

Consolidated Financial Results for the Six Months ended September 30, 2018

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Consolidated Financial Results for the Six Months ended September 30, 2018

Net Sales

Sales were higher thanks to sales growth in Financial and Retail & Transportation Markets

Income

Operating income increased year-on-year mainly due to higher sales

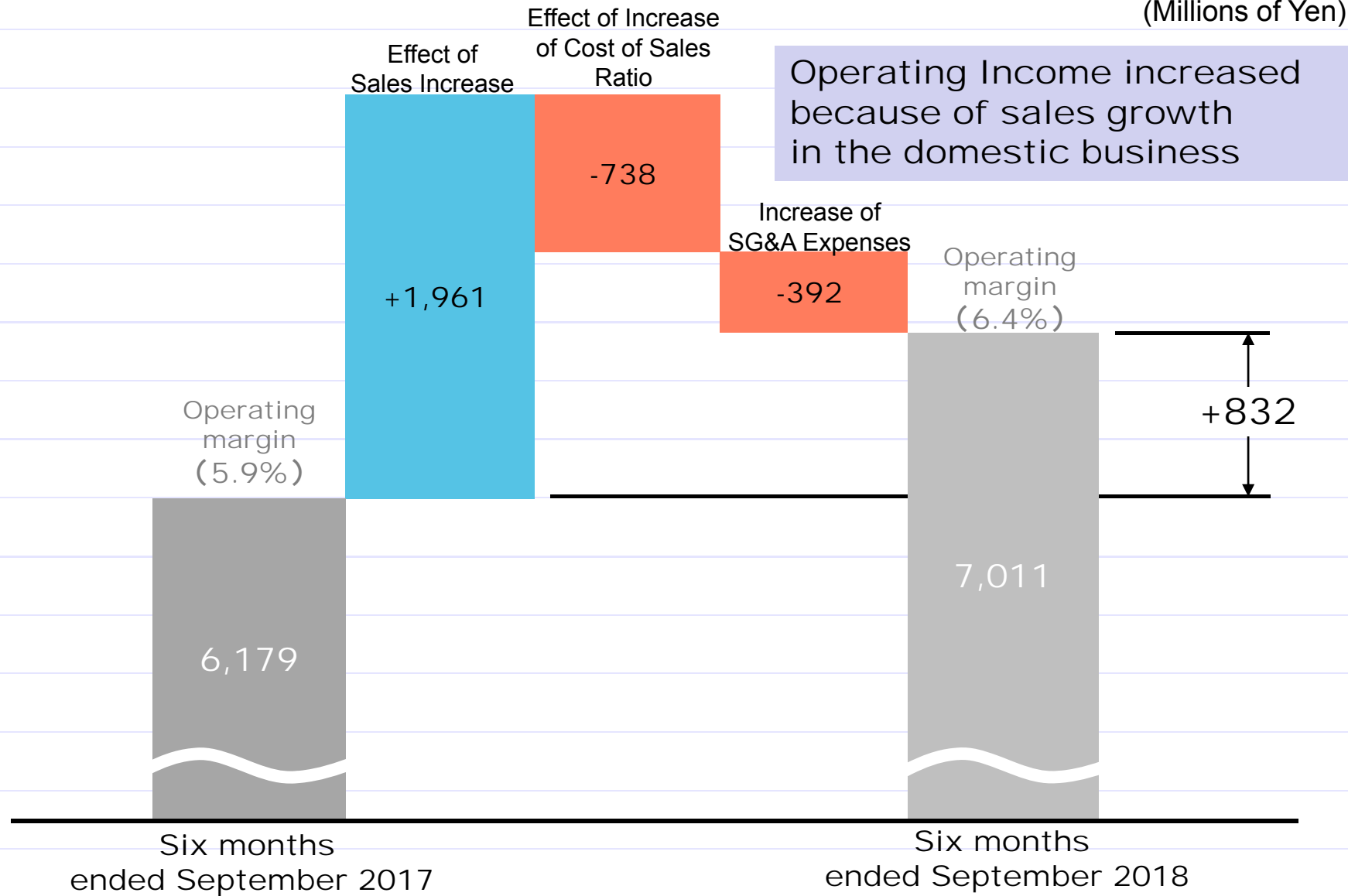
(Millions of yen)	FY2017		FY2018		Y-on-Y
	Six months ended September 30, 2017	Ratio	Six months ended September 30, 2018	Ratio	
Net Sales	104,387	100.0%	109,587	100.0%	+5.0%
Maintenance Services	33,250	31.9%	33,830	30.9%	+1.7%
Operating Income	6,179	5.9%	7,011	6.4%	+13.5%
Ordinary Income	4,757	4.6%	6,913	6.3%	+45.3%
Net Income Attributable to Owners of Parent	2,041	2.0%	3,822	3.5%	+87.2%
* EBITDA	12,825	12.3%	13,189	12.0%	+2.8%





