

(4) Notes to consolidated financial statements

(Going concern assumptions) Not applicable

(Material changes in shareholders' equity) Not applicable

(Application of special accounting treatment for preparation of quarterly financial statements)

(Calculation of income taxes)

Income taxes for subsidiaries are calculated by multiplying the net income before income taxes by the forecasted effective tax rate, which is computed by matching the forecasted yearly income taxes with the forecasted yearly income before taxes.

(Segment Information)

I Previous 3 months (From April 1, 2017 to June 30, 2017)

Information on net sales and operating income (loss)

(Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
	Digital Content	Arcade Operations	Amusement Equipment	Total				
Net sales								
(1) Customers	7,688	2,245	1,396	11,330	415	11,746	—	11,746
(2) Inter-segment	—	—	—	—	—	—	—	—
Total	7,688	2,245	1,396	11,330	415	11,746	—	11,746
Segment income	1,676	128	(229)	1,574	184	1,759	(974)	784

(Note) 1. "Other" incorporates operations not included in reportable segments, including the character content business etc.

2. The adjustment for segment income (-974 million yen) include unallocated corporate operating expenses (-974 million yen).

The corporate operating expenses, which do not belong to any reportable segments, mainly consist of administrative expenses.

3. Segment income is adjusted on operating income of the consolidated statements of income.

II Current 3 months (From April 1, 2018 to June 30, 2018)

Information on net sales and operating income (loss)

(Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
	Digital Content	Arcade Operations	Amusement Equipment	Total				
Net sales								
(1) Customers	13,782	2,381	376	16,539	664	17,204	—	17,204
(2) Inter-segment	—	—	—	—	—	—	—	—
Total	13,782	2,381	376	16,539	664	17,204	—	17,204
Segment income	5,735	143	(154)	5,724	411	6,135	(1,029)	5,106

(Note) 1. "Other" incorporates operations not included in reportable segments, including the character content business etc.

2. The adjustment for segment income (-1,029 million yen) include unallocated corporate operating expenses (-1,029 million yen).

The corporate operating expenses, which do not belong to any reportable segments, mainly consist of administrative expenses.

3. Segment income is adjusted on operating income of the consolidated statements of income.