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In the event of any discrepancies between the Japanese and English versions, the former shall prevail.

(Securities code: 6418)

June 6, 2022

To Our Shareholders

Yojiro Kamihigashi
President and Representative Director
Japan Cash Machine Co., Ltd.
2-3-15 Nishiwaki, Hirano-ku, Osaka City

Convocation Notice of the 69th Ordinary General Meeting of Shareholders

Japan Cash Machine Co., Ltd. (hereinafter referred to as the “Company”) hereby notifies you that the 69th Ordinary General Meeting of Shareholders will be held as follows.

In lieu of attending the meeting in person, you may exercise your voting rights in writing or over the Internet. Please refer to the Reference Documents for the General Meeting of Shareholders below and exercise your voting rights before 5:30 p.m. (JST) on Monday, June 27, 2022 according to the instructions mentioned below.

In light of the situation with COVID-19 infections, we recommend that you exercise your voting rights in writing or over the Internet, etc., if at all possible.

- 1. Date and time:** Tuesday, June 28, 2022, at 10:00 a.m. (JST) (Reception starts at 9:00 a.m.)
- 2. Venue:** Namba SkyO, Convention Hall (7th floor), 5-1-60, Namba, Chuo-ku, Osaka
- 3. Agenda:**

Matters to be reported

1. Reports on the Business Report, the Consolidated Financial Statements, and the Results of the Audit of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Board for the 69th Fiscal Year (from April 1, 2021 to March 31, 2022)
2. Reports on the Non-consolidated Financial Statements for the 69th Fiscal Year (from April 1, 2021 to March 31, 2022)

Matters to be resolved

- Proposal 1 Amendment to the Articles of Incorporation
Proposal 2 Election of Six (6) Directors

Information on Exercising Voting Rights

The right to vote at the General Meeting of Shareholders is an important right of all shareholders.

Please carefully consider the reference documents for the General Meeting of Shareholders before exercising your voting rights.

The three following methods can be used to exercise your voting rights.

Attending the General Meeting of Shareholders in person

Please submit the enclosed voting form at reception.

Time and date

Tuesday, June 28, 2022

10:00 a.m. (JST) (Reception starts at 9:00 a.m.)

Voting in writing (by mail) (Recommended)

Please indicate your approval or disapproval of the proposals on the enclosed voting form and return it to us.

Deadline

Must arrive by 5:30 p.m. (JST) on Monday, June 27, 2022

Voting over the Internet, etc. (Recommended)

Please input your approval or disapproval of the proposals according to the instructions on the following page.

Deadline

Input must be completed by 5:30 p.m. (JST) on Monday, June 27, 2022

If you vote both in writing (by mail) and on the Internet, etc., the vote on the Internet, etc. will be treated as a valid vote. Furthermore, if you vote multiple times on the Internet, etc., the final vote will be treated as a valid vote.

Disclosure via the Internet

- The Company has not stated the following matters in this notice because they are stated on the Company's website (<https://www.jcm-hq.co.jp/>) on the Internet pursuant to the provisions of laws and regulations and Article 18 of the Company's Articles of Incorporation. Therefore, the documents provided in this notice are part of the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements audited by the Audit & Supervisory Board Members, and the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the financial auditor when preparing audit reports.
 - (i) Business Report (systems for ensuring the appropriateness of operations and the state of operation thereof)
 - (ii) Consolidated Financial Statements (Consolidated Statement of Changes in Equity, Notes to Consolidated Financial Statements)
 - (iii) Non-consolidated Financial Statements (Non-consolidated Statement of Changes in Equity, Notes to Non-consolidated Financial Statements)
- If any corrections are made to the reference documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements, or Non-consolidated Financial Statements, these will be published on the Company's website (<https://www.jcm-hq.co.jp/>) on the Internet.

Information on Exercising Voting Rights over the Internet, etc.

“Smart Voting” Reading a QR Code

You can log into the voting website without entering your voting code and password.

1 Read the QR code shown on the bottom right of the voting form.

* “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.

2 Follow the instructions on screen to enter your approval or disapproval.

You can only vote once using Smart Voting.

If you wish to change the content of your vote, please access the PC website and login using the voting code and password shown on the voting form to vote again.

* You will be taken to the PC site if you read the QR code again.

Entering the Voting Code and Password

Voting website: <https://www.web54.net>

1 Access the voting website.

2 Enter the “voting code” shown on your voting form.

3 Enter the “password” shown on your voting form.

4 Follow the instructions on screen to enter your approval or disapproval.

Institutional investors may use the electronic voting platform for institutional investors operated by ICJ, Inc.

Reference Documents for the General Meeting of Shareholders

Proposal 1 Amendment to the Articles of Incorporation

1. Reasons for the Amendment

The amended provisions stipulated in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, the Company's Articles of Incorporation are hereby amended as follows in order to prepare for the introduction of the system for providing informational materials for the General Meeting of Shareholders in electronic format.

- (1) Article 18, paragraph 1) in "Proposed Amendments" below will stipulate that the Company shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.
- (2) Article 18, paragraph 2) in "Proposed Amendments" below will establish the provision to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.
- (3) Since the provisions for Internet Disclosure of Reference Documents for the General Meeting of Shareholders, Etc. (Article 18 of the current Articles of Incorporation) will no longer be required, they will be deleted.
- (4) Accompanying the aforementioned establishment and deletion of provisions, supplementary provisions regarding the effective date, etc. will be established.

2. Details of the amendments

Details of the amendments are as follows.

(Underlines indicate changes)

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">Chapter III General Meeting of Shareholders</p> <p><u>Article 18 (Internet Disclosure of Reference Documents for the General Meeting of Shareholders, Etc.)</u></p> <p><u>When the Company convenes a general meeting of shareholders, if it discloses information that is to be stated or presented in the reference documents for the general meeting of shareholders, financial statements and consolidated financial statements and business report through the internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u></p> <p><Newly established></p>	<p style="text-align: center;">Chapter III General Meeting of Shareholders</p> <p><Deleted></p> <p><u>Article 18 (Measures, etc. for Providing Information in Electronic Format)</u></p> <p><u>1) When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference</u></p>

Current Articles of Incorporation	Proposed Amendments
<p><Newly established></p>	<p><u>documents for the general meeting of shareholders, etc. in electronic format.</u></p> <p><u>2) Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p> <p style="text-align: center;"><u>Supplementary Provisions</u></p> <p><u>Article 1 The deletion of Article 18 (Internet Disclosure of Reference Documents for the General Meeting of Shareholders, Etc.) in the pre-amended Articles of Incorporation and the establishment of the new Article 18 (Measures, etc. for Providing Information in Electronic Format) in the amended Articles of Incorporation shall be effective from September 1, 2022, that is the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the "Date of Enforcement").</u></p> <p><u>Article 2 Notwithstanding the provision of the preceding Article, Article 18 of the pre-amended Articles of Incorporation shall remain effective for general meetings of shareholders held on a date within six (6) months from the Date of Enforcement.</u></p> <p><u>Article 3 These Supplementary Provisions shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the general meeting of shareholders in the preceding Article, whichever is later.</u></p>

Proposal 2 Election of Six (6) Directors

As the term of office of all six (6) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders, the Company proposes the election of six (6) Directors, including two (2) External Directors. Each candidate is nominated at the Board of Directors meeting based on the report of the Nomination and Remuneration Advisory Committee, which is chaired by an Independent External Director and the majority of its members are External Officers to ensure fairness and transparency.

The candidates for Director are as follows:

Candidate No.		Name	Current Position and Responsibilities in the Company	Attendance at Board of Directors Meetings (69th Fiscal Year)
1	Reelection	Yojiro Kamihigashi	President and Representative Director	100.0% (18 out of 18 meetings)
2	Reelection	Tsuyoshi Takagaki	Executive Director and Senior Executive Officer, Executive General Manager of Corporate Planning Division	100.0% (18 out of 18 meetings)
3	Reelection	Yoshihiro Iuchi	Director and Senior Executive Officer, Executive General Manager of Global Strategy Division, in charge of Sales	100.0% (18 out of 18 meetings)
4	Reelection	Norihito Nakatani	Director and Senior Executive Officer, Executive General Manager of Production Division, in charge of Production	100.0% (18 out of 18 meetings)
5	Reelection External Independent	Koji Yoshikawa	External Director	100.0% (18 out of 18 meetings)
6	Reelection External Independent	Tatsuhiko Saruwatari	External Director	94.4% (17 out of 18 meetings)

(Reference) Composition of the Board of Directors if and when this proposal is approved as proposed

The Company selects Directors and Audit & Supervisory Board Members after the Nomination and Remuneration Advisory Committee examines and reports on the skills, know-how, diversity, etc. that the Board of Directors should possess in light of the Group's business strategy, based on the experience and achievements of each candidate.

Skill Matrix of Directors (Candidates) and Audit & Supervisory Board Members

Name & Title			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	D		•	•		•	•			
Tsuyoshi Takagaki	D	NR	•					•	•	•
		EC								
Yoshihiro Iuchi	D	NR	•	•	•	•	•			
		EC								
Norihito Nakatani	D		•	•	•	•				
Koji Yoshikawa	D	NR								•
	EO	EC								
Tatsuhiko Saruwatari	D	NR	•			•			•	
	EO	EC								
Michimasa Teraoka	AS		•				•	•		
Hiroshi Morimoto	AS	NR	•							•
	EO	EC								
Yoko Sato	AS	NR	•					•		
	EO	EC								

(Note) The above positions are those held at the time of this Ordinary General Meeting of Shareholders.

Abbreviations for the above positions and skills are as follows.

D Director AS Audit & Supervisory Board Member EO External Officer

NR Nomination and Remuneration Advisory Committee EC External Officer Council

Candidate No.

1

Yojiro Kamihigashi

(June 5, 1959)

Reelection

■Number of the Company's Shares Owned

1,458,283

■Number of years served as Director
(at the conclusion of this Ordinary General Meeting of Shareholders)

29 years

■Attendance at Board of Directors meetings (69th fiscal year)

100.0% (18/18)

■Career Summary, and Position and Responsibility in the Company

Oct. 1984 Joined Japan Cash Machine Co., Ltd.

June 1993 Director of the Company

May 1995 Director and General Manager of Overseas Sales Department

June 2006 Director, Executive Officer, and Executive General Manager of International Division

Apr. 2007 President and Representative Director (current position)

June 2020 President of JCM SYSTEMS Co., LTD. (current position)

■Significant concurrent positions outside the Company

President of JCM SYSTEMS Co., LTD.

Reasons for nomination as candidate for Director

Yojiro Kamihigashi has management experience at overseas subsidiaries. Capitalizing on this experience, he currently exerts effective leadership in the management of the Group's global business development. He plays an important role in decision making, while overseeing the execution of business. Since it is expected that he will continue to perform his duties appropriately and will contribute to the sustained enhancement of the corporate value of the Group, he is considered to be a suitable candidate for Director. Accordingly, he is a proposed candidate for Director.

Special interests between candidate and the Company

There is no special interest between Mr. Kamihigashi and the Company.

Directors and Officers Liability Insurance

The Company has entered into a liability insurance policy for Directors and Audit & Supervisory Board Members with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act. A summary of the content of the insurance policy is provided on page 32 of the Business Report. If the election of the candidate for Director is approved, the candidate will continue to be included as an insured under the insurance policy. In addition, when the insurance policy is renewed, the Company plans to renew the policy with the same terms. The details of the contract are as outlined below:

- The scope of the insured under this insurance policy is the Company's officers (Board Directors and Audit & Supervisory Board Members) and Officers of domestic and overseas subsidiaries (Board Directors, Audit & Supervisory Board Members, etc.), and the insured does not pay insurance premiums.
- The insurance contract will cover the loss incurred by the insured (compensation for damages and litigation expenses (legal fees, etc.) borne by the individual).

