

This is a translation of the original Japanese text of the “Consolidated Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2019.” Should there be any discrepancy between any part of this translation and the original Japanese text, the latter shall prevail.

## Consolidated Financial Results

for the Second Quarter of Fiscal Year Ending March 31, 2019 <Japanese GAAP>

November 6, 2018

Company Name: GLORY LTD. Stock exchange listing: Tokyo (1<sup>st</sup> Section)  
Code number: 6457 URL: <http://corporate.glory-global.com/>  
Representative: Hirokazu Onoe President & Representative Director  
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Scheduled filing date of Quarterly Securities Report: November 12, 2018  
Scheduled date of dividend payments: December 5, 2018  
Preparation of quarterly earnings supplementary explanatory material: Yes  
Holding of quarterly earnings presentation: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded downward.)

1. Consolidated Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2019 (from April 1, 2018 to September 30, 2018)

(1) Consolidated Operating Results (cumulative)

(The percentages show the changes from the corresponding period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Six months ended September 30, 2018	109,587	5.0	7,011	13.5	6,913	45.3	3,822	87.2
Six months ended September 30, 2017	104,387	2.0	6,179	(26.1)	4,757	22.7	2,041	(4.5)

(Note) Comprehensive income

Six months ended September 30, 2018: ¥7,925 million [ 76.4 %]  
Six months ended September 30, 2017: ¥4,491 million [ — %]

	Net income per share	Fully diluted net income per share
	(Yen)	(Yen)
Six months ended September 30, 2018	61.12	—
Six months ended September 30, 2017	31.92	—

(2) Consolidated Financial Position

	Total assets	Net assets	Ownership equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of September 30, 2018	300,109	195,285	63.9	3,067.91
As of March 31, 2018	302,825	192,165	62.0	3,003.62

(Reference) Ownership equity

As of September 30, 2018: ¥191,873 million As of March 31, 2018: ¥187,780 million

(TRANSLATION FOR REFERENCE ONLY)

2. Dividends

(Record date)	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Annual
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Year ended March 31, 2018	—	31.00	—	51.00	82.00
Year ending March 31, 2019	—	31.00			
Year ending March 31, 2019 (forecast)			—	33.00	64.00

(Note) Revisions to the latest dividend forecast: Yes

The year-end dividends for the fiscal year ended March 31, 2018: Ordinary dividends of ¥31.00, 100<sup>th</sup> anniversary commemorative dividends of ¥20.00

For details on the revision to the dividend forecast, please refer to the news release titled “Notice of Revision of Year-End Dividend Forecast for Fiscal Year Ending March 31, 2019” announced on the same day as this report (November 6, 2018).

3. Consolidated Financial Forecast for the Year Ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

(The percentages show the changes from the corresponding period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Full year	240,000	5.6	20,000	2.0	20,000	13.9	12,000	21.3	191.90

(Note) Revisions to the latest consolidated financial forecast: None

Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries involving a change in the scope of consolidation): None

(2) Application of accounting methods specific to preparation of the quarterly consolidated financial statements: Yes

(3) Changes in accounting policies and estimates, and restatements

- (a) Changes in accounting policies associated with revisions of accounting standards, etc.: None
- (b) Changes in accounting policies other than (a): None
- (c) Changes in accounting estimates: None
- (d) Restatements: None

(4) Total number of shares issued (common stock)

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

As of September 30, 2018: 68,638,210 shares

As of March 31, 2018: 68,638,210 shares

(b) Number of treasury shares at the end of the period

As of September 30, 2018: 5,931,235 shares

As of March 31, 2018: 5,931,205 shares

(c) Average number of shares (cumulative from the beginning of the period)

Six months ended September 30, 2018: 62,533,954 shares

Six months ended September 30, 2017: 63,946,218 shares

(Note) In addition to the number of treasury shares at the end of the period, there also existed Company shares owned by the “Board Incentive Plan (BIP) Trust Account” and “Employee Stock Ownership Plan (ESOP) Trust Account.” (As of September 30, 2018: 164,836 shares, As of March 31, 2018: 189,164 shares)

(TRANSLATION FOR REFERENCE ONLY)

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

(Note) Explanation regarding the appropriate use of financial forecasts and other special items

(Caution concerning forward-looking statements)

The forward-looking statements such as operational forecasts contained in this report are based on the information currently available to the Company and certain assumptions which the Company regards as legitimate, and are not promises regarding the achievement of forecasts. Actual performance may differ greatly from these forecasts due to various present and future factors. For the assumptions and other related matters concerning the financial forecasts, please refer to “1. Qualitative Information on the Financial Statements, (2) Consolidated Financial Forecasts and Other Forward-looking Statements” on page 5 of the Attachment.

