

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2022 (Under Japanese GAAP)

Company name: Japan Cash Machine Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 6418
 URL: <https://www.jcm-hq.co.jp/>
 Representative: Yojiro Kamihigashi, President
 Inquiries: Tsuyoshi Takagaki, Executive Board Director, Senior Executive Officer,
 Executive General Manager of Corporate Planning Division
 Telephone: + 81-6-6703-8400
 Scheduled date to file quarterly securities report: February 10, 2022
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the Third Quarter ended March 31, 2022 (from April 1, 2021 to December 31, 2021)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2022 3rd quarter	14,578	13.3	857	—	1,313	—	1,012	—
FY2021 3rd quarter	12,866	(35.3)	(1,760)	—	(1,897)	—	(6,436)	—

Note: Comprehensive income For FY2022 3rd quarter: ¥1,463 million [—%] For FY2021 3rd quarter: ¥(6,531) million [—%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2022 3rd quarter	34.15	—
FY2021 3rd quarter	(217.02)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY2022 3rd quarter	34,133	23,588	69.1	795.28
FY2021	31,772	22,113	69.6	745.55

Reference: Equity
 As of FY2022 3rd quarter: ¥23,588 million As of FY2021: ¥22,113 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2021	—	0.00	—	0.00	0.00
FY2022	—	0.00	—	—	—
FY2022 (Forecast)	—	—	—	5.00	5.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated Financial Forecast for the Fiscal Year 2022 (from April 1, 2021 to March 31, 2022)

(Percentage indicates the rate of change from the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full Fiscal year	20,200	18.7	550	—	1,000	—	600	—	20.23

Note: Revisions to the forecast of earnings most recently announced: Yes

* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

FY2022 3rd quarter	29,662,851 shares
FY2021	29,662,851 shares

- (ii) Number of treasury shares at the end of the period

FY2022 3rd quarter	2,704 shares
FY2021	2,573 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

FY2022 3rd quarter	29,660,213 shares
FY2021 3rd quarter	29,660,363 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Note on forward-looking statements, etc.)

The forward-looking statements, including business forecasts, contained in this document are based on information currently available to the Company and on certain assumptions deemed reasonable by the Company, and are not intended to be a promise by the Company that it will achieve them. Actual results may differ significantly from these forecasts due to various factors. For more information on the above forecasts, please refer to page 3 of the attached materials.

○Table of Contents

1. Qualitative information on Quarterly Results	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	3
(3) Explanation for the forecast of consolidated financial results and other future information	3
2. Quarterly Consolidated Financial Statements and Major Notes	4
(1) Quarterly Consolidated Balance Sheet	4
(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income	5
Quarterly Consolidated Statement of Income	
Cumulative period for the consolidated third quarter	5
Quarterly Consolidated Statement of Comprehensive Income	
Cumulative period for the consolidated third quarter	6
(3) Quarterly Consolidated Statements of Cash Flows	7
(4) Notes to Quarterly Consolidated Financial Statements	8
(Notes on premise of a going concern)	8
(Note in the event of a significant change in the amount of shareholders' equity)	8
(Change in accounting policy)	8
(Additional information)	8
(Segment Information, etc.)	9

1. Qualitative information on Quarterly Results

(1) Explanation of Operating Results

In the business environment surrounding the Company and its subsidiaries (hereinafter referred to as the "Group"), the economic situation is on a recovery trend as countries prioritize economic activities in response to the spread of COVID-19 variants, but the future still remains uncertain due to the confusion of the global supply chain caused by the shortage of electronic components such as semiconductors.

In the market environment of the Group, in the U.S. gaming market, casino halls are booming to a degree not seen even in Pre-COVID-19 Era due to the spread of the vaccine of COVID-19, and customers' willingness to make capital investments is continuing to recover. In addition, in the commercial market (banking/retail/transportation, etc.) in Japan and overseas, demand tended to increase mainly for products associated with the expansion and promotion of non-contact and non-face-to-face cash settlement as a measure to prevent infection. However, in the domestic market for equipment for the amusement industry, customers' willingness to invest in equipment, etc. tended to be restrained in preparation for the shift to new regulation machines following the removal of old regulation machines that expired at the end of January this year.

