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**Summary of Consolidated Financial Results for the Third Quarter
of Fiscal Year Ending March 31, 2018 <Japanese GAAP>**

February 13, 2018

Company name	Japan Cash Machine Co., Ltd.	Stock exchanges:	Tokyo(1 st Section)
Code number	6418	URL	http://www.jcm-hq.co.jp/
Representative	Position: President	Name:	Yojiro Kamihigashi
Contact person	Position: Director, Senior Operating Officer, Executive General Manager of Corporate Planning Division	Name:	Tsuyoshi Takagaki
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Scheduled date of filing quarterly securities report: February 14, 2018 Scheduled date of dividend payments: —

The additional materials of the financial results for the third quarter: None

The briefing session of the financial results for the third quarter: None

(Amount less than one million yen are rounded down)

1. Consolidated Financial Results for the Third Quarter ended December 31, 2017 (April 1, 2017 through December 31, 2017)

(1) Consolidated operating results

(Percentage figures show year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2018 3 rd quarter	22,635	(1.7)	1,531	(5.7)	1,693	7.8	1,901	68.5
FY2017 3 rd quarter	23,036	2.8	1,623	26.9	1,571	20.1	1,128	29.8

(Note) Comprehensive income: 1,890 million yen for FY2018 3rd quarter, (-) % (1,960) million yen for FY2017 3rd quarter, (-) %

	Net income per share: basic	Net income per share: Diluted
	yen	yen
FY2018 3 rd quarter	65.24	65.22
FY2017 3 rd quarter	41.99	41.98

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY2018 3 rd quarter	42,311	33,631	79.5	1,134.18
FY2017	39,755	28,937	72.7	1,080.96

(Reference) Shareholders' equity: As of December 31, 2017: 33,619 million yen As of March 31, 2017: 28,907 million yen

2. Dividends

	Annual cash dividends per share				
	1 st quarter end	2 nd quarter end	3 rd quarter end	Year-end	Total
	yen	yen	yen	yen	yen
FY2017	-	8.50	-	8.50	17.00
FY2018	-	8.50	-	-	-
FY2018 (forecast)	-	-	-	8.50	17.00

(Note) Changes in dividends forecast for FY2018 from the latest disclosure: None

3. Forecasts of consolidated operating results for FY2018 (April 1, 2017 through March 31, 2018)

(Percentage figures show year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
FY2018	30,000	(0.8)	1,150	(34.4)	1,200	(21.7)	1,480	46.2	51.76

(Note) Changes in forecasts of consolidated operating results for FY2018 from the latest disclosure: None

*Notes

(1) Changes in significant subsidiaries during the quarter (changes in specified subsidiaries resulting in the change in consolidation scope): None

(2) Adoption of specific accounting policies for quarterly consolidated financial statements: None

(3) Changes in accounting principles, changes in accounting estimates and restatements

1) Changes in accounting policies due to revisions of accounting standards, etc.: None

2) Changes in accounting policies other than 1) : None

3) Changes in accounting estimates : None

4) Restatements : None

(4) Number of shares outstanding (common stock)

Number of shares outstanding at term end (including treasury shares)	FY2018 3 rd quarter	29,662,851 shares	FY2017	29,662,851 shares
Number of treasury shares at term end	FY2018 3 rd quarter	20,918 shares	FY2017	2,920,750shares
The average number of outstanding shares (cumulative)	FY2018 3 rd quarter	29,141,994 shares	FY2017 3 rd quarter	26,873,180 shares

* This summary of consolidated financial results is exempt from quarterly review.

* Explanation regarding the appropriate use of financial forecasts and other special items

(Cautionary Statement)

Earnings forecasts and other forward-looking statements in this release are based on data currently available to management and certain assumptions that management believes to be reasonable. The achievement of said forecasts cannot be promised. Actual results may therefore differ materially from these statements for various reasons. For further details, please refer to “1. Qualitative Information/Financial Statements (2) Future estimates, including consolidated financial forecast” on Page 4.

1. Qualitative information/financial statements

(1) Consolidated operating results

The global economy during the third quarter of the consolidated fiscal year under review, the situation collectively remained steady overall. This situation was supported by consumer spending remained firm against the backdrop of a favorable employment environment in the United States, and strong exports becoming a driving force for the economy in Europe. Moreover, the Japanese economy continued recovering gradually due to a pickup in the corporate earnings and improving capital investment, although there are geopolitical risks in the neighboring countries.

