

# Consolidated Financial Results for the Nine Months ended December 31, 2017

## 1 Consolidated Financial Results

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## Net Sales

Overall sales were higher thanks to sales growth in all segments except Financial Market.

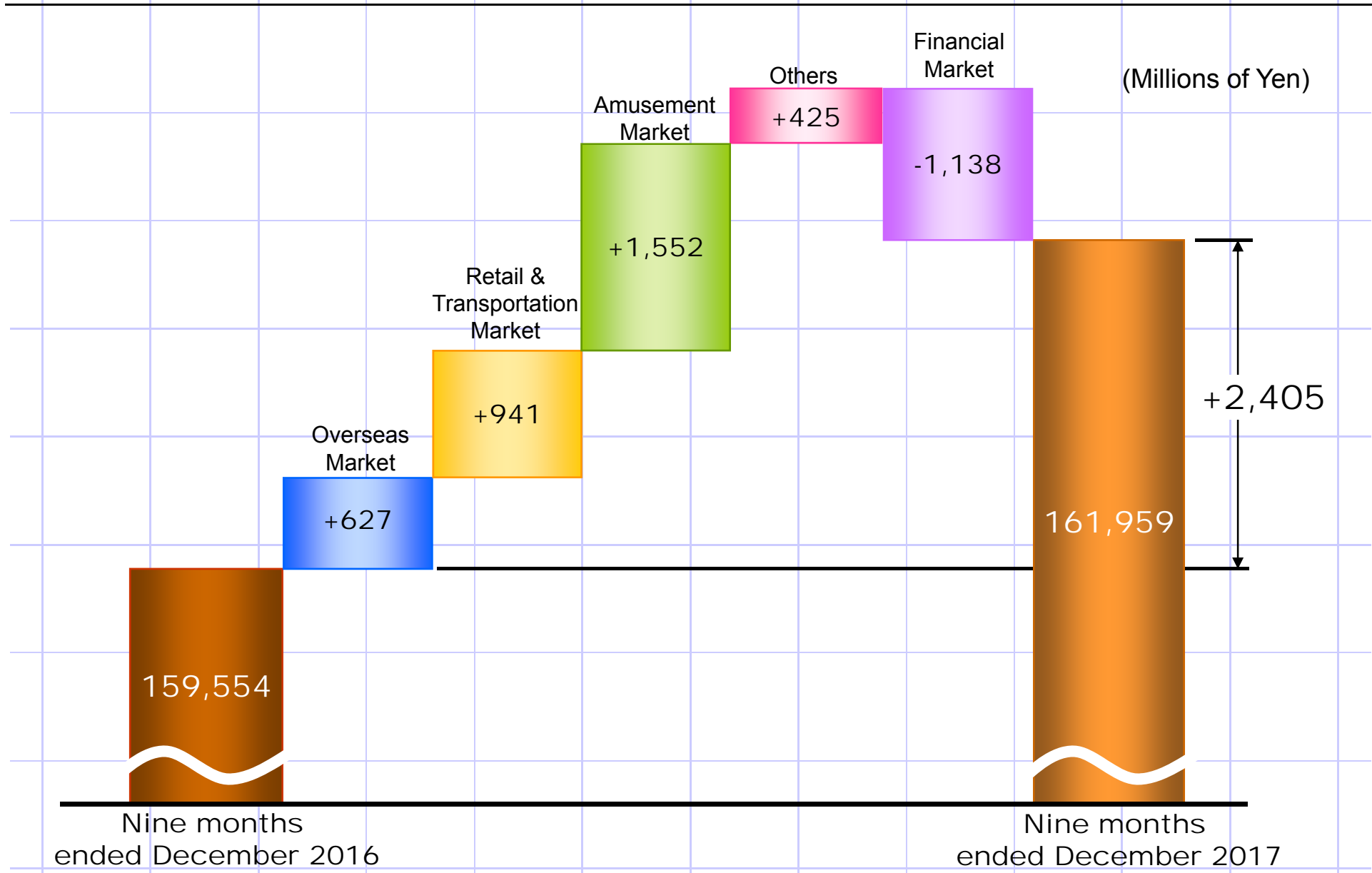
## Income

Operating income decreased year-on-year mainly due to decline of product mix in Financial Market.