(TRANSLATION FOR REFERENCE ONLY)

## Attachment

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## 1. Qualitative Information on the Financial Statements

### (1) Operating Results

In the six months ended September 30, 2018, the Japanese economy showed a continuing trend of gradual recovery driven by a pickup in personal consumption due to improvements in the environments of employment and personal incomes, and an increase in capital investment against a backdrop of improvement in corporate earnings. The global economy also maintained its trend of gradual recovery, reflecting such positive developments as continuing trends toward recovery in the United States and Europe, and, in Asia, continuous recovery of China's economy, despite concerns over trends in trade issues between the United States and China.

Under these conditions, in the first year of its three-year 2020 Medium-Term Management Plan, which started in April 2018, the Glory Group carried out business development under its basic policies of "building foundations for realizing sustainable business management," "strengthening collaboration with various partners to solve social issues," and "realizing higher productivity and robust corporate constitution that directly generate outcome."

As a result, net sales in this six-month period totaled ¥109,587 million (up 5.0% year on year). Of this, sales of merchandise and finished goods were ¥75,757 million (up 6.5% year on year) and sales from maintenance services were ¥33,830 million (up 1.7% year on year). Operating income was ¥7,011 million (up 13.5% year on year), ordinary income was ¥6,913 million (up 45.3% year on year) due to a large decrease in foreign exchange losses, and net income attributable to owners of parent was ¥3,822 million (up 87.2% year on year).

Results of operations in each business segment are as follows.

#### Financial market

Sales of this segment's main product, "open teller systems" were strong and sales of "coin and banknote recyclers" for tellers were also robust due to our capturing of replacement demand.

As a result, net sales in this segment were ¥28,461 million (up 14.7% year on year) and operating income was ¥3,537 million (up 121.7% year on year).

#### Retail and transportation market

Sales of this segment's main product, "coin and banknote recyclers" for cashiers such as for convenience stores were strong and sales of "sales proceeds deposit machines" for the cash-in-transit market were also robust.

As a result, net sales in this segment were ¥24,149 million (up 17.1% year on year) and operating income was ¥2,069 million (up 33.8% year on year).

#### Amusement market

Although sales of "pachinko prize dispensing machines" for pachinko parlors were strong, sales of this segment's main products such as "card systems" were sluggish.

As a result, net sales in this segment were ¥9,586 million (down 15.3% year on year) and operating income was ¥760 million (down 7.7% year on year).

#### Overseas market

Sales of "banknote recyclers" -RBG series- for financial institutions were favorable in Europe. However, in the United States, sales of "sales proceeds deposit machines" -CI series- for the retail industry were sluggish, and similarly for Asia, sales of "banknote recyclers" -RBG series- for financial institutions were slow in China. In contrast, sales of "banknote deposit modules" for ATMs, which are OEM products, were strong.

As a result, net sales in this segment were ¥45,839 million (down 1.3% year on year) and operating income was ¥1,187 million (down 53.4% year on year) due to deterioration in product mix and temporary production adjustments at an overseas manufacturing subsidiary, etc.

In the "Other" business segment, net sales were ¥1,551 million (up 30.4% year on year) and operating loss was ¥542 million (vs. operating loss of ¥335 million in the corresponding period of the previous year).

All amounts in this section do not include consumption taxes.

### (2) Consolidated Financial Forecasts and Other Forward-looking Statements

No changes have been made to the consolidated financial forecasts for the year ending March 31, 2019 that were announced on May 10, 2018.

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GLORY LTD. (6457)  
Consolidated Financial Results  
for the Second Quarter of Fiscal Year  
Ending March 31, 2019

## 2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

### (1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	61,154	54,001
Notes and accounts receivable - trade	54,275	51,368
Securities	2,000	2,571
Merchandise and finished goods	31,719	34,867
Work in process	8,044	8,749
Raw materials and supplies	11,599	12,606
Other	6,524	6,342
Allowance for doubtful accounts	(570)	(686)
Total current assets	174,747	169,820
Non-current assets		
Property, plant and equipment	34,509	34,682
Intangible assets		
Customer relationships	19,683	20,287
Goodwill	45,113	46,343
Other	5,977	5,994
Total intangible assets	70,774	72,625
Investments and other assets		
Investment securities	10,480	9,609
Other	12,503	13,526
Allowance for doubtful accounts	(188)	(154)
Total investments and other assets	22,794	22,980
Total non-current assets	128,078	130,288
Total assets	302,825	300,109
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	11,587	11,175
Electronically recorded obligations - operating	8,519	8,898
Short-term loans payable	21,745	22,778
Current portion of long-term loans payable	9,006	9,194
Income taxes payable	2,143	2,568
Provision for bonuses	7,732	6,504
Provision for directors' bonuses	105	43
Provision for stock grant	71	46
Other	30,710	30,320
Total current liabilities	91,620	91,529
Non-current liabilities		
Long-term loans payable	4,508	—
Provision for stock grant	191	225
Net defined benefit liability	2,620	2,375
Other	11,719	10,693
Total non-current liabilities	19,039	13,293
Total liabilities	110,660	104,823

