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## Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 < Japanese GAAP >

May 10, 2018

Company name:	<b>Japan Cash Machine Co., Ltd.</b>	Stock exchange:	Tokyo (1 <sup>st</sup> section)
Code number:	6418	URL:	<a href="http://www.jcm-hq.co.jp/">http://www.jcm-hq.co.jp/</a>
Representative:	Position: President	Name:	Yojiro Kamihigashi
Contact person:	Position: Director, Senior Operating Officer, Executive General Manager of Corporate Planning Division	Name:	Tsuyoshi Takagaki
		TEL:	+81-6-6703-8400

Scheduled date of general shareholders meeting: June 27, 2018      Scheduled date of dividend payments: June 6, 2018

Scheduled filing date of annual securities report: June 27, 2018

The additional materials of the financial results for FY 2018: Yes

The briefing session of the financial results for FY 2018 : Yes (For institutional investors)

(Amount less than one million yen are rounded down.)

### 1. Consolidated Financial Results for FY 2018 (April 1, 2017 through March 31, 2018)

#### (1) Consolidated operating results

(Percentage figures show year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2018	29,860	(1.2)	1,372	(21.7)	1,152	(24.9)	924	(8.7)
FY2017	30,230	1.6	1,752	17.0	1,533	34.2	1,012	182.7

(Note) Comprehensive income: 1,131 million yen for FY2018, 172.4 %      415 million yen for FY2017, 24.6 %

	Net income per share:		Return on equity	Ordinary income to total assets	Ordinary income to net sales
	Basic	Diluted			
	yen	yen	%	%	%
FY2018	31.58	31.57	3.0	2.9	4.6
FY2017	37.71	37.69	3.5	3.8	5.8

(Reference) Equity in net income of affiliate company: - million yen for FY2018      - million yen for FY2017

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY2018	40,574	32,874	81.0	1,108.57
FY2017	39,755	28,937	72.7	1,080.96

(Reference) Shareholders' equity: As of March 31, 2018: 32,860 million yen  
As of March 31, 2017: 28,907 million yen

#### (3) Consolidated cash flows

	Cash flows from Operating Activities	Cash flows from Investing Activities	Cash flows from Financing Activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2018	3,461	(694)	(940)	8,888
FY2017	611	(293)	(1,688)	7,146

### 2. Dividends

	Annual cash dividends per share					Total cash dividends (Annual)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1 <sup>st</sup> quarter end	2 <sup>nd</sup> quarter end	3 <sup>rd</sup> quarter end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY2017	-	8.50	-	8.50	17.00	456	45.1	1.6
FY2018	-	8.50	-	8.50	17.00	503	53.8	1.6
FY2019 (forecast)	-	8.50	-	8.50	17.00		56.0	

(Note) Revision of dividends forecast from the latest announcement: 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 the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
FY2019 1 <sup>st</sup> half	14,500	(3.3)	700	(27.3)	800	(24.8)	500	10.2	16.87
FY2019	28,000	(6.2)	1,200	(12.5)	1,300	12.8	900	(2.6)	30.36

(1) Changes in significant subsidiaries during FY2018 (changes in specified subsidiaries resulting in the change in consolidation scope): None

(2) Changes in accounting policies / Changes in accounting estimates / 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

(3) Number of shares outstanding (common stock)

Number of shares outstanding at term end (including treasury shares)	FY2018	29,662,851 shares	FY2017	29,662,851 shares
Number of treasury shares at term end	FY2018	21,056 shares	FY2017	2,920,750 shares
The average number of outstanding shares	FY2018	29,266,954 shares	FY2017	26,840,413 shares

(Reference) Summary of non-consolidated financial results

1. Non-consolidated financial results for FY2018(April 1, 2017 through March 31, 2018)

(1) Non-consolidated financial results

(Percentage figures show year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2018	9,958	15.4	172	-	928	-	1,071	-
FY2017	8,626	3.5	(531)	-	(263)	-	(89)	-

	Net income per share Basic		Net income per share Diluted	
	Yen		Yen	
FY2018	36.61		36.60	
FY2017	(3.33)		-	

(Note) "Diluted net income per shares" for FY 2017 is not shown above because a net loss was recorded for this fiscal year although residual shares existed.