Candidate No.

2

Tsuyoshi Takagaki

(September 13, 1961)

Reelection

- Number of the Company's Shares Owned
5,300 shares
- Number of years served as Director
(at the conclusion of this Ordinary General Meeting of Shareholders)
9 years
- Attendance at Board of Directors meetings (69th fiscal year)
100.0% (18/18)

■ Career Summary, and Position and Responsibility in the Company

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

Reasons for nomination as candidate for Director

Since joining the Company, Tsuyoshi Takagaki has worked for the development of the Group, taking charge of general affairs, legal, compliance, and human resources. He currently makes effective business decisions based on his experiences accumulated through his career, while also currently supervises execution of effective business activities as Executive Director. Since it is expected that he will continue to perform his duties appropriately and will contribute to the sustained enhancement of the corporate value of the Group, he is considered to be a suitable candidate for Director. Accordingly, he is a proposed candidate for Director.

Special interests between candidate and the Company

There is no special interest between Mr. Takagaki and the Company.

Directors and Officers Liability Insurance

The Company has entered into a liability insurance policy for Directors and Audit & Supervisory Board Members with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act. A summary of the content of the insurance policy is provided on page 32 of the Business Report. If the election of the candidate for Director is approved, the candidate will continue to be included as an insured under the insurance policy. In addition, when the insurance policy is renewed, the Company plans to renew the policy with the same terms. The details of the contract are as outlined below:

- The scope of the insured under this insurance policy is the Company's officers (Board Directors and Audit & Supervisory Board Members) and Officers of domestic and overseas subsidiaries (Board Directors, Audit & Supervisory Board Members, etc.), and the insured does not pay insurance premiums.
- The insurance contract will cover the loss incurred by the insured (compensation for damages and litigation expenses (legal fees, etc.) borne by the individual).

Candidate No.

3

Yoshihiro Iuchi

Reelection

(May 21, 1960)

- Number of the Company's Shares Owned
11,600 shares
- Number of years served as Director
(at the conclusion of this Ordinary General Meeting of Shareholders)
4 years
- Attendance at Board of Directors meetings (69th fiscal year)
100.0% (18/18)

■ Career Summary, and Position and Responsibility in the Company

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

Reasons for nomination as candidate for Director

Since joining the Company, Yoshihiro Iuchi has engaged mainly in overseas sales activities, and then worked as the Representative Director of a subsidiary company that controls overseas production. Currently, he serves as Director playing a useful role overseeing appropriate decision making and business execution from a global perspective. Since it is expected that he will continue to perform his duties appropriately and will contribute to the sustained enhancement of the corporate value of the Group, we consider him a suitable candidate for Director. Accordingly, he is a proposed candidate for Director.

Special interests between candidate and the Company

There is no special interest between Mr. Iuchi and the Company.

Directors and Officers Liability Insurance

The Company has entered into a liability insurance policy for Directors and Audit & Supervisory Board Members with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act. A summary of the content of the insurance policy is provided on page 32 of the Business Report. If the election of the candidate for Director is approved, the candidate will continue to be included as an insured under the insurance policy. In addition, when the insurance policy is renewed, the Company plans to renew the policy with the same terms. The details of the contract are as outlined below:

- The scope of the insured under this insurance policy is the Company's officers (Board Directors and Audit & Supervisory Board Members) and Officers of domestic and overseas subsidiaries (Board Directors, Audit & Supervisory Board Members, etc.), and the insured does not pay insurance premiums.
- The insurance contract will cover the loss incurred by the insured (compensation for damages and litigation expenses (legal fees, etc.) borne by the individual).

Candidate No.

4

Norihito Nakatani

(February 20, 1960)

Reelection

- Number of the Company's Shares Owned
9,700 shares
- Number of years served as Director
(at the conclusion of this Ordinary General Meeting of Shareholders)
3 years
- Attendance at Board of Directors meetings (69th fiscal year)
100.0% (18/18)

■ Career Summary, and Position and Responsibility in the Company

Oct. 1990	Joined Japan Cash Machine Co., Ltd.
June 2007	Executive Officer and Deputy Executive General Manager of SCM Division of the Company
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 of the Company
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 and Senior Executive Officer of the Company (current position)
Oct. 2021	In charge of Production (current position)
Jan. 2022	Executive General Manager of Production Division (current position)

Reasons for nomination as candidate for Director

Since joining the Company, Norihito Nakatani has engaged mainly in production-related operations, and then worked as the Representative Director of a subsidiary company that controls overseas production. Currently, he serves as Director, responsible for the Production Division overseeing appropriate decision making and business execution based on relevant work experience. Since it is expected that he will continue to perform his duties appropriately and will contribute to sustained enhancement of the corporate value of the Group, we consider him a suitable candidate for Director. Accordingly, he is a proposed candidate for Director.

Special interests between candidate and the Company

There is no special interest between Mr. Nakatani and the Company.

Directors and Officers Liability Insurance

The Company has entered into a liability insurance policy for Directors and Audit & Supervisory Board Members with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act. A summary of the content of the insurance policy is provided on page 32 of the Business Report. If the election of the candidate for Director is approved, the candidate will continue to be included as an insured under the insurance policy. In addition, when the insurance policy is renewed, the Company plans to renew the policy with the same terms. The insurance contract is scheduled to be renewed with the same terms and conditions at the next renewal. The details of the contract are as outlined below:

- The scope of the insured under this insurance policy is the Company's officers (Board Directors and Audit & Supervisory Board Members) and Officers of domestic and overseas subsidiaries (Board Directors, Audit & Supervisory Board Members, etc.), and the insured does not pay insurance premiums.
- The insurance contract will cover the loss incurred by the insured (compensation for damages and litigation expenses (legal fees, etc.) borne by the individual).

Candidate No.

5

Koji Yoshikawa

(February 8, 1950)

Reelection

External

Independent

■Number of the Company's Shares Owned

-

■Number of years served as Director (at the conclusion of this Ordinary General Meeting of Shareholders)

8 years

■Attendance at Board of Directors meetings (69th fiscal year)

100.0% (18/18)

■Career Summary, and Position and Responsibility in the Company

Apr. 1978 Appointed Public Prosecutor of Osaka District Public Prosecutors Office

Apr. 2000 Deputy Manager of Special Investigation Department, Osaka District Public Prosecutors Office

Apr. 2004 Prosecutor of Supreme Public Prosecutors Office

July 2005 Deputy Chief Public Prosecutor of Osaka District Public Prosecutors Office

Jan. 2009 Chief Public Prosecutor of Kobe District Public Prosecutors Office

Jan. 2010 Resigned from Prosecutor

Mar. 2010 Registered as Attorney

June 2014 External Director of the Company (current position)

■Significant concurrent positions outside the Company

Attorney (Baba Law Firm)
External Audit & Supervisory Board Member of NCS&A CO., LTD.

Reasons for nomination as candidate for External Director and summary of expected roles

Although Koji Yoshikawa has not been directly involved in the management of a company, he has extensive knowledge and expertise as a judicial officer. He has been giving appropriate advice to the Group, which operates compliance-oriented management, such as maintaining casino gaming licenses in the U.S. Since it is expected that he will contribute to strengthening the function of supervising the execution of duties of other Directors and transparency of management, we consider him an appropriate candidate for External Director of the Company. Accordingly, he is a proposed candidate for External Director.

Independence

The Company has submitted notification to the Tokyo Stock Exchange that Mr. Yoshikawa has been designated as an independent officer as provided for by the aforementioned exchange. The Company has also established its own standards for determining independence, separately from those stipulated by the aforementioned exchange, and this candidate also fulfills the Company's standards for determining independence.

Special interests between candidate and the Company

There is no special interest between Mr. Yoshikawa and the Company.

Limited liability agreement

The Company has concluded an agreement with Mr. Yoshikawa to limit his liability for damages under Article 423, paragraph (1) of the Companies Act pursuant to the provision of Article 427, paragraph (1) of the same Act. The maximum amount of the liability for damages under the agreement shall be the higher of either ten million yen or the minimum amount of liability prescribed by Article 425, paragraph (1) of the Companies Act. If the reelection of this candidate is approved, the Company plans to continue the agreement.

Directors and Officers Liability Insurance

The Company has entered into a liability insurance policy for Directors and Audit & Supervisory Board Members with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act. A summary of the content of the insurance policy is provided on page 32 of the Business Report. If the election of the candidate for Director is approved, the candidate will continue to be included as an insured under the insurance policy. In addition, when the insurance policy is renewed, the Company plans to renew the policy with the same terms. The details of the contract are as outlined below:

- The scope of the insured under this insurance policy is the Company's officers (Board Directors and Audit & Supervisory Board Members) and Officers of domestic and overseas subsidiaries (Board Directors, Audit & Supervisory Board Members, etc.), and the insured does not pay insurance premiums.
- The insurance contract will cover the loss incurred by the insured (compensation for damages and litigation expenses (legal fees, etc.) borne by the individual).

Candidate No.

6

Tatsuhiko Saruwatari

(March 1, 1953)

Reelection

External

Independent

■Number of the Company's Shares Owned

-

■Number of years served as Director (at the conclusion of this Ordinary General Meeting of Shareholders)

2 years

■Attendance at Board of Directors meetings (69th fiscal year)

94.4% (17/18)

■Career Summary, and Position and Responsibility in the Company

Apr. 1976	Joined Toto Kiki Ltd. (current TOTO LTD.)
June 2001	Director, Executive Officer, and Director of Equipment Business Group of the same company
June 2002	Director, Managing Executive Officer, Director of Equipment Business Group, and General Manager of Central Technology Center
June 2006	Director, Senior Managing Executive Officer, in charge of Research & Technology Group and Corporate Planning Department
May 2013	External Audit & Supervisory Board Member of Izutsuya Co., Ltd.
June 2013	Representative Director, Executive Vice President of TOTO LTD.
June 2016	External Audit & Supervisory Board Member of NORITAKE CO., LIMITED (current position)
June 2020	External Director of the Company (current position)

■Significant concurrent positions outside the Company

External Audit & Supervisory Board Member of NORITAKE CO., LIMITED

Reasons for nomination as candidate for External Director and summary of expected roles

Tatsuhiko Saruwatari has a wealth of experience and broad knowledge as a manager and is expected to provide advice and suggestions in management activities aimed at realizing the sustainable enhancement of the corporate value of the Group. In addition, we consider him an appropriate candidate for the position of External Director of the Company, who aims to strengthen the function of supervising the execution of duties of other Directors and further improve the transparency of management. Accordingly, he is a proposed candidate for External Director.

Independence

The Company has submitted notification to the Tokyo Stock Exchange that Mr. Saruwatari has been designated as an independent officer as provided for by the aforementioned exchange. The Company has also established its own standards for determining independence, separately from those stipulated by the aforementioned exchange, and this candidate also fulfills the Company's standards for determining independence.

Special interests between candidate and the Company

There is no special interest between Mr. Saruwatari and the Company.

Limited liability agreement

The Company has concluded an agreement with Mr. Saruwatari to limit his liability for damages under Article 423, paragraph (1) of the Companies Act pursuant to the provision of Article 427, paragraph (1) of the same Act. The maximum amount of the liability for damages under the agreement shall be the higher of either ten million yen or the minimum amount of liability prescribed by Article 425, paragraph (1) of the Companies Act. If the reelection of this candidate is approved, the Company plans to continue the agreement.