Exchange rate	US\$	¥ 111	¥ 110
	Euro	¥ 126	¥ 130

*EBITDA=Operating income(loss) + Depreciation and amortization + Goodwill amortization

Factors of Operating Income Change

(Millions of Yen)



(Millions of yen)	Sales			Operating Income		
	Six months ended September 30, 2017	Six months ended September 30, 2018	Y-on-Y	Six months ended September 30, 2017	Six months ended September 30, 2018	Y-on-Y
 Overseas Market	46,441	45,839	-602 -1.3 %	2,548	1,187	-1,361 -53.4 %
 Financial Market	24,814	28,461	+3,647 +14.7 %	1,595	3,537	1,942 +121.8 %
 Retail & Transportation Market	20,630	24,149	+3,519 +17.1 %	1,547	2,069	+522 +33.7 %
 Amusement Market	11,312	9,586	-1,726 -15.3 %	823	760	-63 -7.7 %
 Others	1,189	1,551	+362 +30.4 %	-335	-542	-207 - %
Total	104,387	109,587	+5,200 +5.0 %	6,179	7,011	+832 +13.5 %

2 Details of Performance for the Six Months ended September 30, 2018

Sales in the U.S. were lower

	Six months ended September 30, 2017	Six months ended September 30, 2018	Y-on-Y
Sales	46,441	45,839	-602 -1.3 %
Ratio to total net sales	44.5%	41.8%	-2.7 pt
Operating income	2,548	1,187	-1,361 -53.4 %
Ratio to total operating income	41.2%	16.9%	-24.3 pt
Operating margin	5.5%	2.6%	-2.9 pt

Highlights

- ☑ Banknote recyclers for tellers
 - ➡ Sales increased in Europe
- ☑ Sales proceeds deposit machines for retail industries
 - ➡ Sales decreased in U.S.

Outline of the Segment

Sales and maintenance services to financial institutions, cash-in-transit companies, retail stores, casinos, OEM clients and others in overseas.

Main Products



Banknote recyclers for tellers <RBG series>



Sales proceeds deposit machines <CI-100 series>



Banknote sorters <UW series>

(Millions of yen)	Six months ended September 30, 2017	Six months ended September 30, 2018	Y-on-Y	Local currency basis
Americas	17,324	15,519	-1,805 -10.4 %	-9.8%
EMEA	19,483	20,284	+801 +4.1 %	+1.3%
Asia Pacific	5,386	5,498	+112 +2.1 %	-
China	1,882	1,456	-426 -22.6 %	-24.2%
OEM	4,247	4,537	+290 +6.8 %	+6.8%
Total overseas sales	46,441	45,839	-602 -1.3 %	-

- Americas ... Sales of main products for retail industry were lower.
- EMEA ... Sales of main products for financial institutions were favorable.
- Asia Pacific ... Sales of products for financial institutions were steady .
- China ... Sales of banknote recyclers for tellers were lower .
- OEM ... Sales of banknote recycling units for ATMs were higher.

Operating margin increased mainly due to improvement of product mix

	Six months ended September 30, 2017	Six months ended September 30, 2018	Y-on-Y
Sales	24,814	28,461	3,647 +14.7 %
Ratio to total net sales	23.8%	26.0%	+2.2 pt
Operating income	1,595	3,537	+1,942 +121.8 %
Ratio to total operating income	25.8%	50.4%	+24.6 pt
Operating margin	6.4%	12.4%	+6.0 pt

Highlights

- Open teller systems
 - ➔ Higher sales particularly for standard type
- Coin and banknote recyclers for tellers
 - ➔ Higher sales due to capturing of replacement demand

Outline of the Segment

Sales and maintenance services to financial institutions, OEM clients and others in Japan.



Open teller systems
<WAVE series>



Coin and banknote recyclers for tellers
<RB series>



Multi-functional banknote changers
<EN series>

Sales of main products were higher

	Six months ended September 30, 2017	Six months ended September 30, 2018	Y-on-Y
Sales	20,630	24,149	3,519 +17.1 %
Ratio to total net sales	19.8%	22.0%	+2.2 pt
Operating income	1,547	2,069	+522 +33.7 %
Ratio to total operating income	25.0%	29.5%	+4.5 pt
Operating margin	7.5%	8.6%	+1.1 pt

Highlights

- ☑ Coin and banknote recyclers for cashiers
 - ➔ Higher sales particularly for convenience stores
- ☑ Sales proceeds deposit machines
 - ➔ Steady sales to cash-in-transit companies

Outline of the Segment

Sales and maintenance services to supermarkets, department stores, cash-in-transit companies, railroad companies, tobacco companies, hospitals, local governments and others in Japan.