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2018	23,081	19,535	84.6	658.57
FY2017	22,386	15,418	68.7	575.43

(Reference) Shareholders' equity: 19,521 million yen for FY2018, 15,388 million yen for FY2017

\* Consolidated Financial Results report for FY2018 is not audited.

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

(Notes on forward-looking statements)

This report contains forward-looking statements that reflect the Company's forecasts for consolidated results. These forward-looking statements are based upon data currently available to the management and certain assumptions that management believes to be reasonable. Actual results may therefore differ materially from these statements for various reasons. For the assumptions for financial forecasts and points to keep in mind when using financial forecasts, please refer to "(1) Analysis of Business Results" under "1. Business Results" on page 3.

## 1. Business Results

### (1) Analysis of Business Results

The global economy during the consolidated fiscal year ended March 31, 2018, remained steady overall. This situation was supported by steadily consumer spending against the backdrop of a favorable employment and income environment in the U.S., and strong exports playing major role in the economy in Europe. Meanwhile, the economy in Japan was on a recovery trend due to expansion of corporate performance and an increase in capital investment, although personal consumption growth remained sluggish.

Regarding the business environment surrounding the JCM Group (the “Group”), the gaming market performed favorably in Europe due to revisions to the standard of gaming machines (specifications change) in Germany, while it remained weak in North America, the Group’s principal markets, due to the decline of new and renewed open casino halls. On the other hand, in the commercial market (banking/retail/transportation, etc.), there were steady demands due to global economic recovery trend. Meanwhile, the business environment in the domestic amusement equipment market remained harsh because pachinko parlors (our customers) were less willing to invest in equipment due to strengthening the regulations in this industry.

Under such circumstances, the Group implemented the following initiatives. In the gaming market, it strove to secure market share in our existing bill validator units and printer units, and focus on sales of new peripheral products. In the commercial market, the Group accelerated business expansion by developing Asian market where there is remarkable economic growth and expanding sales of high value-added products. Furthermore, in the amusement equipment market, in the view of recent trends in the industry and shrinking market due to strengthening of regulations, the Group has undertaken fundamental structural reforms in an aim to rebuild corporate structure to secure stable earnings even under low growth market. The reforms included a reduction of fixed costs, a compression of inventories and a consolidation of branch offices. As part of those reforms, the Group decided to withdraw from the amusement business (the operation of game arcades).

Consequently, the Group posted net sales of 29,860 million yen (down 1.2% year-on-year) for the consolidated fiscal year ending March 31, 2018. Meanwhile, it recorded an operating income of 1,372 million yen (down 21.7% year-on-year), ordinary income of 1,152 million yen (down 24.9% year-on-year), because it was not possible to absorb the increased expenses, and profit attributable to owners of the parent company of 924 million yen (down 8.7% year-on-year), due to restructuring charges associated with the amusement equipment business.

The average exchange rates for the consolidated fiscal year were 112.05 yen per U.S. dollar (109.43 yen in the previous consolidated fiscal year) and 127.24 yen per euro (120.57 yen in the previous consolidated fiscal year). Besides, the year-end exchange rates applied fair market valuation as of the fiscal year end were 106.31 yen per U.S. dollar (112.18 yen in the previous consolidated fiscal year).

Net sales by segment and segment income are as described below.

(Unit: millions of yen)

		FY2017	FY2018	Increase or decrease	
				Amount	Change (%)
Global Gaming	Net sales	16,353	18,367	(986)	(6.0)
	Segment income	2,960	2,911	(48)	(1.6)
Overseas Commercial	Net sales	3,466	3,797	331	9.6
	Segment income	276	626	349	126.6
Domestic Commercial	Net sales	2,234	2,664	429	19.2
	Segment income	167	280	113	67.5
Equipment for the Amusement Industry	Net sales	8,176	8,031	(144)	(1.8)
	Segment income	338	(489)	(827)	-
Adjustment	Net sales	-	-	-	-
	Segment income	(1,989)	(1,956)	33	-
Total	Net sales	30,230	29,860	(369)	(1.2)
	Ordinary income	1,752	1,372	(380)	(21.7)

(Note) The amounts in “Adjustment” include the eliminations of intersegment transactions, expenses that cannot be apportioned to reportable segments.