Under these circumstances, we continued our aggressive sales activities in markets where demand is increasing due to the progress of the global Coexist with COVID-19 era, and in response to concerns about the supply of products to our customers due to the shortage of electronic components, such as semiconductors, we made a company-wide effort to improve the supply system for our customers by placing the highest priority on sales of high-demand products and striving to procure parts by all means, including the allocation of parts from other products.

As a result of the above, consolidated net sales for this cumulative third quarter were 14,578 million yen (up 13.3% year on year). In terms of profit, operating profit was 857 million yen (loss of 1,760 million yen in the same period of the previous fiscal year) due to efforts to curb development costs by concentrating investment in high-priority projects, and to reduce fixed costs by restructuring the personnel structure and improving efficiency, and ordinary profit amounted to 1,313 million yen (loss of 1,897 million yen in the same period of the previous fiscal year), mainly due to the recording of foreign exchange gains resulting from the depreciation of the yen. Profit attributable to owners of parent was 1,012 million yen (loss of 6,436 million yen in the same period of the previous fiscal year).

The average foreign exchange rates for this cumulative third quarter were 109.12 yen to the US dollar (107.25 yen in the same period last year) and 130.29 yen to the euro (121.10 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 second quarter was 115.00 yen to the US dollar (110.72 yen at the end of the previous consolidated fiscal year).

Results by segment are as follows.

i. Global Gaming

Sales in this segment were 6,976 million yen (up 15.9% year on year), and segment profit was 1,226 million yen (loss of 382 million yen in the same period of the previous fiscal year), mainly due to an increase in sales of our products as a result of the continued recovery trend in customer demand for capital investment accompanying the rapid recovery of the U.S. gaming market.

ii. International Commercial

Due mainly to increased sales of bill validator units for self-checkout machines in the European region, net sales in this segment amounted to 3,326 million yen (up 55.1% year on year), with segment profit of 167 million yen (loss of 713 million yen in the same period of the previous fiscal year).

iii. Domestic Commercial

Sales in this segment were 1,334 million yen (up 7.5% year on year), and segment profit was 106 million yen (up 5.4% year on year), mainly due to increased sales of products for the retail market, such as bill validator and coin recycler units for self-service ticket vending machines at restaurants.

iv. Equipment for the Amusement Industry

Net sales in this segment were 2,940 million yen (down 15.0% year on year), due to the continued tendency to refrain from purchasing peripheral equipment, giving priority to the replacement of machines with the new regulation machines that were due for removal at the end of January this year. The segment loss was 78 million yen (loss of 641 million yen in the same period of the previous fiscal year), due in part to cutting the cost and thorough management of the profitability of installation work cases.

(2) Explanation of Financial Position

i. Assets, Liabilities and Net Assets

Total assets at the end of the third quarter of the current fiscal year increased by 2,360 million yen compared to the end of the previous fiscal year to 34,133 million yen.

Total current assets increased by 2,297 million yen compared to the end of the previous fiscal year to 28,111 million yen. "Cash and deposits" increased by 1,342 million yen, "Notes and accounts receivable-trade and contract assets" ("Notes and accounts receivable-trade" at the end of the previous fiscal year) increased by 1,301 million yen, "Raw materials and supplies" increased by 385 million yen, and "Work in process" increased by 440 million yen, while "Merchandise and finished goods" decreased by 1,117 million yen.

Total non-current assets increased by 19 million yen compared to the end of the previous fiscal year to 5,978 million yen. "Property, plant and equipment" and "Intangible assets" increased by 140 million yen and 73 million yen, respectively, mainly due to acquisitions, while "Investments and other assets" decreased by 194 million yen due to a decrease in investment securities caused by falling stock prices.

Total deferred assets increased by 43 million yen compared to the end of the previous fiscal year due to the deferred recognition of expenses related to the issuance of bonds.

