

(TRANSLATION FOR REFERENCE ONLY)

This is a translation of the original Japanese text of the “Consolidated Financial Results for the Fiscal Year Ended 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 Fiscal Year Ended March 31, 2019 <Japanese GAAP>

May 10, 2019

Company Name: GLORY LTD. Stock exchange listing: Tokyo (1st Section)
 Code Number: 6 4 5 7 URL: <https://corporate.glory-global.com/>
 Representative: Motozumi Miwa President & Representative Director
 Contact person: Yukihiko Fujikawa Executive Officer; Executive General Manager, Finance Headquarters
 TEL +81-79-297-3131

Scheduled date of Ordinary General Meeting of Shareholders: June 21, 2019
 Scheduled date of dividend payments: June 24, 2019
 Scheduled filing date of Annual Securities Report: June 24, 2019
 Preparation of earnings supplementary explanatory material: Yes
 Holding of earnings presentation: Yes (for analysts and institutional investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Consolidated Operating Results

(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)	(%)
Year ended March 31, 2019	235,762	3.7	20,576	4.9	20,575	17.2	12,256	23.9
Year ended March 31, 2018	227,361	2.1	19,615	(3.7)	17,553	2.0	9,892	(4.7)

(Note) Comprehensive income

Year ended March 31, 2019: ¥13,820 million [31.5 %]
 Year ended March 31, 2018: ¥10,506 million [220.7 %]

	Net income per share	Fully diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	(Yen)	(Yen)	(%)	(%)	(%)
Year ended March 31, 2019	198.71	—	6.5	6.6	8.7
Year ended March 31, 2018	155.96	—	5.3	5.7	8.6

(Reference) Income or loss from investments accounted for by the equity method

Year ended March 31, 2019: ¥(56) million Year ended March 31, 2018: ¥— million

(2) Consolidated Financial Position

	Total assets	Net assets	Ownership equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of March 31, 2019	318,228	193,257	59.5	3,133.54
As of March 31, 2018	302,825	192,165	62.0	3,003.62

(Reference) Ownership equity

As of March 31, 2019: ¥189,238 million As of March 31, 2018: ¥187,780 million

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(3) Consolidated Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Year ended March 31, 2019	24,300	(11,388)	(361)	75,149
Year ended March 31, 2018	14,585	(8,609)	(23,574)	62,375

2. Dividends

(Record date)	Dividends per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividends to net assets ratio (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Annual			
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Millions of yen)	(%)	(%)
Year ended March 31, 2018	—	31.00	—	51.00	82.00	5,186	52.6	2.8
Year ended March 31, 2019	—	31.00	—	33.00	64.00	3,949	32.2	2.1
Year ending March 31, 2020 (forecast)	—	32.00	—	32.00	64.00		39.5	

(Note) The year-end dividends for the fiscal year ended March 31, 2018: Ordinary dividends of ¥31.00, 100th anniversary commemorative dividends of ¥20.00

3. Consolidated Financial Forecast for the Year Ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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)
Six months ending September 30, 2019	109,000	(0.5)	5,500	(21.6)	5,300	(23.3)	2,500	(34.6)	40.53
Full year	230,000	(2.4)	17,000	(17.4)	16,500	(19.8)	10,000	(18.4)	162.13

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Notes:

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

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

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

(Note) For more information, please refer to “3. Consolidated Financial Statements and Significant Notes Thereto (5) Notes to Consolidated Financial Statements, Changes in Accounting Policy” on page 17 of the Attachment.

(3) Total number of shares issued (common shares)

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

As of March 31, 2019: 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 March 31, 2019: 7,865,917 shares

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

(c) Average number of shares

Year ended March 31, 2019: 61,679,523 shares

Year ended March 31, 2018: 63,432,643 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 March 31, 2019: 380,898 shares, As of March 31, 2018: 189,164 shares)

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Non-consolidated Operating Results

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

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Year ended March 31, 2019	153,382	7.2	11,811	14.4	14,490	20.2	11,216	12.7
Year ended March 31, 2018	143,145	1.8	10,327	(4.3)	12,053	(6.6)	9,957	(3.0)

	Net income per share	Fully diluted net income per share
	(Yen)	(Yen)
Year ended March 31, 2019	181.86	—
Year ended March 31, 2018	156.97	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Ownership equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of March 31, 2019	253,649	174,833	68.9	2,895.00
As of March 31, 2018	240,182	175,358	73.0	2,804.93

(Reference) Ownership equity

As of March 31, 2019: ¥174,833 million As of March 31, 2018: ¥175,358 million

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(Note) Financial results reports are exempt from audit 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. Overview of Operating Results and Others (4) Future Outlook” on page 8 of the Attachment.

