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**Summary of Consolidated Financial Results for the Third Quarter  
of Fiscal Year Ending March 31, 2017 <Japanese GAAP>**

February 3, 2017

Company name	<b>Japan Cash Machine Co., Ltd.</b>	Stock exchanges:	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 filing quarterly securities report: February 9, 2017

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, 2016 (April 1, 2016 through December 31, 2016)

(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	%
FY2017 3 <sup>rd</sup> quarter	23,036	2.8	1,623	26.9	1,571	20.1	1,128	29.8
FY2016 3 <sup>rd</sup> quarter	22,404	8.8	1,278	13.7	1,308	(39.0)	869	(49.8)

(Note) Comprehensive income: (1,960) million yen for FY2017 3<sup>rd</sup> quarter, ( - ) %: 455 million yen for FY2016 3<sup>rd</sup> quarter, (57.8) %

	Net income per share: basic	Net income per share: Diluted
	yen	yen
FY2017 3 <sup>rd</sup> quarter	41.99	41.98
FY2016 3 <sup>rd</sup> quarter	32.22	32.21

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY2017 3 <sup>rd</sup> quarter	38,244	26,538	69.4	992.39
FY2016	40,428	29,252	72.3	1,084.29

(Reference) Shareholders' equity: As of December 31, 2016: 26,531 million yen

As of March 31, 2016: 29,248 million yen

2. Dividends

	Annual cash dividends per share				
	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
FY2016	-	8.50	-	8.50	17.00
FY2017	-	8.50	-	-	-
FY2017 (forecast)	-	-	-	8.50	17.00

(Note) Changes in dividends forecast for FY2017 from the latest disclosure: None

3. Forecasts of consolidated operating results for FY2017 (April 1, 2016 through March 31, 2017)

(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
FY2017	30,100	1.1	1,700	13.5	1,130	(1.1)	640	78.8	23.72

(Note) Changes in forecasts of consolidated operating results for FY2017 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.: Applicable

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 stocks)	FY2017 3 <sup>rd</sup> quarter	29,662,851 shares	FY2016	29,662,851 shares
Number of shares of treasury stocks at term end	FY2017 3 <sup>rd</sup> quarter	2,920,719 shares	FY2016	2,684,803shares
The average number of outstanding shares (cumulative)	FY2017 3 <sup>rd</sup> quarter	26,873,180 shares	FY2016 3 <sup>rd</sup> quarter	26,978,140 shares

\* Implementation status of quarterly review procedures

This summary of consolidated financial results is exempt from quarterly review which is based on Financial Instrument and Exchange Law of Japan. As of the third quarter disclosing, quarterly review procedures for the quarterly financial statements are in progress.

\* 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

In the global economy during the third quarter of the consolidated fiscal year, the economy in Europe and the U.S., generally moved steadily, driven by consumer spending. With respect to the Japanese economy, while there was a lack of strength in consumer spending, we saw a moderate pick-up as corporate earnings improved backed by the depreciation of the yen.

Regarding the business environment surrounding the JCM Group (the “Group”), the gaming market has active demand mainly from OEM customers, and the business environment in the commercial market (banking/retail/transportation) especially in Europe continued to be relatively stable. Meanwhile, in the amusement equipment market in Japan continued to face difficult conditions partly due to effects from the removal of “game machines whose performance may be different from that of the models submitted for formal inspection” by the end of December, 2016 in the stagnating pachinko market.

Under such circumstances, the Group had made efforts to obtain new customers in the gaming market by offering ideas that existing products and gaming printers should be combined. In the commercial market, it had tried to promote sales of high value-added products both in Japan and abroad. In the amusement equipment market in Japan, it had made efforts to expand the customer base through the amusement equipment business of Silver Denken which the Group acquired in September 2016. Therefore, it had developed sales strategies suitable for each market.

Consequently, the Group posted net sales of 23,036 million yen (up 2.8% year-on-year) in the third quarter of the consolidated fiscal year. Operating income totaled 1,623 million yen (up 26.9% year-on-year), by the Group’s efforts to reduce selling, general and administrative expenses, in addition to an increase in net sales, and ordinary income recorded 1,571 million yen (up 20.1% year-on-year), net income attributable to owners of the parent amounted to 1,128 million yen (up 29.8% year-on-year).

The average foreign exchange rates for this quarter were 108.82 yen to the US dollar (120.90 yen in the same period last year) and 121.03 yen to the euro (134.42 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 quarter was 116.55 yen to the US dollar (112.69 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 12,442 million yen (up 4.1% year-on-year) and an income of 2,348 million yen (up 18.9% year-on-year), mainly due to an increase steadily in sales of bill validator units for OEM customers in the North American region and bill recycling units in the European region.