Directors and Officers Liability Insurance

The Company has entered into a liability insurance policy for Directors and Audit & Supervisory Board Members with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act. A summary of the content of the insurance policy is provided on page 32 of the Business Report. If the election of the candidate for Director is approved, the candidate will continue to be included as an insured under the insurance policy. In addition, when the insurance policy is renewed, the Company plans to renew the policy with the same terms. The details of the contract are as outlined below:

- The scope of the insured under this insurance policy is the Company's officers (Board Directors and Audit & Supervisory Board Members) and Officers of domestic and overseas subsidiaries (Board Directors, Audit & Supervisory Board Members, etc.), and the insured does not pay insurance premiums.
- The insurance contract will cover the loss incurred by the insured (compensation for damages and litigation expenses (legal fees, etc.) borne by the individual).

Standards for Determining Independence of External Officers

The Company has established the following standards on independence of External Directors and External Audit & Supervisory Board Members (hereinafter collectively referred to as “External Officers”), and if it is found that none of the following items apply to an External Officer as a result of investigations conducted to the extent reasonably possible in the Company, the External Officer is deemed to have adequate independence from the Company.

1. An executive (meaning Executive Directors, Executive Officers and employees (excluding Audit & Supervisory Board Members); the same applies below) of the Company and the Company’s consolidated subsidiaries (hereinafter collectively referred to as “Group”), or a person who has been an executive of the Group in the past ten years
2. A person who is a major seller to the Group (a trading group (meaning a corporate group made up of direct business partners, their parent company and subsidiaries, and the subsidiaries of said parent company) providing products or services to the Group, where the transaction amount in the most recent fiscal year exceeds 2% of the consolidated net sales of said group) or an executive thereof
3. A major purchaser of the Group (a purchaser group to which the Group provides products or services, where the transaction amount in the most recent fiscal year exceeds 2% of the consolidated net sales of the Group) or an executive thereof
4. A legal expert, accounting expert, consultant, or advisor (if the party obtaining an economic benefit is an organization such as a corporation or association, a person belonging to the organization) who receives a large sum of money or other economic benefit (meaning money or other economic benefit exceeding 5 million yen per year in the case of an individual or 12 million yen per year in the case of a group, excluding officer remuneration, in the most recent fiscal year) separate from officer remuneration from the Group
5. A person who belongs to an audit firm conducting statutory audits of the Group
6. A person who receives donations or subsidies exceeding a certain amount (10 million yen per year on average over the past three fiscal years) from the Company (if the party receiving the donations or subsidies is an organization such as a corporation or an association, an executive of the organization)
7. An executive of a major financial institution from which the Group conducts borrowing (a financial institution from which the amount of borrowing at the end of the most recent fiscal year exceeds 2% of the consolidated total assets of the Company) or the parent company or a subsidiary thereof
8. A major shareholder (a person who directly or indirectly holds a percentage of voting rights that is 10% or more of the total voting rights in the most recent fiscal year) of the Group, or if the major shareholder is a corporation, an executive of the corporation
9. An executive of another company with mutual appointment of External Officers (a relationship in which an executive of the Group is an External Officer of another company, and an executive of another company is an External Officer of the Company)
10. A person who has fallen under 2 through 9 above during the past five years
11. The spouse or a relative within the second degree of kinship of a person falling under 1 through 10 above (limited to persons in important positions (limited to Directors (excluding External Directors), Executive Officers, employees in senior managerial positions of general manager or higher, attorneys who belong to a law firm, certified public accountants who belong to an audit firm or accounting office, officers such as councilors, directors and auditors who belong to an incorporated foundation, an incorporated association, an incorporated educational institution or other corporation, or a person objectively and reasonably deemed to have equivalent importance))
12. Beyond what is provided for in the preceding items, a person who has special grounds for being unable to fulfill his/her duties as an independent External Officer such as the potential for the occurrence of a conflict of interests with the Company

Even if a person falls under any of 2 through 11 above, if the person satisfies the requirements for an external officer under the Companies Act and is deemed by the Company to be suitable as an independent External Officer, the person may be exceptionally nominated as a candidate for independent External Officer by indicating the reason for the decision.

Business Report

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

1. Status of the Business Group

(1) Status of business during the fiscal year under review

1) Business progress and results

During the fiscal year under review, although the impact of the spread of COVID-19 continued, the global economy showed signs of a gradual recovery in economic conditions, albeit in varying degrees, as vaccinations progressed worldwide. In the U.S. and Europe in particular, there were signs of a rapid resumption of economic activity, with a major shift toward a system of coexistence with COVID-19. On the other hand, in addition to the worldwide supply shortage of electronic components including semiconductors due to the rapid recovery of demand, there are many causes for concern, such as soaring resource prices due to geopolitical risks and the global outbreak of new mutant COVID-19 strains, and the economic outlook remains uncertain.

In this market environment, the U.S. gaming market, the Group's main market, continued to be more active than it was before the COVID-19 pandemic, due in part to progress in vaccinations and easing of restrictions on admission to casino facilities, and the appetite for capital investment among casino operators and other customers also recovered significantly. In the domestic and international commercial markets, demand for products related to the expansion and promotion of contactless and non-face-to-face contact in cash payments as a measure to prevent infection, backed by the shift to systems that can coexist with COVID-19, also remained strong. On the other hand, in the amusement industry equipment market, in addition to pachinko parlors taking time to recover utilization, demand for peripheral equipment associated with the replacement of old regulation machines remained sluggish against a backdrop of a supply shortage of new regulation machines.

Under these circumstances, in order to capture demand associated with the recovery of economic activities in the U.S. and Europe, the Company conducted aggressive sales activities for system products that take into account factors such as the cashless trend, which is expected to further increase in use in an era of coexistence with COVID-19, and products related to the expansion and promotion of contactless and non-face-to-face operations such as self-checkout. In response to concerns about product supply for meeting customer demand given the supply shortage of semiconductors and other electronic components, the Group focused all its efforts on improving the supply system for customers by placing top priority on sales of high-demand products and taking every possible measure to procure components, including the allocation of components from other products. Furthermore, in terms of expenses, we continued to implement cost-cutting measures from the previous fiscal year, such as reductions and restraints based on efficient management of personnel expenses and research and development expenses, including reductions in remuneration for directors (and other officers).

As a result, net sales for the fiscal year under review totaled 20,040 million yen (up 17.8% YoY). In terms of profit, operating profit was 568 million yen (compared with a loss of 2,589 million yen in the previous fiscal year), due to such factors as curbing development expenses by concentrating investments on high-priority development projects, and reducing personnel expenses by restructuring the personnel structure, and fixed cost by improving efficiency through office consolidation and other measures at Group companies. In addition, the Company recorded 874 million yen in non-operating income, including foreign exchange gains resulting from the depreciation of the yen, resulting in ordinary profit of 1,384 million yen (compared to a loss of 2,902 million yen in the previous fiscal year). Profit attributable to owners of parent was 605 million yen (compared with a loss of 7,558 million yen in the previous fiscal year), mainly due to the recording of 983 million yen in income taxes - deferred resulting from the reversal of deferred tax assets.

During the fiscal year under review, the average exchange rates were 110.37 yen to the U.S. dollar (106.44 yen in the previous fiscal year) and 130.37 yen to the euro (121.95 yen in the previous fiscal year). Furthermore, the exchange rate on the final day of the fiscal year applied to market valuation at the end of the fiscal year was 122.41 yen per U.S. dollar (110.72 yen at the end of the previous fiscal year).

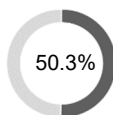
Net sales by segment were as follows.

(Millions of yen)				
Category	The 68th fiscal year From April 1, 2020 to March 31, 2021	The 69th fiscal year (fiscal year under review) From April 1, 2021 to March 31, 2022	Year-on-year change	Percentage change
Global Gaming	8,077	10,093	2,015	25.0%
International Commercial	2,746	4,361	1,614	58.8%
Domestic Commercial	1,704	1,839	135	7.9%
Equipment for the Amusement Industry	4,482	3,746	(736)	(16.4)%
Total	17,010	20,040	3,029	17.8%

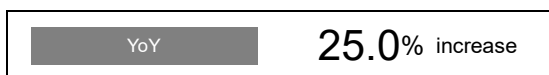
(Note) Figures in parentheses indicate decreases.

Global Gaming

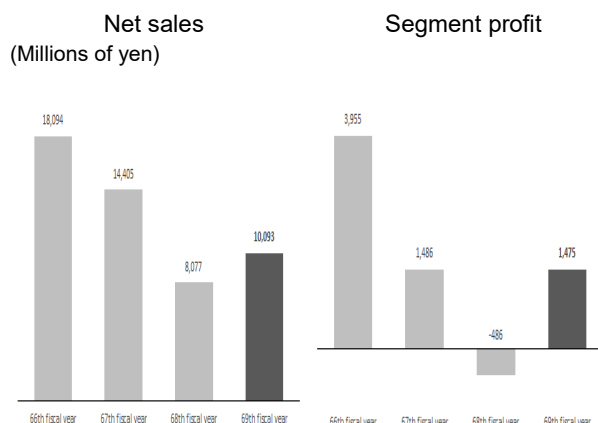
Net sales composition



Net sales **10,093** million yen



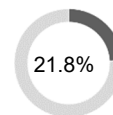
Segment profit **1,475** million yen



In the European region, sales remained sluggish due to the fact that some countries are still affected by the impact of COVID-19, including the spread of new mutant strains. In the U.S., however, sales of bill validator units and printers, main products in this segment, were strong against a backdrop of brisk sales not seen in society even before COVID-19 as a result of progress in vaccinations and the relaxation of admission restrictions and other measures for casino facilities. As a result, net sales in this segment increased significantly.

International Commercial

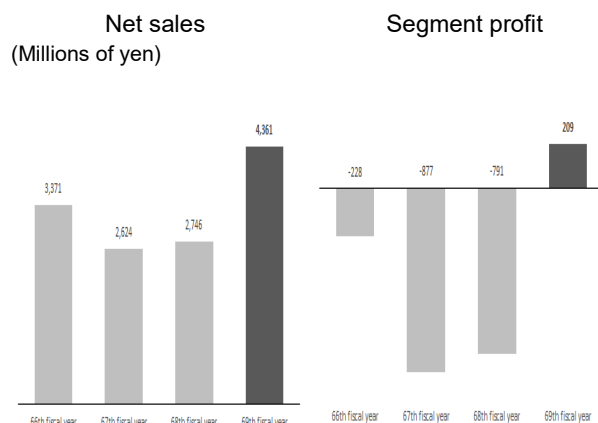
Net sales composition



Net sales **4,361** million yen



Segment profit **209** million yen

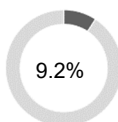


Against the backdrop of prevention of the spread of COVID-19, contactless and non-face-to-face payment styles are becoming more established and sales of bill recycling units for self-checkout machines were strong in the European region. In addition, bill recycling units for bitcoin ATMs were introduced in the U.S. As a result, net sales in this segment increased significantly.

(Note) The figures inside parentheses indicate the amount of loss.