(Millions of yen)	FY2016		FY2017		Y-on-Y
	Nine months ended December 31, 2016	Ratio	Nine months ended December 31, 2017	Ratio	
Net Sales	159,554	100.0%	161,959	100.0%	+1.5%
Maintenance Services	47,198	29.6%	50,469	31.2%	+6.9%
Operating Income	13,499	8.5%	11,701	7.2%	-13.3%
Ordinary Income	10,868	6.8%	9,933	6.1%	-8.6%
Net Income Attributable to Owners of Parent	6,707	4.2%	5,641	3.5%	-15.9%
EBITDA	23,633	14.8%	22,028	13.6%	-6.8%
Exchange rate	US\$	¥ 107	¥ 112		
	Euro	¥ 118	¥ 129		

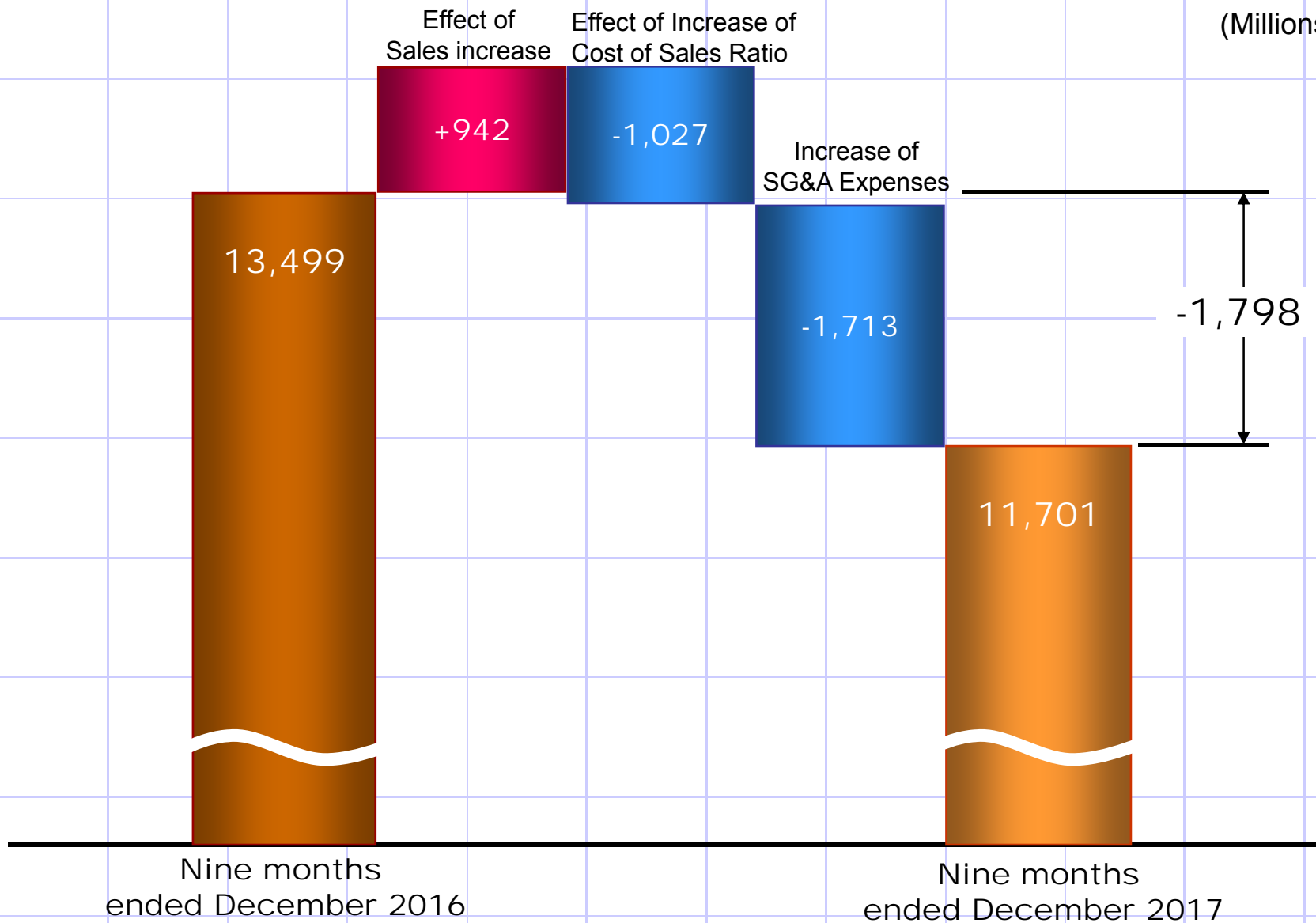
Net sales is expected to decrease by about ¥0.6 billion, and operating income by about ¥2.8 billion, year-on-year, if effects of exchange rate fluctuations are excluded.






