

Consolidated Financial Results for the Six Months ended September 30, 2017

1 Consolidated Financial Results

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Consolidated Financial Results for the Six Months ended September 30, 2017

Net Sales

Sales were higher thanks to sales growth in Overseas and Amusement Markets.

Income

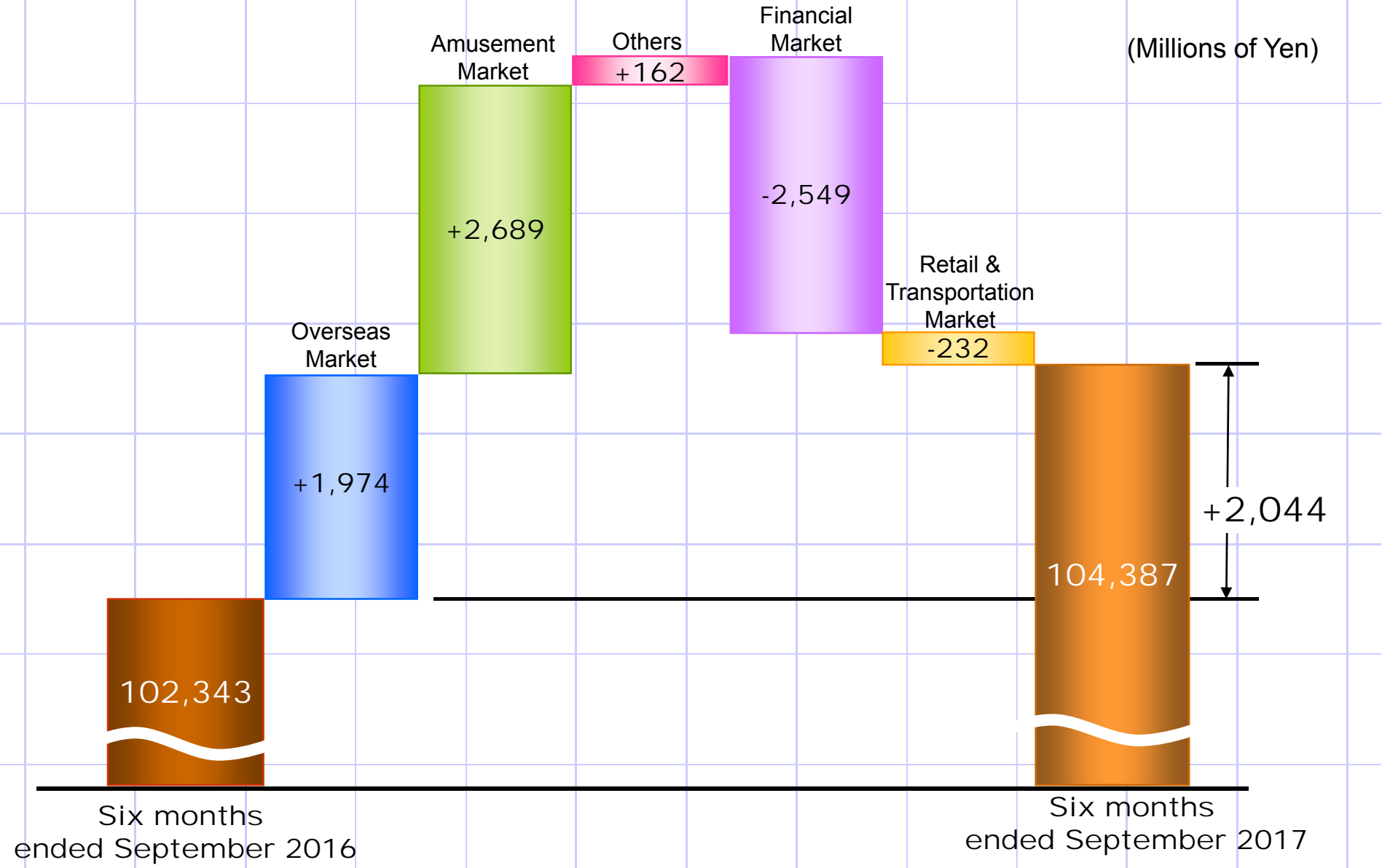
Operating income decreased year-on-year mainly due to decline of product mix in Financial Market.