Domestic Commercial

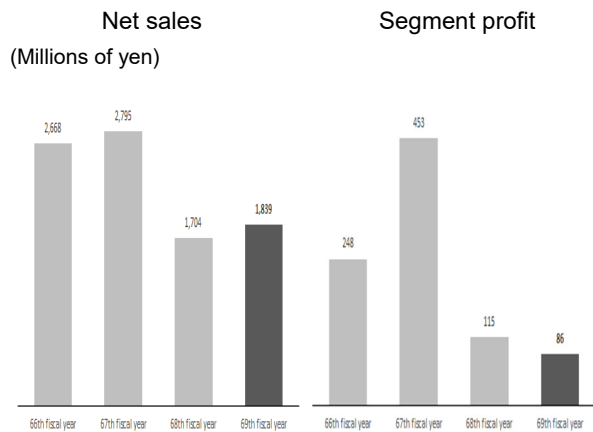
Net sales composition



Net sales **1,839** million yen



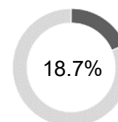
Segment profit **86** million yen



Net sales in this segment increased due to high demand for products related to the progress of contactless and non-face-to-face payment at the time of settlement in the same manner as the international commercial market, and strong sales of bill recycling units and coin recycling units for self-service ticket vending machines at restaurants and self-service gas stations. On the other hand, segment profit declined due to higher development costs for new products such as cashless payment machines.

Equipment for the Amusement Industry

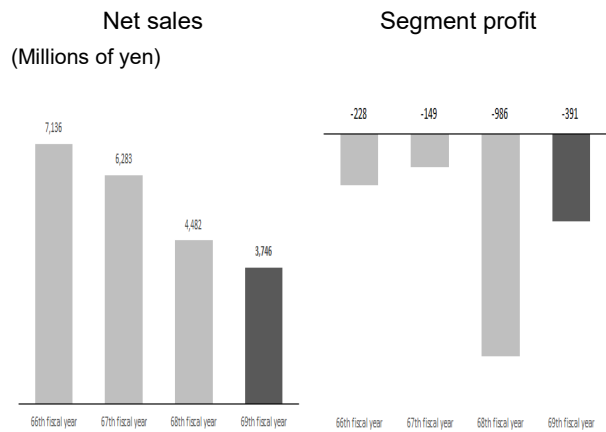
Net sales composition



Net sales **3,746** million yen



Segment profit **(391)** million yen



In Japan, pachinko parlor operators remained cautious about investing in peripheral equipment, as it has taken time for pachinko parlor operations to recover from the effects of the coronavirus pandemic, and they refrained from replacing machines with new regulation machines before the deadline of the end of January this year. Furthermore, although we had expected demand to increase in conjunction with the replacement of machines with new regulation machines, there were delays in the supply of new regulation machines due to a supply shortage of semiconductors and other electronic components. As a result, net sales in this segment decreased.

2) Status of capital investment

The total amount of capital investment in the fiscal year under review was 354 million yen.

This was mainly attributable to 163 million yen for dies for production.

3) Status of financing

In April 2021, the Company issued its first series of bank-guaranteed private placement bonds (unsecured bonds) in the amount of 2 billion yen, with Resona Bank, Limited as the underwriter, for the purpose of securing medium- to long-term funds for development and capital investment. In addition, the Company took out long-term loans totaling 3 billion yen from its main financial institutions.

4) Status of transfer of business, absorption-type company splits and incorporation-type company splits

Not applicable.

5) Status of receipt of transfer of business of other companies

Not applicable.

6) Status of assumption of rights and obligations concerning businesses of other corporations, etc. due to absorption-type company mergers or absorption-type company splits

Not applicable.

7) Status of acquisition or disposal of other companies shares, other holdings or share acquisition rights, etc.

Not applicable.

(2) Status of property and profits and losses

Category	The 66th fiscal year From April 1, 2018 to March 31, 2019	The 67th fiscal year From April 1, 2019 to March 31, 2020	The 68th fiscal year From April 1, 2020 to March 31, 2021	The 69th fiscal year (fiscal year under review) From April 1, 2021 to March 31, 2022
Net sales (Millions of yen)	31,270	26,109	17,010	20,040
Ordinary profit (loss) (Millions of yen)	2,265	(861)	(2,902)	1,384
Profit (loss) attributable to owners of parent (Millions of yen)	1,288	(1,796)	(7,558)	605
Profit (loss) per share	43.48 yen	(60.57) yen	(254.83) yen	20.41 yen
Total assets (Millions of yen)	39,668	37,090	31,772	33,144
Net assets (Millions of yen)	32,893	30,303	22,113	23,169

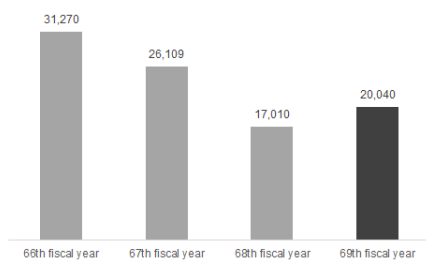
(Notes) 1. Figures in parentheses indicate losses.

2. Profit (loss) per share is calculated based on the average number of issued shares during the period after deducting the number of treasury shares.

(Reference)

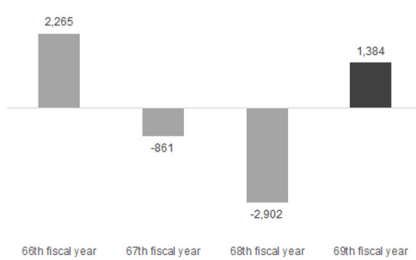
Net sales

(Millions of yen)



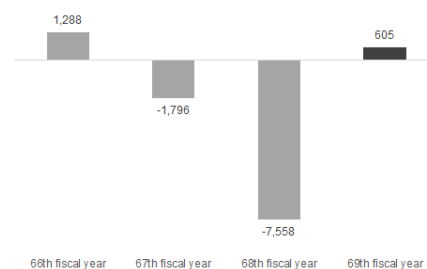
Ordinary profit (loss)

(Millions of yen)



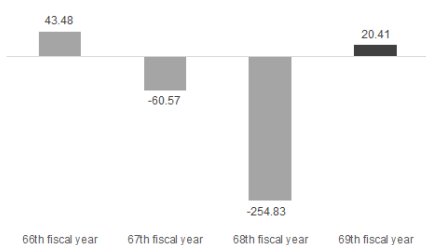
Profit (loss) attributable to owners of parent

(Millions of yen)



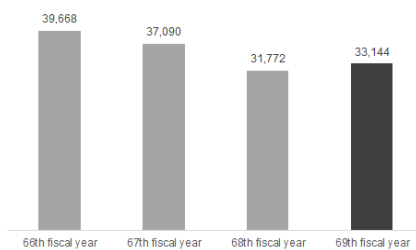
Profit (loss) per share

(Yen)



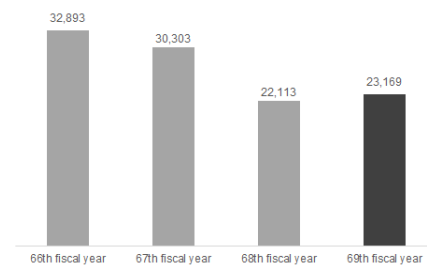
Total assets

(Millions of yen)



Net assets

(Millions of yen)



(3) Status of principal parent company and subsidiaries

1) Relationship with parent company

Not applicable.

2) Status of significant subsidiaries

Company name	Share capital	Percentage of voting rights held by the Company	Principal businesses
JCM SYSTEMS Co., LTD.	100,000 thousand yen	100.0	Sales, installation and maintenance of amusement industry equipment, etc.
JCM Meiho Co., Ltd.	50,000 thousand yen	(100.0)	Sales of amusement machines
JCM AMERICAN CORP.	7,200 thousand USD	100.0	Sales of money-handling machines, etc.
JCM INNOVATION CORP.	1 thousand USD	(100.0)	Management of the manufacturing and sale business of printer units
JCM COMMERCE MECHATRONICS INC.	500 thousand USD	100.0	Sales of money-handling machines, etc.
JCM EUROPE GMBH.	1,650 thousand EUR	100.0	Sales of money-handling machines, etc.
JCM EUROPE (UK) LTD.	127 thousand GBP	(100.0)	Sales of money-handling machines, etc. Sales and repairs of printer units
JCM GOLD (H.K.) LTD.	17,500 thousand HKD	100.0	Manufacture of money-handling machines, etc.
SHAFTY CO., LTD.	7,500 thousand HKD	100.0	Leasing of real estate to affiliates
JCM CHINA CO., LTD.	500 thousand CNY	(100.0)	Support for manufacture and sales of money-handling machines, etc.
J-CASH MACHINE (THAILAND) CO., LTD.	5,000 thousand THB	100.0	Software development
J-CASH MACHINE GLOBAL MANUFACTURING (PHILIPPINES) INC.	10,400 thousand PHP	100.0	Manufacture of money-handling machines, etc.

- (Notes)
1. The Company had 16 subsidiaries including those listed above as of March 31, 2022.
 2. The figures in parentheses shown for the percentage of voting rights held by the Company indicate indirect holdings through the Company's subsidiaries.
 3. JCM COMMERCE MECHATRONICS INC. was established on January 11, 2022.

3) Other

Not applicable.

(4) Issues to be addressed

Regarding the business environment surrounding the Group, while the economies of the US and Europe are recovering with the acceleration of vaccination against the coronavirus, the adverse effects of the coronavirus are expected to continue for the time being in China and other areas where the infection is spreading again due to mutant strains. Furthermore, in addition to disruptions in supply chains due to the worldwide supply shortage of semiconductors and other electronic components, and soaring resource prices, there are a number of factors that could hinder the global economic recovery in the short to medium term, including the manifestation of geopolitical risks, such as the situation in Ukraine, and the weakening of the yen. Accordingly, the unpredictable situation is expected to continue.

In this environment, on the sales front, we established JCM COMMERCE MECHATRONICS INC. in January of this year as a further foothold in the commercial business, which we expect to follow our mainstay gaming business. Here, we aim to develop customers in the commercial market in North America and Central and South America and to expand the market share of our products, including new products currently under development, with the aim of growing the commercial business into a business on a par with the gaming business. Meanwhile, in the amusement industry equipment market, which is trending downward, we will continue to focus on sales of mainstay products in which we can demonstrate our strengths, such as automatic token supply systems and bill transport systems, while making further efforts to improve efficiency and profitability of sales activities by utilizing distributors and collaborating with other companies in the same industry.

In the area of development, we will accelerate the speed of launching a number of new products that are under development in anticipation of future demand growth, thereby boosting sales activities and realizing the Group's growth in step with the changing times. In terms of production, the transfer of production from China to the Philippine plant, which started operation last year, is expected to be completed by the end of this year, despite some delays due to the coronavirus pandemic, and we will aim to improve profitability through further efforts to stabilize product quality and cost reduction.

Through these efforts, we are determined to secure stable profits and strive for further growth, placing the highest priority on the recovery of our business performance in the short to medium term.

We ask our shareholders for their understanding of and support for the Group.