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Attachment

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1. Overview of Operating Results and Others

(1) Overview of Operating Results for the Fiscal Year

In the fiscal year ended March 31, 2019, the Japanese economy continued a trend of gradual recovery as personal consumption recovered and capital investment picked up owing to improvements in the employment and income situations as well as in corporate earnings. As for the global economy, the recovery continued in the U.S. amid concerns over the U.S.-China trade issues, and the European economy also maintained its trend of gradual recovery despite the uncertainty surrounding Brexit and other issues. The Asian economy as a whole remained steady, although China experienced a moderate slowdown in the economy.

Under these conditions, in the first year of its three-year 2020 Medium-Term Management Plan, which started in April 2018, the Glory Group has proactively carried out business development under its three 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.”

In its overseas business, the Company promoted regional strategies matched to the characteristics of local markets, focusing on capturing replacement demand for “banknote recyclers” for financial institutions and expanding sales of “sales proceeds deposit machines” for the retail industry in each country. In Italy, we acquired a local company to strengthen the sales and maintenance network in the country.

In its domestic business, the Company focused on capturing replacement demand in the financial market for the main products of “open teller systems” and “coin and banknote recyclers” for tellers. In the retail market, the Company worked to expand sales of “coin and banknote recyclers” for cashiers, for such customers as convenience stores.

In new business areas, the Company pushed forward with initiatives to create new solutions, including the formation of a capital and business alliance with FueTrek Co., Ltd., which has proprietary speech recognition technologies.

As a result, net sales in the current fiscal year totaled ¥235,762 million (up 3.7% year on year), achieving new record-high results continuing from the previous fiscal year. Of this, sales of merchandise and finished goods came to ¥167,565 million, rising 4.9% year on year and sales from maintenance services increased by 0.8% year on year to ¥68,197 million. Operating income was ¥20,576 million (up 4.9% year on year), ordinary income rose 17.2% over the previous year to ¥20,575 million and net income attributable to owners of parent was ¥12,256 million (up 23.9% year on year).

Results of operations in business segments were 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 ¥56,636 million (up 4.9% year on year) and operating income was ¥6,764 million (up 67.3% 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 ¥51,985 million (up 20.3% year on year) and operating income was ¥4,611 million (up 32.7% year on year).

Amusement market

Sales of this segment’s main products such as “card systems” were steady due to our capturing of replacement demand and sales of “pachinko prize dispensing machines” for pachinko parlors were also strong. On the other hand, sales of devices such as pachinko ball counters were sluggish.

As a result, net sales in this segment were ¥20,511 million (down 0.3% year on year) and operating income was ¥1,959 million (up 47.2% year on year).

Overseas market

Sales of “banknote recyclers” -RBG series- for financial institutions were strong in Europe. However, sales of “sales proceeds deposit machines” -CI series- for the retail industry were sluggish. In the United States, sales of “banknote recyclers” -RBG series- for financial institutions were slow and, in Asia, sales of these products were also sluggish in China. Meanwhile, sales of “banknote deposit modules” for ATMs, which are OEM products were steady.

As a result, net sales in this segment were ¥103,287 million (down 3.3% year on year) and operating income was ¥8,761 million (down 21.5% year on year), due to deterioration in product mix, etc.

In the “Other” business segment, net sales were ¥3,341 million (up 17.4% year on year) and operating loss was ¥1,521 million (vs. operating loss of ¥403 million in the corresponding period of the previous fiscal year).

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All amounts in this section do not include consumption taxes.

(2) Overview of Financial Position for the Fiscal Year

Total assets at the end of the current fiscal year were ¥318,228 million, an increase of ¥15,402 million compared with the end of the previous fiscal year. This is mainly the result of decrease of ¥3,113 million in merchandise and finished goods and increase of ¥13,556 million in securities and ¥3,380 million in notes and accounts receivable-trade.