Regarding the business environment surrounding the JCM Group (the “Group”), demand remained soft in the gaming market, since there were concerns about shrinkage of the market due to tighter regulations on gaming in Germany as well as decrease in the opening of new casinos in the North American region. However, the demand in the commercial market (banking, retail, transportation, etc.) was steady in Europe and Japan. On the other hand, in the business environment of the amusement equipment market in Japan, operators of pachinko parlors continued reducing investment, because of uncertainty about the market’s future caused by factors such as revision of game machine regulations.

Under such circumstances, the Group endeavored to capture market share and sell new merchandise amid continuing price competition with competitors in the global gaming market, while it promoted expanding sales of high-value-added products, both in Japan and overseas, in the commercial market. Furthermore, the Group focused on ensuring sales by aggressively developing products added to the sales lineup as a result of business transfer in the amusement equipment market.

However, in the third quarter of the consolidated fiscal year, net sales remained sluggish at 22,635 million yen (down 1.7% year-on-year) due to a decline in sales in the mainstay gaming market. As a result, the operating income totaled 1,531 million yen (down 5.7% year-on-year). Meanwhile, ordinary income amounted to 1,693 million yen (up 7.8% year-on-year) due to the posting of foreign currency translation adjustment profit on foreign-currency denominated assets, and net income attributable to owners of parent was 1,901 million yen (up 68.5% year-on-year) due to the posting of legal settlement received as extraordinary income.

The average foreign exchange rates for this third quarter were 111.81 yen to the US dollar (108.82 yen in the same period last year) and 125.25 yen to the euro (121.03 yen in the same period last year). The quarter-end foreign exchange rate applied to the mark-to-market valuation of assets and liabilities at the end of this third quarter was 113.06 yen to the US dollar (112.18 yen at the end of the previous consolidated fiscal year).

Results by segment are as follows.

i. Global Gaming

The segment recorded net sales of 11,331 million yen (down 8.9% year-on-year) and an income of 2,158 million yen (down 8.1% year-on-year). These declines were mainly the result of decreases in the demand for bill validator units in the North American region and in the replacement demand caused by revision of regulations on gaming in Germany in the European region.

ii. International Commercial

The segment posted net sales of 2,920 million yen (up 8.4% year-on-year) and an income of 447 million yen (up 99.8% year-on-year), mainly due to robust sales of bill recycling units in the European region, despite a decline in sales of bill validator units in the North American financial market.

iii. Domestic Commercial

The segment logged net sales of 1,882 million yen (up 38.7% year-on-year) and an income of 230 million yen

(up 519.5% year-on-year) mainly due to the steady sales of money handling machine units for OEM customers, etc.

iv. Equipment for Amusement Industry

The segment recorded net sales of 6,500 million yen (down 0.6% year-on-year) and an income of 87million yen (down 64.6% year-on-year), mainly due to the decline in the sales of mainline products such as automatic token supply/collection systems.

(2) Future estimates, including consolidated financial forecast

There is no change of future estimates from the ones presented in the financial highlights dated November 13, 2017. However, by keeping a watch on the demand situation in the future, we will make a swift announcement, should there be a need for timely disclosure.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(in thousands of yen)

	Prior Fiscal Year (As of March 31, 2017)	Current Third Quarter (As of December 31, 2017)
Assets		
Current assets		
Cash and deposits	7,166,931	9,556,546
Notes and accounts receivable - trade	6,013,379	6,457,398
Securities	23,309	78,977
Merchandise and finished goods	8,039,619	7,578,241
Work in process	639,501	771,100
Raw materials and supplies	2,706,568	3,173,328
Other	1,747,447	1,550,903
Allowance for doubtful accounts	(212,194)	(198,486)
Total current assets	26,124,563	28,968,009
Non-current assets		
Property, plant and equipment	4,991,188	4,964,204
Intangible assets		
Goodwill	2,291,518	2,093,825
Technical assets	391,124	320,829
Assets related to customers	3,374,108	3,072,868
Trademark right	451,267	412,271
Other	128,633	133,472
Total intangible assets	6,636,651	6,033,266
Investments and other assets		
Other	2,059,157	2,401,119
Allowance for doubtful accounts	(56,025)	(54,703)
Total investments and other assets	2,003,132	2,346,416
Total non-current assets	13,630,971	13,343,887
Total assets	39,755,535	42,311,897
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,161,879	3,564,783
Short-term loans payable	3,703,538	457,893
Income taxes payable	224,871	1,032,374
Provision for bonuses	381,654	200,215
Provision for directors' bonuses	21,000	9,000
Other	2,624,066	2,684,621
Total current liabilities	10,117,009	7,948,887
Non-current liabilities		
Other	701,097	731,009
Total non-current liabilities	701,097	731,009
Total liabilities	10,818,107	8,679,897
Net assets		
Shareholders' equity		
Capital stock	2,216,945	2,216,945
Capital surplus	2,068,964	2,759,048
Retained earnings	27,070,148	28,492,125
Treasury shares	(2,629,621)	(18,849)
Total shareholders' equity	28,726,436	33,449,270
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	204,098	485,080
Foreign currency translation adjustment	(23,427)	(314,981)
Total accumulated other comprehensive income	180,670	170,098
Subscription rights to shares	30,320	12,630
Total net assets	28,937,428	33,631,999
Total liabilities and net assets	39,755,535	42,311,897