(5) Principal businesses (As of March 31, 2022)

Major products	Details of product, etc.	Purpose of use, etc.
Money-handling machines * Applicable segments · Global Gaming · International Commercial · Domestic Commercial	Bill validator units	These are used as bill intakes on arcade machines, vending machines, etc.
	Bill recycling units	These are devices for receiving and paying out bills, temporarily storing bills that are received and paying them out as change (recycling), and are used in ATM terminals, etc.
	Printer units	These are mainly used as printers installed on casino slot machines.
	Automatic deposit machines	These are devices that sort different types of bills by type, tally the number of bills and store them, and are used in locations such as taxi service centers.
	Deposit and withdrawal machines, change machines	These are used in locations such as supermarkets where cash is frequently exchanged with customers and accurate and efficient cash management is required.
	Bill validation machines	These are used as a means of identifying authentic and counterfeit bills in locations such as foreign exchange tellers of financial institutions.
	OEM terminals	These are products provided to other companies as an OEM.
Amusement industry equipment * Applicable segments · Equipment for the Amusement Industry	Automatic token supply system	These are devices for replenishing tokens in slot machines, etc. in pachinko stores, and automatically collecting and cleaning overflowing tokens.
	Bill transport systems	This system transfers bills inserted by players into ball and token rental machines at pachinko stores to a vault installed at the end of the pachinko machine row.
	i clear system	An Electronic Authentication System Association system that conducts comprehensive management of the lending of balls and tokens in pachinko stores, and realizes sound ball and token lending with a high level of transparency through a third-party organization.
	Prize POS system	A system installed on the counter of a pachinko store for the exchange of prizes for balls and tokens obtained by players, and the management of prize inventory.
	Slot machines and pachinko machines	These are used as gaming machines in pachinko stores.
	Payout machines	These are used for the purpose of paying the relevant amount of currency at prize exchange sites.
	Environmental devices	These are used for air purification and separation of smoking areas in pachinko stores, etc.

(Note) Due to the many of products handled in each business segment overlapping, this table shows them organized by the major product lines as in the past. The applicable segments indicate the business segments handling each of the major product lines.

(6) Major sales offices and plants (As of March 31, 2022)

Company name	Site name	Location
Japan Cash Machine Co., Ltd. (the Company)	Head Office	Hirano-ku, Osaka City
	Tokyo Office	Chuo-ku, Tokyo
	Nagahama Plant	Nagahama City, Shiga
JCM SYSTEMS Co., LTD.	Head Office	Chuo-ku, Tokyo
JCM Meiho Co., Ltd.	Head Office	Chuo-ku, Tokyo
JCM AMERICAN CORP.	Head Office	Nevada, U.S.A.
JCM INNOVATION CORP.	Head Office	Nevada, U.S.A.
JCM COMMERCE MECHATRONICS INC.	Head Office	Delaware, U.S.A.
JCM EUROPE GMBH.	Head Office	Dusseldorf, Germany
JCM EUROPE (UK) LTD.	Head Office	Milton Keynes, U.K.
JCM GOLD (H.K.) LTD.	Head Office	Hong Kong
SHAFTY CO., LTD.	Head Office	Hong Kong
JCM CHINA CO., LTD.	Head Office	Guangdong, China
J-CASH MACHINE (THAILAND) CO., LTD.	Head Office	Bangkok, Thailand
J-CASH MACHINE GLOBAL MANUFACTURING (PHILIPPINES) INC.	Head Office	Laguna, Philippines

- (Notes)
1. The registered head office of JCM SYSTEMS Co., LTD. is in Hirano-ku, Osaka City.
 2. JCM COMMERCE MECHATRONICS INC. was established on January 11, 2022.

(7) Status of employees (As of March 31, 2022)

1) Status of employees of the business group

Number of employees	Change from the end of previous fiscal year
528	Decreased by 53

- (Notes)
1. These figures do not include 93 quasi-employees (average during the period).
 2. The employees are not classified by business segment due to the difficulty in grouping them.
 3. The main reason for the decrease is due to the solicitation of voluntary retirement.

2) Status of the Company's employees

Number of employees	Change from the end of previous fiscal year	Average age	Average years of service
218	Decreased by 45	42.4 years old	15.3 years

- (Notes)
1. These figures do not include 72 temporary employees and 48 quasi-employees (average during the period).
 2. The main reason for the decrease is due to the solicitation of voluntary retirement.

(8) Status of principal lenders (As of March 31, 2022)

Lender	Borrowings (Millions of yen)
Sumitomo Mitsui Banking Corporation	1,350
Sumitomo Mitsui Trust Bank, Limited	900
The Nanto Bank, Ltd.	450

(Note) In addition to the above borrowing amount, there are outstanding private placement bonds (corporate bonds) as follows.

Resona Bank, Limited: 2,000 million yen

(9) Other significant matters concerning the current status of the business group

Not applicable.

2. Current Status of the Company

(1) Status of shares (As of March 31, 2022)

- 1) Total number of authorized shares 118,000,000 shares
- 2) Total number of issued shares 29,662,851 shares
- 3) Number of shareholders 17,147

4) Major shareholders (top ten)

Shareholder name	Number of shares held	Percentage of shares held
Johto Investment and Development Inc.	4,661,713	15.72
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,642,900	8.91
Koichiro Kamihigashi	2,437,246	8.22
Yojiro Kamihigashi	1,458,283	4.92
Custody Bank of Japan, Ltd. (Trust Account)	670,700	2.26
Yoshiko Kamihigashi	638,600	2.15
Resona Bank, Limited	563,343	1.90
Sumitomo Mitsui Banking Corporation	503,724	1.70
Totor Engineering Co., Ltd.	432,474	1.46
Nippon Life Insurance Company	403,226	1.36

(Note) The ownership of shares have been calculated by deducting 2,704 treasury shares.

(2) Status of share acquisition rights, etc.

- 1) Status of share acquisition rights held by the Company's officers that are granted as consideration for the execution of duties (as of March 31, 2022)

Not applicable.

- 2) Status of share acquisition rights granted to employees, etc. as consideration for the execution of duties during the fiscal year under review

Not applicable.

- 3) Other significant matters concerning share acquisition rights, etc.

Not applicable.

(3) Status of the Company's officers

1) Status of Directors and Audit & Supervisory Board Members (As of March 31, 2022)

Position in the Company	Name	Responsibilities and significant concurrent positions outside the Company
President and Representative Director	Yojiro Kamihigashi	President of JCM SYSTEMS Co., LTD.
Executive Director	Tsuyoshi Takagaki	Senior Executive Officer and Executive General Manager of Corporate Planning Division
Director	Yoshihiro Iuchi	Senior Executive Officer, Executive General Manager of Global Strategy Division, and in charge of Sales
Director	Norihito Nakatani	Senior Executive Officer, Executive General Manager of Production Division, and in charge of Production
Director (External Director)	Koji Yoshikawa	Attorney (Baba Law Firm) External Audit & Supervisory Board Member of NCS&A CO., LTD.
Director (External Director)	Tatsuhiko Saruwatari	External Audit & Supervisory Board Member of NORITAKE CO., LIMITED
Full-time Audit & Supervisory Board Member	Michimasa Teraoka	
Audit & Supervisory Board Member (External Audit & Supervisory Board Member)	Hiroshi Morimoto	Attorney (Representative of Kitahama Partners and CEO of Kitahama Group) External Audit & Supervisory Board Member of IwaiCosmo Securities Co., Ltd.
Audit & Supervisory Board Member (External Audit & Supervisory Board Member)	Yoko Sato	Certified Public Accountant (Representative of Yoko Sato Certified Public Accountant Office) External Director of TOCALO Co., Ltd. External Director of Sanyo Electric Railway Co., Ltd.

- (Notes)
1. Director Koji Yoshikawa and Director Tatsuhiko Saruwatari are External Directors as provided for in Article 2, item (xv) of the Companies Act.
 2. Audit & Supervisory Board Member Hiroshi Morimoto and Audit & Supervisory Board Member Yoko Sato are External Audit & Supervisory Board Members as provided for in Article 2, item (xvi) of the Companies Act.
 3. Audit & Supervisory Board Member Yoko Sato is qualified as a certified public accountant, and has considerable knowledge of finance and accounting.
 4. The Company has designated Director Koji Yoshikawa, Director Tatsuhiko Saruwatari, Audit & Supervisory Board Member Hiroshi Morimoto, and Audit & Supervisory Board Member Yoko Sato as independent officers as defined by the Tokyo Securities Exchange, and has provided notification to the aforementioned exchange.

5. The Company has introduced an executive officer system to rejuvenate the Board of Directors by separating decision making and supervision from execution. There are 11 Executive Officers and the following eight Executive Officers do not concurrently serve as Directors.

Name	Principal responsibilities
Mitsuhiro Ueno	Senior Executive Officer and Representative Director of JCM EUROPE GMBH.
Takatomo Imai	Senior Executive Officer, Representative Director of JCM AMERICAN CORP., Deputy Executive General Manager of Corporate Planning Division
Yasuyuki Fujiwara	Senior Executive Officer and Representative Director of J-CASH MACHINE (THAILAND) CO., LTD. Executive General Manager of First R&D Division and in charge of R&D Division
Makoto Hasegawa	Executive Officer, President of JCM COMMERCE MECHATRONICS INC. and Executive General Manager of Sales Division
Toshi Yamasaki	Executive Officer, Deputy Executive General Manager of Sales Division, Commercial Business Development Team
Noriyuki Kanno	Executive Officer, Deputy Executive General Manager of First R&D Division
Kazuo Nakatake	Executive Officer, Executive General Manager of Second R&D Division
Masato Onomura	Executive Officer, Executive General Manager of Quality Division, and in charge of Quality Division

2) Directors and Audit & Supervisory Board Members who left office or resigned during the fiscal year under review

Name	Date of leaving office	Reason for leaving office	Position and responsibility in the Company, and significant concurrent positions outside the Company at the time of leaving office
Koichiro Kamihigashi	June 24, 2021	Expiration of term of office	Chairman President and Representative Director of Johto Investment and Development Inc.
Mitsuhiro Ueno	June 24, 2021	Expiration of term of office	Director, Senior Executive Officer, and Executive General Manager of Global Governance Division Representative Director of JCM EUROPE GMBH.
Shigeru Yamazawa	June 24, 2021	Resigned	Full-time Audit & Supervisory Board Member

(Note) Mitsuhiro Ueno retired from the position of Director at the 68th Ordinary General Meeting of Shareholders held on June 24, 2021, but continues to serve as Senior Executive Officer and Representative Director of JCM EUROPE GMBH.

3) Details and summary, etc. of directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The scope of the insured under the insurance policy includes the Company's officers (Directors and Audit & Supervisory Board Members) and domestic subsidiaries' officers (Directors and Audit & Supervisory Board Members, etc.), and the insured do not bear the cost of insurance premiums. The insurance policy will cover damages incurred by the insured (compensation for damages and litigation expenses (attorneys' fees, etc.) incurred as an individual.)

4) Remuneration, etc. of Directors and Audit & Supervisory Board Members

(i) Policy on determination of the content of remuneration, etc. of Directors

The Company resolved the policy on determination of the content of remuneration, etc. for individual Directors in the meeting of the Board of Directors held on March 25, 2021. To pass the resolution, the Board of Directors consulted the Nomination and Remuneration Advisory Committee about the content in advance, and received its recommendations.

Furthermore, with regard to the remuneration, etc. for individual Directors for the current fiscal year, the Board of Directors confirmed that the method of determining the content of remuneration, etc. and the consistency of the content of the determined remuneration, etc., with the basic policy concerning a decision resolved by the Board of Directors. In addition, the Board of Directors confirmed that the recommendations of the Nomination and Remuneration Advisory Committee are respected to the maximum extent, and they are aligned with said policy.

The content of the basic policy, etc., on the determination of the content of remuneration, etc., for individual Directors is as follows.

Basic Policy

The remuneration system shall clarify the commitment to the steady execution of growth strategy, while functioning as sound incentives aimed at improving short-term business performance, as well as medium- to long-term and sustainable corporate value. Also, the remuneration system shall incorporate perspectives of valuing shareholders with whom the Company shall share profit awareness.

The remuneration for the Company's Directors shall be made up of basic remuneration, bonuses that are short-term performance-linked remuneration, and share-based remuneration that is medium- to long-term performance-linked remuneration.

The basic remuneration shall be a fixed remuneration paid monthly according to the position, reflecting the performance evaluation of each director within a certain range.