#### ii. International Commercial

The segment posted net sales of 2,694 million yen (down 12.0% year-on-year) and an income of 224 million yen (down 61.8% year-on-year), mainly due to stagnant sales of bill validator units for the North American financial market because of purchasers’ inventory adjustments, despite steady growth in sales in the European region.

#### iii. Domestic Commercial

The segment logged net sales of 1,357 million yen (down 0.1% year-on-year), mainly due to stagnant sales of bill recycling units for financial market, despite steady growth in sales of currency exchange machines and bill recyclers for self-service gas stations. However, segment income recorded to 37 million yen (up 16.2% year-on-year) owing to an increase in the shipment of the comparatively profitable products.

iv. Equipment for the Amusement Industry

Although sales of related equipment such as automatic medal supplying/recovering systems declined, effects from the acquisition of the amusement equipment business in September 2016 contributed to earnings. As a result, sales in this segment recorded net sales of 6,542 million yen (up 8.5% year on year) and an income of 246 million yen (up 668.4% year on year).

(2) Future estimates, including consolidated financial forecast

There is no change of future estimates from the ones presented in the financial highlights dated September 6, 2016. 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, 2016)	Current Third Quarter (As of December 31, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	8,814,795	7,080,991
Notes and accounts receivable - trade	6,556,700	6,873,939
Securities	84,721	70,742
Merchandise and finished goods	6,089,803	6,574,035
Work in process	711,767	769,309
Raw materials and supplies	2,978,839	2,755,214
Other	1,148,329	1,642,623
Allowance for doubtful accounts	(263,849)	(246,863)
Total current assets	26,121,107	25,519,993
Non-current assets		
Property, plant and equipment	5,090,253	4,879,031
Intangible assets		
Goodwill	2,625,420	2,077,602
Technical assets	500,990	366,175
Assets related to customers	3,839,480	3,034,075
Trademark right	516,856	408,982
Other	71,911	63,947
Total intangible assets	7,554,659	5,950,783
Investments and other assets		
Other	1,716,705	1,949,130
Allowance for doubtful accounts	(53,887)	(54,625)
Total investments and other assets	1,662,818	1,894,505
Total non-current assets	14,307,730	12,724,320
Total assets	40,428,838	38,244,314
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,433,683	3,455,399
Short-term loans payable	4,620,290	4,195,800
Income taxes payable	307,798	343,111
Provision for bonuses	256,898	171,887
Provision for directors' bonuses	8,800	12,100
Other	1,812,801	2,824,138
Total current liabilities	10,440,271	11,002,436
Non-current liabilities		
Reserve for loss on dissolution of employee's pension fund	67,000	—
Other	669,497	703,271
Total non-current liabilities	736,497	703,271
Total liabilities	11,176,768	11,705,708
<b>Net assets</b>		
Shareholders' equity		
Capital stock	2,216,945	2,216,945
Capital surplus	2,068,964	2,068,964
Retained earnings	26,514,737	27,186,432
Treasury shares	(2,329,517)	(2,629,575)
Total shareholders' equity	28,471,129	28,842,766
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	69,263	150,627
Foreign currency translation adjustment	707,962	(2,462,144)
Total accumulated other comprehensive income	777,226	(2,311,517)
Stock acquisition rights	3,713	7,356
Total net assets	29,252,069	26,538,606
Total liabilities and net assets	40,428,838	38,244,314

**(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, 2015 To December 31, 2015)	Current Third Quarter (From April 1, 2016 To December 31, 2016)
Net sales	22,404,666	23,036,639
Cost of sales	13,411,310	14,005,905
Gross profit	8,993,355	9,030,734
Reversal of unrealized income on installment sales	61,076	44,604
Provision of unrealized income on installment sales	49,804	480
Gross profit - net	9,004,627	9,074,858
Selling, general and administrative expenses	7,725,939	7,451,791
Operating income	1,278,687	1,623,067
Non-operating income		
Interest income	11,442	5,481
Dividend income	16,636	13,609
Share of profit of entities accounted for using equity method	8,006	—
Foreign exchange gains	6,561	—
Reversal of provision for loss on dissolution of the employees' pension fund	—	67,000
Other	68,794	33,968
Total non-operating income	111,440	120,059
Non-operating expenses		
Interest expenses	22,315	27,527
Foreign exchange losses	—	124,602
Loss on cancellation of leases	45,337	—
Other	13,616	19,313
Total non-operating expenses	81,269	171,443
Ordinary income	1,308,859	1,571,683
Extraordinary income		
Gain on sales of non-current assets	828	333
Gain on sales of investment securities	8,403	—
Gain on bargain purchase	—	314,000
Total extraordinary income	9,232	314,333
Extraordinary losses		
Loss on sales of non-current assets	226	54
Loss on retirement of non-current assets	5,633	4,487
Loss on valuation of investment securities	37,657	—
Other	4,768	—
Total extraordinary losses	48,286	4,542
Profit before income taxes	1,269,804	1,881,473
Income taxes - current	469,194	816,951
Income taxes - deferred	(68,646)	(63,795)
Total income taxes	400,548	753,155
Profit	869,256	1,128,317
Profit attributable to owners of parent	869,256	1,128,317