Liabilities were ¥124,971 million, an increase of ¥14,310 million compared with the end of the previous fiscal year. This is mainly the result of decrease of ¥4,508 million in long-term loans payable and increase of ¥20,000 in bonds payable.

Total net assets at the end of the current fiscal year were ¥193,257 million, an increase of ¥1,092 million compared with the end of the previous fiscal year. That mainly reflected an increase of ¥6,838 million for retained earnings and an increase of ¥5,861 million for treasury shares, which reduced net assets.

As a result, the ownership equity ratio became 59.5% compared with 62.0% at the end of the previous fiscal year.

The Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) effective from the beginning of the fiscal year ended March 31, 2019, and has compared its financial position to the figures as at the end of the previous fiscal year after retrospective application of the Standard.

(3) Overview of Cash Flows for the Fiscal Year

Cash and cash equivalents (“cash”) at the end of the current fiscal year increased ¥12,774 million from one year earlier to ¥75,149 million.

The following is a summary of cash flows:

Cash flows from operating activities

Net cash provided by operating activities was ¥24,300 million, compared to ¥14,585 million in the previous fiscal year. The main component of cash used were an increase in notes and accounts receivable - trade of ¥2,317 million, a decrease in notes and accounts payable-trade of ¥3,247 million and income taxes paid of ¥5,357 million, which was offset by cash provided from income before income taxes of ¥20,562 million, depreciation of ¥8,945 million, amortization of goodwill of ¥3,622 million and decrease in inventories of ¥3,808 million.

Cash flows from investing activities

Net cash used in investing activities was ¥11,388 million, compared to ¥8,609 million in the previous fiscal year. The main component of cash used was payments for purchases of property, plant and equipment of ¥5,424 million and purchase of investment securities of ¥3,630 million. The purchases of property, plant and equipment consisted mainly of molds, jigs and tools etc. used to manufacture products.

Cash flows from financing activities

Net cash used in financing activities was ¥361 million, compared to ¥23,574 million in the previous fiscal year. The main component of cash used was repayments of long-term loans payable of ¥9,059 million, cash dividends paid of ¥5,140 million, purchase of treasury shares of ¥6,575 million, which was offset by proceeds from issuance of bonds of ¥19,901 million.

Cash flow indices

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Ownership equity ratio	58.1%	60.6%	60.1%	62.0%	59.5%
Ownership equity ratio based on market value	63.5%	78.1%	74.6%	78.3%	50.4%
Debt repayment ratio (years)	3.0	1.7	1.6	2.4	2.0
Interest coverage ratio	24.6	41.6	48.8	25.7	38.0

Notes: Ownership equity ratio: (Shareholders' equity + Valuation and translation adjustments) / Total assets

Ownership equity ratio based on market value: Market capitalization / Total assets

Debt repayment ratio: Interest-bearing liabilities / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest payments

* All indices are calculated using financial data on a consolidated basis.

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- * Market capitalization is calculated by multiplying the closing price on the balance sheet date by the number of shares issued, net of treasury shares, on the balance sheet date.
- * Operating cash flow represents cash flow from operating activities per the consolidated statement of cash flows. Interest-bearing liabilities consist of all liabilities on the consolidated balance sheet for which interest is being paid. Interest payments consist of interest expenses paid as presented on the consolidated statement of cash flows.

(4) Future Outlook

With regard to the Japanese economy in the future, its gradual recovery trend is expected to continue, driven by a pickup in corporate capital investment and personal consumption. With regard to the global economy, the U.S. and Europe are expected to see economic recovery continue at a slow pace despite uncertainty in the outlook due to the U.S.-China trade issues, Brexit, etc.

Against that backdrop, for the fiscal year ending March 31, 2020, the Group forecasts that sales and profits will increase in the overseas market segment, but they will decrease in the financial market and retail and transportation market segments due to the large-scale demand of the previous year having run its course. The Group will also continue strategic investments to create new businesses and expand business areas.