The bonuses shall be performance-linked remuneration paid annually based on the level of achievement of the consolidated profit target set out each fiscal year in addition to qualitative elements, such as strengthening a management foundation. The bonuses shall be paid on the day immediately following the date the Ordinary General Meeting of Shareholders is held, which coincides with the yearly expiry of the term of office.

The share-based remuneration shall be the issuance of the Company's common stocks with a specified transfer restriction period to the Directors, excluding External Directors, depending on their positions, to provide an incentive to achieve sustainable enhancement of the Company's and shareholder values over medium- to long-term.

(Summary, etc. of composition and method of calculation of remuneration)

Type of remuneration, etc.		Key performance indicator (KPI)	Method of calculation, etc.	Summary of calculation method
Monetary remuneration	Fixed	-	Remuneration amount	[Basic remuneration limit] The limit on basic remuneration for Directors shall be within 180 million yen per year (including short-term performance-linked remuneration) (Note 2). (Not including employee wages.)
	Basic remuneration		Method of calculation of amount paid to eligible Directors	[Per person] Monthly individual remuneration payment amount shall be calculated using an amount of 1,500,000 yen per month as a base, multiplied by the following coefficient. (i) Directors Within the range of 100-130% of the base amount of basic remuneration according to evaluation. (ii) Senior Directors (Chairman, President, Executive Director) Within the range of 150-250% of the base amount of basic remuneration according to position, evaluation and results.
Monetary remuneration	Variable	Profit attributable to owners of parent	Remuneration amount	[Remuneration amount] Within the general range of 30-40% of the amount of fixed basic remuneration.
			Payment conditions	Paid when a profit is recorded each fiscal year, and not paid when a loss is recorded.
			Method of calculation of amount paid to eligible Directors	[Maximum total amount paid] Within the range of 1-2% of profit attributable to owners of parent. [Individual distribution] Based on the individual's percentage of the total amount of fixed basic remuneration according to the evaluation of the level of contribution to earnings performance, and calculated within the range of $\pm 30\%$.
Non-monetary remuneration	Medium- to long-term performance-linked remuneration (Note 1) (Restricted share-based remuneration)	-	Remuneration amount	[Remuneration limit] Within 70 million yen per year (Note 3).
			Method of calculation of amount paid to eligible Directors	[Maximum total amount paid] Equivalent to around 10% of the amount of fixed basic remuneration. The Company's common shares with restrictions on transfer for a fixed period are provided according to position.

- (Notes) 1. Directors excluding External Directors are eligible for short-term performance-linked remuneration and medium- to long-term performance-linked remuneration.
2. Determined by resolution of the 68th Ordinary General Meeting of Shareholders held on June 24, 2021.
3. Determined by resolution of the 66th Ordinary General Meeting of Shareholders held on June 26, 2019.

(ii) Total amount of remuneration, etc. for the fiscal year under review

Category	Number of recipients	Total amount of remuneration, etc. (Millions of yen)	Total amount of remuneration, etc. by type		
			Basic remuneration (Millions of yen)	Variable performance-linked remuneration	Restricted share-based remuneration (Millions of yen)
				Bonuses (Millions of yen)	
Directors (External Directors included therein)	8 (2)	88 (10)	82 (10)	6 (-)	- (-)
Audit & Supervisory Board Members (External Audit & Supervisory Board Members included therein)	4 (2)	23 (10)	23 (10)	- (-)	- (-)
Total (External Officers included therein)	12 (4)	112 (20)	106 (20)	6 (-)	- (-)

- (Notes) 1. Two Directors and one Audit & Supervisory Board Member who left office upon the conclusion of the 68th Ordinary General Meeting of Shareholders held on June 24, 2021, are included in the above list.
2. The total amount of remuneration, etc., for Directors does not include the employee salary for employees who concurrently serve as a Director.
3. The limit on remuneration for Directors was resolved to be within 180 million yen per year (not including employee salary) in the 68th Ordinary General Meeting of Shareholders held on June 24, 2021 (the number of those who are eligible at the time of the conclusion of the General Meeting of Shareholders was six), of which the maximum amount of remuneration for External Directors is 20 million yen per year. Furthermore, a separate framework has been resolved by the 66th Ordinary General Meeting of Shareholders held on June 26, 2019 (the number of those who are eligible at the time of the conclusion of the General Meeting of Shareholders was seven) to limit the amount of remuneration under the restricted share-based remuneration plan to within 70 million yen per year. The amount of payment of bonuses to four Directors (excluding External Directors) has been resolved at the meeting of the Board of Directors held on May 24, 2022, after consulting with the Nomination and Remuneration Advisory Committee and receiving its advice.
4. The limit on remuneration for Audit & Supervisory Board Members was resolved to be within 45 million yen per year in the 68th Ordinary General Meeting of Shareholders held on June 24, 2021 (the number of those who are eligible at the time of the conclusion of the General Meeting of Shareholders was three).

5) Matters concerning External Officers

- (i) Status of significant positions concurrently held in other corporations, etc. and relationships with other corporations
- External Director Koji Yoshikawa is an attorney (Baba Law Firm), but there is no special relationship between the Company and Baba Law Firm. Furthermore, he concurrently serves as External Audit & Supervisory Board Member of NCS&A CO., LTD., and the Company outsources the maintenance and management operations of internal computer systems to NCS&A CO., LTD.
 - External Director Tatsuhiko Saruwatari concurrently serves as an External Audit & Supervisory Board Member of NORITAKE CO., LIMITED, but there is no special relationship between the Company and NORITAKE CO., LIMITED.
 - External Audit & Supervisory Board Member Hiroshi Morimoto is an attorney (Representative of Kitahama Partners and CEO of Kitahama Group), and the Company has concluded an advisory agreement with Kitahama Partners. Furthermore, he concurrently serves as an External Audit &

Supervisory Board Member of Senshukai Co.,Ltd. and IwaiCosmo Securities Co.,Ltd., but there are no special relationships between the Company and these companies. Moreover, he retired from the position of External Audit & Supervisory Board Member of Senshukai Co., Ltd. on March 30, 2022.

- External Audit & Supervisory Board Member Yoko Sato is a certified public accountant (Representative of Yoko Sato Certified Public Accountant Office), but there is no special relationship between the Company and Yoko Sato Certified Public Accountant Office. Furthermore, she also concurrently serves as an External Director of TOCALO Co.,Ltd. and Sanyo Electric Railway Co.,Ltd., but there are no special relationships between the Company and these companies.

(ii) Status of major activities during the fiscal year under review

a. Attendance at meetings of the Board of Directors and the Audit & Supervisory Board

Name, etc.	Board of Directors		Audit & Supervisory Board	
	Number of meetings attended	Attendance (%)	Number of meetings attended	Attendance (%)
External Director Koji Yoshikawa	18 out of 18 meetings	100.0	–	–
External Director Tatsuhiko Saruwatari	17 out of 18 meetings	94.4	–	–
External Audit & Supervisory Board Member Hiroshi Morimoto	18 out of 18 meetings	100.0	15 out of 15 meetings	100.0
External Audit & Supervisory Board Member Yoko Sato	18 out of 18 meetings	100.0	15 out of 15 meetings	100.0

b. Status of comments in meetings of the Board of Directors and the Audit & Supervisory Board

- External Director Koji Yoshikawa provides objective and appropriate advice and suggestions as needed based on his advanced specialized knowledge developed over many years as a prosecutor and attorney.
- External Director Tatsuhiko Saruwatari provides objective and appropriate advice and suggestions as needed based on his abundant experience and extensive insight into corporate management as an officer of a listed company for many years.
- External Audit & Supervisory Board Member Hiroshi Morimoto expresses fair and neutral opinions, and provides advice and suggestions to ensure the appropriateness of decision-making and the legality of the execution of duties of Directors, based on his specialized viewpoint as an attorney.
- External Audit & Supervisory Board Member Yoko Sato expresses fair and neutral opinions, and provides advice and suggestions to ensure the appropriateness of decision-making and the soundness of corporate management, based on her specialized viewpoint as a certified public accountant.

c. Summary of duties performed in relation to roles expected as External Directors

- Koji Yoshikawa

Mr. Yoshikawa is expected to provide objective and appropriate advice based on his experience and expert knowledge as a legal professional.

Since he was appointed as Director in June 2014, the Company has received specific advice and proposals for specific procedures, such as corporate management decisions with a mind to strengthening compliance and risk management, which is essential for business operation in the U.S. casino market that requires thorough legal compliances, as well as, on the establishment of

internal systems, and the implementation of preventative measures.

- Tatsuhiko Saruwatari

Mr. Saruwatari is expected to provide advice and suggestions on the Company's corporate management based on his abundant experience as an executive of a listed company and extensive insight, especially into engineering areas.

Since he was appointed as a Director in June 2020, not only has he attended meetings of the Board of Directors, but he also participated in regular meetings to discuss engineering, development, and quality aspects of matters as there are his areas of expertise. He has been contributing to many projects by providing advice on decisions about individual projects as necessary.

- Common matters to both candidates

Both candidates have contributed to making the management system more transparent and sound in involving in shaping opinions to determine candidates for Directors and remuneration as the members of the Nomination and Remuneration Advisory Committee established on January 27, 2021, aimed at further enhancing corporate governance.

In addition, Mr. Saruwatari chairs the committee.

(iii) Summary of limited liability agreements

Pursuant to the provision of Article 427, paragraph (1) of the Companies Act, the Company and each External Director and External Audit & Supervisory Board Member have entered into an agreement limiting liability for damages specified in Article 423, paragraph (1) of the same Act.

The limit on liability for damages pursuant to the agreement is the higher amount of either 10 million yen or the minimum limit on liability specified in Article 425, paragraph (1) of the Companies Act.

(4) Status of financial auditor

1) Name Ernst & Young ShinNihon LLC

2) Amount of remuneration, etc.

Category	Payment amount (Millions of yen)
Amount of remuneration, etc. as financial auditor for the current fiscal year	46
Total amount of cash and other economic benefit to be paid by the Company and its subsidiaries to the financial auditor	46

(Notes) 1. JCM AMERICAN CORP., JCM EUROPE GMBH., JCM GOLD (H.K.) LTD., and J-CASH MACHINE GLOBAL MANUFACTURING (PHILIPPINES) INC. are subject to audits (limited to those pursuant to the provisions of the Companies Act or the Financial Instruments and Exchange Act (including laws and regulations of foreign countries equivalent to these acts)) by certified public accountants or audit firms (including persons with qualifications equivalent to these qualifications in a foreign country) other than the Company's financial auditor.

2. The audit agreement concluded between the Company and the financial auditor does not clearly separate and cannot effectively separate the amounts of audit remuneration, etc., for audits performed pursuant to the Companies Act from audits performed pursuant to the Financial Instruments and Exchange Act. Therefore, the total amount of these amounts of remuneration, etc., for the current fiscal year is stated.

3. The Company's Audit & Supervisory Board has confirmed and examined the analysis and evaluation of audit results for the previous fiscal year, as well as the audit time and staff assignment plans in the audit plan, in addition to the execution of duties of the financial auditor, and the appropriateness of remuneration estimates based on the "Guidelines for Coordination with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association. Based on such examination, the Company's Audit & Supervisory Board gave consent to the remuneration of the financial auditor as stipulated in Article 399, paragraph (1) of the Companies Act.

3) Content of non-auditing operations

Not applicable.

4) Policies for determination of dismissal or refusal of reappointment of financial auditor

The Audit & Supervisory Board will determine the details of a proposal on the dismissal or refusal of reappointment of the financial auditor submitted to the General Meeting of Shareholders as deemed necessary by the Audit & Supervisory Board when the execution of the duties of the financial auditor is disrupted.