# Factors of Net Sales Change



# Factors of Operating Income Change

(Millions of Yen)



(Millions of yen)	Sales			Operating Income		
	Nine months ended Dec. 31, 2016	Nine months ended Dec. 31, 2017	Y-on-Y	Nine months ended Dec. 31, 2016	Nine months ended Dec. 31, 2017	Y-on-Y
 Overseas Market	74,378	75,005	+627 +0.8 %	5,443	5,667	+224 +4.1 %
 Financial Market	38,458	37,320	-1,138 -3.0 %	4,922	2,460	-2,462 -50.0 %
 Retail & Transportation Market	30,369	31,310	+941 +3.1 %	2,835	2,671	-164 -5.8 %
 Amusement Market	14,854	16,406	+1,552 +10.4 %	526	1,277	751 +142.8 %
 Others	1,492	1,917	+425 +28.5 %	-228	-375	-147 - %
Total	159,554	161,959	+2,405 +1.5 %	13,499	11,701	-1,798 -13.3 %

## Strong sales of main products in Europe and the U.S. (Millions of Yen)

### Highlights

- Banknote recyclers for tellers  
 → Sales increased in the U.S.
- Sales proceeds deposit machines for retail industries  
 → Sales increased in Europe

### 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>



Banknote sorters <UW series>



Cash recycling systems <CI-100 series>

	Nine months ended Dec. 31, 2016	Nine months ended Dec. 31, 2017	Y-on-Y
Sales	<b>74,378</b>	<b>75,005</b>	<b>+627 +0.8 %</b>
Ratio to total net sales	 <b>46.6%</b>	 <b>46.3%</b>	<b>-0.3 pt</b>
Operating income	<b>5,443</b>	<b>5,667</b>	<b>+224 +4.1 %</b>
Ratio to total operating income	 <b>40.3%</b>	 <b>48.4%</b>	<b>+8.1 pt</b>
Operating margin	<b>7.3%</b>	<b>7.6%</b>	<b>+0.3 pt</b>

(Millions of yen)	Nine months ended Dec. 31, 2016	Nine months ended Dec. 31, 2017	Y-on-Y	
				Local currency basis
Americas	27,691	26,796	-895 -3.2 %	-7.6%
EMEA	28,663	30,892	+2,229 +7.8 %	-1.0%
Asia	10,736	10,701	-35 -0.3 %	-
China	4,990	5,183	+193 +3.9 %	-0.4%
OEM	7,287	6,614	-673 -9.2 %	-9.2%
Total overseas sales	74,378	75,005	+627 +0.8 %	-

## Operating margin decreased due to decline of product mix (Millions of Yen)

### Highlights

- Open teller systems
  - ➔ Lower sales of compact type due to the reaction to the rush demand of the year-earlier period
- Coin and banknote recyclers for tellers
  - ➔ Increased sales due to capturing of replacement demand