According to these conditions, the Group forecasts full-year consolidated business results as follows; net sales of ¥230,000 million (down 2.4% year on year), operating income of ¥17,000 million (down 17.4% year on year), ordinary income of ¥16,500 million (down 19.8% year on year) and net income attributable to owners of parent of ¥10,000 million (down 18.4% year on year). The forecast uses exchange rate assumptions of US\$1=¥110, 1 euro=¥125.

2. Basic Approach to Selection of Accounting Standard

Given the ongoing convergence between accounting standards, the Group has adopted a policy for the time being of continuing to use the Japanese accounting standard.

Moreover, the Group intends to continue examining the application of International Financial Reporting Standards (IFRS) in light of trends in IFRS adoption among other Japanese companies going forward and the Group's own international development, and so forth.

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3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	61,154	60,328
Notes and accounts receivable - trade	53,789	57,170
Electronically recorded monetary claims - operating	486	917
Lease investment assets	2,276	1,838
Securities	2,000	15,556
Merchandise and finished goods	31,719	28,606
Work in process	8,044	8,233
Raw materials and supplies	11,599	11,687
Other	4,248	4,380
Allowance for doubtful accounts	(570)	(574)
Total current assets	174,747	188,143
Non-current assets		
Property, plant and equipment		
Buildings and structures	34,905	36,360
Accumulated depreciation	(20,964)	(21,816)
Buildings and structures, net	13,941	14,544
Machinery, equipment and vehicles	13,565	13,935
Accumulated depreciation	(10,862)	(11,470)
Machinery, equipment and vehicles, net	2,703	2,464
Tools, furniture and fixtures	56,503	57,512
Accumulated depreciation	(50,559)	(51,612)
Tools, furniture and fixtures, net	5,944	5,900
Land	11,420	11,717
Construction in progress	499	202
Total property, plant and equipment	34,509	34,829
Intangible assets		
Customer relationships	19,683	19,108
Software	4,598	5,336
Goodwill	45,113	44,245
Other	1,378	1,101
Total intangible assets	70,774	69,791
Investments and other assets		
Investment securities	10,480	12,302
Deferred tax assets	8,000	7,965
Retirement benefit asset	551	1,466
Other	3,952	3,882
Allowance for doubtful accounts	(188)	(152)
Total investments and other assets	22,794	25,464
Total non-current assets	128,078	130,084
Total assets	302,825	318,228

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(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,587	11,014
Electronically recorded obligations - operating	8,519	7,461
Short-term loans payable	21,745	23,369
Current portion of long-term loans payable	9,006	4,476
Income taxes payable	2,143	3,006
Provision for bonuses	7,732	7,852
Provision for bonuses for directors (and other officers)	105	113
Provision for stock grant	71	86
Other	30,710	33,087
Total current liabilities	91,620	90,467
Non-current liabilities		
Bonds payable	—	20,000
Long-term loans payable	4,508	—
Lease obligations	1,276	1,085
Deferred tax liabilities	6,251	6,075
Retirement benefit liability	2,620	3,031
Provision for stock grant	191	240
Other	4,191	4,070
Total non-current liabilities	19,039	34,503
Total liabilities	110,660	124,971
Net assets		
Shareholders' equity		
Capital stock	12,892	12,892
Capital surplus	20,991	20,938
Retained earnings	165,380	172,219
Treasury shares	(18,022)	(23,884)
Total shareholders' equity	181,241	182,166
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	916	219
Foreign currency translation adjustment	5,793	7,673
Remeasurements of defined benefit plans	(170)	(820)
Total accumulated other comprehensive income	6,538	7,072
Non-controlling interests	4,385	4,018
Total net assets	192,165	193,257
Total liabilities and net assets	302,825	318,228

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

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	227,361	235,762
Cost of sales	140,174	147,274
Gross profit	87,186	88,488
Selling, general and administrative expenses	67,570	67,912
Operating income	19,615	20,576
Non-operating income		
Interest income	215	179
Dividend income	130	143
Subsidy income	113	127
Settlement received	–	280
Other	327	321
Total non-operating income	786	1,052
Non-operating expenses		
Interest expenses	553	601
Foreign exchange losses	2,124	17
Share of loss of entities accounted for using equity method	–	56
Other	171	377
Total non-operating expenses	2,848	1,053
Ordinary income	17,553	20,575
Extraordinary income		
Gain on sales of non-current assets	151	5
Gain on sales of investment securities	8	61
Total extraordinary income	159	66
Extraordinary losses		
Loss on sales of non-current assets	51	0
Loss on retirement of non-current assets	120	56
Loss on valuation of investment securities	–	23
Other	1	–
Total extraordinary losses	174	80
Income before income taxes	17,538	20,562
Income taxes - current	6,358	6,854
Income taxes - deferred	(91)	152
Total income taxes	6,267	7,007
Net income	11,271	13,554
Net income attributable to non-controlling interests	1,378	1,298
Net income attributable to owners of parent	9,892	12,256