(Millions of yen)	Six months ended September 30, 2016	Six months ended September 30, 2017			
	result	result	Y-on-Y	vs. forecast	
Net Sales	102,343 100.0%	104,387 100.0%	+2,044 +2.0 %	-613 -0.6 %	
Maintenance Services	31,219 30.5%	33,250 31.9%	+2,031 +6.5 %	+1,750 +5.6 %	
Operating Income	8,356 8.2%	6,179 5.9%	-2,177 -26.1 %	+179 +3.0 %	
Ordinary Income	3,878 3.8%	4,757 4.6%	+879 +22.7 %	-1,243 -20.7 %	
Net Income Attributable to Owners of Parent	2,136 2.1%	2,041 2.0%	-95 -4.4 %	-959 -32.0 %	
EBITDA	15,210 14.9%	12,825 12.3%	-2,385 -15.7 %	-160 -1.2 %	
Exchange Rate	US\$	105	111	+6	+1
	Euro	118	126	+8	+6

Net sales is expected to increase by about ¥200 million, and operating income to decrease by about ¥2.6 billion, year-on-year, if effects of exchange rate fluctuations are excluded.

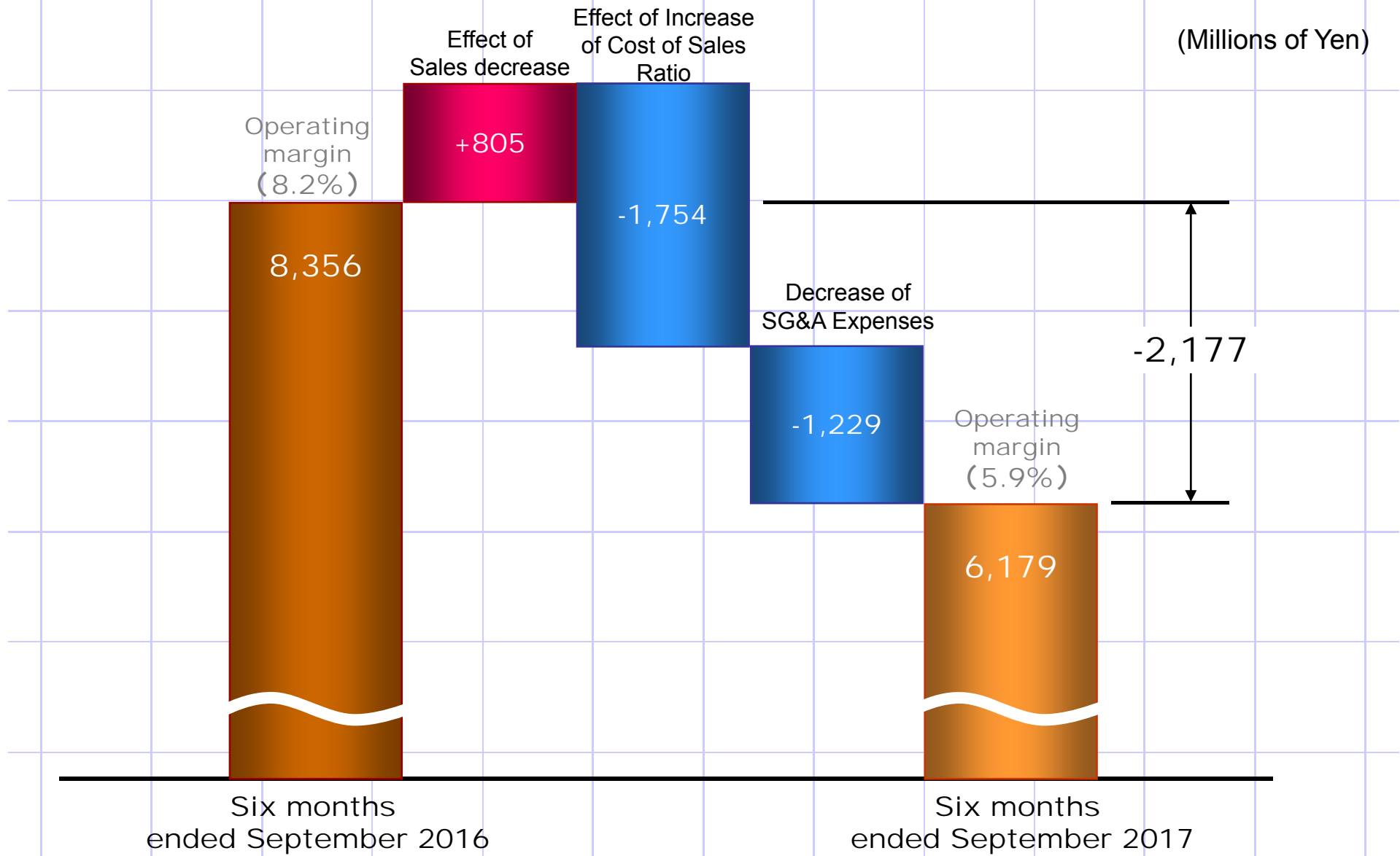
Factors of Net Sales Change

(Millions of Yen)








