

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

August 7, 2024

## Consolidated Financial Results for the Three Months Ended June 30, 2024 (Under Japanese GAAP)

Company name: Japan Cash Machine Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 6418  
 URL: <https://www.jcm-hq.co.jp>  
 Representative: Yojiro Kamihigashi, President and Representative Director  
 Inquiries: Tsuyoshi Takagaki, Executive Director and Senior Executive Officer,  
 Executive General Manager of Corporate Planning Division  
 Telephone: +81-6-6643-8400  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on financial results: Yes (List on HP)  
 Holding of financial results briefing: No

(All amounts are rounded down to the nearest millions)

### 1. Consolidated financial results for the three months ended June 30, 2024 (April 1, 2024 to June 30, 2024)

#### (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	%
Three months ended								
June 30, 2024	10,104	58.2	1,917	595.2	2,377	170.6	2,004	167.1
June 30, 2023	6,386	6.3	275	(41.0)	878	(23.3)	750	(19.8)

Note: Comprehensive income For the three months ended June 30, 2024: ¥3,012 million [517.5%]  
 For the three months ended June 30, 2023: ¥487 million [(61.3)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
June 30, 2024	73.34	—
June 30, 2023	25.57	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
June 30, 2024	49,071	29,557	60.2	1,097.99
March 31, 2024	47,698	28,655	60.1	1,018.44

Reference: Equity  
 As of June 30, 2024: ¥29,557 million  
 As of March 31, 2024: ¥28,655 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
Fiscal year ended March 31, 2024	—	7.00	—	19.00	26.00
Fiscal year ending March 31, 2025	—				
Fiscal year ending March 31, 2025 (Forecast)		14.00	—	14.00	28.00

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicate the changes from the corresponding period of 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
Six months ending September 30, 2024	21,000	57.6	3,400	269.8	3,100	76.5	2,500	82.3	92.19
Full year	37,500	18.6	4,300	51.5	3,900	9.3	3,100	(5.5)	114.76

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

### \* Notes

- (1) Significant changes in the scope of consolidation during the period: 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: Yes
  - (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)

As of June 30, 2024	29,672,651 shares
As of March 31, 2024	29,672,651 shares

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

As of June 30, 2024	2,753,076 shares
As of March 31, 2024	1,535,927 shares

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

Three months ended June 30, 2024	27,325,308 shares
Three months ended June 30, 2023	29,344,256 shares

\* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

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

The earnings forecasts and other forward-looking statements contained in this document are based on information currently available to the Company and certain assumptions which the Company deems reasonable, and are not promises regarding the achievement of forecasts. Actual results may differ significantly from these forecasts due to a wide range of factors. For matters related to the above forecasts, please refer to page 3 of the attached documents.

## Contents of Attachments

### Index

1. Qualitative information on Quarterly Results .....	2
(1) Explanation of Operating Results.....	2
(2) Explanation of Financial Position.....	3
(3) Information on consolidated earnings forecasts and other forward-looking statements.....	3
2. Quarterly Consolidated Financial Statements and Major Notes.....	4
(1) Quarterly Consolidated Balance Sheet.....	4
(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income.....	5
Quarterly Consolidated Statement of Income	
Cumulative period for the consolidated first quarter .....	5
Quarterly Consolidated Statement of Comprehensive Income	
Cumulative period for the consolidated first quarter .....	6
(3) Quarterly Consolidated Statements of Cash Flows.....	7
(4) Notes to Quarterly Consolidated Financial Statements .....	8
Notes on changes in accounting policies .....	8
Notes on premise of a going concern .....	9
Note in the event of a significant change in the amount of shareholders' equity .....	9
Segment Information, etc. ....	9
Significant subsequent events .....	10

## **1. Qualitative information on Quarterly Results**

### **(1) Explanation of Operating Results**

With regard to the global economy during the three months ended June 30, 2024, while there are still factors of concern about the outlook, such as prolonged global inflation, tight monetary policies of various countries and rising geopolitical risks such as the situation in Middle East, the economy continues to recover gradually due to improvement in employment conditions and recovery of personal consumption in Europe, United States and Japan.

In the gaming market, which is the Group's primary market, appetite for capital investment in casino hotels and other facilities remained high against a backdrop of strong global travel demand, and in the domestic and overseas commercial markets, demand for products for contactless and non-face-to-face payment settlement remained strong. In addition, particularly in Japan, demand increased significantly in response to the issuance of new banknotes in July of this year.