Main Products



Coin and banknote recyclers for cashiers
<RT / RAD series>



Sales proceeds deposit machines
<DS / DSS series>



Sales proceeds deposit machines
<DS series>

Sales of main products were lower

	Six months ended September 30, 2017	Six months ended September 30, 2018	Y-on-Y
Sales	11,312	9,586	-1,726 -15.3 %
Ratio to total net sales	10.8%	8.7%	-2.1 pt
Operating income	823	760	-63 -7.7 %
Ratio to total operating income	13.3%	10.8%	-2.5 pt
Operating margin	7.3%	7.9%	+0.6 pt

Highlights

- Card systems
 - ➔ Lower sales
- Pachinko prize dispensing machines
 - ➔ Higher sales due to capturing of replacement demand

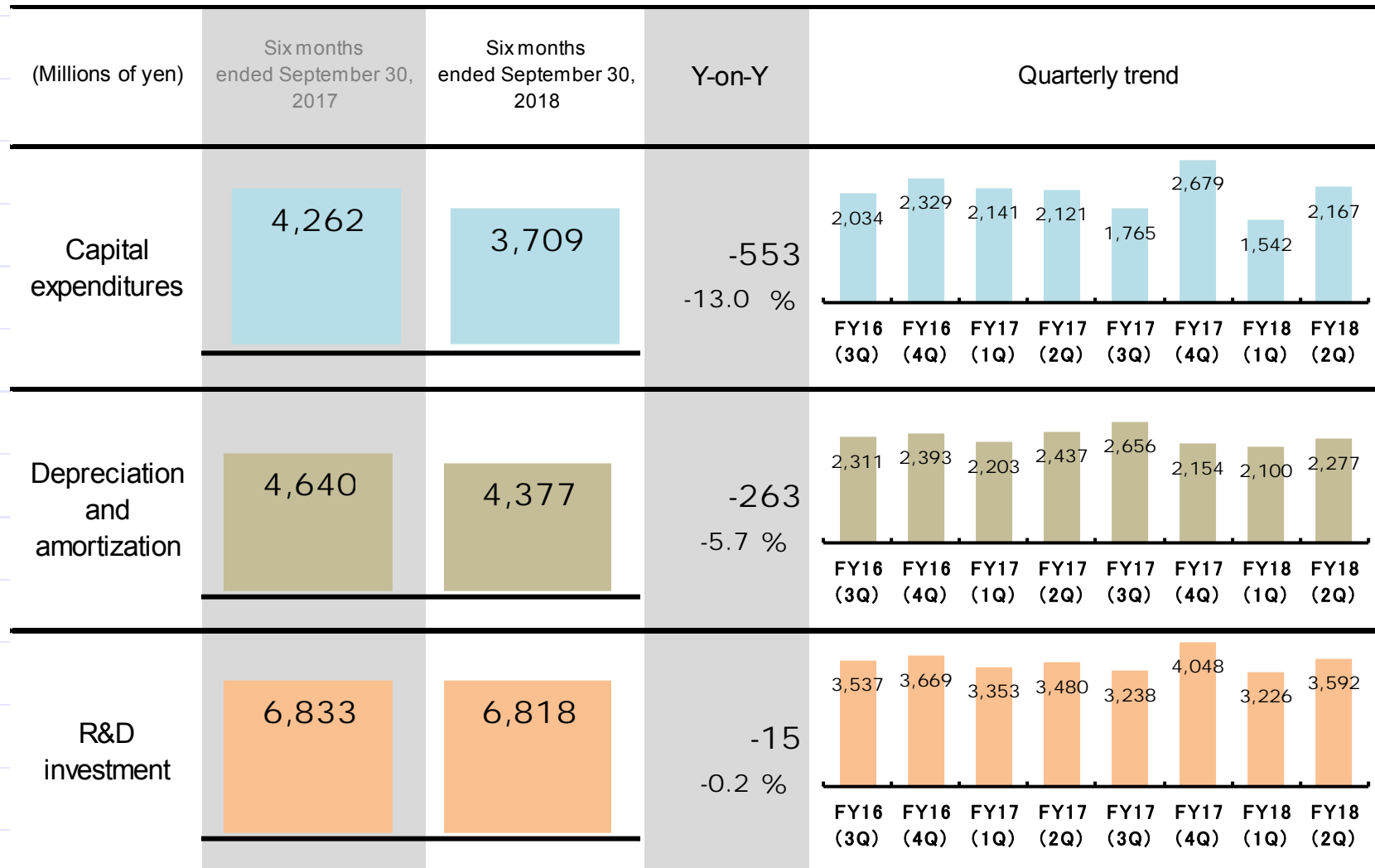
Outline of the Segment

Sales and maintenance services to amusement halls (pachinko parlors and others) in Japan.

Main Products

Card systems







Financial Forecast for FY2018

Overseas Market

Americas	Financial	In the U.S., strong sales are expected due to capturing of the replacement demand of banknote recyclers for tellers and robust business in areas served by dealers.
	Retail	Efforts will be made to receive large orders by reinforcing ties with partner companies and taking other actions, but the outlook for sales is uncertain.
EMEA	Financial	Sales of banknote recyclers for tellers will remain strong, although there are concerns about slowing sales in Russia, Turkey, Saudi Arabia and other countries.
	Retail	Sales of main products will continue to be strong. Activities for capturing large orders will continue.
Asia Pacific	Financial	Sales of banknote recyclers for tellers continue to be strong in Indonesia. Capturing of replacement demand will be promoted for these recyclers in main countries.
	Retail	Ties with partner companies will be reinforced in order to receive large orders.
China	Financial	Efforts to sell banknote sorters to major financial institutions, as well as to capture large orders, will be intensified.
OEM		Prospect of sales of banknote recycling units for ATMs is uncertain.

Domestic Market

	Financial market	Sales of open teller systems to megabanks continue to be very strong. Sales of coin and banknote recyclers for tellers continue to be strong.
	Retail & Transportation Market	Sales of coin and banknote recyclers for cashiers to convenience store, etc. remain strong. Capturing of large orders for coin and banknote recyclers for self-payment system is promoted. Growth in sales of products for cash processing centers of cash-in-transit companies is anticipated.
	Amusement Market	Sales of pachinko prize dispensing machines for replacement and of card systems for pachinko parlors remain robust.
	Others	Sales of facial recognition systems continue to be strong due in part to joint activities with other companies.

Net Sales

Higher sales due to estimated sales increase in both domestic and overseas market.

Income

Higher income mainly due to estimated sales increase in domestic market.