Factors of Operating Income Change

(Millions of Yen)



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Details of Performance for the Six Months ended September 30, 2017

(Millions of yen)	Sales			Operating Income		
	Six months ended Sep. 30, 2016	Six months ended Sep. 30, 2017	Y-on-Y	Six months ended Sep. 30, 2016	Six months ended Sep. 30, 2017	Y-on-Y
 Overseas Market	44,467	46,441	+1974 +4.4 %	2,429	2,548	+119 +4.9 %
 Financial Market	27,363	24,814	-2,549 -9.3 %	3,893	1,595	-2,298 -59.0 %
 Retail & Transportation Market	20,862	20,630	-232 -1.1 %	2,109	1,547	-562 -26.6 %
 Amusement Market	8,623	11,312	+2,689 +31.2 %	151	823	672 +445.0 %
 Others	1,027	1,189	+162 +15.8 %	-227	-335	-108 - %
Total	102,343	104,387	+2,044 +2.0 %	8,356	6,179	-2,177 -26.1 %

Favorable sales of main products in Europe and Americas

(Millions of Yen)

Highlights

- Banknote recyclers for tellers
 - ➔ Sales increased in Americas
- 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



	Six months ended Sep. 30, 2016	Six months ended Sep. 30, 2017	Y-on-Y
Sales	44,467	46,441	+1,974 +4.4 %
Ratio to total net sales	43.4%	44.5%	+1.0 pt
Operating income	2,429	2,548	+119 +4.9 %
Ratio to total operating income	29.1%	41.2%	+34.0 pt
Operating margin	5.5%	5.5%	+0.0 pt

(Millions of yen)	Six months ended Sep. 30, 2016	Six months ended Sep. 30, 2017	Y-on-Y	
				Local currency basis
Americas	15,719	17,324	+1,605 +10.2 %	+4.5%
Europe	19,082	19,483	+401 +2.1 %	-4.5%
Asia	5,133	5,386	+253 +4.9 %	-
China	1,661	1,882	+221 +13.3 %	+10.0%
OEM	4,531	4,247	-284 -6.3 %	-6.3%
Total overseas sales	44,467	46,441	+1,974 +4.4 %	-

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>

	Six months ended Sep. 30, 2016	Six months ended Sep. 30, 2017	Y-on-Y
Sales	27,363	24,814	-2,549 -9.3 %
Ratio to total net sales	26.7%	23.8%	-3.0 pt
Operating income	3,893	1,595	-2,298 -59.0 %
Ratio to total operating income	46.6%	25.8%	-20.8 pt
Operating margin	14.2%	6.4%	-7.8 pt

Weak sales of main products

(Millions of Yen)

Highlights

- ☑ Coin and banknote recyclers for cashiers → Insufficient capturing of new demand
- ☑ Sales proceeds deposit machines → Sales on par with the same period of the previous year
- ☑ 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>

	Six months ended Sep. 30, 2016	Six months ended Sep. 30, 2017	Y-on-Y
Sales	20,862	20,630	-232 -1.1 %
Ratio to total net sales	20.4%	19.8%	-0.6 pt
Operating income	2,109	1,547	-562 -26.6 %
Ratio to total operating income	25.2%	25.0%	-0.2 pt
Operating margin	10.1%	7.5%	-2.6 pt

Higher sales of card systems

(Millions of Yen)

