audit & Supervisory Board Member
- June 2024 Director [Full-time Audit & Supervisory Committee Member] (current position)



Yoko Sato
Outside Director
[Audit & Supervisory Committee Member]

Number of the Company's Shares Owned: -
Number of years served as Audit & Supervisory Board Member: 4
(Outside Audit & Supervisory Board Member)

- Sept. 1986 Joined Showa Ota & Co. (now Ernst & Young ShinNihon LLC)
- Mar. 1990 Registered as a Certified Public Accountant
- May 2011 Appointed as Senior Partner of Ernst & Young ShinNihon LLC
- June 2019 Departed Ernst & Young ShinNihon LLC
- Sept. 2019 Head of Sato Yoko Certified Accounting Office (current position)
- June 2020 Outside Audit & Supervisory Board Member
- June 2024 Outside Director [Audit & Supervisory Committee Member] (current position)



Hiroki Yonekura
Outside Director
[Audit & Supervisory Committee Member]

Number of the Company's Shares Owned: -
Number of years served as Audit & Supervisor Board member: -

- April 1999 Registered as Attorney
- Aug. 2006 Joined Kitahama Partners
- Jan. 2007 Admitted to the New York State Bar
- Jan. 2009 Partner of Kitahama Partners (current position)
- May 2010 Registered as a licensed tax accountant
- Apr. 2023 Director of the Japan Federation of Bar Associations
- Managing Director of Kinki Federation of Bar Associations
- Apr. 2024 Director of Kinki Federation of Bar Associations (current position)
- June 2024 Outside Director [Audit & Supervisory Committee Member] (current position)

Evaluation of the Board of Directors' Effectiveness, Executive Officers

Evaluation of the Board of Directors

To ensure that the Board of Directors fulfills its expected functions appropriately and to strive for improvement, the Company conducts an annual evaluation of the Board's effectiveness. This fiscal year, the Company used a third-party organization's system to conduct a survey on effectiveness evaluation in a format that ensured the anonymity of responses to questions created by the organization and responses from each officer. Based on the details of the third-party organization's analysis, the Secretariat of the Board of Directors compiled the results of the analysis, and reported the effectiveness evaluation at the Board of Directors meeting for their discussion.

Effectiveness evaluation items	Results of the effectiveness evaluation
Composition of the Board of Directors	In order to achieve sustainable growth for the Company, the Board of Directors has established a system for making important management decisions and supervising business operations, and we believe that the Board is fulfilling its roles appropriately in terms of expected roles and functions, and operational status.
Management of the Board of Directors	
Roles/Functions of the Board of Directors	
Composition and roles of the Nomination and Remuneration Advisory Committee	Going forward, we will continue to consider the following items as material issued for enhancing the effectiveness of the Board of Directors in order to achieve sustainable growth and increase in corporate value of the Company.
Management of the Nomination and Remuneration Advisory Committee	(1) Progress in medium- and long-term management strategies
Response to last year's issues	(2) Addressing company-specific issues such as cashless transactions, inventory optimization, and system implementation (3) Efforts toward sustainability challenges, including human capital and a decarbonized society

Changes in Governance Organizational Structure

	June 2015	June 2016	June 2017	June 2018	June 2019	June 2020	June 2021	June 2022	June 2023	June 2024
Number of Board Directors	10	8	8	8	8	8	6	6	7	10
Number of Outside Board Directors (Internal)	2	2	2	2	1	2	2	2	2	4
Ratio of Outside Directors	20%	25%	25%	25%	13%	25%	33%	33%	29%	40%

Executive Officer System

In accordance with laws and regulations and the Company's Articles of Incorporation, the Board of Directors delegates operational decisions to the President and executive officers and oversees the execution of their duties.

Executive officers are appointed by the Board of Directors and are assigned important positions, such as general managers of operating divisions, and specific authority.

Executive Officers

Note: Not concurrently serving as board directors

(as of June 25, 2024)

Mitsuhiro Ueno

Senior Executive Officer
Representative Director of JCM EUROPE GMBH.

Makoto Hasegawa

Executive Officer
Representative Director of JCM COMMERCE MECHATRONICS INC.

Noriyuki Kanno

Executive Officer
Deputy Executive General Manager of R&D Division

Yuji Kanzaki

Executive Officer
Representative Director of J-CASH MACHINE GLOBAL MANUFACTURING (PHILIPPINES) INC.