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(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net income	11,271	13,554
Other comprehensive income		
Valuation difference on available-for-sale securities	93	(692)
Foreign currency translation adjustment	(2,041)	1,603
Remeasurements of defined benefit plans, net of tax	1,182	(650)
Share of other comprehensive income of entities accounted for using equity method	–	5
Total other comprehensive income	(765)	265
Comprehensive income	10,506	13,820
Comprehensive income attributable to		
Owners of parent	8,804	12,833
Non-controlling interests	1,701	987

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(3) Consolidated Statement of Changes in Equity

Previous Fiscal Year (from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	12,892	20,974	158,504	(12,090)	180,281
Cumulative effects of changes in accounting policies					-
Restated balance	12,892	20,974	158,504	(12,090)	180,281
Changes of items during period					
Dividends of surplus			(3,912)		(3,912)
Net income attributable to owners of parent			9,892		9,892
Purchase of treasury shares				(6,000)	(6,000)
Disposal of treasury shares				68	68
Change of scope of consolidation		16	896		912
Net changes of items other than shareholders' equity					
Total changes of items during period	-	16	6,876	(5,932)	959
Balance at end of current period	12,892	20,991	165,380	(18,022)	181,241

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	822	8,181	(1,336)	7,667	3,494	191,443
Cumulative effects of changes in accounting policies				-		-
Restated balance	822	8,181	(1,336)	7,667	3,494	191,443
Changes of items during period						
Dividends of surplus				-	(820)	(4,733)
Net income attributable to owners of parent				-		9,892
Purchase of treasury shares				-		(6,000)
Disposal of treasury shares				-		68
Change of scope of consolidation		(24)		(24)	10	898
Net changes of items other than shareholders' equity	93	(2,364)	1,165	(1,104)	1,701	596
Total changes of items during period	93	(2,388)	1,165	(1,129)	890	721
Balance at end of current period	916	5,793	(170)	6,538	4,385	192,165

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Current Fiscal Year (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	12,892	20,991	165,380	(18,022)	181,241
Cumulative effects of changes in accounting policies			(345)		(345)
Restated balance	12,892	20,991	165,034	(18,022)	180,896
Changes of items during period					
Dividends of surplus			(5,141)		(5,141)
Net income attributable to owners of parent			12,256		12,256
Purchase of treasury shares				(6,575)	(6,575)
Disposal of treasury shares		(52)		714	661
Change of scope of consolidation			69		69
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(52)	7,184	(5,861)	1,270
Balance at end of current period	12,892	20,938	172,219	(23,884)	182,166

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	916	5,793	(170)	6,538	4,385	192,165
Cumulative effects of changes in accounting policies				-	(138)	(483)
Restated balance	916	5,793	(170)	6,538	4,246	191,681
Changes of items during period						
Dividends of surplus				-	(1,227)	(6,369)
Net income attributable to owners of parent				-		12,256
Purchase of treasury shares				-		(6,575)
Disposal of treasury shares				-		661
Change of scope of consolidation		(33)		(33)	12	48
Net changes of items other than shareholders' equity	(696)	1,914	(650)	567	987	1,554
Total changes of items during period	(696)	1,880	(650)	533	(227)	1,575
Balance at end of current period	219	7,673	(820)	7,072	4,018	193,257

(TRANSLATION FOR REFERENCE ONLY)

