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Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2024 (Under Japanese GAAP)

February 8, 2024

Company name: Japan Cash Machine Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 6418
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 Scheduled date to file quarterly securities report: February 9, 2024
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes (List on HP)
 Holding of quarterly financial results briefing: None

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

1. Consolidated financial results for the Third Quarter ending March 31, 2024 (from April 1, 2023 to December 31, 2023)

(1) Consolidated operating results (cumulative)

(% indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2024 3rd quarter	22,282	17.3	1,997	123.8	2,359	62.1	1,685	43.9
FY2023 3rd quarter	19,000	30.3	892	4.1	1,455	10.8	1,171	15.6

Note: Comprehensive income For FY2024 3rd quarter: ¥3,624 million [(3.3%)] For FY2023 3rd quarter: ¥3,750 million [156.2%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2024 3rd quarter	57.44	—
FY2023 3rd quarter	39.48	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2024 3rd quarter	43,014	30,391	70.7	1,035.24
FY2023	38,816	27,163	70.0	925.68

Reference: Equity: For FY2024 3rd quarter: ¥30,391 million For FY2023 : ¥27,163 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2023	—	3.00	—	7.00	10.00
FY2024	—	7.00	—		
FY2024 (Forecast)				19.00	26.00

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

3. Consolidated Financial Forecast for the Fiscal Year 2024 (from April 1, 2023 to March 31, 2024)

(% indicate change from the same period in the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2024	31,500	24.7	2,700	333.6	3,100	144.6	2,400	(23.7)	81.76

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

***Notes**

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

(4) Number of issued shares (common shares)

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

FY2024 3rd quarter	29,672,651 shares
FY2023	29,672,651 shares

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

FY2024 3rd quarter	315,931 shares
FY2023	328,364 shares

- (iii) Average number of shares outstanding during the period (cumulative)

FY2024 3rd quarter	29,351,206 shares
FY2023 3rd quarter	29,665,561 shares

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

* Proper use of earnings forecasts, and other special matters

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

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1. Qualitative information on Quarterly Results

(1) Explanation of Operating Results

During the third quarter of the current consolidated cumulative period, the global economy showed signs of normalization in economic activity. At the same time, the outlook remains uncertain due to such factors as soaring resource and raw material prices caused by the backdrop of geopolitical risks along with the prolonged conflict between Russia and Ukraine and the unstable situation in the Middle East, as well as the continuation of inflation and monetary tightening in various countries.

Regarding the business environment surrounding the Company and its subsidiaries (hereinafter referred to as the "Group"), demand for capital investment in casino hotels in the North American and European gaming markets, remained high due to the growth of global travel demand. In the domestic and overseas commercial markets, demand for environmental improvements remained strong as contactless and non-face-to-face payment methods, which are becoming the standard in various countries, gained popularity. Furthermore, in Equipment for the domestic amusement industry, sales of peripheral equipment were steady as customers' demand for upgrades to smart gaming machine increased.

In order to meet the strong demand in the gaming market amid these circumstances, we strove to make various proposals in line with customer needs and conducted multifaceted marketing activities, including sales promotion activities for new products. In the commercial market, in addition to meeting strong demand for products due to the increase in inbound tourism demand in Japan, we also made efforts to respond to the reprinting of new banknotes to be issued in July of this year, and overseas, we continued to focus on expanding local distributors including expanding sales channels for new products with a focus on new bases in North, Central and South America, and carried out product proposal activities tailored to the market needs of each country. Furthermore, we conducted sales activities focused on products that are in high demand in equipment for the amusement industry.

For the third quarter of the current consolidated cumulative period, the various factors noted above resulted in net sales of 22,282 million yen (up 17.3% YoY). In terms of profit, operating profit of 1,997 million yen (up 123.8% YoY) due to an increase in net sales and an improvement in profit margins due to the resolution of parts supply shortages and other factors. Ordinary profit of 2,359 million yen (up 62.1% YoY), this was mainly because the Company recorded foreign exchange gains resulting from the depreciation of yen. Profit attributable to owners of the parent was 1,685 million yen (up 43.9% YoY).