#### <Global Gaming>

The segment recorded net sales of 15,367 million yen (down 6.0% year-on-year) and an income of 2,961 million yen (down 1.6% year-on-year), despite an increase in replacement demand in Europe. This increase in demand was connected to standard revisions in Germany concerning specification changes to gaming machines that are planned for November 2018. The fall in net sales was partly due to a decrease in demand for bill validator units in North America.

#### <Overseas Commercial>

The segment posted net sales of 3,797 million yen (up 9.6% year-on-year) and an income of 626 million yen (up 126.6% year-on-year), despite a decrease in bill validator unit sales for the North American financial markets. This result was partly due to favorable bill recycling unit sales in Europe.

#### <Domestic Commercial>

The segment logged net sales of 2,664 million yen (up 19.2% year-on-year) and an income of 280 million yen (up 67.5% year-on-year), partly due to favorable sales for Money-handling machine units and bill recycling units for original equipment manufacturers.

#### <Equipment for the Amusement Industry>

The segment recorded net sales of 8,031 million yen (down 1.8% year-on-year), because the Group could not capitalize on acquisitions of other companies' businesses conducted during the previous fiscal year. This inability to capitalize was due to general stagnation in market conditions caused by industry trends and strengthened regulations in recent years. Moreover, for a profit and loss side, segment loss was 489 million yen (an income of 338 million yen in the previous year). The principal reason is that, in addition to increase in expenses due to business transfer, devaluation of inventory as part of the structural business reforms.

(Forecasts of results for the next fiscal year)

The business environment of each segment of the Group for the next fiscal year is as follows. In the commercial segment, it is expected to expand into new markets, by introducing new products, and to increase sales due to acquiring latent demand in Asia and other emerging markets. Meanwhile, in the gaming segment and equipment for the amusement industry segments, although hopes have run that the enforcement of the Act Concerning Promotion of Development of Integrated Resort Areas (the “IR Promotion Act”) in Japan will stimulate the market and some effectiveness, it is predicted that the effect is will be limited on a worldwide scale and demands will not be grown dramatically.

In this light of the above environment, the Group is making efforts to work on the following problems to rebuild earnings base. First of all, the Group need to strengthen its profitability with a top priority restructuring of the earnings base and it endeavors to increase development of profitable products responding to customer needs, as well as to penetrate those products into the new market. Moreover, the Group is working to rebuild its earnings base, by making inventory assets sound, and consolidate business offices and rearrange personnel especially in the amusement equipment segment where the market has been shrinking.

Furthermore, the Group will create a business foundation that can cope with changes in a new era after fiscal year ending March 31, 2022 as a long-term vision. Especially, in recent years, the Group will promote R & D to create a business foundation that adapt to the new era, such as cashless and AI, considering the fact that movements promoting electronic money and virtual currencies are progressing all over the world.

For accelerating the above strategy, the Group will promote delegations of directors’ authorities to operating officers for timely decisions. Meanwhile, the Group has already established a compliance-focused governance system in Gaming business centered on North America. Moreover, in the future, we will build a strong governance system by strengthening cooperation with domestic and overseas group companies.

Regarding the business forecast for the next fiscal year, the Group projects that post net sales will decrease to 28,000 million yen compared to the previous term. In terms of profitability, although, it projects that operating income will decrease to 1,200 million yen due to an increase in product development cost, it expects to post ordinary income of 1,300 million yen and profit attributable to owners of parent company of 900 million yen, almost the same level as the current term.

The Group’s assumed foreign exchange rates for the next fiscal term are 107 yen against the U.S. dollar and 132 yen against the euro.