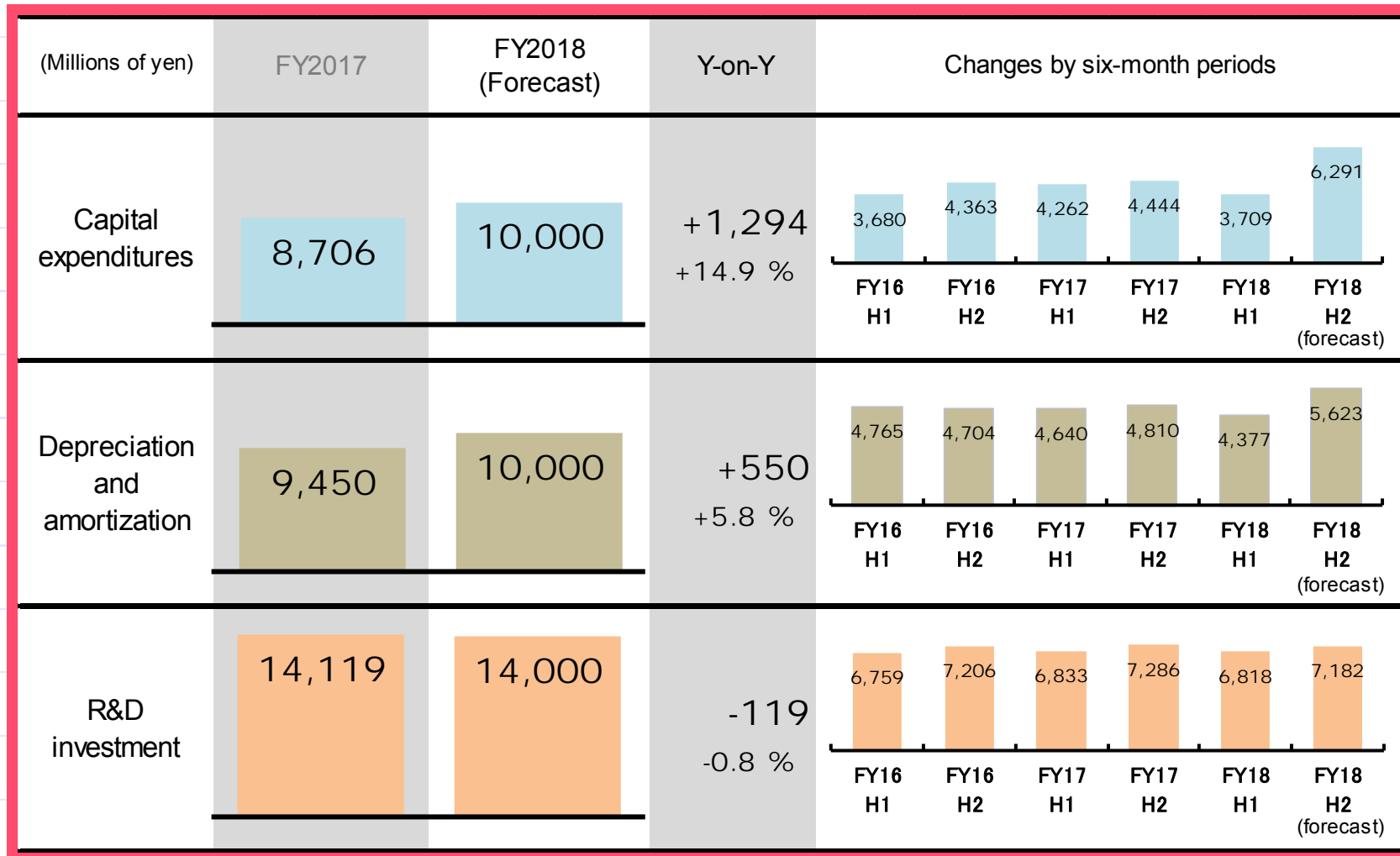
(Millions of yen)	FY2017 (Full Year)		FY2018 (Full Year)		Y-on-Y
	Results	Ratio	Forecasts	Ratio	
Net Sales	227,361	100.0%	240,000	100.0%	+5.6%
Maintenance Services	67,677	29.8%	68,000	28.3%	+0.5%
Operating Income	19,615	8.6%	20,000	8.3%	+2.0%
Ordinary Income	17,553	7.7%	20,000	8.3%	+13.9%
Net Income Attributable to Owners of Parent	9,892	4.4%	12,000	5.0%	+21.3%
Exchange rate	US\$	¥ 111	¥ 110		
	Euro	¥ 130	¥ 130		

(Millions of yen)	Sales (Full Year)			Operating Income (Full Year)		
	FY2017	FY2018 Forecasts*	Y-on-Y	FY2017	FY2018 Forecasts*	Y-on-Y
Overseas Market	106,758	113,000 109,000	+2,242 +2.1 %	11,167	11,000 9,000	-2,167 -19.4 %
Financial Market	53,970	57,000	+3,030 +5.6 %	4,043	6,500	+2,457 +60.8 %
Retail & Transportation Market	43,216	50,000 52,000	+8,784 +20.3 %	3,476	4,000 4,800	+1,324 +38.1 %
Amusement Market	20,570	17,500 18,500	-2,070 -10.1 %	1,331	500 1,200	-131 -9.8 %
Others	2,845	2,500 3,500	+655 +23.0 %	-403	-2,000 -1,500	-1,097 - %
Total	227,361	240,000	+12,639 +5.6 %	19,615	20,000	+385 +2.0 %

*In forecasts, upper row is August 6, 2018 forecast and under row is November 6, 2018 forecast.

(Millions of yen)	FY2017	FY2018	Y-on-Y	Local currency basis
	Full Year	Full Year (Forecast*)		
Americas	39,008	44,000 41,000	+1,992 +5.1 %	+5.9%
EMEA	45,063	45,000	-63 -0.1 %	-0.4%
Asia Pacific	13,755	16,000 15,500	+1,745 +12.7 %	-
China	5,912	7,000 6,000	+88 +1.5 %	-0.0%
OEM	8,930	8,000 7,500	-1,430 -16.0 %	-16.0%
Total overseas sales	106,758	113,000 109,000	+2,242 +2.1 %	- %

*In forecasts, upper row is August 6, 2018 forecast and under row is November 6, 2018 forecast.