Quarterly Consolidated Statement of Comprehensive Income

(In thousands of yen)

	Prior Third Quarter (From April 1, 2015 To December 31, 2015)	Current Third Quarter (From April 1, 2016 To December 30, 2016)
Profit	869,256	1,128,317
Other comprehensive income		
Valuation difference on available-for-sale securities	33,420	81,363
Foreign currency translation adjustment	(450,830)	(3,170,106)
Share of other comprehensive income of entities accounted for using equity method	3,728	—
Total other comprehensive income	(413,680)	(3,088,743)
Comprehensive income	455,575	(1,960,425)
(Breakdown of Comprehensive income)		
Comprehensive income attributable to owners of parent	455,575	(1,960,425)
Comprehensive income attributable to non-controlling interests	—	—

**(3) Quarterly Consolidated Statements of Cash Flows**

(In thousands of yen)

	Prior Third Quarter (From April 1, 2015 To December 30, 2015)	Current Third Quarter (From April 1, 2016 To December 30, 2016)
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,269,804	1,881,473
Depreciation	787,319	691,298
Amortization of goodwill	160,872	157,354
Gain on bargain purchase	—	(314,000)
Increase (decrease) in provision	(228,007)	(165,001)
Share of (profit) loss of entities accounted for using equity method	(8,006)	—
Interest and dividend income	(28,078)	(19,091)
Interest expenses	22,315	27,527
Foreign exchange losses (gains)	(78,761)	53,211
Loss (gain) on sales and retirement of property, plant and equipment	5,031	4,209
Loss (gain) on sales of investment securities	(8,403)	—
Loss (gain) on valuation of investment securities	37,657	—
Decrease (increase) in notes and accounts receivable - trade	(532,389)	(1,328,737)
Decrease (increase) in inventories	(545,424)	(1,401,084)
Increase (decrease) in notes and accounts payable - trade	(489,835)	766,047
Decrease (increase) in consumption taxes refund receivable	20,867	151,900
Other, net	(377,935)	501,238
<b>Subtotal</b>	<b>7,026</b>	<b>1,006,346</b>
Interest and dividend income received	27,560	19,607
Interest expenses paid	(22,315)	(27,527)
Income taxes paid	(445,777)	(713,667)
<b>Net cash provided by (used in) operating activities</b>	<b>(433,505)</b>	<b>284,759</b>
<b>Cash flows from investing activities</b>		
Net decrease (increase) in short-term investment securities	(36,173)	232
Purchase of property, plant and equipment	(208,837)	(296,484)
Proceeds from sales of property, plant and equipment	4,199	1,212
Purchase of intangible assets	(17,353)	(10,758)
Purchase of investment securities	(100,021)	(112,403)
Proceeds from sales of investment securities	102,121	—
Collection of long-term loans receivable	82,114	—
Proceeds for transfer of business	—	306,000
Other, net	(5,690)	200
<b>Net cash provided by (used in) investing activities</b>	<b>(179,638)</b>	<b>(112,001)</b>
<b>Cash flows from financing activities</b>		
Decrease in short-term loans payable	—	(515,550)
Cash dividends paid	(512,784)	(457,986)
Proceeds from lease obligations	13,434	2,926
Repayments of lease obligations	(92,788)	(78,138)
Purchase of treasury shares	(177)	(300,057)
<b>Net cash provided by (used in) financing activities</b>	<b>(592,316)</b>	<b>(1,348,807)</b>
Effect of exchange rate change on cash and cash equivalents	(117,914)	(557,754)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,323,374)</b>	<b>(1,733,804)</b>
Cash and cash equivalents at beginning of period	8,814,280	8,794,795
<b>Cash and cash equivalents at end of period</b>	<b>7,490,905</b>	<b>7,060,991</b>



#### (4) Notes to Consolidated Financial Statements

##### (Going Concern Assumption)

None

##### (Significant Changes in Shareholders' Equity)

None

##### (Segment Information)

#### I. Prior third quarter (From April 1, 2015 to December 31, 2015)

##### 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	11,952,256	3,061,567	1,359,299	6,031,542	22,404,666	—	22,404,666
Intersegment sales and transfers	—	—	—	—	—	—	—
Total	11,952,256	3,061,567	1,359,299	6,031,542	22,404,666	—	22,404,666
Segment income (loss)	1,974,152	587,591	32,065	32,033	2,625,842	(1,347,154)	1,278,687

(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, 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

(Significant changes in the amount of goodwill)

None