



January 26, 2017

Press Release

Company Name	Japan Cash Machine Co., Ltd.
Representative	Yojiro Kamihigashi
Stock Code	6418
Stock Exchange Listing	Tokyo Stock Exchange, 1 <sup>st</sup> section
Contact	Tsuyoshi Takagaki, Director, Senior Operating Officer and Executive General Manager of Corporate Planning Division
TEL	+81-6-6703-8400

## **Notice on Succession of the Commercial Businesses in Japan Managed by a Subsidiary through a Simplified Absorption-Type Company Split**

Japan Cash Machine Co., Ltd. (“Company”) hereby announces that at its Board of Directors’ meeting held on January 26, 2017, it resolved to succeed to the businesses of selling money-handling machines, etc. for banking, retail, and transportation markets in Japan (“Commercial Businesses”) that are managed by JCM Systems Co., Ltd. (“JCM Systems”), a consolidated subsidiary of the Company, through a company split and has concluded an absorption-type company split (“the Company Split”) agreement with JCM Systems.

As this Company Split will be conducted through simplified company split to succeed business division of consolidated subsidiary of the Company, some of the matters and details for disclosure relating to the Company Split have been omitted.

### **1. Purpose of the Company Split**

On April 1, 2013, the JCM Group (“Group”) conducted a company split to consolidate the selling businesses in Japan, and JCM Systems succeeded to the Commercial Businesses.

Since then, the Group has focused its business resources on exploiting Commercial markets as a new major source of earnings. However, the management team has found it necessary to review the Group’s operational system to improve the efficiency of organizational management, considering a launch of products to be sold both in Japan and overseas, close cooperation between the Company’s development division and Commercial business division, and other business development in the future. Therefore, the Company has decided to succeed to the Commercial Businesses through a company split.

The succession will not only enable the Company to operate its Commercial Business in Japan and overseas under one roof, but also will enable JCM Systems to concentrate its business resources on amusement equipment business in Japan. Then, the Group will endeavor to raise the efficiency and profitability of both businesses.

## 2. Summary of the Company Split

### (1) Schedule

Date of resolution of the board of directors on the Company Split	January 26, 2017
Date of execution of the Company Split agreement	January 26, 2017
Scheduled date of the Company Split (effective Date)	April 1, 2017

(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 Commercial Businesses as defined by the absorption-type company split agreement 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 September 30, 2016)

(1) Name	Japan Cash Machine Co., Ltd. (Succeeding Company)	JCM Systems Co., Ltd. (Splitting Company)
(2) Location of head office	2-3-15 Nishiwaki, Hirano-ku, Osaka 547-0035 Japan	2-3-15 Nishiwaki, Hirano-ku, Osaka 547-0035 Japan
(3) Name and Title of Representative	President, Yojiro Kamihigashi	President, Yasuhiko Yoshimura
(4) Business Description	R&D, manufacture and sales of money-handling machines for overseas gaming market, domestic and overseas commercial market, and equipment for domestic amusement industry	Sales of equipment for domestic amusement industry and commercial market, and installation work and maintenance operation of products
(5) Capital	2,216 million yen	100 million yen

(6) Date of Establishment	January 11, 1955	January 4, 1954
(7) Total Number of issued shares	29,662,851	70,990
(8) Financial Year End	March 31	March 31
(9) Major Shareholders and Shareholding Ratio	Johto Investment and Development, Inc. 15.72% Japan Cash Machine Co., Ltd. 9.85% Koichiro Kamihigashi 9.13% Yojiro Kamihigashi 4.92%	Japan Cash Machine Co., Ltd. 100%
(10) Financial conditions and results of the previous year (fiscal year ended March 2016)		
Net assets	29,252 million yen (consolidated)	3,195 million yen (non-consolidated)
Total assets	40,428 million yen (consolidated)	6,625 million yen (non-consolidated)
Net assets per share	1,084.29 yen (consolidated)	45,011.71 yen (non-consolidated)
Net sales	29,761 million yen (consolidated)	8,926 million yen (non-consolidated)
Operating income	1,497 million yen (consolidated)	(50) million yen (non-consolidated)
Ordinary income	1,142 million yen (consolidated)	(52) million yen (non-consolidated)
Net income attributable to owners of the parent	357 million yen (consolidated)	(97) million yen (non-consolidated)
Net income per share	13.27 yen (consolidated)	(1,366.68) yen (non-consolidated)
Dividends per share	8.50 yen (consolidated)	0 yen (non-consolidated)

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

##### (1) Outline of the business to be succeeded

The businesses of selling money-handling machines for banking, retail, and transportation markets in Japan

##### (2) Operating results of the business to be succeeded (fiscal year ended March 2016)

Net Sales 1,667 million yen

##### (3) Asset and liabilities to be succeeded (as of September 30, 2016)

Assets		Liabilities	
Items	Book value	Items	Book value
Current assets	493 million yen	Current liabilities	9 million yen
Non-current assets	10 million yen	—	—
Total	503 million yen	Total	9 million yen

(Note) The amount of assets and liabilities to be split and 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.