Total current liabilities decreased by 3,100 million yen compared to the end of the previous fiscal year to 5,938 million yen. While "Notes and accounts payable-trade" increased by 930 million yen, "Short-term borrowings" decreased by 4,081 million yen mainly due to refinancing of "Long-term borrowings".

Total Non-current liabilities increased by 3,986 million yen compared to the end of the previous fiscal year, to 4,607 million yen. "Bonds payable" and "Long-term borrowings" increased by 2,000 million yen and 2,100 million yen, respectively, mainly due to the refinancing of "Short-term borrowings".

Total net assets increased by 1,474 million yen compared to the end of the previous fiscal year to 23,588 million yen. "Retained earnings" increased by 1,024 million yen due to the posting of profit attributable to owners of parent and "Foreign currency translation adjustment" increased by 610 million yen due to the revaluation of foreign subsidiaries at market value, while "Valuation difference on available-for-sale securities" decreased by 159 million yen due to a decline in stock prices.

ii. Cash Flows

Cash and cash equivalents (hereinafter referred to as "Net cash") at the end of the third quarter increased by 1,342 million yen compared to the end of the previous fiscal year to 13,756 million yen.

The status of each cash flow and their factors during the third quarters of the current fiscal year are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 739 million yen (Expenditure of 1,541 million yen in the same period of the previous fiscal year). This was mainly due to an increase of 944 million yen in trade receivables, payment of 468 million yen in voluntary early retirement-related expenses, and payment of 183 million yen in income taxes paid, which decreased cash, and decrease of profit before income taxes of 1,313 million yen and inventories of 765 million yen, and an increase of 820 million yen in trade payables, which increased cash.

(Cash flows from investing activities)

As a result of investing activities, net cash used amounted to 219 million yen (Revenue of 26 million yen in the same period of the previous fiscal year). This was mainly due to expenditures of 187 million yen for the purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash provided by financing activities was 524 million yen (Revenue of 4,001 million yen in the same quarter of the previous fiscal year). This was mainly due to an increase in cash from refinancing from short-term borrowings of 4,300 million yen to long-term borrowings of 3,000 million yen and proceeds from issuance of bonds of 1,950 million yen.

In addition to these factors, there was an increase in net cash of 298 million yen due to the effect of exchange rate changes on cash and cash equivalents.

(3) Explanation for the forecast of consolidated financial results and other future information

The forecast for the fiscal year ending March 2022 announced on November 5, 2021 has been revised.

For details, please refer to "Notice Concerning Revision of Earnings Forecast" separately disclosed today.

If there are any matters to be disclosed due to various factors in the future, we will promptly disclose them.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

(In thousands of yen)

	Prior Fiscal Year (As of March 31, 2021)	Current Third Quarter (As of December 31, 2021)
Assets		
Current assets		
Cash and deposits	12,433,846	13,776,359
Notes and accounts receivable - trade	3,031,401	—
Notes and accounts receivable - trade, and contract assets	—	4,333,193
Electronically recorded monetary claims - operating	339,197	157,738
Securities	51,771	—
Merchandise and finished goods	5,621,086	4,503,708
Work in process	368,689	809,164
Raw materials and supplies	3,462,913	3,848,414
Other	656,373	850,461
Allowance for doubtful accounts	(150,790)	(167,459)
Total current assets	25,814,488	28,111,580
Non-current assets		
Property, plant and equipment	3,072,464	3,213,195
Intangible assets	27,308	100,365
Investments and other assets		
Other	2,917,713	2,728,667
Allowance for doubtful accounts	(58,989)	(64,114)
Total investments and other assets	2,858,723	2,664,553
Total non-current assets	5,958,497	5,978,114
Deferred assets	—	43,845
Total assets	31,772,986	34,133,539
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,302,264	2,232,912
Short-term borrowings	4,300,000	218,873
Current portion of long-term borrowings	—	600,000
Income taxes payable	619,492	715,297
Provision for bonuses	188,300	80,709
Provision for business restructuring	284,217	240,311
Other	2,344,584	1,850,172
Total current liabilities	9,038,859	5,938,277
Non-current liabilities		
Bonds payable	—	2,000,000
Long-term borrowings	—	2,100,000
Other	620,861	507,102
Total non-current liabilities	620,861	4,607,102
Total liabilities	9,659,720	10,545,379
Net assets		
Shareholders' equity		
Share capital	2,216,945	2,216,945
Capital surplus	2,762,525	2,762,525
Retained earnings	18,174,396	19,198,523
Treasury shares	(2,294)	(2,379)
Total shareholders' equity	23,151,572	24,175,614
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	343,572	184,154
Foreign currency translation adjustment	(1,381,879)	(771,609)
Total accumulated other comprehensive income	(1,038,307)	(587,454)
Total net assets	22,113,265	23,588,159
Total liabilities and net assets	31,772,986	34,133,539