#### Forecasts of consolidated operating results for FY2019 (April 1, 2018 through March 31, 2019)

	Net sales (millions of yen)	Operating income (millions of yen)	Ordinary income (millions of yen)	Net income (millions of yen)
FY2019 (forecast)	28,000	1,200	1,300	900
FY2018	29,860	1,372	1,152	924
Increase or decrease	(1,860)	(172)	147	(24)
Rate of Change (%)	(6.2)	(12.5)	12.8	(2.6)

(2) Basic policy for profit allocation and dividends for the current period and next period

The Group determines its basic policy for the return of profits, based on a consolidated dividend payout ratio of at least 30%, considering the ratio of dividends to net assets while taking into accounts two factors: an increase in dividend amounts through the expansion of income by realizing our growth strategy and the stable implementation of dividend payments.

The Group plans to pay 8.5 yen per share for the year-end dividend for the consolidated fiscal year (17.0 yen per share for the full year, combined with the mid-term dividend), as it had initially forecasted. As a result, the dividend payout ratio for the current consolidated fiscal year was 45.1% and the ratio of dividends to net assets was 1.6%.

The Group will utilize its internal reserves effectively as improvement expenses for its future growth, including the strategic investments such as business/capital alliances as well as mergers and acquisitions, which is beneficial for the future business expansion, and human resources and R&D investment for new markets.

The Group will issue an annual dividend of 17 yen per share (consolidated dividend payout ratio of 56.0%) for the next term based on the above policy.

2. Fundamental policy on choosing corporate accounting standards

The Group has a policy, for the time being, of preparing consolidated financial statements based on Japanese standards in view of comparability between consolidated financial statements for different fiscal years, as well as comparability with those of other corporations.

The Group will respond to apply to International Accounting Standards appropriately considering various situations in Japan and overseas.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

	(in thousands of yen)	
	FY2017 (March 31, 2017)	FY2018 (March 31, 2018)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	7,166,931	8,908,786
Notes and accounts receivable - trade	6,013,379	6,373,385
Securities	23,309	90,553
Merchandise and finished goods	8,039,619	7,643,992
Work in process	639,501	557,802
Raw materials and supplies	2,706,568	2,957,304
Deferred tax assets	761,334	436,009
Other	986,113	844,838
Allowance for doubtful accounts	(212,194)	(194,891)
<b>Total current assets</b>	<b>26,124,563</b>	<b>27,617,781</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	1,922,119	1,823,138
Machinery, equipment and vehicles, net	136,242	123,376
Land	1,826,415	1,795,242
Leased assets, net	98,185	6,627
Other, net	1,008,226	1,218,765
<b>Total property, plant and equipment</b>	<b>4,991,188</b>	<b>4,967,151</b>
<b>Intangible assets</b>		
Software	99,753	97,748
Goodwill	2,291,518	2,052,272
Technical assets	391,124	301,341
Assets related to customers	3,374,108	3,011,584
Trademark right	451,267	404,088
Other	28,880	32,280
<b>Total intangible assets</b>	<b>6,636,651</b>	<b>5,899,315</b>
<b>Investments and other assets</b>		
Investment securities	971,570	1,257,915
Net defined benefit asset	494,016	538,250
Deferred tax assets	5,180	—
Other	588,389	349,226
Allowance for doubtful accounts	(56,025)	(54,690)
<b>Total investments and other assets</b>	<b>2,003,132</b>	<b>2,090,702</b>
<b>Total non-current assets</b>	<b>13,630,971</b>	<b>12,957,169</b>
<b>Total assets</b>	<b>39,755,535</b>	<b>40,574,951</b>

(in thousands of yen)