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
Quarterly Consolidated Statement of Income

(in thousands of yen)

	Prior Third Quarter (From April 1, 2016 To December 31, 2016)	Current Third Quarter (From April 1, 2017 To December 31, 2017)
Net sales	23,036,639	22,635,467
Cost of sales	14,005,905	13,808,809
Gross profit	9,030,734	8,826,657
Reversal of unrealized income on installment sales	44,604	37,857
Provision of unrealized income on installment sales	480	11,420
Gross profit - net	9,074,858	8,853,094
Selling, general and administrative expenses	7,451,791	7,322,090
Operating profit	1,623,067	1,531,003
Non-operating income		
Interest income	5,481	2,194
Dividend income	13,609	15,882
Foreign exchange gains	—	148,920
Reversal of provision for loss on dissolution of the employees' pension fund	67,000	—
Other	33,968	24,336
Total non-operating income	120,059	191,333
Non-operating expenses		
Interest expenses	27,527	26,444
Foreign exchange losses	124,602	—
Other	19,313	2,286
Total non-operating expenses	171,443	28,731
Ordinary profit	1,571,683	1,693,605
Extraordinary income		
Gain on sales of non-current assets	333	327
Gain on sales of investment securities	—	3,786
Gain on bargain purchase	314,000	—
Settlement received	—	2,236,200
Total extraordinary income	314,333	2,240,314
Extraordinary losses		
Loss on sales of non-current assets	54	2,602
Loss on retirement of non-current assets	4,487	3,897
Litigation expenses	—	482,304
Loss on liquidation of business	—	328,267
Total extraordinary losses	4,542	817,071
Profit before income taxes	1,881,473	3,116,847
Income taxes - current	816,951	1,199,008
Income taxes - deferred	(63,795)	16,597
Total income taxes	753,155	1,215,605
Profit	1,128,317	1,901,242
Profit attributable to owners of parent	1,128,317	1,901,242

Quarterly Consolidated Statement of Comprehensive Income

(in thousands of yen)

	Prior Third Quarter (From April 1, 2016 To December 31, 2016)	Current Third Quarter (From April 1, 2017 To December 31, 2017)
Profit	1,128,317	1,901,242
Other comprehensive income		
Valuation difference on available-for-sale securities	81,363	280,981
Foreign currency translation adjustment	(3,170,106)	(291,554)
Total other comprehensive income	(3,088,743)	(10,572)
Comprehensive income	(1,960,425)	1,890,670
(Breakdown of Comprehensive Income)		
Comprehensive income attributable to owners of parent	(1,960,425)	1,890,670
Comprehensive income attributable to non-controlling interests	—	—

(3) Quarterly Consolidated Statements of Cash Flows

(in thousands of yen)