### Outline of the Segment

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

### Main Products



Open teller systems  
<WAVE series>



Coin and banknote  
recyclers for tellers  
<RB series>



Multi-functional  
banknote changers  
<EN series>

	Nine months ended Dec. 31, 2016	Nine months ended Dec. 31, 2017	Y-on-Y
Sales	<b>38,458</b>	<b>37,320</b>	<b>-1,138</b> <b>-3.0 %</b>
Ratio to total net sales	<b>24.1%</b>	<b>23.0%</b>	<b>-1.1 pt</b>
Operating income	<b>4,922</b>	<b>2,460</b>	<b>-2,462</b> <b>-50.0 %</b>
Ratio to total operating income	<b>36.5%</b>	<b>21.0%</b>	<b>-15.5 pt</b>
Operating margin	<b>12.8%</b>	<b>6.6%</b>	<b>-6.2 pt</b>



## Weak sales of main products

(Millions of Yen)

### Highlights

- ☑ Coin and banknote recyclers for cashiers
  - ➔ Insufficient capturing of new demand
- ☑ Sales proceeds deposit machines
  - ➔ Lower sales for the cash-in-transit market
- ☑ Multifunctional banknote changers
  - ➔ Higher sales due to capturing of replacement demand

### Outline of the Segment

Sales and maintenance services to supermarkets, department stores, cash-in-transit companies, railroad companies 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>

	Nine months ended Dec. 31, 2016	Nine months ended Dec. 31, 2017	Y-on-Y
Sales	30,369	31,310	+941 +3.1 %
Ratio to total net sales	19.0%	19.3%	+0.3 pt
Operating income	2,835	2,671	-164 -5.8 %
Ratio to total operating income	21.0%	22.8%	+1.8 pt
Operating margin	9.3%	8.5%	-0.8 pt

## Higher sales of card systems

(Millions of Yen)

### Highlights

Card systems

→ Sales increased due to capturing of replacement demand, but slowing down from Q3

### Outline of the Segment

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

### Main Products

Card systems



Management terminals



Pachinko ball counters



Prepaid card systems for pachinko parlors



Pachinko prize dispensing machines <JK series>

	Nine months ended Dec. 31, 2016	Nine months ended Dec. 31, 2017	Y-on-Y
Sales	14,854	16,406	1,552 +10.4 %
Ratio to total net sales	9.3%	10.1%	+0.8 pt
Operating income	526	1,277	+751 +142.8 %
Ratio to total operating income	3.9%	10.9%	+7.0 pt
Operating margin	3.5%	7.8%	+4.3 pt

