

Consolidated Financial Results for the Nine Months ended December 31, 2016

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Net Sales

Overall sales were higher than one year earlier due to higher sales in Overseas and Financial Markets.

Income

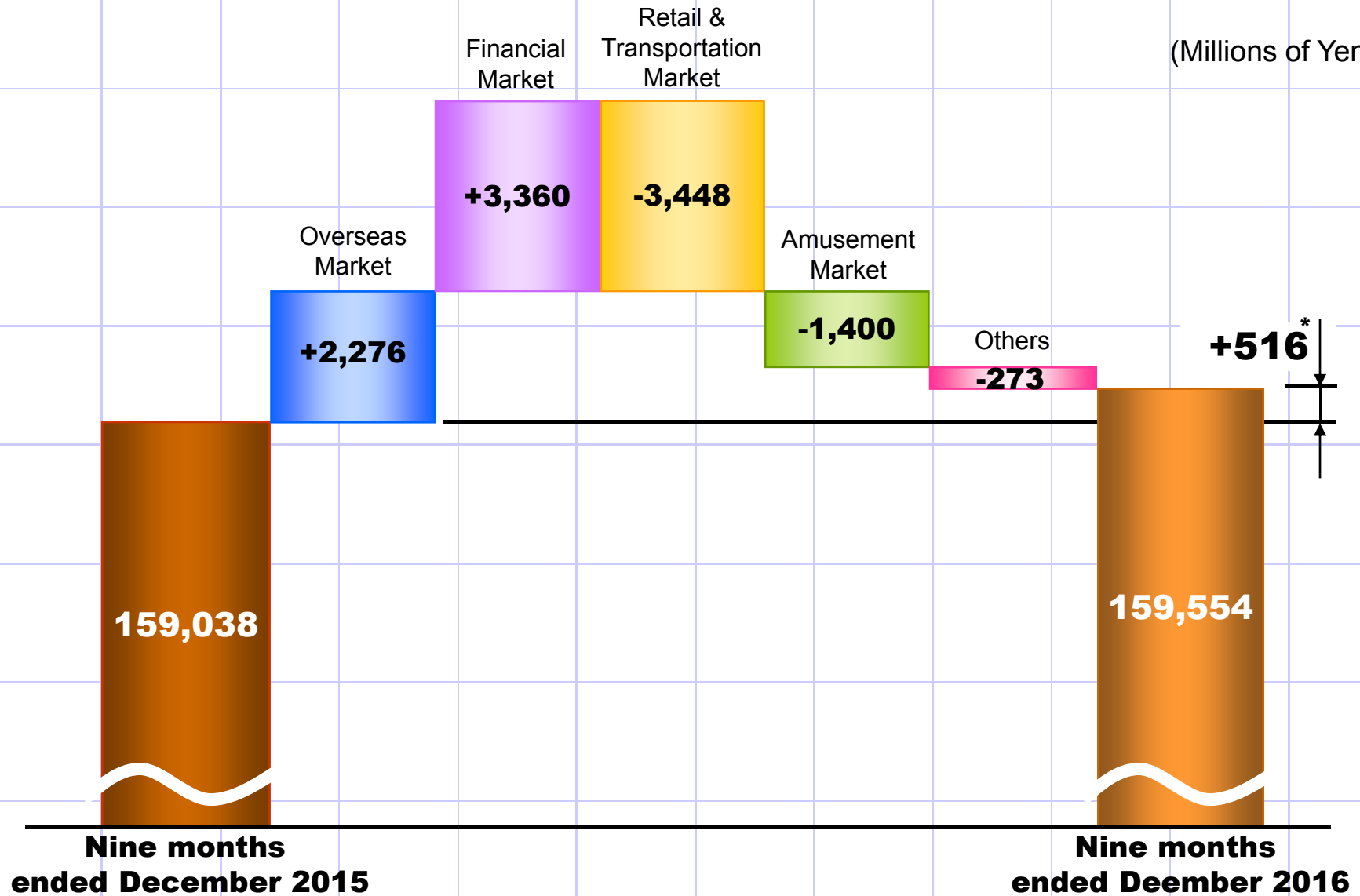
Operating income increased mainly due to effects of cost reduction measures and improvement of product mix in Overseas Market and sales increase in Financial Market.