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

(Quarterly Consolidated Statement of Income)

(Cumulative period for the consolidated third quarter)

(In thousands of yen)

	Prior Third Quarter (From April 1, 2020 To December 31, 2020)	Current Third Quarter (From April 1, 2021 To December 31, 2021)
Net sales	12,866,037	14,578,520
Cost of sales	8,564,021	8,788,588
Gross profit	4,302,016	5,789,931
Reversal of unrealized income on installment sales	9,026	—
Gross profit - net	4,311,042	5,789,931
Selling, general and administrative expenses	6,071,687	4,932,882
Operating profit (loss)	(1,760,644)	857,049
Non-operating income		
Interest income	5,412	4,675
Dividend income	28,213	28,331
Foreign exchange gains	—	145,729
Gain on forgiveness of debts	—	212,400
Other	30,672	108,630
Total non-operating income	64,298	499,766
Non-operating expenses		
Interest expenses	4,310	23,754
Foreign exchange losses	180,445	—
Other	16,405	19,211
Total non-operating expenses	201,161	42,965
Ordinary profit (loss)	(1,897,508)	1,313,850
Extraordinary income		
Gain on sale of non-current assets	326,043	—
Total extraordinary income	326,043	—
Extraordinary losses		
Loss on retirement of non-current assets	2,082	176
Loss on sale of non-current assets	53	—
Loss on valuation of investment securities	7,233	—
Impairment losses	5,637,055	—
Total extraordinary losses	5,646,425	176
Profit (loss) before income taxes	(7,217,889)	1,313,673
Income taxes - current	(1,634)	249,521
Income taxes - deferred	(779,324)	51,223
Total income taxes	(780,958)	300,744
Profit (loss)	(6,436,930)	1,012,928
Profit (loss) attributable to owners of parent	(6,436,930)	1,012,928

(Quarterly Consolidated Statement of Comprehensive Income)
(Cumulative period for the consolidated third quarter)

(In thousands of yen)

	Prior third Quarter (From April 1, 2020 To December 31, 2020)	Current third Quarter (From April 1, 2021 To December 31, 2021)
Profit (loss)	(6,436,930)	1,012,928
Other comprehensive income		
Valuation difference on available-for-sale securities	124,402	(159,417)
Foreign currency translation adjustment	(218,989)	610,270
Total other comprehensive income	(94,586)	450,852
Comprehensive income	(6,531,517)	1,463,781
(Break down)		
Comprehensive income attributable to owners of parent	(6,531,517)	1,463,781
Comprehensive income attributable to non-controlling interests	—	—

(3) Quarterly Consolidated Statements of Cash Flows

(In thousands of yen)

