

(TRANSLATION FOR REFERENCE ONLY)

This is a translation of the original Japanese text of the “Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2018.” 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 First Quarter of Fiscal Year Ending March 31, 2018 <Japanese GAAP>

August 4, 2017

Company Name: GLORY LTD. Stock exchange listing: Tokyo (1st Section)
 Code number: 6457 URL: <http://www.glory-global.com/>
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Scheduled filing date of Quarterly Securities Report: August 10, 2017
 Scheduled date of dividend payments: —
 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 First Quarter of Fiscal Year Ending March 31, 2018 (from April 1, 2017 to June 30, 2017)

(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)	(%)
Three months ended June 30, 2017	47,213	2.4	2,346	(12.5)	1,195	—	335	—
Three months ended June 30, 2016	46,090	2.9	2,683	190.3	(751)	—	(860)	—

(Note) Comprehensive income

Three months ended June 30, 2017: ¥972 million [— %]
 Three months ended June 30, 2016: ¥(11,594) million [— %]

	Net income per share	Fully diluted net income per share
	(Yen)	(Yen)
Three months ended June 30, 2017	5.25	—
Three months ended June 30, 2016	(13.10)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Ownership equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of June 30, 2017	308,806	190,620	60.8	2,935.86
As of March 31, 2017	312,821	191,443	60.1	2,939.78

(Reference) Ownership equity

As of June 30, 2017: ¥187,756 million As of March 31, 2017: ¥187,949 million

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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, 2017	—	30.00	—	30.00	60.00
Year ending March 31, 2018	—				
Year ending March 31, 2018 (forecast)		31.00	—	31.00	62.00

(Note) Revisions to the latest dividend forecast: None

3. Consolidated Financial Forecast for the Year Ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2017	105,000	2.6	6,000	(28.2)	6,000	54.7	3,000	40.4	46.92
Full year	235,000	5.6	21,000	3.1	21,000	22.1	13,000	25.2	203.32

(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 June 30, 2017: 68,638,210 shares
 - As of March 31, 2017: 68,638,210 shares
 - (b) Number of treasury shares at the end of the period
 - As of June 30, 2017: 4,496,099 shares
 - As of March 31, 2017: 4,496,099 shares
 - (c) Average number of shares (cumulative from the beginning of the period)
 - Three months ended June 30, 2017: 63,939,636 shares
 - Three months ended June 30, 2016: 65,693,136 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 June 30, 2017: 189,309 shares, As of June 30, 2016: 181,790 shares)

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(Note) These “Consolidated Financial Results” are not required to be subjected to quarterly reviews.

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

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.

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Attachment

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1. Qualitative Information on the Financial Statements

(1) Operating Results

In the three months ended June 30, 2017, the Japanese economy showed a trend of gradual recovery driven by an observed trend toward a pickup in personal consumption, and improvements in both corporate capital investment and the employment situation. 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, an observed trend toward the improvement of China's economy.

Under these conditions, in this last year of its three-year 2017 Medium-Term Management Plan, which started in April 2015, the GLORY Group (the "Group") proactively implemented the three strategies—Business, Constitutional, and Corporate Management—under its basic policy to "Realize business growth through 'customer-oriented superb manufacturing' and enhance profitability to achieve the Long-Range Vision 2018."

As a result, net sales in this three-month period totaled ¥47,213 million (up 2.4% year on year). Of this, sales of merchandise and finished goods were ¥30,806 million (up 1.2% year on year) and sales from maintenance services were ¥16,407 million (up 4.8% year on year). Operating income was ¥2,346 million (down 12.5% year on year), ordinary income was ¥1,195 million (vs. ordinary loss of ¥751 million in the corresponding period of the previous year), and net income attributable to owners of parent was ¥335 million (vs. net loss attributable to owners of parent of ¥860 million in the corresponding period of the previous year).

Results of operations in each business segment are as follows.

Financial market

Although sales of "coin and banknote recyclers" for tellers were steady due to our capturing of replacement demand, sales of this segment's main product, "open teller systems," were sluggish for compact models for small- and medium-sized financial outlets due to the large-scale demand of the previous year having run its course.

As a result, net sales in this segment were ¥10,015 million (down 12.0% year on year) and operating income was ¥348 million (down 74.1% year on year) due to deterioration in product mix, etc.

Retail and transportation market

Although sales of "e-money charger" were robust, sales of this segment's main product, "coin and banknote recyclers" for cashiers, and "sales proceeds deposit machines" for the cash-in-transit market were slow. Therefore, sales for the overall market were maintained at the level of the corresponding period of the previous year.

As a result, net sales in this segment were ¥9,607 million (down 0.8% year on year) and operating income was ¥608 million (down 29.4% year on year).

Amusement market

Sales of this segment's main products such as "card systems" were strong, and net sales in this segment were ¥5,319 million (up 38.8% year on year) and operating income was ¥386 million (up 328.5% year on year).

Overseas market

Sales of "banknote recyclers" for the financial market were robust in the United States, and sales of "sales proceeds deposit machines" for the retail market were steady in Europe. On the other hand, in Asia, although sales of "sales proceeds deposit machines" for the retail market were strong, sales of "banknote recyclers" for the financial market were sluggish.

As a result, net sales in this segment were ¥21,725 million (up 4.9% year on year) and operating income was ¥1,221 million (up 153.3% year on year).