Furthermore, the Audit & Supervisory Board will dismiss the financial auditor given the consent of all Audit & Supervisory Board Members if the financial auditor is found to fall under any of the items of Article 340, paragraph (1) of the Companies Act. In such a case, an Audit & Supervisory Board Member selected by the Audit & Supervisory Board will report that the financial auditor has been dismissed and the reason for the dismissal at the first General Meeting of Shareholders convened after such a dismissal.

5) Summary of limited liability agreements

Not applicable.

6) Matters concerning disposition in the event that the financial auditor has been subject to a suspension order in the past two years

Not applicable.

(5) Policy on determination of dividends of surplus

The Group's basic policy on the distribution of profit is to strike a balance between two aspects; to increase dividend payment amount as a result of a profit increase through the realization of growth strategies and to return a profit to shareholders through the payment of stable dividends. The Company has decided a consolidated dividend payout ratio of 30% or more by taking into account the ratio of dividends to net assets. While both net sales and profit at all levels improved significantly during the current fiscal year, we have decided to exclude the impact of very short-term profit fluctuation factors from the determination of the dividend for the current fiscal year and set the dividend at 5 yen per share, taking into account the sudden change in the exchange rate just before the end of the fiscal year and the business environment for the next fiscal year and beyond.

As a result, the consolidated dividend payout ratio and ratio of dividends to net assets for the current fiscal year were 24.5% and 0.7%, respectively.

(6) Basic policy on control of the Company

1) Summary of the content of the basic policy

The Company understands the people controlling the determination of the policies on the Company's finance and business must understand the source of the Company's corporate value, and should be able to enhance the Company's corporate value so as to enable to continuously and sustainably ensure and enhance shareholders' common interests.

The Company does not deny a large purchase of shares if such a purchase would enhance the Company's value and thus contribute to shareholders' common interests. Furthermore, a decision on whether or not to respond to such a proposal of purchasing a large volume of shares that accompanies a transfer of the control of the Company should be made with the general consensus of shareholders.

However, many purchases of a large quantity of shares do not benefit targeted companies in enhancing corporate value and thus the common interests of shareholders, and such purchases often include those that clearly bring about harm to the companies to enhance their corporate value and thus the common interests of shareholders because the purposes of the purchase are to acquire only a specific area of business, assets, technologies, or knowhow, those that may effectively coerce the sale of shares by shareholders, those that do not set aside an adequate time or information for the board of directors of the target company to make an alternative proposal when the board of directors or general shareholders of the target company deliberate on the large purchase of shares, and those requiring the target company to negotiate with the purchaser to agree on more favorable conditions than those presented by the purchaser.

The source of the Group's corporate value lies in promoting the development, manufacture, and sale of equipment capable of reducing the labor required for processing money for every market worldwide on a broader scale. Such a promotion is possible through the practical implementation of core research and technological development with an eye set on the future, against the backdrop of a stable financial foundation and technological capability of money processing centered on the validation and transportation of bills that the Company has developed over many years.

A person who conducts a purchase of a large quantity of shares without understanding the source of the Company's corporate value, and does not contribute to the enhancement of corporate value and thus the common interests of shareholders, is inappropriate as a person to have control over the determination of policies on the Company's finance and business, and the Company believes it is necessary to put in

place necessary and appropriate measures against such a purchase in order to enhance the Company's corporate value and thus secure the common interests of shareholders.

2) Summary of special initiatives contributing to the realization of the basic policy

The Company has been developing unique businesses as a group that entails the development, manufacture, and sale of equipment capable of reducing the labor required for processing money for every market worldwide on a broader scale, against the backdrop of a stable financial foundation and technological capability of money processing centered on the validation and transportation of bills that the Company has developed since its establishment.

With the unique nature of the businesses, the Company aims to contribute to the development of the economy and society, as well as the creation of a social environment and security system that meet the needs of the time and will ensure the broader recognition and penetration of the Company's products, which boast high quality and high performance, in the markets and various fields.

Furthermore, the Company has a policy of determining returns to shareholders with consideration of the ratio of dividends to net assets based on a consolidated dividend payout ratio of 30% or more, and these will continue to be implemented in accordance with the policy.

3) Summary of initiatives to prevent the Company's policy on finance and business being controlled by an inappropriate person in light of the basic policy

The Company received shareholders' approval of the current measures on large purchases of the Company's shares (hereinafter referred to as "the Plan") at the 67th Ordinary General Meeting of Shareholders held on June 25, 2020. The specific details are as follows:

- (i) The Company shall request a purchaser, etc. purchasing a holding of 20% or more of the Company's shares to submit a letter of intent prior to the implementation of the purchase, and to provide the information required for shareholders to make a decision and the Company's Board of Directors to form an opinion no later than ten days of receipt of the letter of intent.
- (ii) The Company's Board of Directors shall establish an evaluation period of 60 days or 90 days as needed as a grace period for evaluating and examining the information provided, negotiating with the purchaser, etc., forming opinions on the purchase and alternative proposals.
- (iii) The Company's Board of Directors shall evaluate and examine the content of the purchase, conduct consultations and negotiations with the purchaser, etc., and present an alternative proposal to shareholders during the above evaluation period. If a decision on whether or not to carry out the Plan is not made during the evaluation period, the evaluation period may be extended by up to 30 days (excluding the first day).
- (iv) The Company's Board of Directors shall establish a special committee to ensure the objectivity and rationality of its decision, and make a final decision with maximum respect for its recommendations. If the special committee recommends the convocation of a General Meeting of Shareholders on the execution of the Plan, a General Meeting of Shareholders will be convened in the shortest period possible, and a proposal on the execution of the Plan shall be submitted.
- (v) If the Plan is carried out, the Company shall adopt the method of allotment of share acquisition rights without contribution, and allot the share acquisition rights to shareholders recorded in the final shareholder registry on the record date specified by the Company's Board of Directors at a ratio of at least one right per share held.
- (vi) After the allotment of share acquisition rights, the Company shall acquire all unexercised share acquisition rights held by persons other than unqualified persons such as those designated as large

shareholders, and shall grant one of the Company's common shares per share acquisition right in exchange.

4) Judgment of the Company's Board of Directors on the above initiative and reasons therefor

The Plan was formulated as a specific measure to enhance the Company's corporate value, thereby achieving the continuous and sustained enhancement of the common interests of shareholders, and if a purchase of a large quantity of the Company's shares is conducted, the Plan will allow the Company to have negotiations, etc., with the purchaser, etc., in order to ensure the enhancement of the Company's corporate value and thus the common interests of shareholders and contribute to the realization of the basic policy on control of the company.

Furthermore, the Plan does not harm the common interests of the Company's shareholders and is not for the purpose of maintaining the status of the Company's officers owing to the following reasons: i. the Plan completely satisfies the requirements of the Guidelines on Takeover Defense Measures; ii. the Plan prioritizes the will of shareholders (although the effective period is until the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2023, the Guidelines on Takeover Defense Measures may be abolished based on the intentions of shareholders prior to the expiration of the effective period); iii. The Plan stipulates reasonable and objective execution reasons; iv. The Plan stipulates the establishment of a special committee; and v. The takeover defense measures are not a dead-hand and slow-hand takeover defense measure.

Presentation of the Business Report

The methods of presentation of the amounts, percentages, and numbers of shares in the Business Report are as follows.

1. Amounts less than one million yen are rounded down.
2. The percentage change of net sales and profit, the percentage of voting rights held by the Company in significant subsidiaries, the average age and average years of service of employees, and the attendance rate of Directors and Audit & Supervisory Board Members at meetings of the Board of Directors and the Audit & Supervisory Board are rounded to one decimal place, and the percentage of share held by major shareholders is rounded to the nearest two decimal places.

Consolidated Financial Statements

Consolidated Balance Sheet

(As of March 31, 2022)

(Thousands of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	28,077,468	Current liabilities	5,406,480
Cash and deposits	14,261,965	Notes and accounts payable - trade	2,133,138
Notes and accounts receivable - trade, and contract assets	3,792,187	Short-term borrowings	119,552
Electronically recorded monetary claims - operating	198,798	Current portion of long-term borrowings	600,000
Merchandise and finished goods	4,380,470	Lease liabilities	65,684
Work in process	759,813	Income taxes payable	202,602
Raw materials and supplies	3,782,713	Provision for bonuses	249,000
Other current assets	1,087,231	Provision for bonuses for directors (and other officers)	6,000
Allowance for doubtful accounts	(185,710)	Provision for business restructuring	253,436
Non-current assets	5,024,498	Other current liabilities	1,777,067
Property, plant and equipment	3,233,490	Non-current liabilities	4,568,266
Buildings and structures	1,078,208	Bonds payable	2,000,000
Machinery, equipment and vehicles	95,199	Long-term borrowings	2,100,000
Land	1,801,169	Lease liabilities	169,905
Leased assets	0	Deferred tax liabilities	253,524
Other property, plant and equipment	258,913	Other non-current liabilities	44,837
Intangible assets	95,740	Total liabilities	9,974,747
Software	17,718	Net assets	
Other intangible assets	78,021	Shareholders' equity	23,768,061
Investments and other assets	1,695,267	Share capital	2,216,945
Investment securities	876,107	Capital surplus	2,762,525
Retirement benefit asset	613,753	Retained earnings	18,790,970
Deferred tax assets	8,359	Treasury shares	(2,379)
Other investments, etc.	261,160	Accumulated other comprehensive income	(598,750)
Allowance for doubtful accounts	(64,114)	Valuation difference on available-for-sale securities	151,789
Deferred assets	42,091	Foreign currency translation adjustment	(750,540)
Bond issuance costs	42,091	Total net assets	23,169,310
Total assets	33,144,058	Total liabilities and net assets	33,144,058

Consolidated Statement of Income

(from April 1, 2021 to March 31, 2022)

(Thousands of yen)

Item	Amount	
Net sales		20,040,100
Cost of sales		12,443,984
Gross profit		7,596,116
Selling, general and administrative expenses		7,027,479
Operating profit		568,637
Non-operating income		
Interest income	5,908	
Dividend income	31,568	
Foreign exchange gains	490,135	
Gain on forgiveness of debt	214,833	
Other	132,461	874,907
Non-operating expenses		
Interest expenses	31,963	
Amortization of bond issuance costs	7,015	
Other	19,767	58,745
Ordinary profit		1,384,799
Extraordinary losses		
Loss on retirement of non-current assets	247	247
Profit before income taxes		1,384,551
Income taxes - current	(204,589)	
Income taxes - deferred	983,765	779,175
Profit		605,375
Profit attributable to owners of parent		605,375

Non-consolidated Financial Statements

Non-consolidated Balance Sheet

(As of March 31, 2022)