(Millions of yen)	Nine months ended Dec. 31, 2016	Nine months ended Dec. 31, 2017	Y-on-Y	Quarterly trend																
Capital expenditures	5,714	6,027	+313 +5.5 %	<table border="1"> <tr> <td>FY15 (4Q)</td> <td>FY16 (1Q)</td> <td>FY16 (2Q)</td> <td>FY16 (3Q)</td> <td>FY16 (4Q)</td> <td>FY17 (1Q)</td> <td>FY17 (2Q)</td> <td>FY17 (3Q)</td> </tr> <tr> <td>2,728</td> <td>1,366</td> <td>2,314</td> <td>2,034</td> <td>2,329</td> <td>2,141</td> <td>2,121</td> <td>1,765</td> </tr> </table>	FY15 (4Q)	FY16 (1Q)	FY16 (2Q)	FY16 (3Q)	FY16 (4Q)	FY17 (1Q)	FY17 (2Q)	FY17 (3Q)	2,728	1,366	2,314	2,034	2,329	2,141	2,121	1,765
FY15 (4Q)	FY16 (1Q)	FY16 (2Q)	FY16 (3Q)	FY16 (4Q)	FY17 (1Q)	FY17 (2Q)	FY17 (3Q)													
2,728	1,366	2,314	2,034	2,329	2,141	2,121	1,765													
Depreciation and amortization	7,076	7,296	+220 +3.1 %	<table border="1"> <tr> <td>FY15 (4Q)</td> <td>FY16 (1Q)</td> <td>FY16 (2Q)</td> <td>FY16 (3Q)</td> <td>FY16 (4Q)</td> <td>FY17 (1Q)</td> <td>FY17 (2Q)</td> <td>FY17 (3Q)</td> </tr> <tr> <td>2,563</td> <td>2,177</td> <td>2,588</td> <td>2,311</td> <td>2,393</td> <td>2,203</td> <td>2,437</td> <td>2,656</td> </tr> </table>	FY15 (4Q)	FY16 (1Q)	FY16 (2Q)	FY16 (3Q)	FY16 (4Q)	FY17 (1Q)	FY17 (2Q)	FY17 (3Q)	2,563	2,177	2,588	2,311	2,393	2,203	2,437	2,656
FY15 (4Q)	FY16 (1Q)	FY16 (2Q)	FY16 (3Q)	FY16 (4Q)	FY17 (1Q)	FY17 (2Q)	FY17 (3Q)													
2,563	2,177	2,588	2,311	2,393	2,203	2,437	2,656													
R&D investment	10,296	10,071	-225 -2.2 %	<table border="1"> <tr> <td>FY15 (4Q)</td> <td>FY16 (1Q)</td> <td>FY16 (2Q)</td> <td>FY16 (3Q)</td> <td>FY16 (4Q)</td> <td>FY17 (1Q)</td> <td>FY17 (2Q)</td> <td>FY17 (3Q)</td> </tr> <tr> <td>3,172</td> <td>3,175</td> <td>3,584</td> <td>3,537</td> <td>3,669</td> <td>3,353</td> <td>3,480</td> <td>3,238</td> </tr> </table>	FY15 (4Q)	FY16 (1Q)	FY16 (2Q)	FY16 (3Q)	FY16 (4Q)	FY17 (1Q)	FY17 (2Q)	FY17 (3Q)	3,172	3,175	3,584	3,537	3,669	3,353	3,480	3,238
FY15 (4Q)	FY16 (1Q)	FY16 (2Q)	FY16 (3Q)	FY16 (4Q)	FY17 (1Q)	FY17 (2Q)	FY17 (3Q)													
3,172	3,175	3,584	3,537	3,669	3,353	3,480	3,238													

Consolidated Statements of Income /  
Statement of Comprehensive Income

(Millions of yen)	FY2016		FY2017		Y-on-Y
	Q1-Q3	Ratio	Q1-Q3	Ratio	
Net sales	159,554	100.0%	161,959	100.0%	+2,405
Cost of sales	97,052	60.8%	99,542	61.5%	+2,490
Selling, general and administrative expenses	49,002	30.7%	50,715	31.3%	+1,713
Operating income	13,499	8.5%	11,701	7.2%	-1,798
Non-operating income	844	0.5%	536	0.3%	-308
Non-operating expenses	3,475	2.2%	2,303	1.4%	-1,172
Ordinary income	10,868	6.8%	9,933	6.1%	-935
Extraordinary income	22	0.0%	23	0.0%	+1
Extraordinary loss	33	0.0%	63	0.0%	+30
Income before income taxes and minority interests	10,856	6.8%	9,893	6.1%	-963
Income taxes	3,421	2.1%	3,338	2.1%	-83
Net Income	7,435	4.7%	6,555	4.0%	-880
Net income attributable to owners of parent	6,707	4.2%	5,641	3.5%	-1,066

Includes  
foreign exchange losses  
of 1,810

(FY2017 Q3:  
Includes  
foreign exchange losses of 2,820)

(FY2017 Q2:  
Includes  
foreign exchange losses of 1,451)