Yasuyuki Fujiwara

Senior Executive Officer
Representative Director of J-CASH MACHINE (THAILAND) CO., LTD.
Executive General Manager of R&D Division and in charge of Development Division

Toshi Yamasaki

Executive Officer
Director of JCM COMMERCE MECHATRONICS INC.

Masato Onomura

Executive Officer
General Manager of Quality Division, responsible for quality oversight

Osamu Hishinuma

Executive Officer
Deputy Executive General Manager of Global Strategy Division

Reference Number of board directors and executive officers by age group (as of June 25, 2024)

Directors (including Audit & Supervisory Committee Members)		Executive Officer	
50–59 years old	Age 60 and older	50–59 years old	Age 60 and older
1 person	9 people	6 people	2 people

Remuneration System

Policy for determining the content of director remuneration, etc.

To ensure fair and reasonable system operation in accordance with our basic policy for the remuneration for directors, the decision on the remuneration for directors of the Company is deliberated by the Nomination and Remuneration Advisory Committee and then reported to the Board of Directors.

The determination of remuneration is made within the limits resolved in advance at the General Meeting of Shareholders. Remuneration for Directors is determined by the Board of Directors, while remuneration for Directors who are Audit & Supervisory Committee Members is determined through discussions by the Audit & Supervisory Committee.

The Nomination and Remuneration Advisory Committee mainly includes periodic discussions on the setting of compensation levels, the ratio of performance-linked compensation, and the performance-linked mechanism. In addition, meetings are held in response to changes in the environment, such as legislation concerning the remuneration for directors and then reported to the Board of Directors.

Basic Policy

- Clarifying commitment to the steady execution of the Company's growth strategy, the remuneration system functions not only in terms of short-term business performance but also as a sound incentive for medium- to long-term and sustainable improvement of corporate value. The remuneration system shall also incorporate a shareholder-focused perspective that shares an awareness of profit with shareholders.
- Remuneration for the Company's Directors (excluding Outside Directors and Directors who are Audit & Supervisory Committee Members) shall consist of "basic remuneration," "bonuses" which are short-term performance-linked remuneration, and "stock-based compensation" which is medium- to long-term performance-linked remuneration, while remuneration for Outside Directors and Directors who are Audit & Supervisory Committee Members shall consist of "basic remuneration" only.
- A fixed form of remuneration paid monthly according to the recipient's position, the basic remuneration can reflect each officer's performance evaluation to some extent.
- In addition to the degree to which consolidated net income has been achieved for each fiscal year, the bonus takes into consideration qualitative factors such as the strengthening of the management base. This annual performance-linked remuneration is paid upon the expiration of the one-year term of office on the day following the date of the general meeting of shareholders.
- The "stock-based compensation" is to provide an incentive to sustainably increase the Company's medium- to long-term corporate value and shareholder value. In accordance with their position, Directors (excluding Outside Directors and Directors who are Audit & Supervisory Committee Members) shall be issued the Company's common stock, which is subject to transfer restrictions for a certain period of time.

Outline of remuneration composition, calculation methods, etc.

Types of remuneration, etc.		Key performance indicator (KPI)	Calculation method, etc.	Outline of the calculation method
Monetary remuneration	Fixed	Basic remuneration	—	<p>Amount of compensation</p> <p>Base remuneration limit amount: The base remuneration limit for Directors (excluding Directors who are Audit & Supervisory Committee Members) shall be up to 270 million yen per year (including short-term performance-linked remuneration) (Note 2). (Salary as an employee not included.) The basic remuneration limit amount for Directors who are Audit & Supervisory Committee Members shall be up to 60 million yen per year.</p> <p>Method of calculating payment amount for each eligible director</p> <p>Per person: Based on a monthly amount of ¥1.5 million, multiplied by the following coefficients to calculate the amount of individual remuneration, and the determined amount is paid every month. (1) Directors: Remuneration shall be within the range of 100%–130% of the basic remuneration standard amount in accordance with the recipient's evaluation. (2) Directors with special titles (chairman, president, managers): The range shall be 150%–250% of the basic remuneration standard amount, depending on the position, evaluation, and results.</p>
	Variable	Short-term performance-linked compensation (Note 1) (bonus)	Net Income (Loss) Attributable to Owners of Parent	Amount of compensation
Payment conditions				Paid when net income is generated for each business year; not paid in the event of a loss.
Non-monetary remuneration	Medium- to long-term performance-linked compensation (Note 1) (Restricted stock-based compensation)	—	Amount of compensation	Remuneration limit amount: Annual amount of no more than ¥70 million (Note 2)
			Method of calculating payment amount for each eligible director	Upper limit of total payment amount: Shall be kept within the range of 1%–2% of consolidated net income. Distribution by individual: Calculated within the range of ±30% based on the individual ratio of the total fixed basic remuneration amount and in accordance with the evaluation of the recipient's contribution to business performance.