Highlights

Card systems

→ Increased 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

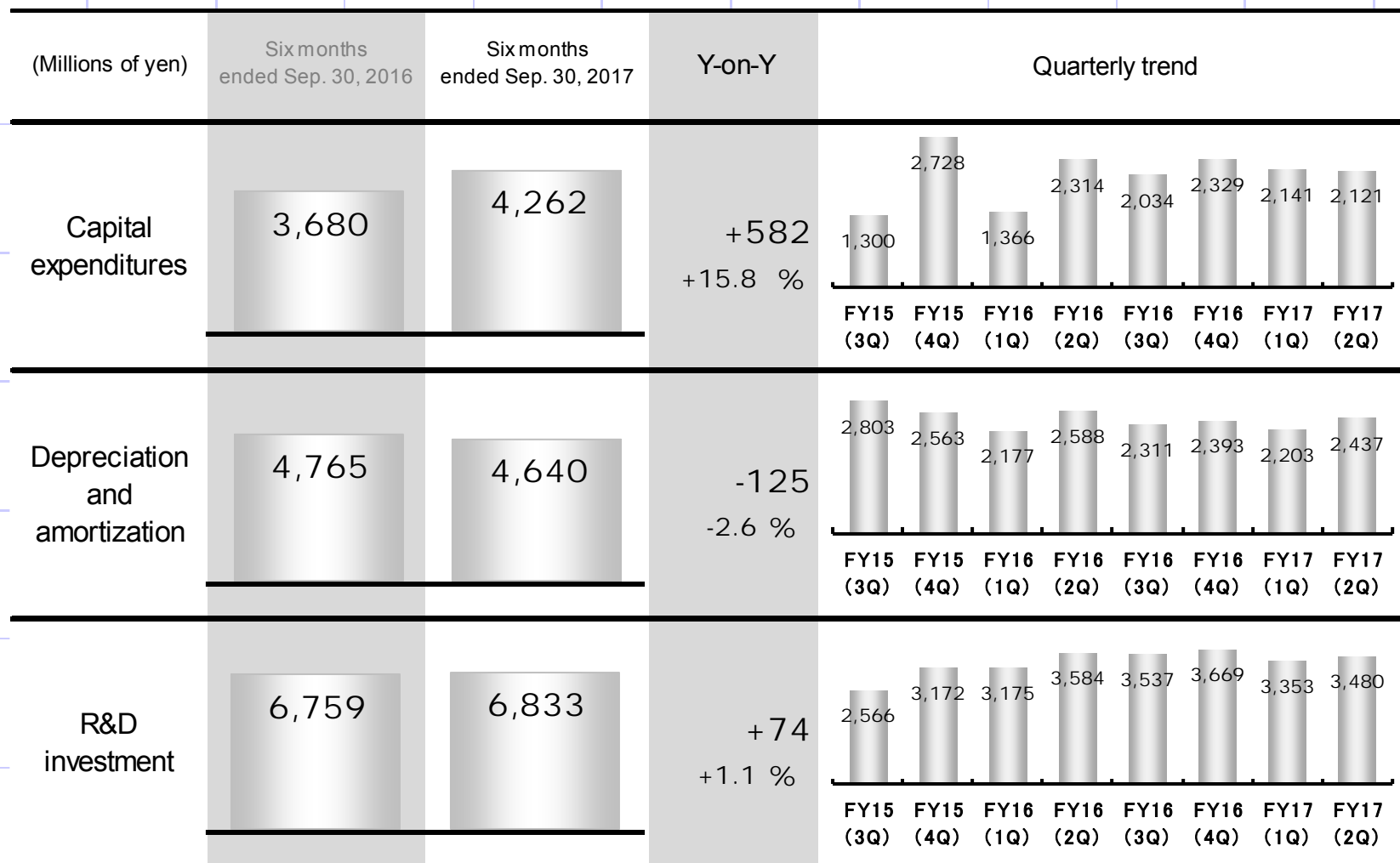


	Six months ended Sep. 30, 2016	Six months ended Sep. 30, 2017	Y-on-Y
Sales	8,623	11,312	2,689 +31.2 %
Ratio to total net sales	8.4%	10.8%	+3.0 pt
Operating income	151	823	+672 +445.0 %
Ratio to total operating income	1.8%	13.3%	+11.5 pt
Operating margin	1.8%	7.3%	+5.5 pt