During the third quarter of the consolidated cumulative period under review, the average exchange rates were 139.56 yen to the U.S. dollar (129.46 yen in the previous third quarter) and 151.21 yen to the euro (136.68 yen in the previous third quarter). Furthermore, the exchange rate on the final day of the quarter applied to the market valuation at the end of this third quarter of fiscal year was 141.83 yen per U.S. dollar (133.54 yen at the end of the previous fiscal year)

Operating results by segment are as follows.

i. Global Gaming

Due to demand for mainstay products such as bill validator units and printer units remained strong, net sales in this segment of 11,597 million yen (up 3.8% YoY) and segment profit was 1,927 million yen (up 45.7% YoY).

ii. International Commercial

Due to demand for bill recycler units and bill validator units for retail market in the European regions, remained high, net sales in this segment totaled 4,275 million yen (up 39.1% YoY). On the other hand, soaring material costs pushing segment loss of 50 million yen (the previous year saw a 129-million-yen gain).

iii. Domestic Commercial

Due to an increase in sales of bill validator units for self-service gas stations' payment machines and payment machines for buses, etc., as well as an increase in demand for the reprinting of new banknotes, this segment recorded net sales of 1,873 million yen (up 35.9% YoY) and segment profit was 244 million yen (up 115.7% YoY).

iv. Equipment for the Amusement Industry

Due to an increase in sales of peripheral devices and installation, etc., mainly units for smart gaming machines, this segment recorded net sales of 4,536 million yen (up 34.3% YoY) and segment profit of 774 million yen (the previous year saw a 71-million-yen loss).

(2) Explanation of Financial Position

i. Assets, Liabilities and Net Assets

Total assets at the end of the consolidated third quarter under review increased by 4,197 million yen from the end of the previous consolidated fiscal year to 43,014 million yen.

Total current assets increased by 3,291 million yen from the end of the previous consolidated fiscal year to 35,564 million yen. "Notes and accounts receivable - trade, and contract assets" increased by 2,159 million yen and "Inventories" increased by 7,193 million yen. At the same time, "Cash and deposits" decreased by 5,065 million yen and "Securities" decreased by 402 million yen, as well as "Other" decreased by 478 million yen mainly due to a decrease in advance payments to suppliers.

Total non-current assets increased by 911 million yen from the end of the previous consolidated fiscal year to 7,419 million yen mainly due to the acquisition of Property, plant and equipment.

Total deferred assets decreased by 5 million yen from the end of the previous consolidated fiscal year to 29 million yen due to amortization of bond issuance costs.

Total current liabilities increased by 1,487 million yen from the end of the previous consolidated fiscal year to 9,113 million yen. "Notes and accounts payable - trade" increased by 1,129 million yen, as well as "Other" increased by 490 million yen mainly due to an increase in contract liabilities.

Total non-current liabilities decreased by 518 million yen from the end of the consolidated previous fiscal year to 3,509 million yen. "Long-term borrowings" decreased by 600 million yen due to debt repayment.

Total net assets increased by 3,227 million yen from the end of the previous consolidated fiscal year to 30,391 million yen. "Treasury shares" decreased by 15 million yen due to disposal of treasury shares as restricted share-based remuneration. In addition, "Retained earnings" increased by 1,274 million yen due to the recording of profit attributable to owners of parent and "Foreign currency translation adjustment" increased by 1,813 million yen due to the revaluation of overseas subsidiaries to fair value.

ii. Cash Flows

Cash and cash equivalents (hereinafter referred to as "Net cash") during the consolidated cumulative third quarter under review decreased by 5,135 million yen from the end of the previous consolidated fiscal year to 8,068 million yen.

The status of each cash flow and their factors during the consolidated cumulative third quarter under review are as follows.

(Cash flows from operating activities)

Net cash used in operating activities amounted to 4,297 million yen (Expenditure of 319 million yen in the previous third quarter). This was mainly because funds increased due to profit before income taxes of 2,361 million yen and an increase in trade payables of 499 million yen, while funds decreased due to an increase in trade receivables of 1,301 million yen, an increase in inventories of 6,062 million yen and income taxes paid of 486 million yen, etc.

(Cash flows from investing activities)

Net cash used in investing activities totaled 374 million yen (Revenue of 49 million yen in the previous third quarter). This was mainly because funds increased due to a net decrease in short-term investment securities of 455 million yen and other factors, while funds decreased due to payments into time deposits of 73 million yen and purchase of property, plant and equipment of 699 million yen.

(Cash flows from financing activities)

Net cash used in financing activities totaled 1,093 million yen (Expenditure of 1,003 million yen in the previous third quarter). This was mainly because funds decreased due to repayment of Long-term borrowings of 600 million yen and dividends paid of 410 million yen.

In addition to these items, there was an increase in funds due to effect of exchange rate change on cash and cash equivalents of 629 million yen.

(3) Information on consolidated financial forecasts and other forward-looking statements

There are changes on the consolidated earnings forecasts for the fiscal year ending March 31, 2024 announced on November 8, 2023.

