

(TRANSLATION FOR REFERENCE ONLY)

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

February 7, 2018

Company Name: GLORY LTD. Stock exchange listing: Tokyo (1<sup>st</sup> Section)  
 Code number: 6457 URL: <http://www.glory-global.com/>  
 Representative: Hirokazu Onoe President & Representative Director  
 Contact person: Yukihiro Fujikawa Executive General Manager, Business Management Headquarters  
 TEL +81-79-297-3131

Scheduled filing date of Quarterly Securities Report: February 13, 2018  
 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 Third Quarter of Fiscal Year Ending March 31, 2018 (from April 1, 2017 to December 31, 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)	(%)
Nine months ended December 31, 2017	161,959	1.5	11,701	(13.3)	9,933	(8.6)	5,641	(15.9)
Nine months ended December 31, 2016	159,554	0.3	13,499	21.9	10,868	1.9	6,707	36.6

(Note) Comprehensive income

Nine months ended December 31, 2017: ¥9,366 million [ — %]  
 Nine months ended December 31, 2016: ¥(1,098) million [ — %]

	Net income per share	Fully diluted net income per share
	(Yen)	(Yen)
Nine months ended December 31, 2017	88.52	—
Nine months ended December 31, 2016	103.16	—

(2) Consolidated Financial Position

	Total assets	Net assets	Ownership equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of December 31, 2017	304,132	191,025	61.5	2,994.02
As of March 31, 2017	312,821	191,443	60.1	2,939.78

(Reference) Ownership equity

As of December 31, 2017: ¥187,179 million As of March 31, 2017: ¥187,949 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, 2017	—	30.00	—	30.00	60.00
Year ending March 31, 2018	—	31.00	—		
Year ending March 31, 2018 (forecast)				51.00	82.00

(Note) Revisions to the latest dividend forecast: None

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

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)
Full year	235,000	5.6	21,000	3.1	21,000	22.1	13,000	25.2	203.98

(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 December 31, 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 December 31, 2017: 5,931,149 shares

As of March 31, 2017: 4,496,099 shares

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

Nine months ended December 31, 2017: 63,732,064 shares

Nine months ended December 31, 2016: 65,021,216 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 December 31, 2017: 189,309 shares, As of March 31, 2017: 208,950 shares)

(TRANSLATION FOR REFERENCE ONLY)

(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.

(TRANSLATION FOR REFERENCE ONLY)

**Attachment**

**Contents**

<b>1. Qualitative Information on the Financial Statements</b> .....	5
(1) Operating Results .....	5
(2) Consolidated Financial Forecasts and Other Forward-looking Statements .....	5
<b>2. Quarterly Consolidated Financial Statements and Significant Notes Thereto</b> .....	6
(1) Quarterly Consolidated Balance Sheet .....	6
(2) Quarterly Consolidated Statements of Income and Comprehensive Income .....	8
Quarterly Consolidated Statement of Income .....	8
Quarterly Consolidated Statement of Comprehensive Income .....	9
(3) Notes to Quarterly Consolidated Financial Statements .....	10
Notes Regarding Assumption of a Going Concern .....	10
Notes for Significant Change in the Amount of Shareholders' Equity .....	10
Application of Accounting Methods Specific to Preparation of the Quarterly Consolidated Financial Statements .....	10
Segment Information .....	10

(TRANSLATION FOR REFERENCE ONLY)

## 1. Qualitative Information on the Financial Statements

### (1) Operating Results

In the nine months ended December 31, 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 capital investment and the employment situation against a backdrop of growth 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, an ongoing 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 nine-month period totaled ¥161,959 million (up 1.5% year on year). Of this, sales of merchandise and finished goods were ¥111,490 million (down 0.8% year on year) and sales from maintenance services were ¥50,469 million (up 6.9% year on year). Operating income was ¥11,701 million (down 13.3% year on year), ordinary income was ¥9,933 million (down 8.6% year on year), and net income attributable to owners of parent was ¥5,641 million (down 15.9% year on year).

Results of operations in each business segment are as follows.

#### Financial market

Although sales of "coin and banknote recyclers" for tellers were strong 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 ¥37,320 million (down 3.0% year on year) and operating income was ¥2,460 million (down 50.0% year on year) due to deterioration in product mix, etc.

#### Retail and transportation market

Although sales of "multifunctional banknote changers" 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 ¥31,310 million (up 3.1% year on year) and operating income was ¥2,671 million (down 5.8% 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 ¥16,406 million (up 10.4% year on year) and operating income was ¥1,277 million (up 142.9% year on year).

#### Overseas market

Sales of "banknote recyclers" for financial institutions were favorable in the United States. In Europe, sales of "banknote recyclers" for financial institutions were sluggish but sales of "sales proceeds deposit machines" for the retail industries were strong. Meanwhile, in Asia, sales of "banknote recyclers" for financial institutions were slow.

As a result, net sales in this segment were ¥75,005 million (up 0.8% year on year) and operating income was ¥5,667 million (up 4.1% year on year).

In the "Other" business segment, net sales were ¥1,917 million (up 28.5% year on year) and operating loss was ¥375 million (vs. operating loss of ¥228 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.