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



(Millions of yen)	Sales			Operating Income		
	Six months ended Sep. 30, 2017		vs. forecast	Six months ended Sep. 30, 2017		vs. forecast
	Forecast	Result		Forecast	Result	
Overseas Market	48,000	46,441	-1559 -3.2 %	2,700	2,548	-152 -5.6 %
Financial Market	23,500	24,814	+1,314 +5.6 %	1,500	1,595	+95 +6.3 %
Retail & Transportation Market	21,500	20,630	-870 -4.0 %	1,500	1,547	+47 +3.1 %
Amusement Market	10,500	11,312	+812 +7.7 %	600	823	223 +37.2 %
Others	1,500	1,189	-311 -20.7 %	-300	-335	-35 - %
Total	105,000	104,387	-0,613 -0.6 %	6,000	6,179	+179 +3.0 %



Consolidated Statements of Income / Statement of Comprehensive Income



(Millions of yen)	FY2016		FY2017		Y-on-Y
	Q1	Ratio	Q1	Ratio	
Net sales	102,343	100.0%	104,387	100.0%	+2,044
Cost of sales	62,033	60.6%	65,026	62.3%	+2,993
Selling, general and administrative expenses	31,952	31.2%	33,181	31.8%	+1,229
Operating income	8,356	8.2%	6,179	5.9%	-2,177
Non-operating income	572	0.6%	369	0.4%	-203
Non-operating expenses	5,050	4.9%	1,791	1.7%	-3,259
Ordinary income	3,878	3.8%	4,757	4.6%	+879
Extraordinary income	11	0.0%	21	0.0%	+10
Extraordinary loss	69	0.1%	28	0.0%	-41
Income before income taxes and minority interests	3,820	3.7%	4,750	4.6%	+930
Income taxes	1,169	1.1%	2098	2.0%	+929
Net Income	2,651	2.6%	2651	2.5%	0
Net income attributable to owners of parent	2,136	2.1%	2,041	2.0%	-95

Includes foreign exchange losses of 1,451
(FY2016 Q2: Includes foreign exchange losses of 4,623)

Net Income	2,651	2.6%	2,651	2.5%	0
Valuation difference on available-for-sale securities	17		223		+206
Foreign currency translation adjustment	-14,902		1,524		+16,426
Remeasurements of defined benefit plans	314		91		-223
Total other comprehensive income	-14,571	-14.2%	1,839	1.8%	+16,410
Comprehensive income	-11,919	-11.6%	4,491	4.3%	+16,410

Foreign currency translation adjustment 1,524

(Millions of yen)	As of March 31, 2017	As of Sep. 30, 2017	Increase/ Decrease		As of March 31, 2017	As of Sep. 30, 2017	Increase/ Decrease
Cash, deposits and Securities	77,292	67,561	-9,731	Notes and accounts payable-trade	18,484	19,447	+963
Notes and accounts receivable-trade	47,137	45,954	-1,183	Short-term loans payable	34,445	31,885	② -2,560
Inventories	46,125	53,150	+7,025	Other	39,514	38,328	-1,186
Other	10,043	10,994	+951	Total current liabilities	92,443	89,660	-2,783
Current assets	180,597	177,659	-2,938	Long-term loans payable	13,271	9,196	② -4,075
Property, plant and equipment	35,657	35,643	-14	Other	15,662	15,983	+321
Customer relationships	22,221	21,594	-627	Noncurrent liabilities	28,933	25,179	-3,754
Goodwill	51,573	49,808	① -1,765	Total liabilities	121,377	114,840	-6,537
Other	5,649	5,780	+131	Capital stock	12,892	12,892	0
Intangible assets	79,443	77,182	-2,261	Retained earnings	158,504	159,517	+1,013
Other	17,121	18,492	+1,371	Other	20,047	21,730	+1,683
Total noncurrent assets	132,223	131,319	-904	Total netassets	191,443	194,139	+2,696
Total assets	312,821	308,979	-3,842	Total liabilities and net assets	312,821	308,979	-3,842

① Customer relationships and goodwill decreased steadily

② Loans decreased steadily

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Financial Forecast for FY2017

Overseas Market



	Market Environment	Measures in the second half FY2017
Americas	US financial/retail industries remain positive about capital investment to maintain and enhance competitiveness.	<ul style="list-style-type: none"> • Secure replacement demand for products for financial institutions
Europe	Investment for streamlining operation in retail industries is growing mainly in Euro zone.	<ul style="list-style-type: none"> • Expand penetration into retail industries
Asia	<ul style="list-style-type: none"> • Severe condition for product sales to financial institutions continues in China for foreign suppliers. • Capital investments are sluggish in major countries. 	<ul style="list-style-type: none"> • Strengthen capability to meet new market needs • Pursue growth opportunities in retail industries
OEM	Demand for ATMs with banknote recycling unit is expanding, while the price competition is becoming more intense.	<ul style="list-style-type: none"> • Promote strategies for expanding sales of banknote recycling units for ATMs