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Income before income taxes	17,538	20,562
Depreciation	9,450	8,945
Amortization of goodwill	3,922	3,622
Increase (decrease) in allowance for doubtful accounts	59	(60)
Increase (decrease) in retirement benefit liability	(1,052)	(555)
Increase (decrease) in provision for bonuses	(722)	30
Increase (decrease) in provision for stock grant	75	63
Loss (gain) on sales of investment securities	(7)	(61)
Interest and dividend income	(345)	(323)
Interest expenses	553	601
Loss on retirement of non-current assets	120	56
Decrease (increase) in notes and accounts receivable - trade	(6,643)	(2,317)
Decrease (increase) in inventories	(5,825)	3,808
Increase (decrease) in notes and accounts payable - trade	2,172	(3,247)
Increase (decrease) in lease obligations	(745)	(297)
Decrease (increase) in lease investment assets	547	437
Increase (decrease) in accounts payable - other	(617)	683
Decrease/increase in consumption taxes receivable/payable	245	657
Other, net	2,412	(2,631)
Subtotal	21,138	29,974
Interest and dividend income received	346	323
Interest expenses paid	(567)	(639)
Income taxes (paid) refund	(6,330)	(5,357)
Net cash provided by (used in) operating activities	14,585	24,300
Cash flows from investing activities		
Payments into time deposits	(525)	(73)
Proceeds from withdrawal of time deposits	35	678
Purchase of property, plant and equipment	(5,504)	(5,424)
Proceeds from sales of property, plant and equipment	723	6
Purchase of intangible assets	(2,312)	(2,147)
Purchase of investment securities	(1,008)	(3,630)
Proceeds from sales and redemption of investment securities	66	255
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(999)
Other, net	(83)	(53)
Net cash provided by (used in) investing activities	(8,609)	(11,388)

(TRANSLATION FOR REFERENCE ONLY)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(3,835)	1,165
Repayments of long-term loans payable	(9,005)	(9,059)
Proceeds from issuance of bonds	–	19,901
Cash dividends paid	(3,912)	(5,140)
Dividends paid to non-controlling interests	(820)	(1,227)
Purchase of treasury shares	(6,000)	(6,575)
Proceeds from disposal of treasury shares	–	575
Net cash provided by (used in) financing activities	(23,574)	(361)
Effect of exchange rate change on cash and cash equivalents	(234)	146
Net increase (decrease) in cash and cash equivalents	(17,832)	12,697
Cash and cash equivalents at beginning of period	77,050	62,375
Increase in cash and cash equivalents from newly consolidated subsidiary	3,156	77
Cash and cash equivalents at end of period	62,375	75,149

(TRANSLATION FOR REFERENCE ONLY)

(5) Notes to Consolidated Financial Statements
Notes Regarding Assumption of a Going Concern

Not applicable.

Changes in accounting policies

The overseas consolidated subsidiaries of the Company have applied IFRS 15 “Revenue from Contracts with Customers” from the year ended March 31, 2019. The impact of the application of IFRS 15 on the consolidated financial statements is insignificant.

Segment Information, etc.

1. Summary of reportable segments

The Company’s reportable segments are based on those units within the Company where separate financial information is available and where the Board of Directors periodically reviews matters such as the distribution of management resources and financial performance.

The Group operates business activities after formulating comprehensive strategies for the products and services in each market. Accordingly, the Group is comprised of market-specific segments and has established the “Financial market,” “Retail and transportation market,” “Amusement market,” and “Overseas market,” as its four reportable segments.

A summary of each reportable segment is as follows:

- Financial market: Sales and maintenance services to financial institutions, OEM clients and others in Japan.
 Retail and transportation market: Sales and maintenance services to supermarkets, department stores, cash-in-transit companies, railroad companies, tobacco companies, hospitals, local governments, general companies, and others in Japan.
 Amusement market: Sales and maintenance services to amusement halls (pachinko parlors) and others in Japan.
 Overseas market: Sales and maintenance services to financial institutions, cash-in-transit companies, retail stores, casinos, OEM clients and others in overseas.

2. Calculation method of sales, income (loss), assets, and other items by reportable segment

Income by reportable segment is operating income.