(TRANSLATION FOR REFERENCE ONLY)

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

### (1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	74,292	57,071
Notes and accounts receivable - trade	47,137	47,782
Securities	3,000	3,000
Merchandise and finished goods	26,098	34,609
Work in process	8,491	8,469
Raw materials and supplies	11,536	12,416
Other	10,543	11,464
Allowance for doubtful accounts	(502)	(616)
<b>Total current assets</b>	<b>180,597</b>	<b>174,197</b>
Non-current assets		
Property, plant and equipment	35,657	35,218
Intangible assets		
Customer relationships	22,221	21,281
Goodwill	51,573	48,896
Other	5,648	5,891
<b>Total intangible assets</b>	<b>79,443</b>	<b>76,068</b>
Investments and other assets		
Investment securities	10,010	10,837
Other	7,305	8,011
Allowance for doubtful accounts	(194)	(201)
<b>Total investments and other assets</b>	<b>17,121</b>	<b>18,646</b>
<b>Total non-current assets</b>	<b>132,223</b>	<b>129,934</b>
<b>Total assets</b>	<b>312,821</b>	<b>304,132</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	18,484	19,651
Short-term loans payable	25,602	23,020
Current portion of long-term loans payable	8,843	9,250
Income taxes payable	2,903	1,493
Provision for bonuses	8,191	4,800
Provision for directors' bonuses	94	71
Provision for stock grant	61	66
Other	28,261	32,727
<b>Total current liabilities</b>	<b>92,443</b>	<b>91,082</b>
Non-current liabilities		
Long-term loans payable	13,271	6,385
Provision for stock grant	116	187
Net defined benefit liability	4,419	4,228
Other	11,126	11,223
<b>Total non-current liabilities</b>	<b>28,933</b>	<b>22,024</b>
<b>Total liabilities</b>	<b>121,377</b>	<b>113,106</b>

(TRANSLATION FOR REFERENCE ONLY)

GLORY LTD. (6457)  
Consolidated Financial Results  
for the Third Quarter of Fiscal Year  
Ending March 31, 2018

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Net assets		
Shareholders' equity		
Capital stock	12,892	12,892
Capital surplus	20,974	20,991
Retained earnings	158,504	161,128
Treasury shares	(12,090)	(18,023)
Total shareholders' equity	180,281	176,989
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	822	1,295
Foreign currency translation adjustment	8,181	10,098
Remeasurements of defined benefit plans	(1,336)	(1,204)
Total accumulated other comprehensive income	7,667	10,189
Non-controlling interests	3,494	3,845
Total net assets	191,443	191,025
Total liabilities and net assets	312,821	304,132

(TRANSLATION FOR REFERENCE ONLY)

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

**Quarterly Consolidated Statement of Income**

(Millions of yen)

	Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)	Nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)
Net sales	159,554	161,959
Cost of sales	97,052	99,542
Gross profit	62,502	62,416
Selling, general and administrative expenses	49,002	50,715
Operating income	13,499	11,701
Non-operating income		
Interest income	141	124
Dividend income	336	127
Other	366	284
Total non-operating income	844	536
Non-operating expenses		
Interest expenses	444	396
Foreign exchange losses	2,820	1,810
Other	210	97
Total non-operating expenses	3,475	2,303
Ordinary income	10,868	9,933
Extraordinary income		
Gain on sales of non-current assets	14	15
Gain on sales of investment securities	7	8
Total extraordinary income	22	23
Extraordinary losses		
Loss on retirement of non-current assets	33	52
Other	0	11
Total extraordinary losses	33	63
Income before income taxes	10,856	9,893
Income taxes	3,421	3,338
Net income	7,435	6,555
Net income attributable to non-controlling interests	727	914
Net income attributable to owners of parent	6,707	5,641



(TRANSLATION FOR REFERENCE ONLY)

**Quarterly Consolidated Statement of Comprehensive Income**

(Millions of yen)

	Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)	Nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)
Net income	7,435	6,555
Other comprehensive income		
Valuation difference on available-for-sale securities	592	473
Foreign currency translation adjustment	(9,486)	2,188
Remeasurements of defined benefit plans, net of tax	360	148
Total other comprehensive income	(8,533)	2,811
Comprehensive income	(1,098)	9,366
Comprehensive income attributable to		
Owners of parent	(1,366)	8,204
Non-controlling interests	268	1,161

(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**

**Acquisition of treasury shares**

The Company resolved at a meeting of the Board of Directors held on November 7, 2017 to acquire its treasury shares and, during the nine months ended December 31, 2017, it acquired its treasury shares as follows. The acquisition of treasury shares was completed as of December 22, 2017.

- |                                     |   |
|-------------------------------------|---|
| (1) Type of shares acquired         | Common stock of the Company   |
| (2) Total number of shares acquired | 1,434,800 shares  |
| (3) Total amount of shares acquired | ¥5,999,708,000  |
| (4) Period of share acquisition     | From November 8, 2017 to December 22, 2017  |
| (5) Method of share acquisition     | Open-market purchase on the Tokyo Stock Exchange<br>(Includes purchase through the off-auction own share repurchase trading system<br>(ToSTNeT-3).) |

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

**Segment Information**

(a) Nine months ended December 31, 2016 (from April 1, 2016 to December 31, 2016)

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	38,458	30,369	14,854	74,378	158,062	1,492	159,554	–	159,554
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	38,458	30,369	14,854	74,378	158,062	1,492	159,554	–	159,554
Segment profit (loss)	4,922	2,835	526	5,443	13,727	(228)	13,499	–	13,499

- 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) Nine months ended December 31, 2017 (from April 1, 2017 to December 31, 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	37,320	31,310	16,406	75,005	160,041	1,917	161,959	–	161,959
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	37,320	31,310	16,406	75,005	160,041	1,917	161,959	–	161,959
Segment profit (loss)	2,460	2,671	1,277	5,667	12,077	(375)	11,701	–	11,701

- 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.