	FY2017 (March 31, 2017)	FY2018 (March 31, 2018)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	3,161,879	※ 3 3,291,816
Short-term loans payable	3,703,538	—
Lease obligations	75,343	29,408
Income taxes payable	224,871	776,180
Provision for bonuses	381,654	391,096
Provision for directors' bonuses	21,000	12,000
Provision for business structure improvement	—	133,930
Deferred tax liabilities	14,087	20,889
Other	2,534,635	2,301,252
<b>Total current liabilities</b>	<b>10,117,009</b>	<b>6,956,573</b>
<b>Non-current liabilities</b>		
Lease obligations	104,157	13,614
Deferred tax liabilities	323,747	466,560
Other	273,192	264,092
<b>Total non-current liabilities</b>	<b>701,097</b>	<b>744,267</b>
<b>Total liabilities</b>	<b>10,818,107</b>	<b>7,700,840</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	2,216,945	2,216,945
Capital surplus	2,068,964	2,759,048
Retained earnings	27,070,148	27,515,256
Treasury shares	(2,629,621)	(19,010)
<b>Total shareholders' equity</b>	<b>28,726,436</b>	<b>32,472,240</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	204,098	443,467
Foreign currency translation adjustment	(23,427)	(55,580)
<b>Total accumulated other comprehensive income</b>	<b>180,670</b>	<b>387,886</b>
Share acquisition rights	30,320	13,984
<b>Total net assets</b>	<b>28,937,428</b>	<b>32,874,111</b>
<b>Total liabilities and net assets</b>	<b>39,755,535</b>	<b>40,574,951</b>



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

	(in thousands of yen)	
	FY2017 (From April 1, 2016 To March 31, 2017)	FY2018 (From April 1, 2017 To March 31, 2018)
Net sales	30,230,547	29,860,720
Cost of sales	18,348,032	18,426,191
Gross profit	11,882,515	11,434,529
Reversal of unrealized income on installment sales	58,384	52,886
Provision of unrealized income on installment sales	480	11,420
Gross profit - net	11,940,419	11,475,994
Selling, general and administrative expenses	10,187,985	10,103,841
Operating profit	1,752,434	1,372,152
Non-operating income		
Interest income	7,543	6,252
Dividend income	14,016	16,549
Reversal of provision for loss on dissolution of the employees' pension fund	67,000	—
Other	82,416	44,223
Total non-operating income	170,977	67,025
Non-operating expenses		
Interest expenses	41,168	29,875
Foreign exchange losses	326,958	254,606
Other	22,180	2,672
Total non-operating expenses	390,306	287,155
Ordinary profit	1,533,104	1,152,023
Extraordinary income		
Gain on sales of non-current assets	335	327
Gain on sales of investment securities	—	3,786
Gain on bargain purchase	314,000	—
Settlement received	—	2,241,000
Other	27,357	—
Total extraordinary income	341,692	2,245,114
Extraordinary losses		
Loss on sales of non-current assets	54	2,602
Loss on retirement of non-current assets	5,101	5,872
Impairment loss	13,161	13,550
Loss on valuation of golf club membership	1,000	—
Provision of allowance for doubtful accounts	1,400	—
Loss on litigation	—	483,758
Loss on liquidation of business	—	235,378
Business structure improvement expenses	—	133,930
Total extraordinary losses	20,718	875,092
Profit before income taxes	1,854,078	2,522,045
Income taxes - current	984,511	1,259,618
Income taxes - deferred	(142,467)	338,053
Total income taxes	842,044	1,597,672
Profit	1,012,033	924,373
Profit attributable to owners of parent	1,012,033	924,373

**Consolidated Statement of Comprehensive Income**

(in thousands of yen)

	FY2017 (From April 1, 2016 To March 31, 2017)	FY2018 (From April 1, 2017 To March 31, 2018)
Profit	1,012,033	924,373
Other comprehensive income		
Valuation difference on available-for-sale securities	134,834	239,369
Foreign currency translation adjustment	(731,389)	(32,153)
Share of other comprehensive income of entities accounted for using equity method	—	
Total other comprehensive income	(596,555)	207,215
Comprehensive income	415,478	1,131,589
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	415,478	1,131,589
Comprehensive income attributable to non-controlling interests	—	—

**(3) Consolidated Statements of Changes in Net Assets**

Fiscal Year 2017 (From April 1, 2016 to March 31, 2017)

