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July 25, 2023

To Whom It May Concern:

Company name	Japan Cash Machine Co., Ltd.
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Notice on Succession of Amusement Industry Equipment Sales Business from a Subsidiary through a Simplified Absorption-Type Company Split

Japan Cash Machine Co., Ltd. (hereinafter referred to as the “Company”) hereby announces that at the Meeting of Board of Directors held on July 25, 2023, its Board of Directors resolved to our consolidated subsidiary JCM Systems Co., Ltd. (hereinafter referred to as the “JCM Systems”) transfers Sales Business of Amusement Industry Equipment, etc. and the management business of business activities (collectively, “Businesses”) of JCM Meiho Co., Ltd. (hereinafter referred to as the “JCM Meiho”), a wholly owned subsidiary of JCM systems, by holding shares of JCM Meiho, to the Company through a company split (hereinafter referred to as the “Company Split”) and it has concluded an absorption-type company split agreement with JCM Systems. The details are as follows. As the Company Split is a simplified absorption-type company split in which business division owned by a consolidated subsidiary of the Company will be transferred, some of the disclosure items and details of the Company Split have been omitted from this announcement.

1. Purpose of the Company Split

The JCM group operates its business based on a tripolar regional systems consisting of the Americas, Europe, and Asia (including Japan), however, as for the Equipment for the Amusement Industry in Japan, JCM Systems has been operating under an independent system until now due to business integration with other companies in the past.

Recently, amid an increasingly severe business environment of the Equipment for the Amusement Industry, the Company has decided to take over the Businesses through the Company Split in order to further expand and develop the said business by strengthening a management system with a global perspective, as well as the cooperation of the operation system with each business by conducting integrated management with the Asian region of the above tripolar regional system. At the same time, regarding JCM Meiho, a domestic sales business of amusement machines, etc., the Company plans to strengthen the relationship with the Company’s future sales business of Equipment for the Amusement Industry by making JCM Meiho as a subsidiary of the Company.

After the Company Split, JCM Systems will specialize in customer service, construction management including installation work, etc., and general management functions such as maintenance parts, aiming to improve the efficient of the operating system and further develop the said business.

2. Summary of the Company Split

(1) Schedule

Date of resolution of the board of directors on the Company Split	July 25, 2023
Date of execution of the Company Split agreement	July 25, 2023
Scheduled date of the Company Split (effective Date)	October 1, 2023

(Note) The Company Split corresponds to the simplified absorption-type Company Split stipulated in Article 796 (2) of the Companies Act for the Company, while the Company Split corresponds to the short form absorption-type company split stipulated in Article 784 (1) of the said Act for JCM Systems, accordingly, the Company Split will be executed without obtaining approval at the respective General Shareholder’s Meetings.

- (2) Method
The Company Split is an absorption-type company split in which the Company is the succeeding company and JCM Systems is the splitting company.
- (3) Allotment of Shares
No shares will be allotted with the Company Split, nor will any monetary or other consideration be granted from the Company, as the Company Split will be undertaken between the Company and its 100%-owned consolidated subsidiary.
- (4) Treatment of Stock Acquisition Rights and Corporate Bonds with Stock Acquisition Rights Associated with the Company Split
Not Applicable.
- (5) Capital Increase or Decrease
There shall be no increase or decrease in capital of the Company as a result of the Company Split
- (6) Rights and Obligations to be Succeeded to the Succeeding Company (the Company)
The Company shall succeed to the rights and obligations that JCM Systems possesses in relation to the Businesses through the Company Split.
- (7) Debt Repayment Prospects
The Company considers that there will be no problems with the certainty of fulfilling obligations for the debt born by the succeeding company under the Company Split.

3. Outline of the Companies Involved in the Company Split (as of March 31, 2023)

(1) Name	Japan Cash Machine Co., Ltd. (Succeeding Company)	JCM Systems Co., Ltd. (Splitting Company)
(2) Location of head office	2-11-18 Nambanaka, Naniwa-ku, Osaka	2-11-18 Nambanaka, Naniwa-ku, Osaka
(3) Name and Title of Representative	President, Yojiro Kamihigashi	President, Yojiro Kamihigashi
(4) Business Description	R&D, manufacture and sales of money-handling machines for Global Gaming Market, Domestic and Overseas Commercial Market, and Equipment for Amusement Industry	Sales of equipment for amusement industry, etc. and installation work of products, as well as maintenance operation of Equipment for Amusement Industry and money-handling machines, etc. for Commercial Market.
(5) Capital	2,220 million yen	100 million yen
(6) Date of Establishment	January 11, 1955	January 4, 1954
(7) Total Number of issued shares	29,672,651	70,990
(8) Financial Year End	March 31	March 31
(9) Major Shareholders and Shareholding Ratio	Johto Investment and Development, Inc. 15.89% Koichiro Kamihigashi 8.31% The Master Trust Bank of Japan, Ltd. (trust account) 7.80% Yojiro Kamihigashi 4.97% Yoshiko Kamihigashi 2.18%	Japan Cash Machine Co., Ltd. 100%
(10) Financial conditions and results of the previous year (fiscal year ended March 2023)		
Net assets	27,163 million yen (consolidated)	1,062 million yen (non-consolidated)
Total assets	38,816 million yen (consolidated)	2,515 million yen (non-consolidated)
Net assets per share	925.68 yen (consolidated)	14,971.93 yen (non-consolidated)
Net sales	25,258 million yen (consolidated)	3,844 million yen (non-consolidated)
Operating income	622 million yen (consolidated)	290 million yen (non-consolidated)
Ordinary income	1,267 million yen (consolidated)	415 million yen (non-consolidated)
Net income attributable to owners of the parent	3,146 million yen (consolidated)	— (non-consolidated)

Net income	— (consolidated)	399 million yen (non-consolidated)
Net income per share	106.24 yen (consolidated)	5,624.73 yen (non-consolidated)
Dividends per share	10 yen (consolidated)	— (non-consolidated)

4. Outline of the Business to be succeeded due to the Company Split

(1) Outline of the business to be succeeded

Sales of Equipment for Amusement Industry and management of business activities of JCM Meiho, a wholly owned subsidiary of JCM systems, including holding shares of JCM Meiho.

(2) Operating results of the business to be succeeded (fiscal year ended March 2023)

Net Sales 2,395 million yen

(3) Asset and liabilities to be succeeded (as of March 31, 2023)

Assets		Liabilities	
Items	Book value	Items	Book value
Current assets	332 million yen	Current liabilities	12 million yen
Non-current assets	372 million yen	—	—
Total	704 million yen	Total	12 million yen

(Note) The amount of assets and liabilities to be succeeded will be determined by adding or deducting the changes up to the day before the scheduled split date.

5. Status after the Company Split

The Company Split makes no change to the name, address, name and title of representative, business description, capital and financial year end of the Company.

6. Future Outlook

There will be no effect on the Company's consolidated financial results because the Company Split will be undertaken between parent Company and its 100%-owned consolidated subsidiary.