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Press Release

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Notice on the Formulation of a Rolling Plan (IV) for “New Medium-Term Management Plan”

The Japan Cash Machine Group (hereinafter referred to as either “we”, “us”, or “our”) hereby announces that we have recently formulated the rolling plan (IV) which covers the three-year period from the fiscal year 2019 (term ending March 31, 2020) to fiscal year 2021 (term ending March 31, 2022) after reviewing the rolling plan (III) the Medium-Term Management Plan ending fiscal year 2019 (term ending March 31, 2020), which was announced on November 13, 2017. The details are as follows.

1. Outline of a rolling plan (IV) for the “New Medium-Term Management Plan”

(1) Basic thinking

- i) We have been carefully moving forward with the formulation of a rolling plan (IV) from the middle of last year while carefully reviewing the progress of performance in the 2018 fiscal year with a focus on the survey of business environmental trends for the three years starting in fiscal 2019. However, we have recently revised our quantitative target based on changes in demand (scale, time, region, etc.) centering on overseas gaming markets.
- ii) We will continue to implement the medium-term management plan (III) for our basic policies and our business strategies and policies.

2. Demand trend estimated during the term of a medium-term management plan (IV)

- i) With regard to the foreign gaming business, the North American market had a tax reduction effect in FY2018, and the European market was experiencing a favorable trend due to a rush demand in the anticipated market prior to the revision of regulation in Germany. As a result, sales rose by 4.7%, and sales profits increased by 43.8%. We were able to achieve a significant revenue target for the first year of the initial plan and the first year of the mid-term plan. However, regional differences are expected to arise in the degree of convergence, recovery and growth of demand trends.
- ii) In the business of domestic equipment for the amusement industry, it is expected that severe demand will continue and along with continuing the project rebuilt plan implemented in FY2017, we are working on improving the physical quality of the business and formulating a business plan that places the highest priority on profits.

[Basic Policy]

“Improve earnings structure and management cultures to enhance our corporate value”

- (1) Strengthen our global governance system;
- (2) Enhance profitability and rebuild the earnings structure;
- (3) Strengthen competitiveness by enhancing the ability and speed of our business promotion and execution; and
- (4) Renewal of management system (foundation)

[Priority Measures]

- (1) Expand new business;
(Expand the sales channel)
 - Accelerate the expansion of markets, regions, and customer bases by strengthening the global commercial function, the third business division.(Create a new market by developing a new product)
 - Accelerate the early launch of developing themes and expedite the contribution to sales through new products.
- (2) Improve the profitability of the existing businesses;
 - Consistently revamp earning structure and management structure in sales, development, production, quality control, and maintenance divisions.
- (3) As a long-term vision we will create a fourth business division as a new business field with considering new payment system era working to strengthen the technological innovation and marketing to respond to changes of the market structure and the technology and development capabilities that can respond to new market creation.
- (4) Endeavor toward achieving targets of the medium-term management plan (IV) by mainly strengthening mobility for business activities of each division and devoting optimum management resources, including strategic investment such as M&As, financial strategies, and human resource strategies to implementing the above measures from (1) to (3).

2. Numerical targets on the Rolling Plan (IV)

[Consolidated result]

(Unit: 1 million yen)

	FY2020	FY2021	FY2022
Net Sales	28,500	29,700	32,300
Operating Income	1,000	1,150	1,950
Net Income	700	800	1,350

[Key Management Index]

- (1) Operating Income Ratio for FY 2022 6%
- (2) ROE for FY 2022 4%

3. Other

We will devote all our energies for early recovery in business performance for the numerical target of 2. above in FY2019 the first year of the plan and we will work on entire group to achieve the objectives ahead of the schedule considering the numerical target of the final year during the period of medium-term management plan (IV) .

* Please note that the forecasts above are based on currently available information, and actual results may differ from the forecast due to subsequent various factors.