Domestic Market



	Market Environment	Measures in the second half FY2017
Financial Market	Financial institutions are focusing capital investment on increasing operational efficiency and labor-savings.	<ul style="list-style-type: none"> Promote sales of the main products which contribute to labor-saving and efficiency
Retail and Transportation Market	All industries are aggressive in capital investments to cope with the labor shortage and the increase of foreign tourists.	<ul style="list-style-type: none"> Expand sales and explore new market for self-service checkout equipment
Amusement Market	Capital investment is inactive because the future prospect is uncertain due to the influence of the regulation change.	<ul style="list-style-type: none"> Expand sales of new products that contribute to expanding profits and labor-saving
Others	<ul style="list-style-type: none"> Demand for security related products and services is expanding. 	<ul style="list-style-type: none"> Increase sales of facial recognition systems. Cultivate new business field






Net Sales

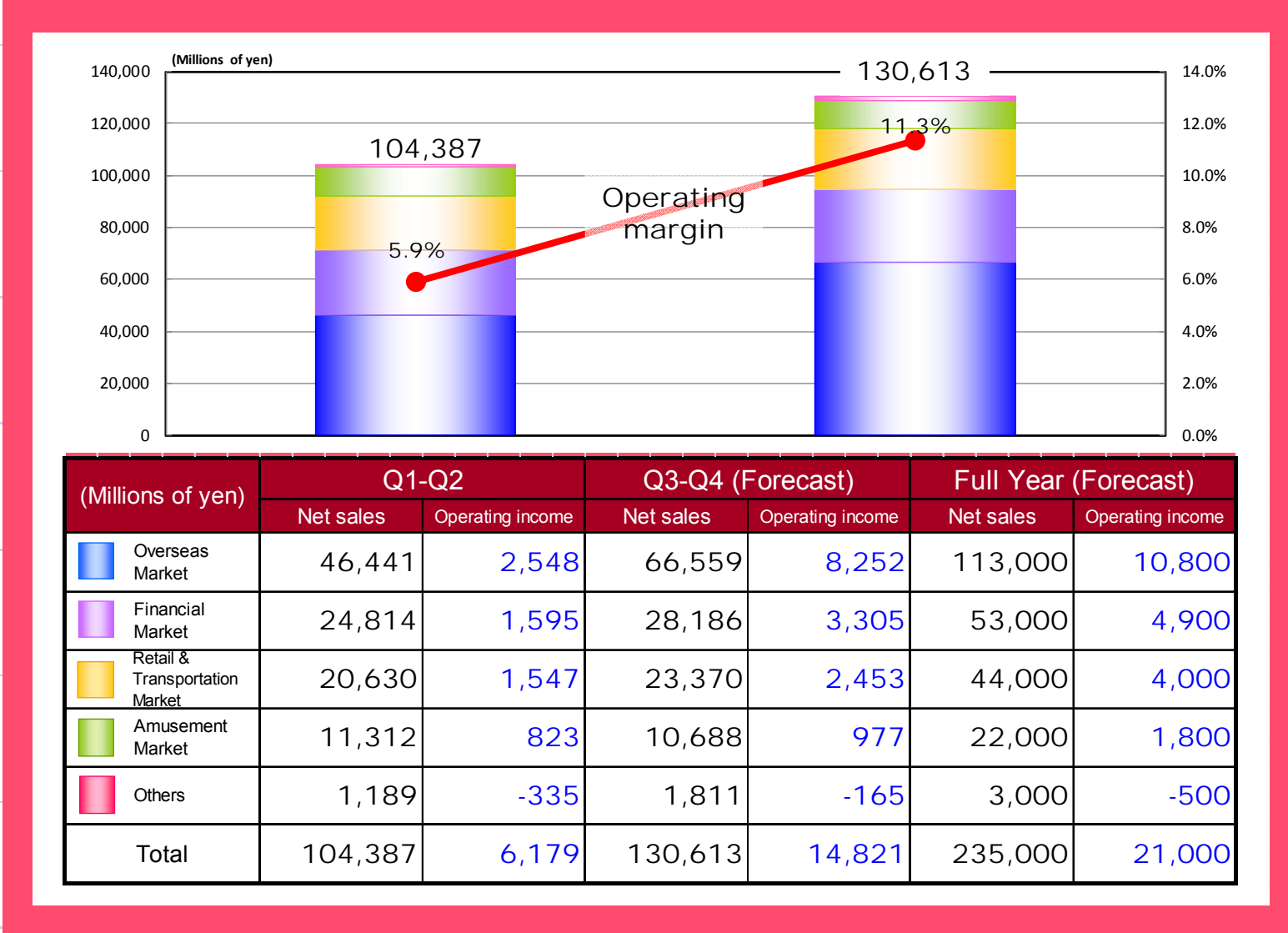
Higher sales due to estimated sales increase in both domestic and overseas market.