(Millions of yen)	FY2015		FY2016		Y-on-Y
	Nine months ended December 31, 2015	Ratio	Nine months ended December 31, 2016	Ratio	
Net Sales	159,038	100.0%	159,554	100.0%	+0.3%*
Maintenance Services	48,987	30.8%	47,198	29.6%	-3.7%*
Operating Income	11,072	7.0%	13,499	8.5%	+21.9%*
Ordinary Income	10,665	6.7%	10,868	6.8%	+1.9%
Net Income Attributable to Owners of Parent	4,911	3.1%	6,707	4.2%	+36.6%
EBITDA	22,722	14.3%	23,632	14.8%	+4.0%
Exchange rate	US\$	¥ 122	¥ 107		
	Euro	¥ 135	¥ 118		
	GBP	¥ 187	¥ 142		

*Net sales will increase by about ¥15.8 billion (+9.9%), and operating income by about ¥3.6 billion (+32.7%), year-on-year if effects of exchange rate fluctuations are excluded.

Factors of Net Sales Change

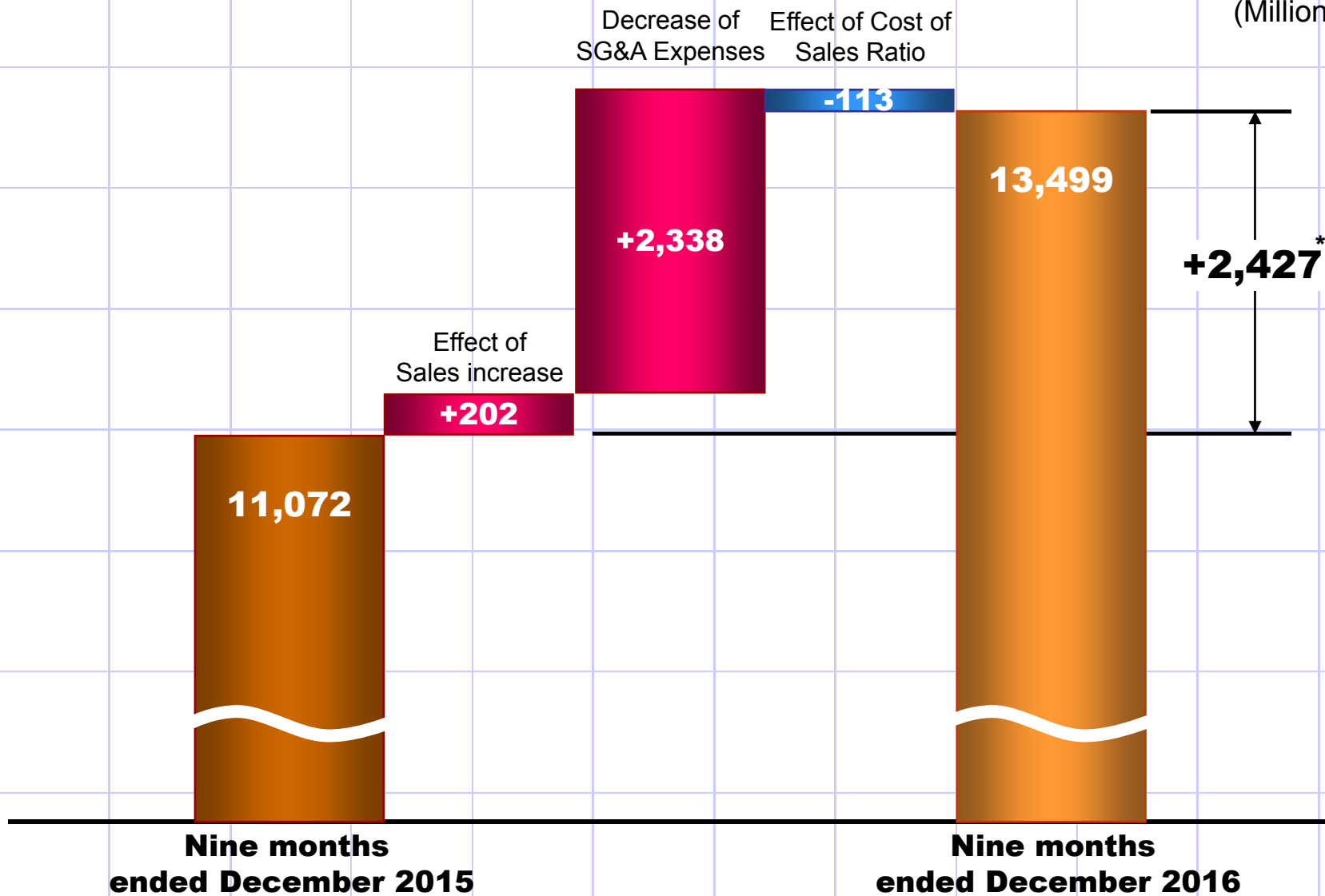
(Millions of Yen)








