

(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 9 months (From April 1, 2016 to December 31, 2016)

Information on net sales and segment income (loss)

(Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
	Digital Contents	Arcade Operations	Amusement Equipments	Total				
Net sales								
(1) Customers	28,428	7,069	16,591	52,089	1,418	53,507	—	53,507
(2) Inter-segment	—	—	—	—	—	—	—	—
Total	28,428	7,069	16,591	52,089	1,418	53,507	—	53,507
Segment income (loss)	1,461	611	5,422	7,495	562	8,058	(2,938)	5,119

(Note) 1. "Other" incorporates operations not included in reportable segments, including Character Contents business etc.

2. Adjustments of segments (-2,938 million yen) include unallocated corporate operating expenses (-2,938 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 9 months (From April 1, 2017 to December 31, 2017)

Information on net sales and segment income (loss)

(Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
	Digital Contents	Arcade Operations	Amusement Equipments	Total				
Net sales								
(1) Customers	30,844	7,632	7,711	46,188	1,552	47,740	—	47,740
(2) Inter-segment	—	—	—	—	—	—	—	—
Total	30,844	7,632	7,711	46,188	1,552	47,740	—	47,740
Segment income (loss)	6,257	815	2,128	9,202	758	9,960	(2,950)	7,009

(Note) 1. "Other" incorporates operations not included in reportable segments, including Character Contents business etc.

2. Adjustments of segments (-2,950 million yen) include unallocated corporate operating expenses (-2,950 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.