	Prior third Quarter (From April 1, 2020 To December 31, 2020)	Current third Quarter (From April 1, 2021 To December 31, 2021)
Cash flows from operating activities		
Profit (loss) before income taxes	(7,217,889)	1,313,673
Depreciation	697,750	132,200
Amortization of goodwill	136,037	—
Increase (decrease) in provisions	(340,519)	(126,601)
Interest and dividend income	(33,625)	(33,006)
Interest expenses	4,310	23,754
Foreign exchange losses (gains)	155,354	(253,581)
Loss (gain) on sale and retirement of property, plant and equipment	(323,907)	176
Impairment losses	5,637,055	—
Loss (gain) on valuation of investment securities	7,233	—
Decrease (increase) in trade receivables	1,345,741	(944,916)
Decrease (increase) in inventories	(968,878)	765,179
Increase (decrease) in trade payables	(635,297)	820,002
Decrease (increase) in consumption taxes refund receivable	57,995	10,297
Other, net	(34,490)	(122,591)
Subtotal	(1,513,130)	1,584,586
Interest and dividends received	33,109	32,488
Interest paid	(3,710)	(26,166)
Payments for Voluntary early retirement-related expenses	—	(468,306)
Payments for loss on litigation	(9,704)	—
Income taxes paid	(48,436)	(183,991)
Net cash provided by (used in) operating activities	(1,541,872)	938,610
Cash flows from investing activities		
Net decrease (increase) in short-term investment securities	33,004	54,577
Purchase of property, plant and equipment	(308,311)	(187,377)
Proceeds from sale of property, plant and equipment	347,594	—
Purchase of intangible assets	(43,965)	(30,831)
Purchase of investment securities	(1,404)	(55,785)
Net cash provided by (used in) investing activities	26,917	(219,417)
Cash flows from financing activities		
Proceeds from short-term borrowings	4,300,000	—
Repayments of short-term borrowings	—	(4,300,000)
Increase (decrease) in short-term borrowings	—	19,472
Proceeds from long-term borrowings	—	3,000,000
Repayments of long-term borrowings	—	(300,000)
Proceeds from issuance of bonds	—	1,950,893
Dividends paid	(252,052)	(368)
Repayments of lease obligations	(46,335)	(44,605)
Purchase of treasury shares	(76)	(85)
Net cash provided by (used in) financing activities	4,001,534	325,307
Effect of exchange rate change on cash and cash equivalents	(64,919)	298,012
Net increase (decrease) in cash and cash equivalents	2,421,660	1,342,513
Cash and cash equivalents at beginning of period	9,303,984	12,413,846
Cash and cash equivalents at end of period	11,725,644	13,756,359

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on premise of a going concern)

Not applicable.

(Note in the event of a significant change in the amount of shareholders' equity)

Not applicable.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the "Accounting Standard for Revenue Recognition"), etc. from the beginning of the first quarter of the current fiscal year and will recognize revenue at the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to the customer.

As a result, the gain or loss on installment sales corresponding to the amount to be received in the next and subsequent periods under the installment sales standard was deferred processing as "unrealized income on installment sales" but the Company has changed to a method where the transaction price based on the contract with the customer for installment sales is differentiated into financial elements and other elements, and the interest portion, which is a financial element, is recognized as revenue based on the contract period with the customer, while the other transaction prices are recognized as revenue in a lump sum at the time of acceptance inspection. For some transactions, the Company previously recognized revenue based on the total amount of consideration received from the customer. However, for transactions in which the Company's role in providing goods or services to the customer is that of a distributor, the Company now recognizes revenue based on the net amount received from the customer less the amount paid to the supplier. In addition, transactions of supply for fee, the Company recognizes inventory as a financial transaction and recognizes a financial liability for the ending inventory of the charged supply materials remaining with the payer.

With regard to the application of the Accounting Standard for Revenue Recognition, etc., the Company has followed the transitional treatment prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, and the cumulative effect of retroactively applying the new accounting policy prior to the beginning of the first quarter is added to or deducted from retained earnings at the beginning of the first quarter, and the new accounting policy is applied from the relevant beginning balance.

As a result, "Retained earnings" increased by 11,198 thousand yen at the beginning of the first quarter of the consolidated fiscal year. In addition, "Net sales" and "Cost of sales" decreased 221,208 thousand yen, "Gross profit" and "Operating profit" decreased 11,665 thousand yen, and "Ordinary profit" and "Profit before income taxes" decreased 9,103 thousand yen, respectively, for the consolidated cumulative third quarter.