Income

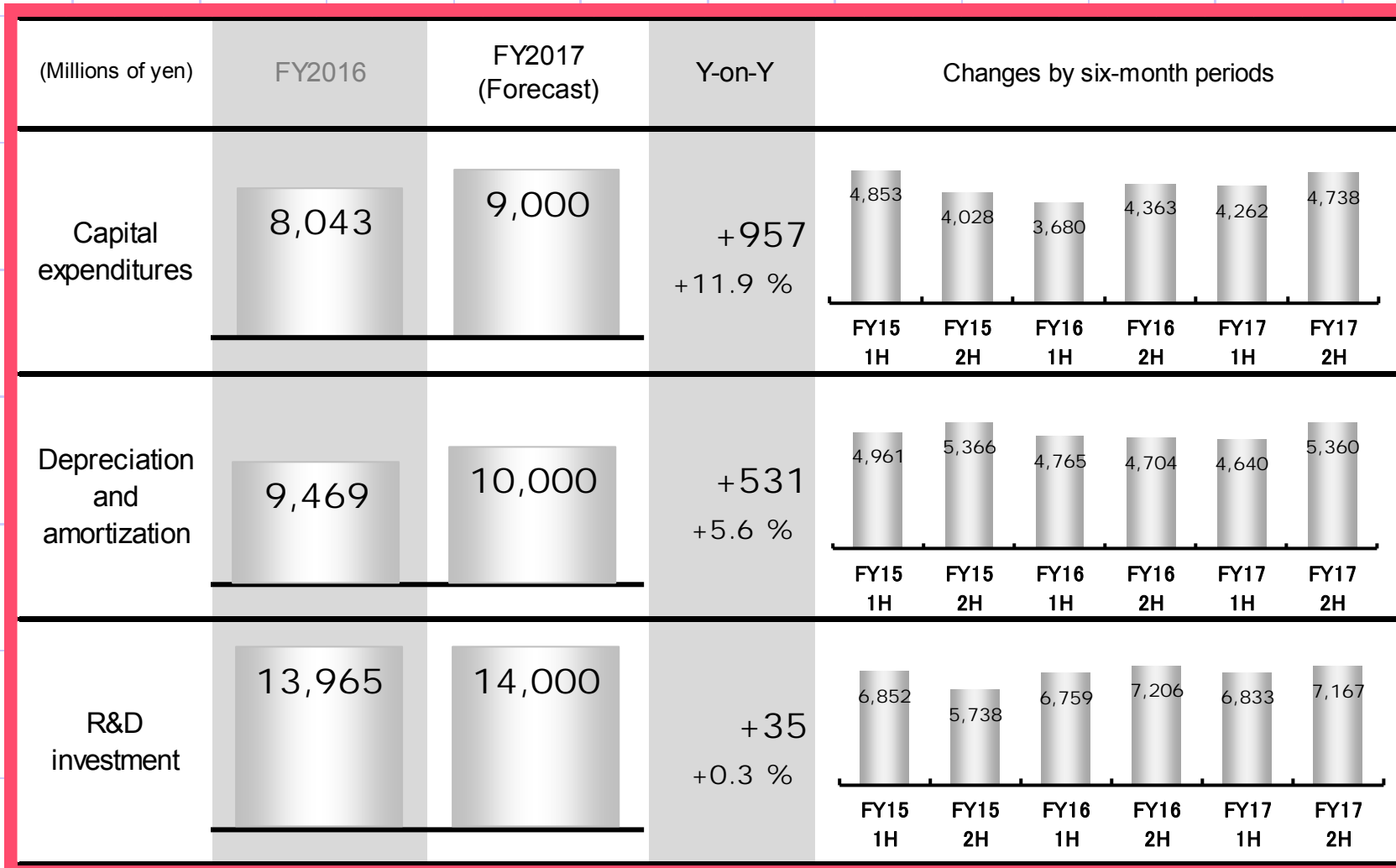
Higher income mainly due to estimated sales increase in overseas market.