Net Income	7,435	4.7%	6,555	4.0%	-880
Valuation difference on available-for-sale securities	592		473		-119
Foreign currency translation adjustment	-9,486		2,188		+11,674
Remeasurements of defined benefit plans	360		148		-212
Total other comprehensive income	-8,533	-5.3%	2,811	1.7%	+11,344
Comprehensive income	-1,098	-0.7%	9,366	5.8%	+10,464

Foreign currency translation  
adjustment  
2,188

(FY2017 Q2:  
Foreign currency translation  
adjustment  
1,524)

(Millions of yen)	As of March 31, 2017	As of Dec. 31, 2017	Increase/ Decrease		As of March 31, 2017	As of Dec. 31, 2017	Increase/ Decrease
Cash, deposits and Securities	77,292	60,071	-17,221	Notes and accounts payable-trade	18,484	19,651	+1,167
Notes and accounts receivable-trade	47,137	47,782	+645	Short-term loans payable	34,445	32,270	*2 -2,175
Inventories	46,125	55,494	+9,369	Other	39,514	39,161	-353
Other	10,043	10,850	+807	Total current liabilities	92,443	91,082	-1,361
<b>Current assets</b>	<b>180,597</b>	<b>174,197</b>	<b>-6,400</b>	Long-term loans payable	13,271	6,385	*2 -6,886
Property, plant and equipment	35,657	35,218	-439	Other	15,662	15,639	-23
Customer relationships	22,221	21,281	*1 -940	Noncurrent liabilities	28,933	22,024	-6,909
Goodwill	51,573	48,896	-2,677	Total liabilities	121,377	113,106	-8,271
Other	5,649	5,891	+242	Capital stock	12,892	12,892	0
Intangible assets	79,443	76,068	-3,375	Retained earnings	158,504	161,128	+2,624
Other	17,121	18,646	+1,525	Other	20,047	17,005	-3,042
<b>Total noncurrent assets</b>	<b>132,223</b>	<b>129,934</b>	<b>-2,289</b>	Total netassets	191,443	191,025	-418
<b>Total assets</b>	<b>312,821</b>	<b>304,132</b>	<b>-8,689</b>	Total liabilities and net assets	312,821	304,132	-8,689

\*1 Customer relationships and goodwill decreased steadily despite effects of exchange rate fluctuations.

\*2 Loans decreased steadily






## Net Sales

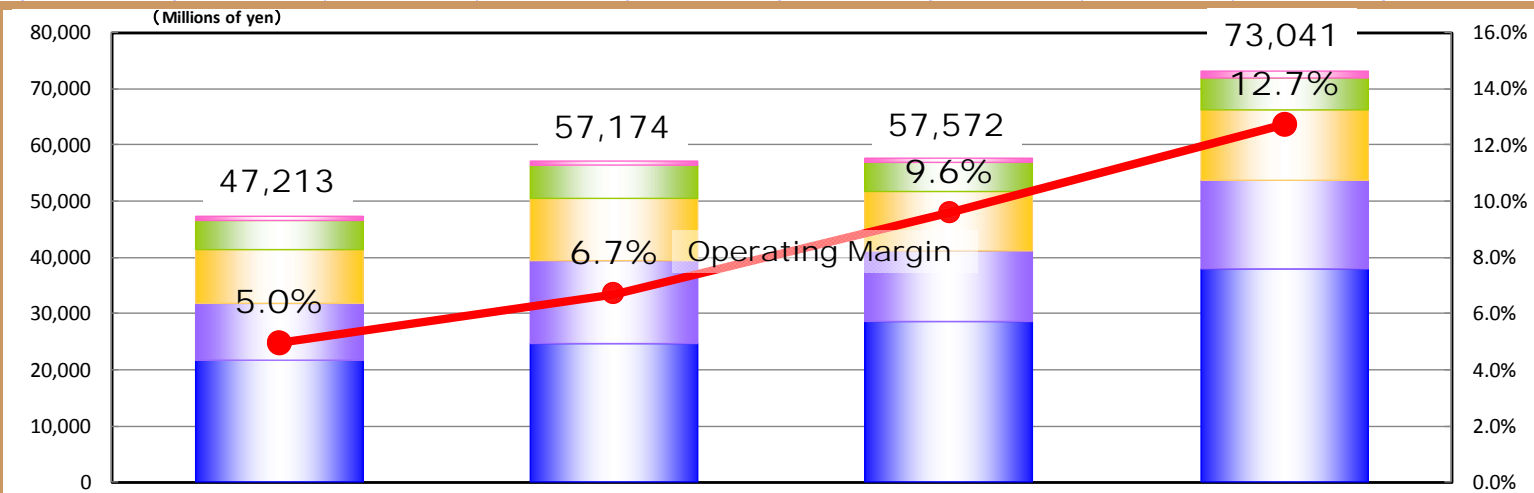
Higher sales due to estimated sales increase in both domestic and overseas market.