(Thousands of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	16,586,327	Current liabilities	2,414,929
Cash and deposits	9,017,004	Notes payable - trade	537
Notes receivable	81,940	Accounts payable - trade	806,837
Electronically recorded monetary claims - operating	78,656	Current portion of long-term borrowings	600,000
Accounts receivable - trade	1,289,638	Lease liabilities	2,147
Merchandise and finished goods	427,996	Accounts payable - other	501,223
Work in process	759,269	Income taxes payable	29,898
Raw materials and supplies	701,318	Accrued expenses	62,811
Advance payments to suppliers	11,145	Advances received	8,510
Prepaid expenses	73,723	Provision for bonuses	194,850
Accounts receivable - other	308,259	Provision for bonuses for directors (and other officers)	6,000
Short-term loans receivable from subsidiaries and associates	3,109,214	Provision for business restructuring	180,460
Current portion of long-term loans receivable from subsidiaries and associates	734,460	Other current liabilities	21,654
Other current assets	54,182	Non-current liabilities	4,209,601
Allowance for doubtful accounts	(60,482)	Bonds payable	2,000,000
Non-current assets	5,613,526	Long-term borrowings	2,100,000
Property, plant and equipment	2,460,663	Deferred tax liabilities	57,599
Buildings	814,462	Lease liabilities	6,915
Structures	0	Other non-current liabilities	45,086
Machinery and equipment	0	Total liabilities	6,624,531
Vehicles	0	Net assets	
Tools, furniture and fixtures	196,332	Shareholders' equity	15,465,477
Leased assets	0	Share capital	2,216,945
Land	1,449,868	Capital surplus	2,762,525
Intangible assets	6,425	Legal capital surplus	2,063,905
Software	6,425	Other capital surplus	698,619
Other intangible assets	0	Retained earnings	10,488,386
Investments and other assets	3,146,438	Legal retained earnings	274,318
Investment securities	796,952	Other retained earnings	10,214,067
Shares of subsidiaries and associates	1,113,730	General reserve	12,914,761
Investments in capital	4,910	Retained earnings brought forward	(2,700,693)
Investments in capital of subsidiaries and associates	606,224	Treasury shares	(2,379)
Membership	52,310	Valuation and translation adjustments	151,936
Prepaid pension costs	601,377	Valuation difference on available-for-sale securities	151,936
Other investments, etc.	23,202		
Allowance for doubtful accounts	(52,270)		
Deferred assets	42,091		
Bond issuance costs	42,091	Total net assets	15,617,413
Total assets	22,241,945	Total liabilities and net assets	22,241,945

Statement of Income

(from April 1, 2021 to March 31, 2022)

(Thousands of yen)

Item	Amount	
Net sales		
Net sales of merchandise and finished goods	3,622,645	
Service revenue	1,859,817	5,482,462
Cost of sales		3,340,710
Gross profit		2,141,752
Selling, general and administrative expenses		2,729,473
Operating loss		(587,721)
Non-operating income		
Interest income	31,152	
Dividend income	28,032	
Outsourcing service income	214,521	
Rental income	37,634	
Foreign exchange gains	513,352	
Proceeds from miscellaneous income	17,230	841,923
Non-operating expenses		
Interest expenses	15,193	
Interest expenses on bonds	8,112	
Outsourcing service costs	226,223	
Rental costs	37,634	
Miscellaneous losses	4,281	
Other	8,393	299,837
Ordinary loss		(45,635)
Extraordinary losses		
Loss on retirement of non-current assets	247	
Loss on valuation of shares of subsidiaries and associates	241,579	241,826
Loss before income taxes		(287,462)
Income taxes - current	12,297	
Income taxes - deferred	(173,409)	(161,111)
Loss		(126,350)

Audit Report

Financial Auditor's Report on Consolidated Financial Statements

Independent Auditor's Report (Translation)

Japan Cash Machine Co., Ltd.

May 23, 2022

To the Board of Directors

Ernst & Young ShinNihon LLC

Osaka Office

Designated Limited Liability Partner

Engagement Partner

Naotaka Sasayama, Certified Public Accountant

Designated Limited Liability Partner

Engagement Partner

Daiki Takai, Certified Public Accountant

Audit Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the related notes of Japan Cash Machine Co., Ltd. (the "Company") and its consolidated subsidiaries (collectively referred to as the "Group"), as at March 31, 2022 and for the fiscal year from April 1, 2021 to March 31, 2022 in accordance with Article 444, paragraph (4) of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the Business Report and the accompanying supplemental schedules thereof. Management is responsible for the preparation and disclosure of the other information. In addition, Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing Directors' execution of duties relating to the design and operation of the reporting process for the other information.

The scope of our audit opinion on the consolidated financial statements does not include the content of the other

information, and we do not express an opinion regarding the other information.

Our responsibility in auditing the consolidated financial statements is to read through the other information and, in doing so, examine whether the other information is materially inconsistent with the consolidated financial statements or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other information of material misstatement other than such material inconsistency.

If, based on the work we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact.

We have nothing to report regarding the other information.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes the development and operation of internal control determined by management to be necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group's ability to continue as a going concern, and disclosing matters related to going concern as applicable in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. In addition, audit procedures shall be designed and implemented to address the risks of material misstatement. The procedures selected to be applied depend on the auditor's judgment. In addition, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, in making those risk assessments, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to

events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if such notes are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation of the consolidated financial statements and the notes thereto are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements represent the underlying transactions and accounting events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and the designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Financial Auditor's Report on Non-consolidated Financial Statements

Independent Auditor's Report (Translation)

Japan Cash Machine Co., Ltd.

May 23, 2022

To the Board of Directors

Ernst & Young ShinNihon LLC

Osaka Office

Designated Limited Liability Partner

Engagement Partner

Naotaka Sasayama, Certified Public Accountant

Designated Limited Liability Partner

Engagement Partner

Daiki Takai, Certified Public Accountant

Audit Opinion

We have audited the non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity, the related notes and the accompanying supplemental schedules (collectively, "non-consolidated financial statements, etc.") of Japan Cash Machine Co., Ltd. (the "Company"), as at March 31, 2022 and for the 69th fiscal year from April 1, 2021 to March 31, 2022 in accordance with Article 436, paragraph (2), item (i) of the Companies Act.

In our opinion, the non-consolidated financial statements, etc. referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the non-consolidated financial statements, etc. were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc. section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements, etc. in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the Business Report and the accompanying supplemental schedules thereof. Management is responsible for the preparation and disclosure of the other information. In addition, Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing Directors' execution of duties relating to the design and operation of the reporting process for the other information.

The scope of our audit opinion on the non-consolidated financial statements, etc. does not include the content of the other information, and we do not express an opinion regarding the other information.

Our responsibility in auditing the non-consolidated financial statements, etc. is to read through the other information and, in doing so, examine whether the other information is materially inconsistent with the non-consolidated

financial statements, etc. or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other information of material misstatement other than such material inconsistency.

If, based on the work we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact.

We have nothing to report regarding the other information.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-consolidated Financial Statements, Etc.

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan. This includes the development and operation of internal control determined by management to be necessary to enable the preparation and fair presentation of the non-consolidated financial statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. with the assumption of the Company's ability to continue as a going concern, and disclosing matters related to going concern as applicable in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements, Etc.

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements, etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements, etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. In addition, audit procedures shall be designed and implemented to address the risks of material misstatement. The procedures selected to be applied depend on the auditor's judgment. In addition, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, in making those risk assessments, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit of the non-consolidated financial statements, etc. is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.

- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements, etc. and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements, etc. or, if such notes are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements, etc. and the notes thereto are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the non-consolidated financial statements, etc., including the related notes thereto, and whether the non-consolidated financial statements, etc. represent the underlying transactions and accounting events in a manner that achieves fair presentation.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and the designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Audit Report of the Audit & Supervisory Board

Audit Report

The Audit & Supervisory Board has conducted discussion and prepared an audit report based on the audit reports prepared by each Audit & Supervisory Board Member concerning the execution of duties of Directors for the 69th fiscal year from April 1, 2021 to March 31, 2022, and reports the following.

1. Method and Content of Audits of Audit & Supervisory Board Members and the Audit & Supervisory Board
 - (1) The Audit & Supervisory Board specified the audit policy and division of duties, etc., received reports on the status of implementation and results of audits from each Audit & Supervisory Board Member, and also received reports on the status of execution of duties from the Directors, etc. and the financial auditor, and requested explanations as needed.
 - (2) Each Audit & Supervisory Board Member communicated with Directors, the Internal Audit Division and other employees in compliance with the standards for auditing by Audit & Supervisory Board Members specified by the Audit & Supervisory Board and in accordance with the audit policy and division of duties, etc., endeavored to collect information and establish an audit environment, and conducted audits using the following methods.
 - 1) Attended meetings of the Board of Directors and other important meetings, received reports on the status of execution of duties from Directors and employees, requested explanations as needed, viewed important approval documents, etc., and investigated the status of operations and property at the head office and principal business locations. Also communicated and exchanged information on subsidiaries with the Directors of subsidiaries, and received business reports from subsidiaries as needed.
 - 2) Received reports from Directors and employees, etc., requested explanations as needed, and expressed opinions on the creation and status of operation of systems for ensuring that the execution of duties of Directors stated in the Business Report conforms with laws, regulations and the articles of incorporation, the content of resolutions of the Board of Directors on the establishment of systems specified in Article 100, paragraph (1) and paragraph (3) of the Regulation for Enforcement of the Companies Act as otherwise being necessary for ensuring the appropriateness of operations of the business group made up of a joint stock company and its subsidiaries, and the systems (internal control systems) established based on said resolutions.
 - 3) Considered the content of the basic policies under Article 118, item (iii)(a) of the Regulations for Enforcement of the Companies Act and the efforts under (b) of the same item stated in the Business Report based on the status of discussion in the Board of Directors and elsewhere.
 - 4) Monitored and examined whether the financial auditor maintained an independent position and implemented appropriate auditing, received reports from the financial auditor on the status of execution of its duties, and requested explanations as needed. Also received notification from the financial auditor that the “systems for ensuring that the performance of the duties” (matters listed in the items of Article 131 of the Regulation on Corporate Accounting) have been established in accordance with the Quality Control Standards for Audit (October 28, 2005, Business Accounting Council), etc., and requested explanations as needed.

Examined that the Business Report and accompanying notes, the Non-consolidated Financial Statements (Non-consolidated Balance Sheet, Non-consolidated Statement of Income, Non-consolidated Statement of Changes in Equity and Notes to Non-consolidated Financial Statements) and the accompanying supplemental schedules thereof, and the Consolidated Financial Statements (Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements) for the relevant fiscal year based on the above methods.

2. Audit Results

(1) Results of Audit of Business Report, etc.

- 1) The Business Report and the accompanying supplemental schedules thereof were found to accurately indicate the status of the company in accordance with laws, regulations and the articles of incorporation.
- 2) No improper acts concerning the execution of duties of Directors or material facts in violation of laws, regulations or the articles of incorporation were found.
- 3) The content of resolutions of the Board of Directors concerning internal control systems was found to be reasonable. Furthermore, no matters to be pointed out were found regarding the content stated on the Business Report concerning the internal control systems and the execution of duties of Directors.
- 4) No matters to be pointed out were found regarding the basic policy on the persons controlling the determination of policies on the company's finance and business stated in the Business Report. It was found that the efforts set forth under Article 118, item (iii)(b) of the Regulation for Enforcement of the Companies Act were in accordance with the basic policy, did not harm the common interests of the Company's shareholders, and were not for the purpose of maintaining the status of the Company's officers.

(2) Results of Audit of the Non-consolidated Financial Statements and Accompanying Supplemental Schedules

The method and results of the audit by the financial auditor Ernst & Young ShinNihon LLC were found to be reasonable.

(3) Results of the Audit of the Consolidated Financial Statements

The method and results of the audit by the financial auditor Ernst & Young ShinNihon LLC were found to be reasonable.

May 24, 2022

Japan Cash Machine Co., Ltd. Audit & Supervisory Board

Michimasa Teraoka, Full-time Audit & Supervisory Board Member (Seal)

Hiroshi Morimoto, Audit & Supervisory Board Member (External Audit & Supervisory Board Member) (Seal)

Yoko Sato, Audit & Supervisory Board Member (External Audit & Supervisory Board Member) (Seal)