(in thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,216,945	2,068,964	26,514,737	(2,329,517)	28,471,129
Changes of items during period					
Dividends of surplus			(456,622)		(456,622)
Profit attributable to owners of parent			1,012,033		1,012,033
Purchase of treasury shares				(300,104)	(300,104)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	555,411	(300,104)	255,306
Balance at end of current period	2,216,945	2,068,964	27,070,148	(2,629,621)	28,726,436

(In thousands of yen)

	Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	69,263	707,962	777,226	3,713	29,252,069
Changes of items during period					
Dividends of surplus					(456,622)
Profit attributable to owners of parent					1,012,033
Purchase of treasury shares					(300,104)
Net changes of items other than shareholders' equity	134,834	(731,389)	(596,555)	26,607	(569,947)
Total changes of items during period	134,834	(731,389)	(596,555)	26,607	(314,640)
Balance at end of current period	204,098	(23,427)	180,670	30,320	28,937,428

(in thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,216,945	2,068,964	27,070,148	(2,629,621)	28,726,436
Changes of items during period					
Dividends of surplus			(479,265)		(479,265)
Net income attributable to owners of the parent			924,373		924,373
Purchase of treasury shares				(354)	(354)
Disposal of treasury shares		690,084		2,610,965	3,301,050
Net changes of items other than shareholders' equity					
Total changes of items during period		690,084	445,108	2,610,611	255,306
Balance at end of current period	2,216,945	2,759,048	27,515,256	(19,010)	32,472,240

(in thousands of yen)

	Accumulated other comprehensive income			Stock acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	204,098	(23,427)	180,670	30,320	28,937,428
Changes of items during period					
Dividends of surplus					(479,265)
Net income					924,373
Purchase of treasury shares					(354)
Disposal of treasury shares					3,301,050
Net changes of items other than shareholders' equity	239,369	(32,153)	207,215	(16,336)	190,879
Total changes of items during period	239,369	(32,153)	207,215	(16,336)	3,936,683
Balance at end of current period	443,467	(55,580)	387,886	13,984	32,874,111

**(4) Consolidated Statements of Cash Flows**

(in thousands of yen)

	FY2017 (From April 1, 2016 To March 31, 2017)	FY2018 (From April 1, 2017 To March 31, 2018)
Cash flows from operating activities		
Profit before income taxes	1,854,078	2,522,045
Depreciation	926,476	951,128
Amortization of goodwill	186,086	189,811
Gain on bargain purchase	(314,000)	—
Increase (decrease) in provision	44,380	73,149
Interest and dividend income	(21,560)	(22,801)
Interest expenses	41,168	29,875
Foreign exchange losses (gains)	232,850	213,708
Loss (gain) on sales of investment securities	—	(3,786)
Loss (gain) on sales and retirement of property, plant and equipment	4,821	8,147
Impairment loss	13,161	13,550
Loss on valuation of golf club memberships	1,000	—
Settlement received	—	(2,241,000)
Litigation expenses	—	483,758
Loss on liquidation of business	—	235,378
Business structure improvement expenses	—	133,930
Other extraordinary loss (income)	(27,357)	—
Decrease (increase) in notes and accounts receivable - trade	254,356	(400,675)
Decrease (increase) in inventories	(1,833,428)	275,939
Increase (decrease) in notes and accounts payable - trade	(40,274)	145,637
Decrease (increase) in consumption taxes refund receivable	97,711	(108,156)
Increase/decrease in other assets/liabilities	330,379	(115,346)
Subtotal	1,749,849	2,384,293
Interest and dividend income received	22,245	22,114
Interest expenses paid	(41,168)	(29,875)
Settlement package received	—	2,241,000
Litigation expenses paid	—	(483,758)
Income taxes paid	(1,119,207)	(672,660)
Net cash provided by (used in) operating activities	611,719	3,461,112
Cash flows from investing activities		
Purchase of property, plant and equipment	(431,687)	(678,229)
Proceeds from sales of property, plant and equipment	1,173	8,508
Purchase of intangible assets	(82,502)	(35,614)
Net decrease (increase) in short-term investment securities	234	48
Purchase of investment securities	(114,276)	(2,295)
Proceeds from sales of investment securities	—	13,238
Proceeds for transfer of business	306,000	—
Other, net	27,557	△10
Net cash provided by (used in) investing activities	(293,500)	(694,355)
Cash flows from financing activities		
Increase in short-term loans payable	1,000,000	—
Decrease in short-term loans payable	(1,855,014)	(3,655,168)
Proceeds from lease obligations	2,926	1,605
Repayments of lease obligations	(99,292)	(87,943)
Purchase of treasury shares	(300,104)	(354)
Proceeds from issuance of share acquisition rights	21,750	—
Proceeds from disposal of treasury shares from	—	3,279,300