## Income

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

(Millions of yen)	FY2016		FY2017		Y-on-Y
	Full year	Ratio	Full year (forecast)	Ratio	
Net Sales	222,581	100.0%	235,000	100.0%	+5.6%
Maintenance Sevices	63,921	28.7%	64,000	27.2%	+0.1%
Operating Income	20,365	9.1%	21,000	8.9%	+3.1%
Ordinary Income	17,205	7.7%	21,000	8.9%	+22.1%
Net Income Attributable to Owners of Parent	10,382	4.7%	13,000	5.5%	+25.2%
Exchange rate	US\$	¥ 108	¥ 110		
	Euro	¥ 119	¥ 120		

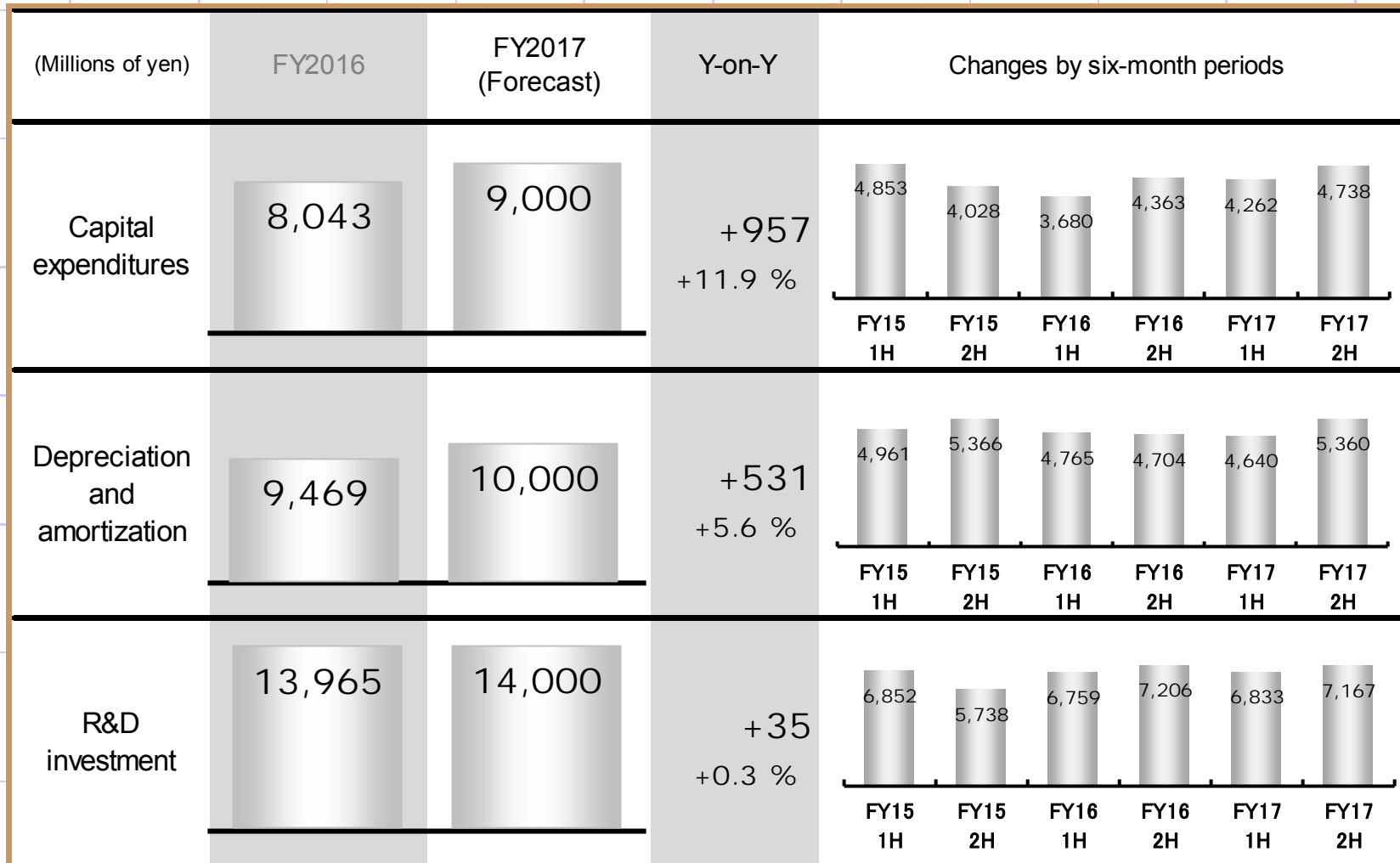
(Millions of yen)	Sales			Operating Income		
	FY2016 Full year	FY2017 Full year (forecast)	Y-on-Y	FY2016 Full year	FY2017 Full year (forecast)	Y-on-Y
 Overseas Market	103,787	113,000	+9,213 +8.9 %	9,900	10,800	+900 +9.1 %
 Financial Market	53,301	53,000	-301 -0.6 %	6,510	4,900	-1,610 -24.7 %
 Retail & Transportation Market	42,657	44,000	+1,343 +3.1 %	3,468	4,000	+532 +15.3 %
 Amusement Market	20,434	22,000	+1,566 +7.7 %	737	1,800	+1,063 +144.2 %
 Others	2,400	3,000	+600 +25.0 %	-251	-500	-249 - %