*Net sales will increase by about ¥15.8 billion (+9.9%) year-on-year if effects of exchange rate fluctuations (about - ¥15.3 billion) are excluded.

Factors of Operating Income Change

(Millions of Yen)



*Operating income will increase by about ¥3.6 billion (+32.7%) year-on-year if effects of exchange rate fluctuations (about -¥1.2 billion) are excluded.

(Millions of yen)	Sales			Operating Income		
	Nine months ended December 31, 2015	Nine months ended December 31, 2016	Y-on-Y	Nine months ended December 31, 2015	Nine months ended December 31, 2016	Y-on-Y
 Overseas Market	72,102	74,378	+2,276 +3.2 %	2,580	5,443	+2,863 +111.0 %
 Financial Market	35,098	38,458	+3,360 +9.6 %	4,272	4,922	+650 +15.2 %
 Retail & Transportation Market	33,817	30,369	-3,448 -10.2 %	3,232	2,835	-397 -12.3 %
 Amusement Market	16,254	14,854	-1,400 -8.6 %	1,208	526	-682 -56.5 %
 Others	1,765	1,492	-273 -15.5 %	-221	-228	-7 - %
Total	159,038	159,554	+516 0.3 %	11,072	13,499	+2,427 +21.9 %

Favorable sales on a local currency basis

(Millions of Yen)

Although sales of “banknote sorters” were slow in Asia, sales of this segment’s main product, “banknote recyclers,” as well as “sales proceeds deposit machines” for the retail market, were strong in Europe and the United States. In addition, sales of “coin sorters” were robust in the United States. In the overseas market as a whole, net sales were robust on a local currency basis, however, on a yen basis, net sales were on par with the corresponding period of the previous year due to the impact of yen appreciation.

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>



Sales proceeds deposit machines <CI-100 series>

	Nine months ended Dec.31, 2015	Nine months ended Dec.31, 2016	Y-on Y
Sales	72,102	74,378	+2,276 +3.2 %
Ratio to total net sales	45.3%	46.6%	+1.3 pt
Operating income	2,580	5,443	+2,863 +111.0 %
Ratio to total operating income	23.3%	40.3%	+17.0 pt
Operating margin	3.6%	7.3%	+3.7 pt

Favorable sales of main products

(Millions of Yen)

Sales of this segment's main product, "open teller systems," were strong for compact models for small- and medium-sized financial outlets and sales of "coin and banknote recyclers" for tellers were also robust 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, 2015	Nine months ended Dec.31, 2016	Y-on Y
Sales	35,098	38,458	+3,360 +9.6 %
Ratio to total net sales	22.1%	24.1%	+2.0 pt
Operating income	4,272	4,922	+650 +15.2 %
Ratio to total operating income	38.6%	36.5%	-2.1 pt
Operating margin	12.2%	12.8%	+0.6 pt

Weak sales of main products

(Millions of Yen)

Sales of this segment's main product, "coin and banknote recyclers" for cashiers, were sluggish due to the large-scale demand of the previous year having run its course, while sales of "sales proceeds deposit machines" for the retail market were also slow.

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, 2015	Nine months ended Dec.31, 2016	Y-on Y
Sales	33,817	30,369	-3,448 -10.2 %
Ratio to total net sales	21.3%	19.0%	-2.2 pt
Operating income	3,232	2,835	-397 -12.3 %
Ratio to total operating income	29.2%	21.0%	-8.2 pt
Operating margin	9.6%	9.3%	-0.2 pt

Lower sales of card systems

(Millions of Yen)

Sales of this segment's main products such as "card systems" were sluggish, mainly reflecting constraint toward investment in pachinko parlors.