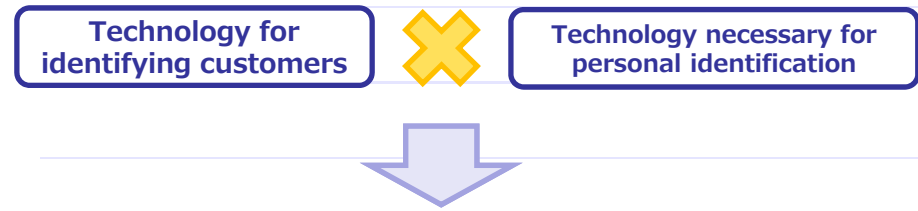
4 Other Information

Enhancing biometric authentication technology to realize new business domain of “establishment of a personal identification and authentication business” as upheld in “Long-Term Vision 2028”

[New Business Domain in Long-Term Vision 2028]



[Expected Synergies]



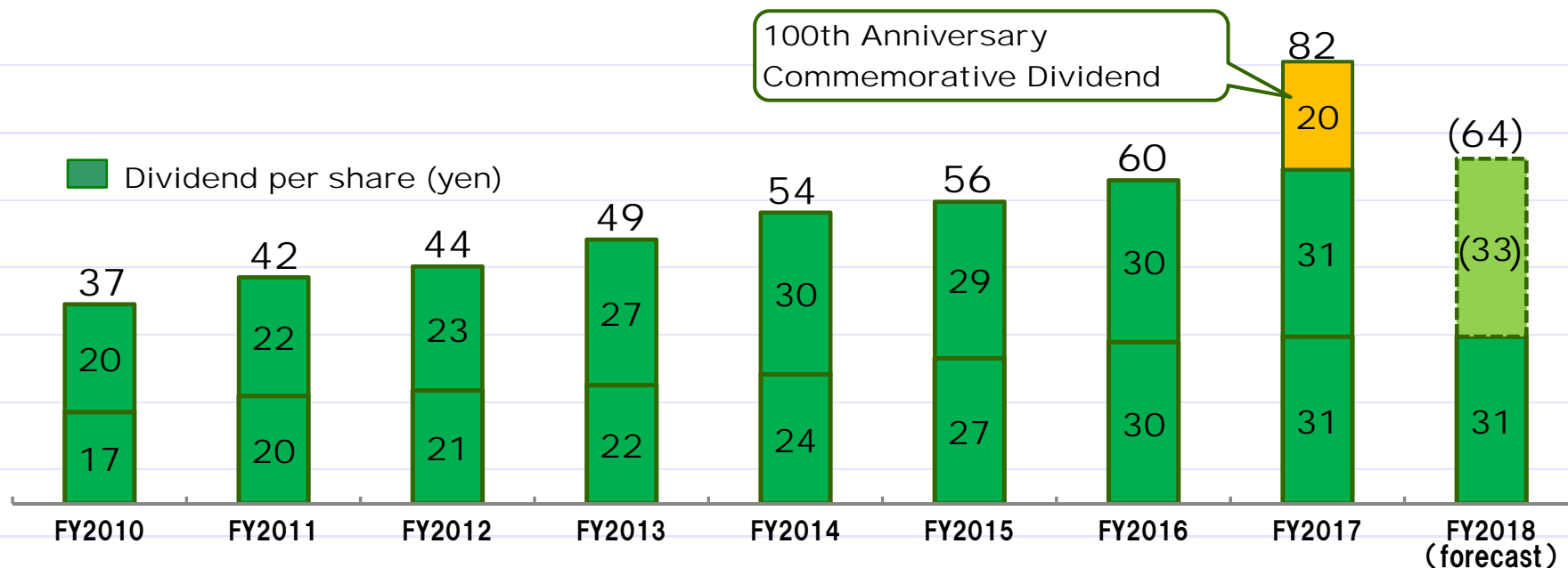
Expected New Services

- Provision of customer experience improvement services in bases of all fields including financial and retail fields by the utilization of speech
- Provision of advanced security services by the utilization of speech recognition
- Provision of advanced personal identification and authentication system by the integration of image recognition technology and speech recognition technology, etc.