In the "Other" business segment, net sales were ¥545 million (up 10.5% year on year) and operating loss was ¥218 million (vs. operating loss of ¥97 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, 2018 that were announced on May 11, 2017.

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2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	74,292	70,817
Notes and accounts receivable - trade	47,137	40,506
Securities	3,000	3,000
Merchandise and finished goods	26,098	31,502
Work in process	8,491	9,294
Raw materials and supplies	11,536	11,676
Other	10,543	11,346
Allowance for doubtful accounts	(502)	(550)
Total current assets	180,597	177,593
Non-current assets		
Property, plant and equipment	35,657	35,709
Intangible assets		
Customer relationships	22,221	21,824
Goodwill	51,573	50,474
Other	5,648	5,524
Total intangible assets	79,443	77,823
Investments and other assets		
Investment securities	10,010	10,137
Other	7,305	7,734
Allowance for doubtful accounts	(194)	(190)
Total investments and other assets	17,121	17,680
Total non-current assets	132,223	131,213
Total assets	312,821	308,806
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,484	17,901
Short-term loans payable	25,602	24,742
Current portion of long-term loans payable	8,843	9,047
Income taxes payable	2,903	1,305
Provision for bonuses	8,191	4,713
Provision for directors' bonuses	94	23
Provision for stock grant	61	22
Other	28,261	34,125
Total current liabilities	92,443	91,881
Non-current liabilities		
Long-term loans payable	13,271	10,807
Provision for stock grant	116	143
Net defined benefit liability	4,419	4,492
Other	11,126	10,860
Total non-current liabilities	28,933	26,304
Total liabilities	121,377	118,186

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Consolidated Financial Results
for the First Quarter of Fiscal Year Ending
March 31, 2018

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Net assets		
Shareholders' equity		
Capital stock	12,892	12,892
Capital surplus	20,974	20,991
Retained earnings	158,504	157,787
Treasury shares	(12,090)	(12,022)
Total shareholders' equity	180,281	179,649
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	822	1,010
Foreign currency translation adjustment	8,181	8,413
Remeasurements of defined benefit plans	(1,336)	(1,316)
Total accumulated other comprehensive income	7,667	8,107
Non-controlling interests	3,494	2,863
Total net assets	191,443	190,620
Total liabilities and net assets	312,821	308,806

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(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(Millions of yen)

	Three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)	Three months ended June 30, 2017 (From April 1, 2017 to June 30, 2017)
Net sales	46,090	47,213
Cost of sales	27,404	28,427
Gross profit	18,686	18,786
Selling, general and administrative expenses	16,003	16,439
Operating income	2,683	2,346
Non-operating income		
Interest income	42	37
Dividend income	291	74
Other	91	53
Total non-operating income	424	165
Non-operating expenses		
Interest expenses	139	137
Foreign exchange losses	3,681	1,148
Other	38	31
Total non-operating expenses	3,859	1,317
Ordinary income (loss)	(751)	1,195
Extraordinary income		
Gain on sales of non-current assets	1	4
Gain on sales of investment securities	4	8
Total extraordinary income	5	12
Extraordinary losses		
Loss on retirement of non-current assets	5	3
Other	-	0
Total extraordinary losses	5	3
Income (loss) before income taxes	(751)	1,203
Income taxes	(146)	591
Net income (loss)	(605)	612
Net income attributable to non-controlling interests	255	276
Net income (loss) attributable to owners of parent	(860)	335

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Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)	Three months ended June 30, 2017 (From April 1, 2017 to June 30, 2017)
Net income (loss)	(605)	612
Other comprehensive income		
Valuation difference on available-for-sale securities	(233)	188
Foreign currency translation adjustment	(10,939)	134
Remeasurements of defined benefit plans, net of tax	183	36
Total other comprehensive income	(10,989)	359
Comprehensive income	(11,594)	972
Comprehensive income attributable to		
Owners of parent	(11,722)	792
Non-controlling interests	127	179

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(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 first quarter, and then multiplying the income before income taxes for the period by the estimated effective tax rate.

Segment Information

(a) Three months ended June 30, 2016 (from April 1, 2016 to June 30, 2016)

Information on sales, profit (loss) by reportable segment

(Millions of yen)

	Reportable segments					Other (Note)	Total	Reconcilia- tion	Amounts reported on the consolidated statement of income
	Financial market	Retail and transportation market	Amusement market	Overseas market	Total				
Net sales									
(1) Sales to customers	11,376	9,680	3,834	20,705	45,597	493	46,090	–	46,090
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	11,376	9,680	3,834	20,705	45,597	493	46,090	–	46,090
Segment profit (loss)	1,345	862	90	482	2,780	(97)	2,683	–	2,683

Note: "Other" segment is merchandise and finished goods that is not included in the above reportable segments.

(b) Three months ended June 30, 2017 (from April 1, 2017 to June 30, 2017)

Information on sales, profit (loss) by reportable segment

(Millions of yen)

	Reportable segments					Other (Note)	Total	Reconcilia- tion	Amounts reported on the consolidated statement of income
	Financial market	Retail and transportation market	Amusement market	Overseas market	Total				
Net sales									
(1) Sales to customers	10,015	9,607	5,319	21,725	46,668	545	47,213	–	47,213
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	10,015	9,607	5,319	21,725	46,668	545	47,213	–	47,213
Segment profit (loss)	348	608	386	1,221	2,565	(218)	2,346	–	2,346

Note: "Other" segment is merchandise and finished goods that is not included in the above reportable segments.