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GLORY LTD. (6457)  
Consolidated Financial Results  
for the Second Quarter of Fiscal Year  
Ending March 31, 2019

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Net assets		
Shareholders' equity		
Capital stock	12,892	12,892
Capital surplus	20,991	20,991
Retained earnings	165,380	165,713
Treasury shares	(18,022)	(17,939)
Total shareholders' equity	181,241	181,658
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	916	887
Foreign currency translation adjustment	5,793	9,471
Remeasurements of defined benefit plans	(170)	(143)
Total accumulated other comprehensive income	6,538	10,215
Non-controlling interests	4,385	3,411
Total net assets	192,165	195,285
Total liabilities and net assets	302,825	300,109

(TRANSLATION FOR REFERENCE ONLY)

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income**

**Quarterly Consolidated Statement of Income**

(Millions of yen)

	Six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)	Six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)
Net sales	104,387	109,587
Cost of sales	65,026	69,003
Gross profit	39,360	40,584
Selling, general and administrative expenses	33,181	33,573
Operating income	6,179	7,011
Non-operating income		
Interest income	77	79
Dividend income	77	84
Other	215	137
Total non-operating income	369	301
Non-operating expenses		
Interest expenses	257	279
Foreign exchange losses	1,451	27
Other	82	91
Total non-operating expenses	1,791	398
Ordinary income	4,757	6,913
Extraordinary income		
Gain on sales of non-current assets	13	3
Gain on sales of investment securities	8	59
Total extraordinary income	21	62
Extraordinary losses		
Loss on retirement of non-current assets	28	19
Other	0	0
Total extraordinary losses	28	19
Income before income taxes	4,750	6,956
Income taxes	2,098	2,465
Net income	2,651	4,491
Net income attributable to non-controlling interests	610	669
Net income attributable to owners of parent	2,041	3,822



(TRANSLATION FOR REFERENCE ONLY)

GLORY LTD. (6457)  
Consolidated Financial Results  
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Ending March 31, 2019

**Quarterly Consolidated Statement of Comprehensive Income**

	(Millions of yen)	
	Six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)	Six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)
Net income	2,651	4,491
Other comprehensive income		
Valuation difference on available-for-sale securities	223	(28)
Foreign currency translation adjustment	1,524	3,435
Remeasurements of defined benefit plans, net of tax	91	26
Total other comprehensive income	1,839	3,433
Comprehensive income	4,491	7,925
Comprehensive income attributable to		
Owners of parent	3,770	7,532
Non-controlling interests	721	392

(TRANSLATION FOR REFERENCE ONLY)

### (3) Notes to Quarterly Consolidated Financial Statements

#### Notes Regarding Assumption of a Going Concern

Not applicable.

#### Notes for Significant Change in the Amount of Shareholders' Equity

Not applicable.

#### Application of Accounting Methods Specific to Preparation of the Quarterly Consolidated Financial Statements

Tax expense is calculated by rationally estimating the effective tax rate after application of tax-effect accounting to income before income taxes for the fiscal year including this second quarter, and then multiplying the income before income taxes for the period by the estimated effective tax rate.

#### Segment Information

(a) Six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

Information on sales, profit (loss) by reportable segment

(Millions of yen)

	Reportable segments					Other (Note: 1)	Total	Reconcilia- tion	Amounts reported on the quarterly consolidated statement of income (Note: 2)
	Financial market	Retail and transportation market	Amusement market	Overseas market	Total				
Net sales									
(1) Sales to customers	24,814	20,630	11,312	46,441	103,197	1,189	104,387	—	104,387
(2) Intersegment sales or transfers	—	—	—	—	—	—	—	—	—
Total	24,814	20,630	11,312	46,441	103,197	1,189	104,387	—	104,387
Segment profit (loss)	1,595	1,547	823	2,548	6,514	(335)	6,179	—	6,179

Notes: 1. "Other" segment is merchandise and finished goods that is not included in the above reportable segments.  
2. Segment profit (loss) corresponds to operating income of quarterly consolidated statement of income.

(b) Six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

Information on sales, profit (loss) by reportable segment

(Millions of yen)

	Reportable segments					Other (Note: 1)	Total	Reconcilia- tion	Amounts reported on the quarterly consolidated statement of income (Note: 2)
	Financial market	Retail and transportation market	Amusement market	Overseas market	Total				
Net sales									
(1) Sales to customers	28,461	24,149	9,586	45,839	108,036	1,551	109,587	—	109,587
(2) Intersegment sales or transfers	—	—	—	—	—	—	—	—	—
Total	28,461	24,149	9,586	45,839	108,036	1,551	109,587	—	109,587
Segment profit (loss)	3,537	2,069	760	1,187	7,553	(542)	7,011	—	7,011

Notes: 1. "Other" segment is merchandise and finished goods that is not included in the above reportable segments.  
2. Segment profit (loss) corresponds to operating income of quarterly consolidated statement of income.