Revision of Year-End Dividend Forecast for FY2018

Forecast was revised to ¥64 per share, an increase of ¥2 (year-end of ¥2) from the previous forecast with the aim of enhancing shareholder returns

Dividend per share (Revised forecast)	Interim	Year-end(forecast)	Annual(forecast)
	Ordinary ¥31	Ordinary ¥31 Commemorative ¥33	Ordinary ¥62 ¥64 (Payout ratio 33.4%)



Acquisition of Own Shares (3 consecutive years)

Outline of the acquisition

Purpose	To improve capital efficiency
Total amount of shares to be acquired	6.0 billion yen (maximum)
Total number of shares to be acquired	2,200,000 shares (maximum)
Period of share acquisition	From November 7, 2018 to January 31, 2019

Reference

(Millions of yen)	Six months ended September 30, 2017		Six months ended September 30, 2018		Y-on-Y
		Ratio		Ratio	
Net sales	104,387	100.0%	109,587	100.0%	+5,200
Cost of sales	65,026	62.3%	69,003	63.0%	+3,977
Selling, general and administrative expenses	33,181	31.8%	33,573	30.6%	+392
Operating income	6,179	5.9%	7,011	6.4%	+832
Non-operating income	369	0.4%	301	0.3%	-68
Non-operating expenses	1,791	1.7%	398	0.4%	-1,393
Ordinary income	4,757	4.6%	6,913	6.3%	+2,156
Extraordinary income	21	0.0%	62	0.1%	+41
Extraordinary loss	28	0.0%	19	0.0%	-9
Income before income taxes and minority interests	4,750	4.6%	6,956	6.3%	+2,206
Income taxes	2,098	2.0%	2,465	2.2%	+367
Net Income	2,651	2.5%	4,491	4.1%	+1,840
Net income attributable to owners of parent	2,041	2.0%	3,822	3.5%	+1,781
Net Income	2,651	2.5%	4,491	4.1%	+1,840
Valuation difference on available- for-sale securities	223		-28		-251
Foreign currency translation adjustment	1,524		3,435		+1,911
Remeasurements of defined benefit plans	91		26		-65
Total other comprehensive income	1,839	1.8%	3,433	3.1%	+1,594
Comprehensive income	4,491	4.3%	7,925	7.2%	+3,434

(Millions of yen)	As of March 31, 2018	As of September 30, 2018	Increase/Decrease		As of March 31, 2018	As of September 30, 2018	Increase/Decrease
Cash, deposits and Securities	63,154	56,572	-6,582	Notes and accounts payable-trade	20,106	20,073	-33
Notes and accounts receivable-trade	54,275	51,368	-2,907	Short-term loans payable	30,751	31,972	② +1,221
Inventories	51,362	56,222	+4,860	Other	40,763	39,484	-1,279
Other	5,956	5,658	-298	Total current liabilities	91,620	91,529	-91
Current assets	174,747	169,820	-4,927	Long-term loans payable	4,508	0	② -4,508
Property, plant and equipment	34,509	34,682	+173	Other	14,531	13,293	-1,238
Customer relationships	19,683	20,287	① +604	Noncurrent liabilities	19,039	13,293	-5,746
Goodwill	45,113	46,343	+1,230	Total liabilities	110,660	104,823	-5,837
Other	5,978	5,994	+16	Capital stock	12,892	12,892	0
Intangible assets	70,774	72,625	+1,851	Retained earnings	165,380	165,713	+333
Other	22,794	22,980	+186	Other	13,893	16,680	+2,787
Total noncurrent assets	128,078	130,288	+2,210	Total netassets	192,165	195,285	+3,120
Total assets	302,825	300,109	-2,716	Total liabilities and net assets	302,825	300,109	-2,716

- ① Customer relationships and goodwill increased steadily
- ② Loans decreased steadily