3. Information on sales, income (loss), assets and other items by reportable segment

Previous Fiscal Year (from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable segments					Other (Note: 1)	Total	Reconcilia- tion	Amounts reported on the consolidated financial statements
	Financial market	Retail and transportation market	Amusement market	Overseas market	Total				
Net sales									
(1) Sales to customers	53,970	43,216	20,570	106,758	224,515	2,845	227,361	–	227,361
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	53,970	43,216	20,570	106,758	224,515	2,845	227,361	–	227,361
Segment profit (Note: 2)	4,043	3,476	1,331	11,167	20,018	(403)	19,615	–	19,615
Segment assets (Note: 3)	43,057	35,465	19,310	142,179	240,012	1,785	241,798	61,154	302,953
Others									
(1) Depreciation and amortization (Note: 4)	2,062	1,728	1,163	4,355	9,309	140	9,450	–	9,450
(2) Amortization of goodwill	–	–	–	3,922	3,922	–	3,922	–	3,922
(3) Increase in property, plant and equipment and intangible assets (Note: 5)	2,010	1,739	831	4,097	8,678	142	8,820	–	8,820

(TRANSLATION FOR REFERENCE ONLY)

- Notes: 1. “Other” segment is merchandise and finished goods that is not included in the above reportable segments.
 2. All operating expenses are either directly charged or allocated to the segments.
 3. The reconciliation of ¥61,154 million is surplus funds (cash and deposits).
 4. Depreciation and amortization includes amortization of long-term prepaid expenses.
 5. Increase in property, plant and equipment and intangible assets includes increases in long-term prepaid expenses.

Current Fiscal Year (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segments					Other (Note: 1)	Total	Reconcilia- tion	Amounts reported on the consolidated financial statements
	Financial market	Retail and transportation market	Amusement market	Overseas market	Total				
Net sales									
(1) Sales to customers	56,636	51,985	20,511	103,287	232,421	3,341	235,762	–	235,762
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	56,636	51,985	20,511	103,287	232,421	3,341	235,762	–	235,762
Segment profit (Note: 2)	6,764	4,611	1,959	8,761	22,097	(1,521)	20,576	–	20,576
Segment assets (Note: 3)	48,768	46,424	21,185	138,293	254,672	3,227	257,900	60,328	318,228
Others									
(1) Depreciation and amortization (Note: 4)	1,977	1,524	955	4,306	8,763	181	8,945	–	8,945
(2) Amortization of goodwill	–	–	–	3,622	3,622	–	3,622	–	3,622
(3) Increase in property, plant and equipment and intangible assets (Note: 5)	2,270	1,817	737	3,320	8,145	178	8,324	–	8,324

- Notes: 1. “Other” segment is merchandise and finished goods that is not included in the above reportable segments.
 2. All operating expenses are either directly charged or allocated to the segments.
 3. The reconciliation of ¥60,328 million is surplus funds (cash and deposits).
 4. Depreciation and amortization includes amortization of long-term prepaid expenses.
 5. Increase in property, plant and equipment and intangible assets includes increases in long-term prepaid expenses.

(TRANSLATION FOR REFERENCE ONLY)

Per Share Information

	Previous Fiscal Year (from April 1, 2017 to March 31, 2018)	Current Fiscal Year (from April 1, 2018 to March 31, 2019)
Net assets per share	¥3,003.62	¥3,133.54
Net income per share	¥155.96	¥198.71

- Notes: 1. Diluted net income per share is not disclosed because dilutive shares are not issued.
2. In the Net assets section, due to the way that net assets per share are calculated, Company shares remaining in the “Board Incentive Plan (BIP) Trust Account” and “Employee Stock Ownership Plan (ESOP) Trust Account” and recorded as treasury shares, are included in treasury shares subtracted from shares issued as of the end of the period (189,164 shares for the previous fiscal year, 380,898 shares for the current fiscal year).
 Also, due to the way that net income per share is calculated, they are included in the treasury shares subtracted from average number of shares during the period (192,579 shares in the previous fiscal year, 240,898 shares in the current fiscal year).
3. The basis for calculation of the net income per share amount is shown below.

	Previous Fiscal Year (from April 1, 2017 to March 31, 2018)	Current Fiscal Year (from April 1, 2018 to March 31, 2019)
Net income attributable to owners of parent (Millions of yen)	9,892	12,256
Amount not attributable to common shareholders (Millions of yen)	—	—
Net income attributable to owners of parent pertaining to common stock (Millions of yen)	9,892	12,256
Average number of shares during the fiscal year (Shares)	63,432,643	61,679,523

Significant Subsequent Events

Not applicable.