(Notes) 1. Short-term performance-linked compensation and medium- to long-term performance-linked compensation are paid to directors, excluding Outside Directors and Directors who are Audit & Supervisory Committee Members.

2. Decided by resolution of the 71st Ordinary General Meeting of Shareholders held on June 25, 2024.

Risk Management, Compliance

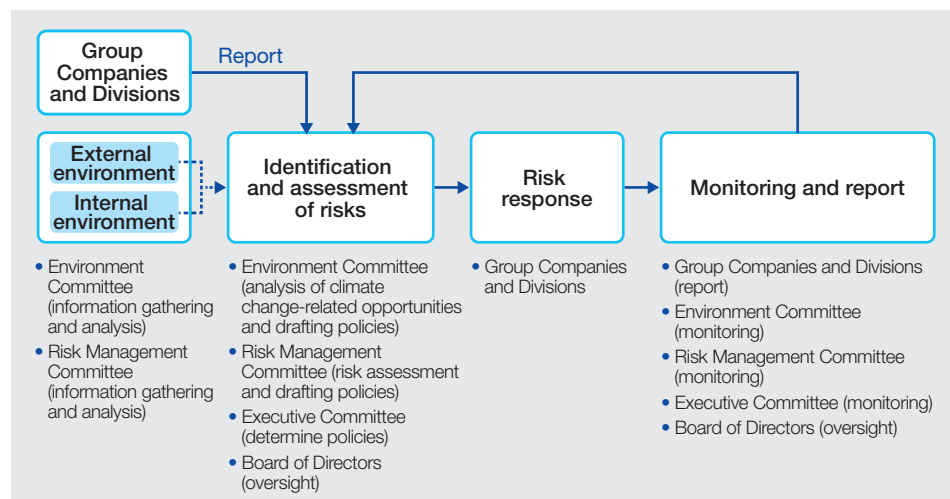
Risk management

Based on the recognition of the importance of building a company-wide risk management system, the Group has established the Risk Management Committee and the Environment Committee to identify, assess, and manage management risks, including climate change-related risks, in an integrated manner.

The Risk Management Committee comprehensively identifies risks based on internal and external environment analyses as well as reports from Group companies and divisions. The Committee also evaluates the impact on business and finances from the perspective of the “impact on profit and loss if risks occur” and identifies significant management risks. On the other hand, the Environmental Committee analyzes climate change opportunities, identifies significant management risks, prepares policies, and reports to the Risk Management Committee.

Group companies and divisions are responsible for handling risks, and the Risk Management Committee and the Environmental Committee monitor the status of promotion and give instructions to review the responses as necessary.

Integrated process for company-wide risk management



Compliance

Basic concept

Global Gaming segment sales to customers such as overseas casinos account for more than half of JCM’s total sales. In the gaming industry such as casinos, strict laws and regulations cover the management of casinos and the manufacture and sales of gaming devices to ensure legitimate management by persons free of any criminal organizations and the use of genuine gaming machines. Under these laws and regulations, obtaining permission from authorities is necessary to incorporate a bill validator unit into gaming machines for sale. The Group undergoes rigorous scrutiny not only for the respective company but also for individual officers when seeking these approvals and permits. In the unlikely event that the Company, affiliated companies, or individual officers violate laws and regulations, such as criminal offenses, the permits would be revoked, and the inability to sell products might have a significant impact on the Group’s business performance and financial position. To enable sales in a variety of situations, we have therefore established compliance rules and compliance programs, undertake supervision within the Group, and are working to strengthen global governance in the JCM Group.

We hold regular meetings with our U.S. subsidiary, which is highly regulated based on gaming licenses, to check its compliance adherence status.

Establishment of a consultation/reporting desk

As a means for employees of the Company and its subsidiaries to directly provide information on acts that violate laws and regulations, fraudulent acts, and acts that are suspected of violating laws and regulations, we have set up an in-house counseling room and a complaint box inside the Company, as well as an external counseling room with external specialists as a point of contact. The internal consultation room is managed by the compliance officer, and the suggestion box is overseen by a Director who is a full-time Audit & Supervisory Committee Member.

If a report is received, the report’s content must be investigated and measures taken to prevent any recurrence.