Statements of Cash Flows

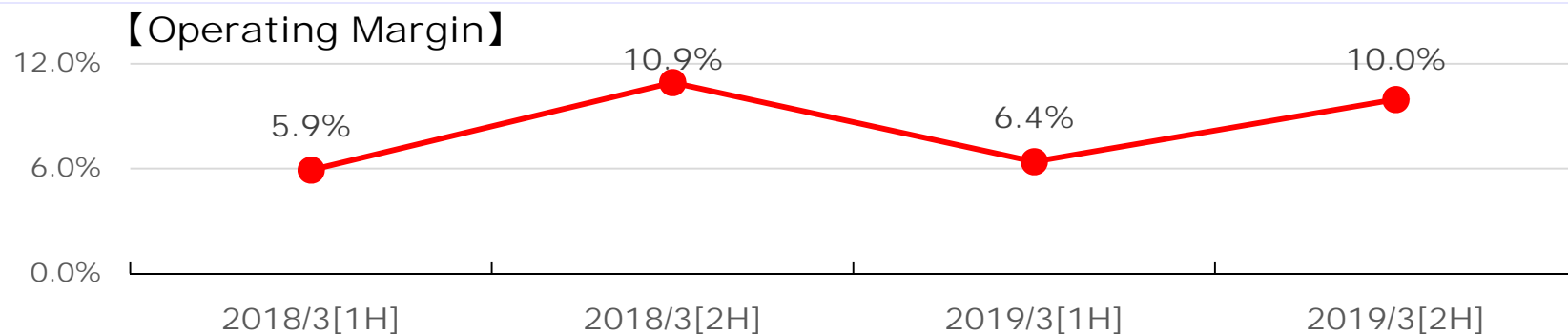


(Millions of yen)	Six months ended September 30, 2017	Six months ended September 30, 2018	Increase/ Decrease
Cash flows from operating activities	2,505	4,433	+1,928
Cash flows from investing activities	-4,894	-3,442	+1,452
Free cash flows	-2,389	991	+3,380
Cash flows from financing activities	-10,722	-8,627	+2,095
Effect of exchange rate change on cash and cash equivalents	233	438	+205
Net increase (decrease) in cash and cash equivalents	-12,878	-7,197	+5,681
Cash and cash equivalents at end of period	67,328	55,254	-12,074

Sales & Operating Income Forecast by Business Segment (vs. forecast)

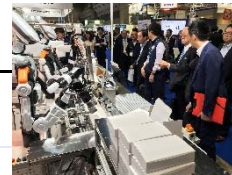


(Millions of yen)	Sales			Operating Income		
	Six months ended September 30, 2017	Six months ended September 30, 2018	Y-on-Y	Six months ended September 30, 2017	Six months ended September 30, 2018	Y-on-Y
Overseas Market	52,000	45,839	-6,161 -11.8 %	3,000	1,187	-1,813 -60.4 %
Financial Market	28,000	28,461	+461 +1.6 %	3,000	3,537	+537 +17.9 %
Retail & Transportation Market	23,500	24,149	+649 +2.8 %	1,500	2,069	+569 +37.9 %
Amusement Market	8,500	9,586	+1,086 +12.8 %	500	760	260 +52.0 %
Others	1,000	1,551	+551 +55.1 %	-1,000	-542	+458 - %
Total	113,000	109,587	-3,413 -3.0 %	7,000	7,011	+11 +0.2 %



(Millions of yen)	FY2018				
	Q1	Q2	First Half	Second Half (Forecast)	Full Year (Forecast)
Overseas Market	21,447 23	24,392 1,164	45,839 1,187	63,161 7,813	109,000 9,000
Financial Market	11,887 1,084	16,574 2,453	28,461 3,537	28,539 2,963	57,000 6,500
Retail & Transportation Market	10,050 677	14,099 1,392	24,149 2,069	27,851 2,731	52,000 4,800
Amusement Market	4,133 238	5,453 522	9,586 760	8,914 440	18,500 1,200
Others	713 -298	838 -244	1,551 -542	1,949 -958	3,500 -1,500
Total	48,232 1,725	61,355 5,286	109,587 7,011	130,413 12,989	240,000 20,000

*Net sales is upper row and operating income is under row.



October 17-19, 2018

Exhibits at Japan Robot Week 2018

Example of a highly advanced method for the automated placement of confectionery products in boxes by using duAro, a dual-arm SCARA (selective compliance assembly robot arm) robot, and NEXTAGE, a humanoid dual-arm robot

September 28, 2018

Execution of a Capital and Business Alliance Agreement with FueTrek Co., Ltd. and Commencement of Tender Offer for its shares

Glory announced an capital and business alliance with FueTrek Co., Ltd. and a tender offer to purchase FueTrek stock for the purposes of establishing closer ties between the two companies for more growth of business activities covered by this alliance and increasing the corporate value of Glory and FueTrek.

September 25, 2018

Participation in the S Coin demonstration test

S Coin is a cryptocurrency token that can be used for payments that are charged and processed by using a smartphone. Using a GLORY automatic cash charge machine, this test showed that S Coin can be used for many types of payment situations and requirements by performing exchanges between cash and electronic currencies.

September 24, 2018

Glory enters IDC Fintech Top 20 for first time

Glory was ranked number 20 in the IDC Financial Insights FinTech Rankings Top 100, a list of vendors that derive more than one-third of their revenue from financial institutions, of IDC Financial Insights, a U.S. financial consulting firm.

<Notes>

1.The forward-looking statements such as operational forecasts contained in this document 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.

The factors includes changes in the economic conditions in the company's principal markets, changes in demand for the company's products, fluctuations of exchange rates, and impacts of changes in various regulations, accounting principles and practices.

Please also take note that forecasts in this document may change without prior notice unless required by laws.

2.Amounts are rounded down to the nearest million yen for calculating percentages of year-on-year changes and composition ratios.