Under these circumstances, in the gaming market, we continued conduct multifaceted marketing activities, including the introduction and proposal of system products that meet customer needs, and sales promotion activities for new products. In the overseas commercial market, in order to further expand sales of our products overseas, which is one of priority measures of our group, we developed new products that meet the needs of each region and country, and implemented initiatives to expand sales channels for our products by exhibiting at exhibitions in different markets in each country, with the aim of developing new markets, especially at our new bases in North, Central and South America. In the domestic commercial market, we further focused on aggressive sales promotion activities in response to various infrastructure improvements due to the increase in tourists visiting Japan and increased demand for our products due to the issuance of new banknotes.

As a result of the above, net sales in this three-month period totaled 10,104 million yen (up 58.2% YoY). In terms of profit, operating profit was 1,917 million yen (up 595.2% YoY) due to an increase in sales, as well as increased sales of profitable products in the domestic commercial and Equipment for the Amusement Industry segments in response to the issuance of new banknotes. In addition, the Company recorded foreign exchange gains resulting from the depreciation of the yen. This brought ordinary profit of 2,377 million yen (up 170.6% YoY) and profit attributable to owners of parent to 2,004 million yen (up 167.1% YoY)

During this three-month period, the average exchange rates were 149.90 yen to the U.S. dollar (133.45 yen in the previous first quarter) and 162.27 yen to the euro (143.97 yen in the previous first quarter). Furthermore, the exchange rate on the final day of the quarter applied to market valuation at the end of the first quarter of this fiscal year was 161.41 yen per U.S. dollar (151.42 yen at the end of the previous fiscal year).

Operating results by segment are as follows.

#### **i. Global Gaming**

Sales of bill validator units for use in casino gaming machines, which were slumped in the same period of the previous year due to a shortage of parts and materials, increased significantly. As a result, segment sales totaled 4,780 million yen (up 79.5% YoY) and segment profit amounted to 1,067 million yen (up 266.1% YoY).

#### **ii. International Commercial**

Due to an increase in sales of bill recycling units installed in self-checkout machines for contactless and non-face-to-face payments, segment sales amounted to 1,716 million yen (up 15.4% YoY). On the other hand, due to an increase in expenses for R&D of new products to develop new markets in North, Central and South America and participation in various exhibitions to expand sales channels, segment loss amounted to 109 million yen (loss of 115 million yen in the previous first quarter).

#### **iii. Domestic Commercial**

In addition to an increase in sales of bill recycling units for payment machines in parking lot and bill validator units for bus fare boxes, demand for renewal of our product increased in response to the issuance of new banknotes. As a result, segment sales totaled 1,327 million yen (up 116.7% YoY) and segment profit amounted to 567 million yen (profit of 43 million yen in the previous first quarter).

#### **iv. Equipment for the Amusement Industry**

In addition to steady sales of dedicated smart gaming machine units, sales of bill validator units in response to the issuance of new banknotes and peripheral equipment such as bill transport systems increased. As a result, segment sales totaled 2,280 million yen (up 40.5% YoY) and segment profit amounted to 683 million yen (up 137.7% YoY).

## **(2) Explanation of Financial Position**

### **i. Assets, Liabilities and Net Assets**

Total assets at the end of the first quarter of the current fiscal year increased by 1,372 million yen from the end of the previous fiscal year to 49,071 million yen.

Total current assets increased by 1,209 million yen from the end of the previous fiscal year to 41,352 million yen. "Notes and accounts receivable – trade, and contract assets" and "inventories" increase by 744 million yen and 618 million yen respectively, while "cash and deposits" decreased by 141 million yen.

Total non-current assets increased by 168 million yen from the end of the previous fiscal year to 7,600 million yen. The mark- to-market valuation of investment securities increased by 102 million yen.

Total deferred assets decreased by 5 million yen from the end of the previous fiscal year to 117 million yen due to amortization of bond issuance costs.

Total current liabilities decreased by 167 million yen from the end of the previous fiscal year to 9,092 million yen. "Current portion of long-term borrowings" increased by 240 million yen, "income taxes payable" increase by 192 million yen and "other" in current liabilities increase by 819 million yen due to an increase in contract liabilities, while "notes and accounts payable-trade" and "provision for bonuses" decreased by 1,178 million yen and 204 million yen respectively.