For details, please refer to "Notice of Decline in Non-Operating Income (Foreign Exchange Gains) and Revision of Earnings and Dividend Forecasts" disclosed today.

In the future, if important matters that require disclosure arise due to various factors, we will promptly announce them.

2. Quarterly Consolidated Financial Statements and Major Notes
(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	13,224,447	8,159,435
Notes and accounts receivable - trade, and contract assets	4,516,570	6,676,285
Electronically recorded monetary claims - operating	488,474	387,990
Securities	487,201	84,629
Merchandise and finished goods	5,826,025	11,548,274
Work in process	1,083,263	1,076,799
Raw materials and supplies	4,701,398	6,179,391
Other	2,135,230	1,656,961
Allowance for doubtful accounts	(189,281)	(205,012)
Total current assets	32,273,329	35,564,753
Non-current assets		
Property, plant and equipment	3,338,558	3,975,333
Intangible assets	143,833	241,463
Investments and other assets		
Other	3,103,674	3,275,560
Allowance for doubtful accounts	(77,846)	(72,611)
Total investments and other assets	3,025,828	3,202,948
Total non-current assets	6,508,219	7,419,745
Deferred assets	35,076	29,814
Total assets	38,816,625	43,014,313
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,559,318	4,689,229
Current portion of long-term borrowings	600,000	600,000
Income taxes payable	356,207	399,655
Provision for bonuses	277,200	125,404
Provision for bonuses for directors (and other officers)	20,000	10,000
Provision for business restructuring	154,756	141,010
Other	2,657,839	3,147,930
Total current liabilities	7,625,321	9,113,229
Non-current liabilities		
Bonds payable	2,000,000	2,000,000
Long-term borrowings	1,500,000	900,000
Other	527,910	609,812
Total non-current liabilities	4,027,910	3,509,812
Total liabilities	11,653,232	12,623,042
Net assets		
Shareholders' equity		
Share capital	2,220,316	2,220,316
Capital surplus	2,765,896	2,764,833
Retained earnings	21,699,807	22,974,767
Treasury shares	(402,481)	(387,203)
Total shareholders' equity	26,283,539	27,572,715
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	215,273	340,002
Foreign currency translation adjustment	664,579	2,478,553
Total accumulated other comprehensive income	879,853	2,818,556
Total net assets	27,163,392	30,391,271
Total liabilities and net assets	38,816,625	43,014,313

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

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	19,000,000	22,282,549
Cost of sales	12,108,020	13,679,804
Gross profit	6,891,980	8,602,745
Selling, general and administrative expenses	5,999,578	6,605,295
Operating profit	892,402	1,997,449
Non-operating income		
Interest income	2,315	11,626
Dividend income	34,615	39,028
Foreign exchange gains	470,122	324,653
Other	87,917	59,216
Total non-operating income	594,969	434,524
Non-operating expenses		
Interest expenses	21,218	19,692
Share of loss of entities accounted for using equity method	—	48,377
Other	10,402	4,338
Total non-operating expenses	31,620	72,408
Ordinary profit	1,455,751	2,359,566
Extraordinary income		
Gain on sale of non-current assets	75,571	2,951
Total extraordinary income	75,571	2,951
Extraordinary losses		
Loss on retirement of non-current assets	12	1,033
Total extraordinary losses	12	1,033
Profit before income taxes	1,531,310	2,361,484
Income taxes - current	326,223	573,982
Income taxes - deferred	33,871	101,633
Total income taxes	360,094	675,616
Profit	1,171,215	1,685,868
Profit attributable to owners of parent	1,171,215	1,685,868

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

(Thousands of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	1,171,215	1,685,868
Other comprehensive income		
Valuation difference on available-for-sale securities	34,692	124,728
Foreign currency translation adjustment	2,544,245	1,787,049
Share of other comprehensive income of entities accounted for using equity method	—	26,925
Total other comprehensive income	2,578,938	1,938,703
Comprehensive income	3,750,153	3,624,571
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,750,153	3,624,571
Comprehensive income attributable to non-controlling interests	—	—