<b>Total</b>	<b>222,581</b>	<b>235,000</b>	<b>+12,419</b> <b>+5.6 %</b>	<b>20,365</b>	<b>21,000</b>	<b>+635</b> <b>+3.1 %</b>



(Millions of yen)	FY2017 Q1		FY2017 Q2		FY2017 Q3		FY2017 Q4	
	Sales	Operating income	Sales	Operating income	Sales	Operating income	Sales	Operating income
Overseas Market	21,725	1,221	24,716	1,327	28,564	3,119	37,995	5,133
Financial Market	10,015	348	14,799	1,247	12,506	865	15,680	2,440
Retail & Transportation Market	9,607	608	11,023	939	10,680	1,124	12,690	1,329
Amusement Market	5,319	386	5,993	437	5,094	454	5,594	523
Others	545	-218	644	-117	728	-40	1,083	-125
<b>Total</b>	<b>47,213</b>	<b>2,346</b>	<b>57,174</b>	<b>3,833</b>	<b>57,572</b>	<b>5,522</b>	<b>73,041</b>	<b>9,299</b>



(Millions of yen)	FY2016	FY2017	Y-on-Y	Local currency basis
	Full Year	Full Year (Forecast)		
Americas	40,230	42,000	+1,770 +4.4 %	+2.9%
EMEA	39,659	42,000	+2,341 +5.9 %	+4.9%
Asia	14,590	17,500	+2,910 +19.9 %	-
China	6,437	7,500	+1,063 +16.5 %	+17.3%
OEM	9,306	11,500	+2,194 +23.6 %	+23.6%
Total overseas sales	103,787	113,000	+9,213 +8.9 %	- %



## <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.