Total non-current liabilities increased by 638 million yen from the end of the previous fiscal year to 10,420 million yen. "Long-term borrowings" increased by 660 million yen due to new borrowings.

Total net assets increased by 901 million yen from the end of the previous fiscal year to 29,577 million yen. "Treasury shares" increased by 1,576 million yen due to the purchase of treasury shares. "Retained earnings" increased by 1,469 million yen due to the recording of profit attributable to owners of parent and "foreign currency translation adjustment" increased by 937 million yen due to the depreciation of the yen, etc.

### **ii . Cash Flows**

Cash and cash equivalents (hereinafter referred to as "Net cash") during the first quarter of the current fiscal year decreased by 141 million yen from the end of the previous fiscal year to 12,380 million yen.

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

#### **Cash flows from operating activities**

Net cash provided by operating activities amounted to 822 million yen (expenditure of 1,326 million yen in the previous first quarter). This was mainly because funds increased due to profit before income taxes of 2,377 million yen, while funds decreased due to a decrease in trade payables of 1,488 million yen.

#### **Cash flows from investing activities**

Net cash used in investing activities totaled 90 million yen (revenue of 129 million yen in the previous first quarter). This was mainly because funds decreased due to purchase of property, plant and equipment of 79 million yen and other factors.

#### **Cash flows from financing activities**

Net cash used in financing activities totaled 1,240 million yen (expenditure of 533 million yen in the previous first quarter). This was mainly due to funds increased due to proceeds from long-term borrowings of 1,200 million yen, while funds decreased due to repayments of long-term borrowings of 300 million yen, purchase of treasury shares of 1,576 million yen and dividends paid of 534 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 366 million yen.

## **(3) Information on consolidated earnings forecasts and other forward-looking statements**

The Company revised its consolidated earning forecast for the first half and full year of the fiscal year ending March 31, 2025, which were announced on May 9, 2024.

For the details, please refer to the news release titled "Notice Concerning Upward Revision of Earnings Forecast" disclosed today.

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

(Thousands of yen)

	As of March 31, 2024	As of June 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	12,522,582	12,380,630
Notes and accounts receivable - trade, and contract assets	6,575,455	7,319,990
Electronically recorded monetary claims - operating	481,028	621,410
Securities	58,404	62,004
Merchandise and finished goods	12,209,054	12,671,406
Work in process	1,195,138	1,669,608
Raw materials and supplies	6,159,975	5,841,765
Other	1,135,852	990,835
Allowance for doubtful accounts	(193,922)	(204,815)
Total current assets	40,143,568	41,352,836
Non-current assets		
Property, plant and equipment	3,950,375	3,970,339
Intangible assets	219,772	221,309
Investments and other assets		
Other	3,334,003	3,481,316
Allowance for doubtful accounts	(72,611)	(72,611)
Total investments and other assets	3,261,392	3,408,705
Total non-current assets	7,431,539	7,600,354
Deferred assets	123,098	117,909
Total assets	47,698,207	49,071,100
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,583,516	3,405,174
Current portion of long-term borrowings	1,260,000	1,500,000
Income taxes payable	392,121	584,506
Provision for bonuses	366,624	161,667
Provision for bonuses for directors (and other officers)	36,000	—
Other	2,622,456	3,441,492
Total current liabilities	9,260,718	9,092,840
Non-current liabilities		
Bonds payable	6,000,000	6,000,000
Long-term borrowings	3,540,000	4,200,000
Other	242,017	220,924
Total non-current liabilities	9,782,017	10,420,924
Total liabilities	19,042,736	19,513,765
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,220,316	2,220,316
Capital surplus	2,764,839	2,764,839
Retained earnings	24,570,828	26,040,398
Treasury shares	(2,353,842)	(3,930,052)
Total shareholders' equity	27,202,141	27,095,502
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	287,152	358,241
Foreign currency translation adjustment	1,166,175	2,103,591
Total accumulated other comprehensive income	1,453,328	2,461,833
Total net assets	28,655,470	29,557,335
Total liabilities and net assets	47,698,207	49,071,100