(3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,531,310	2,361,484
Depreciation	164,422	274,597
Share of loss (profit) of entities accounted for using equity method	—	48,377
Increase (decrease) in provisions	(173,464)	(174,564)
Interest and dividend income	(36,930)	(50,654)
Interest expenses	21,218	19,692
Foreign exchange losses (gains)	(325,813)	(386,418)
Loss (gain) on sale and retirement of property, plant and equipment	(75,558)	(1,917)
Decrease (increase) in trade receivables	(377,454)	(1,301,099)
Decrease (increase) in inventories	(621,279)	(6,062,503)
Increase (decrease) in trade payables	(163,190)	499,556
Decrease (increase) in consumption taxes refund receivable	(38,881)	(96,681)
Other, net	(59,912)	1,026,998
Subtotal	(155,535)	(3,843,134)
Interest and dividends received	36,412	50,136
Interest paid	(23,297)	(17,396)
Income taxes paid	(177,303)	(486,657)
Net cash provided by (used in) operating activities	(319,724)	(4,297,051)
Cash flows from investing activities		
Payments into time deposits	—	(73,105)
Net decrease (increase) in short-term investment securities	—	455,385
Purchase of property, plant and equipment	(284,998)	(699,124)
Proceeds from sale of property, plant and equipment	348,582	5,490
Proceeds from earnest related sales of property, plant and equipment	133,108	—
Purchase of intangible assets	(16,744)	(24,495)
Purchase of investment securities	(41,821)	(1,681)
Payments of guarantee deposits	(88,712)	—
Other, net	200	(37,340)
Net cash provided by (used in) investing activities	49,614	(374,870)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(119,552)	—
Repayments of long-term borrowings	(600,000)	(600,000)
Dividends paid	(236,820)	(410,181)
Repayments of lease liabilities	(47,575)	(83,515)
Purchase of treasury shares	(30)	(288)
Net cash provided by (used in) financing activities	(1,003,978)	(1,093,985)
Effect of exchange rate change on cash and cash equivalents	1,063,656	629,980
Net increase (decrease) in cash and cash equivalents	(210,430)	(5,135,927)
Cash and cash equivalents at beginning of period	14,241,965	13,204,447
Cash and cash equivalents at end of period	14,031,534	8,068,520

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on premise of a going concern)

Not applicable.

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

The Company disposed 12,700 treasury shares as restricted share-based remuneration on August 24, 2023 based on resolution of the shareholders' Meeting held on July 25, 2023. As a result, capital surplus decreased by 1,062 thousand yen and treasury shares decreased by 14,503 thousand yen during the third quarter of the current consolidated cumulative period. Capital surplus totaled 2,764,833 thousand yen and treasury shares totaled 387,203 thousand yen during the end of the third quarter of the current consolidated fiscal year.

(Segment Information, etc.)

【Segment Information】

I. For the consolidated cumulative third quarter of the year ended March 31, 2023 (From April 1, 2022 to December 31, 2022)

Information on sales and income (loss) by reportable segments

(Thousands of yen)

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

(Note) Adjustments to segment income (loss) represent corporate expenses that are not allocated to each segment.

II. For the consolidated cumulative third quarter of the year ending March 31, 2024 (From April 1, 2023 to December 31, 2023)

Information on sales and income (loss) by reportable segments

(Thousands of yen)

	Reportable segments					Adjustment (Note)	Consolidated
	Global Gaming	International Commercial	Domestic Commercial	Equipment for the Amusement Industry	Total		
Net sales							
Sales to external customers	11,597,433	4,275,160	1,873,053	4,536,901	22,282,549	—	22,282,549
Intersegment sales and transfers	—	—	—	—	—	—	—
Total	11,597,433	4,275,160	1,873,053	4,536,901	22,282,549	—	22,282,549
Segment income (loss)	1,927,142	(50,643)	244,441	774,517	2,895,458	(898,008)	1,997,449

(Note) Adjustments to segment income (loss) represent corporate expenses that are not allocated to each segment.

(Significant subsequent events)

Repurchase of shares:

At the meeting of the Board of Directors held on February 8, 2024, the Group resolved to repurchase its stock pursuant to Article 459, paragraph 1 of the companies Act of Japan and Article 41 of the Company's Articles of Incorporation as follows.

I. Purpose of stock repurchase

To implement a flexible capital policy in response to changes in the business environment.

II. Details of repurchase

(1) Class of shares to be repurchased:	Common stock of the Company
(2) Total number of shares to be repurchased:	1,220,000 shares (maximum) (Ratio to total shares issued (excluding treasury shares): 4.15%)
(3) Total purchase price for repurchase of shares:	20 million yen (maximum)
(4) Period of repurchase:	From February 9, 2024 to February 29, 2024
(5) Method of repurchase:	Purchases through Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) on the Tokyo Stock Exchange
(Reference) Treasury share held as of January 31, 2024:	
Total number of shares issued (excluding treasury shares):	29,356,724 shares
Number of Treasury shares:	315,927 shares