	Prior Third Quarter (From April 1, 2016 To December 31, 2016)	Current Third Quarter (From April 1, 2017 To December 31, 2017)
Cash flows from operating activities		
Profit before income taxes	1,881,473	3,116,847
Depreciation	691,298	719,650
Amortization of goodwill	157,354	141,860
Gain on bargain purchase	(314,000)	—
Increase (decrease) in provision	(165,001)	(218,732)
Interest and dividend income	(19,091)	(18,076)
Interest expenses	27,527	26,444
Foreign exchange losses (gains)	53,211	(129,259)
Loss (gain) on sales and retirement of property, plant and equipment	4,209	6,172
Loss (gain) on sales of investment securities	—	(3,786)
Settlement received	—	(2,236,200)
Litigation expenses	—	482,304
Loss on liquidation of business	—	328,267
Decrease (increase) in notes and accounts receivable - trade	(1,328,737)	(524,299)
Decrease (increase) in inventories	(1,401,084)	(134,532)
Increase (decrease) in notes and accounts payable - trade	766,047	435,664
Decrease (increase) in consumption taxes refund receivable	151,900	(16,241)
Other, net	501,238	(61,511)
Subtotal	1,006,346	1,914,571
Interest and dividend income received	19,607	17,558
Interest expenses paid	(27,527)	(26,444)
Settlement package received	—	2,236,200
Litigation expenses paid	—	(475,438)
Income taxes paid	(713,667)	(306,690)
Net cash provided by (used in) operating activities	284,759	3,359,757
Cash flows from investing activities		
Net decrease (increase) in short-term investment securities	232	109
Purchase of property, plant and equipment	(296,484)	(558,207)
Proceeds from sales of property, plant and equipment	1,212	8,508
Purchase of intangible assets	(10,758)	(29,865)
Purchase of investment securities	(112,403)	(1,571)
Proceeds from sales of investment securities	—	4,834
Proceeds for transfer of business	306,000	—
Other, net	200	—
Net cash provided by (used in) investing activities	(112,001)	(576,191)
Cash flows from financing activities		
Decrease in short-term loans payable	(515,550)	(3,220,522)
Cash dividends paid	(457,986)	(495,691)
Proceeds from lease obligations	2,926	1,605
Repayments of lease obligations	(78,138)	(59,646)
Purchase of treasury shares	(300,057)	(193)
Proceeds from disposal of treasury shares from exercise of subscription rights to shares	—	3,279,300
Net cash provided by (used in) financing activities	(1,348,807)	(495,148)
Effect of exchange rate change on cash and cash equivalents	(557,754)	101,197
Net increase (decrease) in cash and cash equivalents	(1,733,804)	2,389,614
Cash and cash equivalents at beginning of period	8,794,795	7,146,931
Cash and cash equivalents at end of period	7,060,991	9,536,546

(4) Notes to Consolidated Financial Statements

(Going Concern Assumption)

None

(Significant Changes in Shareholders' Equity)

In the third quarter of the consolidated fiscal year ending March 31, 2018, capital surplus increased by 690,084 thousand yen and treasury shares decreased by 2,610,965 thousand yen due to the disposal of treasury shares caused by the exercise of subscription rights to shares. Consequently, at the end of the third quarter of the consolidated fiscal year ending March 31, 2018, capital surplus and treasury shares amounted to 2,759,048 thousand yen and 18,849 thousand yen, respectively.

(Segment Information)

I. Prior third quarter (From April 1, 2016 to December 31, 2016)

1. Information on sales and income (loss) by reportable segments

(in thousands of yen)

	Reportable segments					Adjustment (Note)	Consolidated
	Global Gaming	International Commercial	Domestic Commercial	Equipment for the Amusement Industry	Total		
Net sales							
Sales to customers	12,442,225	2,694,554	1,357,776	6,542,082	23,036,639	—	23,036,639
Intersegment sales and transfers	—	—	—	—	—	—	—
Total	12,442,225	2,694,554	1,357,776	6,542,082	23,036,639	—	23,036,639
Segment income (loss)	2,348,002	224,274	37,251	246,145	2,855,674	(1,232,606)	1,623,067

(Note) The adjustment on segment income includes certain expenses that are not allocated to each reportable segment.

2. Loss on noncurrent assets and information on goodwill by each reportable segments

None

II. Current third quarter (From April 1, 2017 to December 31, 2017)

1. Information on sales and income (loss) by reportable segments

(in thousands of yen)

	Reportable segments					Adjustment (Note)	Consolidated
	Global Gaming	International Commercial	Domestic Commercial	Equipment for the Amusement Industry	Total		
Net sales							
Sales to customers	11,331,375	2,920,605	1,882,865	6,500,621	22,635,467	—	22,635,467
Intersegment sales and transfers	—	—	—	—	—	—	—
Total	11,331,375	2,920,605	1,882,865	6,500,621	22,635,467	—	22,635,467
Segment income (loss)	2,158,465	447,993	230,767	87,058	2,924,284	(1,393,281)	1,531,003

(Note) The adjustment on segment income includes certain expenses that are not allocated to each reportable segment.

2. Loss on noncurrent assets and information on goodwill by each reportable segments

None