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

(Thousands of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	6,386,657	10,104,417
Cost of sales	4,032,340	5,554,679
Gross profit	2,354,316	4,549,737
Selling, general and administrative expenses	2,078,437	2,631,828
Operating profit	275,878	1,917,908
Non-operating income		
Interest income	4,962	3,145
Dividend income	32,184	34,285
Foreign exchange gains	538,859	485,154
Other	38,749	6,474
Total non-operating income	614,757	529,060
Non-operating expenses		
Interest expenses	6,761	24,997
Share of loss of entities accounted for using equity method	—	11,622
Other	5,461	32,978
Total non-operating expenses	12,223	69,598
Ordinary profit	878,413	2,377,370
Extraordinary income		
Gain on sale of investment securities	—	335
Total extraordinary income	—	335
Extraordinary losses		
Loss on retirement of non-current assets	878	0
Total extraordinary losses	878	0
Profit before income taxes	877,534	2,377,705
Income taxes - current	95,776	367,666
Income taxes - deferred	31,354	5,871
Total income taxes	127,130	373,537
Profit	750,404	2,004,167
Profit attributable to owners of parent	750,404	2,004,167

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

(Thousands of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	750,404	2,004,167
Other comprehensive income		
Valuation difference on available-for-sale securities	22,886	71,088
Foreign currency translation adjustment	(285,369)	935,780
Share of other comprehensive income of entities accounted for using equity method	—	1,635
Total other comprehensive income	(262,483)	1,008,504
Comprehensive income	487,921	3,012,672
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	487,921	3,012,672
Comprehensive income attributable to non-controlling interests	—	—



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

(Thousands of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	877,534	2,377,705
Depreciation	81,419	131,059
Increase (decrease) in provisions	(169,984)	(235,714)
Interest and dividend income	(37,147)	(37,431)
Interest expenses	6,761	24,997
Foreign exchange losses (gains)	(472,579)	(386,952)
Loss (gain) on sale of securities	—	(335)
Loss (gain) on sale and retirement of property, plant and equipment	878	0
Share of loss (profit) of entities accounted for using equity method	—	11,622
Decrease (increase) in trade receivables	(35,552)	(469,754)
Decrease (increase) in inventories	(1,419,395)	235,977
Increase (decrease) in trade payables	(94,728)	(1,488,519)
Decrease (increase) in consumption taxes refund receivable	123,615	627,356
Other, net	(6,888)	158,103
Subtotal	(1,146,067)	948,114
Interest and dividends received	36,976	37,259
Interest paid	(8,468)	(20,280)
Income taxes paid	(208,489)	(142,864)
Net cash provided by (used in) operating activities	(1,326,049)	822,228
<b>Cash flows from investing activities</b>		
Net decrease (increase) in short-term investment securities	402,363	345
Purchase of property, plant and equipment	(264,442)	(79,465)
Proceeds from sale of property, plant and equipment	534	—
Purchase of intangible assets	(8,370)	(11,482)
Purchase of investment securities	(516)	(388)
Proceeds from sale of investment securities	—	640
Other, net	—	100
Net cash provided by (used in) investing activities	129,569	(90,250)
<b>Cash flows from financing activities</b>		
Repayments of long-term borrowings	(300,000)	(300,000)
Proceeds from long-term borrowings	—	1,200,000
Dividends paid	(205,565)	(534,683)
Repayments of lease liabilities	(28,132)	(29,496)
Purchase of treasury shares	(36)	(1,576,209)
Net cash provided by (used in) financing activities	(533,734)	(1,240,389)
Effect of exchange rate change on cash and cash equivalents	98,294	366,458
Net increase (decrease) in cash and cash equivalents	(1,631,919)	(141,951)
Cash and cash equivalents at beginning of period	13,204,447	12,522,582
Cash and cash equivalents at end of period	11,572,527	12,380,630

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

##### **Notes on changes in accounting policies**

(Application of “Accounting Standard for Current Income Taxes” and relevant ASBJ regulations)

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No.27, October 28, 2022; hereinafter referred as the “Revised Accounting Standard 2022”) and other relevant ASBJ regulations from the beginning of the first quarter of the fiscal year under review. The amendment to the classification of income taxes (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No.28, October 28, 2022; hereinafter referred as the “Revised Implementation Guidance 2022”). This change in accounting policies has no impact on the quarterly consolidated financial statements.

In addition, the Company has adopted the Revised Implementation Guidance 2022 for the amendment related to the revised accounting treatment in consolidated financial statements of the deferral for tax purpose of gain or loss on sale of shares of subsidiaries, etc. among consolidated companies, taking effect from the beginning of the first quarter of the fiscal year under review. This change in accounting policies have been applied retrospectively, and the figures concerning quarterly consolidated financial statements and consolidated financial statements for the previous fiscal year have been prepared on a retrospective basis. This change in accounting policies has no impact on the quarterly consolidated financial statements for the same quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

**Notes on premise of a going concern**

Not applicable.