(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 Services	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 - %
Total	222,581	235,000	+12,419 +5.6 %	20,365	21,000	+635 +3.1 %



(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%
Europe	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 %	- %



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Other Information

Revision of Year-End Dividend Forecast for FY2017

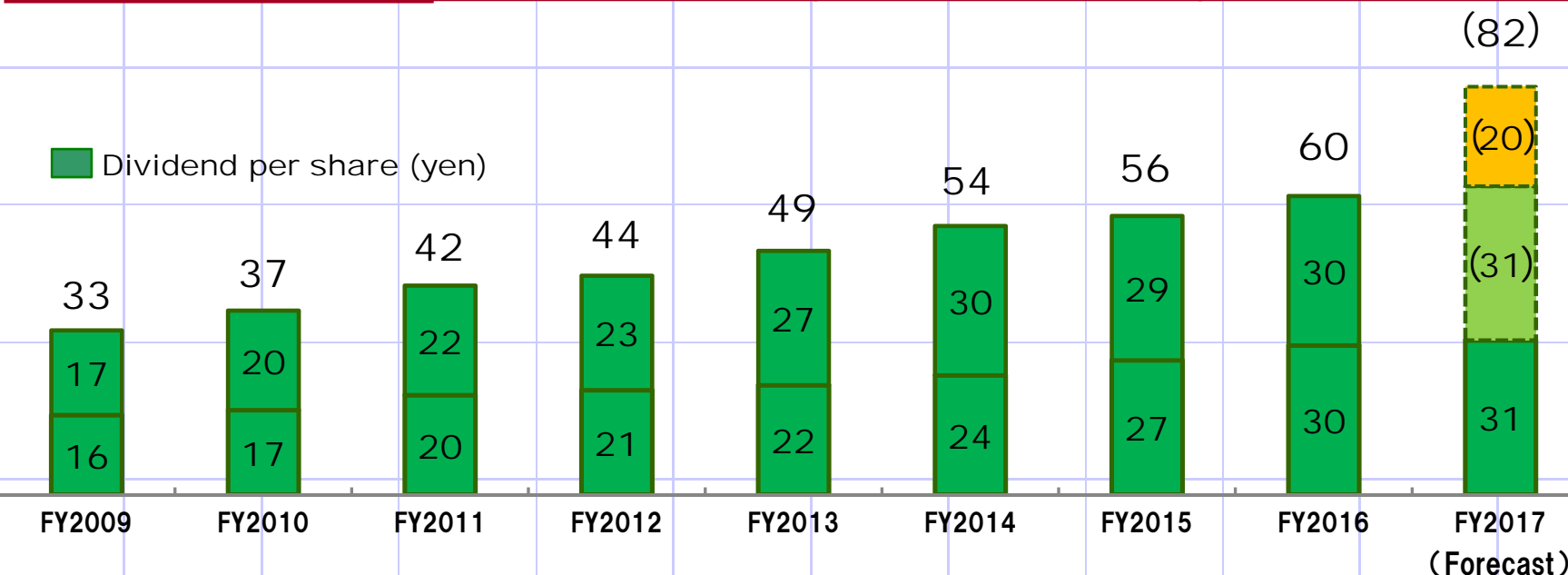
Commemorative Dividend for the 100th Anniversary will be paid in addition to ordinary dividend.

Ordinary Dividend
(Consolidated payout ratio : 30% or higher)



100th Anniversary
Commemorative Dividend

Dividend per share (Revised forecast)	Interim	Year-end (forecast)	Annual (forecast)
	Ordinary ¥31	Ordinary ¥31 Commemorative ¥20	¥82 (Payout ratio 40.5%)



Outline of the acquisition

Purpose	<ul style="list-style-type: none"> • To return earnings to shareholders • To improve capital efficiency
Total amount of shares to be acquired	6.0 billion yen (maximum)
Total number of shares to be acquired	1,500,000 shares (maximum)
Period of share acquisition	From November 8, 2017 to January 31, 2018

Announced on November 7, 2017

<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.