exercise of subscription rights to shares		
Cash dividends paid	(458,301)	(477,851)
Net cash provided by (used in) financing activities	(1,688,036)	(940,411)
Effect of exchange rate change on cash and cash equivalents	(278,046)	(84,491)
Net increase (decrease) in cash and cash equivalents	(1,647,863)	1,741,854
Cash and cash equivalents at beginning of period	8,794,795	7,146,931
Cash and cash equivalents at end of period	7,146,931	8,888,786

## (5) Segment Information

I. Fiscal year 2017 (From April 1, 2016 to March 31, 2017)

(In thousands of yen)

	Reportable segments					Adjustment (Note)	Consolidated
	Global Gaming	Overseas Commercial	Domestic Commercial	Equipment for the Amusement Industry	Total		
Net sales							
Sales to customers	16,353,771	3,466,043	2,234,475	8,176,256	30,230,547	—	30,230,547
Intersegment sales and transfers	—	—	—	—	—	—	—
Total	16,353,771	3,466,043	2,234,475	8,176,256	30,230,547	—	30,230,547
Segment income (loss)	2,960,177	276,384	167,686	338,141	3,742,389	(1,989,955)	1,752,434
Segment assets	18,979,232	2,780,732	2,316,165	7,335,658	31,411,788	8,343,747	39,755,535
Other items							
Depreciation	507,307	64,981	73,448	139,141	784,878	141,597	926,476
Amortization of goodwill	186,086	—	—	—	186,086	—	186,086

Notes: Adjustment is as follows:

- (1) The adjustment of segment income negative 1,989,955 thousand yen is Company expenses not allocated to each reportable segment.
- (2) The adjustment of segment asset, 8,343,747 thousand yen, is Company assets not allocated to each reportable segment.
- (3) The adjustment of depreciation, 141,597 thousand yen, is depreciation related to Company assets not allocated to each reportable segment. In addition, depreciation includes the amortization of long-term prepaid expenses.

II. Fiscal year 2018(From April 1, 2017 to March 31, 2018)

(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	15,367,489	3,797,707	2,667,048	8,031,473	29,860,720	—	29,860,720
Intersegment sales and transfers	—	—	—	—	—	—	—
Total	15,367,489	3,797,707	2,667,048	8,031,473	29,860,720	—	29,860,720
Segment income (loss)	2,911,360	626,341	280,840	(489,614)	3,328,927	(1,956,774)	1,372,152
Segment assets	17,678,055	3,328,972	2,731,265	5,910,582	29,648,876	10,926,075	40,574,951
Other items							
Depreciation	527,086	98,661	27,423	119,114	772,286	178,842	951,128
Amortization of goodwill	189,811	—	—	—	189,811	—	189,811

Notes: Adjustments are as follows:

- (1) The adjustment of segment income negative 1,956,774 thousand yen is Company expenses not allocated to each reportable segment.
- (2) The adjustment of segment asset, 10,926,075 thousand yen, is Company assets not allocated to each reportable segment.
- (3) The adjustment of depreciation, 178,842 thousand yen, is depreciation related to Company assets not allocated to each reportable segment. In addition, depreciation includes the amortization of long-term prepaid expenses.