**Note in the event of a significant change in the amount of shareholders' equity****Purchase of treasury shares**

The Company repurchased 1,217,100 treasury shares based on resolution of the Board of Directors held on May 9, 2024. As a result, treasury shares increase by 1,576,209 thousand yen during the first quarter of the current fiscal year, including an increase due to the purchase of shares less than one share unit, and treasury shares totaled to 3,930,052 thousand yen at the end of the first quarter under review.

**Segment Information, etc.****Segment Information**

## 1. Three months ended June 30, 2023 (April 1, 2023 to June 30,2023)

Information on amounts of net sales, profit and loss for each reportable segment

(Thousands of yen)

	Reportable segments					Adjustments (Note)	Amount recorded on quarterly consolidated financial statements
	Global gaming	Overseas commercial	Domestic commercial	Equipment for amusement industry	Total		
Sales							
Sales to external customers	2,663,538	1,487,967	612,536	1,622,614	6,386,657	—	6,386,657
Inter-segment sales and transfers	—	—	—	—	—	—	—
Total	2,663,538	1,487,967	612,536	1,622,614	6,386,657	—	6,386,657
Segment profit (loss)	291,634	(115,504)	43,252	287,411	506,793	(230,914)	275,878

(Note) Adjustment on segment profit (loss) reflects corporate-wide expenses not allocated to each reportable segment.

## 2. Three months ended June 30, 2024 (April 1, 2024 to June 30,2024)

Information on amounts of net sales, profit and loss for each reportable segment

(Thousands of yen)

	Reportable segments					Adjustments (Note)	Amount recorded on quarterly consolidated financial statements
	Global gaming	Overseas commercial	Domestic commercial	Equipment for amusement industry	Total		
Sales							
Sales to external customers	4,780,160	1,716,640	1,327,261	2,280,353	10,104,417	—	10,104,417
Inter-segment sales and transfers	—	—	—	—	—	—	—
Total	4,780,160	1,716,640	1,327,261	2,280,353	10,104,417	—	10,104,417
Segment profit (loss)	1,067,707	(109,605)	567,094	683,034	2,208,230	(290,321)	1,917,908

(Note) Adjustment on segment profit (loss) reflects corporate-wide expenses not allocated to each reportable segment.

## Significant subsequent events

### Disposal of treasury shares as restricted share-base remuneration

The Company has resolved to dispose of its treasury shares as restricted share-based remuneration at the Board of Directors meeting held on July 24, 2024, as follows.

#### 1. Summary of Disposal

(1) Disposal date	August 23, 2024
(2) Class and number of shares to be disposed	12,100 shares of common stock of the Company
(3) Disposal price	1,033 yen per share
(4) Total value of share disposal	12,499,300 yen
(5) Allottees and number thereof, number of shares to be disposed	Directors of the Company (excluding Directors who reside overseas, the President, Directors who are Audit & Supervisory Committee Members and Outside Directors): 3 Directors, 3,000 shares Senior Executive Officers not concurrently serving as Directors of the Company and Executive Officers not concurrently serving as Directors of the Company (excluding those who reside overseas): 4 Senior Executive officers and Executive officers, 2,600 shares General Managers of the Company (excluding those who reside overseas): 13 General Managers, 6,500 shares

#### 2. Purpose and reason for disposal

At the meeting of the Board of Directors held on May 14, 2019, the Company resolved to introduce a restricted share-based remuneration plan (hereinafter referred to as the "Plan") for its Directors (excluding Outside Directors) in order to provide an incentive to further increase their willingness to contribute to the increase in the share price and the enhancement of corporate value, as well as to share the benefits and risks of share price fluctuations with our shareholders. In addition, at the 71st Ordinary General Meeting of Shareholders held on June 25, 2024, the Company has received renewed approval for allocation of restricted share to the Company's directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors; hereinafter referred to as the "Eligible Directors") in connection with the transition to a company with an Audit & Supervisory Committee.

In addition to the Eligible Directors, the Company has also applied the Plan to Senior Executive Officers and Executive Officers not concurrently serving as Directors of the Company and the General Managers of the Company in order to share the same objectives as described above.