As a result of the application of the Accounting Standard for Revenue Recognition, "Notes and accounts receivable-trade," which was presented in current assets in the consolidated balance sheet for the previous fiscal year, is now included in "Notes and accounts receivable-trade and contract assets" from the first quarter of the current fiscal year. In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made for the previous fiscal year using the new presentation method. Furthermore, in accordance with the transitional treatment prescribed in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), the Company has not presented broken down information on revenue from contracts with customers for the previous consolidated cumulative third quarter.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The "Accounting Standard for Fair Value Measurement " (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the "Accounting Standard for Fair Value Measurement") has been applied from the beginning of the first quarter of the current fiscal year. In accordance with the transitional treatment prescribed in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Company will apply the new accounting policies set forth by the Accounting Standard for Fair Value Measurement and others in the future.

This change has no impact on the quarterly consolidated financial statements for the consolidated cumulative third quarter.

(Additional information)

(Accounting estimate for the spread of COVID-19)

Since the end of the previous fiscal year, there have been no significant changes in the assumptions used in accounting estimates regarding the impact of the spread of COVID-19.

(Segment Information)**【Segment Information】**

I. Prior third quarter (From April 1, 2020 to December 31, 2020)

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 external customers	6,019,292	2,144,443	1,241,130	3,461,171	12,866,037	—	12,866,037
Intersegment sales and transfers	—	—	—	—	—	—	—
Total	6,019,292	2,144,443	1,241,130	3,461,171	12,866,037	—	12,866,037
Segment income (loss)	(382,467)	(713,594)	101,486	(641,778)	(1,636,353)	(124,291)	(1,760,644)

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

2. Information on impairment loss on non-current assets and goodwill by each reportable segments

(Significant impairment loss on fixed assets)

Impairment losses on non-current assets were recorded in "Extraordinary losses" in the "Global Gaming" segment, the "International Commercial" segment, the "Domestic Commercial" segment, the "Equipment for the Amusement Industry" segment and the "Adjustment" segment. For the consolidated cumulative third quarter, the Company posted impairment losses of 4,009,514 thousand yen in the "Global Gaming" segment, 682,399 thousand yen in the "International Commercial" segment, 151,030 thousand yen in the "Domestic Commercial" segment, and 361,222 thousand yen in the "Equipment for the Amusement Industry" segment. The impairment loss on corporate assets that do not belong to any segment is recorded as "Adjustment" amounting to 432,887 thousand yen.

(Significant changes in the amount of goodwill)

With regard to the goodwill of the former FutureLogic Group, Inc., the Company has come to recognize an impairment losses on the entire unamortized balance because the initially expected earnings are no longer expected. The amount of the impairment losses in "Extraordinary losses" was 1,409,597 thousand yen in the "Global Gaming" segment and 26,354 thousand yen in the "International Commercial" segment for the cumulative period for the consolidated third quarter.

II. Current third quarter (From April 1, 2021 to December 31, 2021)

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 external customers	6,976,917	3,326,797	1,334,325	2,940,479	14,578,520	—	14,578,520
Intersegment sales and transfers	—	—	—	—	—	—	—
Total	6,976,917	3,326,797	1,334,325	2,940,479	14,578,520	—	14,578,520
Segment income (loss)	1,226,638	167,399	106,972	(78,317)	1,422,691	(565,642)	857,049

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

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

None

3. Matters related to changes, etc. in reportable segments.

As stated in the "Changes in accounting policies" section, since the beginning of the first quarter of the consolidated fiscal year under, the Company has applied the Accounting Standard for Revenue Recognition, etc. and changed its accounting method for revenue recognition, so the calculation method for net sales and income or loss of reportable segments has been changed in the same way.

As a result of this change, compared with the previous method, net sales to external customers in the "Equipment for the Amusement Industry" segment for the consolidated cumulative third quarter decreased by 221,208 thousand yen and segment loss increased by 11,665 thousand yen.