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, 2015	Nine months ended Dec.31, 2016	Y-on Y
Sales	16,254	14,854	-1,400 -8.6 %
Ratio to total net sales	10.2%	9.3%	-0.9 pt
Operating income	1,208	526	-682 -56.5 %
Ratio to total operating income	10.9%	3.9%	-7.0 pt
Operating margin	7.4%	3.5%	-3.9 pt

Capital Expenditures etc.



(Millions of yen)	Nine months ended Dec.31, 2015	Nine months ended Dec.31, 2016	Y-on-Y	Quarterly trend																
Capital expenditures	6,153	5,714	-439 -7.1 %	<table border="1"> <tr> <td>FY14 (Q4)</td> <td>FY15 (Q1)</td> <td>FY15 (Q2)</td> <td>FY15 (Q3)</td> <td>FY15 (Q4)</td> <td>FY16 (Q1)</td> <td>FY16 (Q2)</td> <td>FY16 (Q3)</td> </tr> <tr> <td>2,560</td> <td>1,537</td> <td>3,316</td> <td>1,300</td> <td>2,728</td> <td>1,366</td> <td>2,314</td> <td>2,034</td> </tr> </table>	FY14 (Q4)	FY15 (Q1)	FY15 (Q2)	FY15 (Q3)	FY15 (Q4)	FY16 (Q1)	FY16 (Q2)	FY16 (Q3)	2,560	1,537	3,316	1,300	2,728	1,366	2,314	2,034
FY14 (Q4)	FY15 (Q1)	FY15 (Q2)	FY15 (Q3)	FY15 (Q4)	FY16 (Q1)	FY16 (Q2)	FY16 (Q3)													
2,560	1,537	3,316	1,300	2,728	1,366	2,314	2,034													
Depreciation and amortization	7,764	7,076	-688 -8.9 %	<table border="1"> <tr> <td>FY14 (Q4)</td> <td>FY15 (Q1)</td> <td>FY15 (Q2)</td> <td>FY15 (Q3)</td> <td>FY15 (Q4)</td> <td>FY16 (Q1)</td> <td>FY16 (Q2)</td> <td>FY16 (Q3)</td> </tr> <tr> <td>2,670</td> <td>2,395</td> <td>2,566</td> <td>2,803</td> <td>2,563</td> <td>2,177</td> <td>2,588</td> <td>2,311</td> </tr> </table>	FY14 (Q4)	FY15 (Q1)	FY15 (Q2)	FY15 (Q3)	FY15 (Q4)	FY16 (Q1)	FY16 (Q2)	FY16 (Q3)	2,670	2,395	2,566	2,803	2,563	2,177	2,588	2,311
FY14 (Q4)	FY15 (Q1)	FY15 (Q2)	FY15 (Q3)	FY15 (Q4)	FY16 (Q1)	FY16 (Q2)	FY16 (Q3)													
2,670	2,395	2,566	2,803	2,563	2,177	2,588	2,311													
R&D investment	9,418	10,296	+878 +9.3 %	<table border="1"> <tr> <td>FY14 (Q4)</td> <td>FY15 (Q1)</td> <td>FY15 (Q2)</td> <td>FY15 (Q3)</td> <td>FY15 (Q4)</td> <td>FY16 (Q1)</td> <td>FY16 (Q2)</td> <td>FY16 (Q3)</td> </tr> <tr> <td>2,670</td> <td>3,003</td> <td>3,849</td> <td>2,566</td> <td>3,172</td> <td>3,175</td> <td>3,584</td> <td>3,537</td> </tr> </table>	FY14 (Q4)	FY15 (Q1)	FY15 (Q2)	FY15 (Q3)	FY15 (Q4)	FY16 (Q1)	FY16 (Q2)	FY16 (Q3)	2,670	3,003	3,849	2,566	3,172	3,175	3,584	3,537
FY14 (Q4)	FY15 (Q1)	FY15 (Q2)	FY15 (Q3)	FY15 (Q4)	FY16 (Q1)	FY16 (Q2)	FY16 (Q3)													
2,670	3,003	3,849	2,566	3,172	3,175	3,584	3,537													

Consolidated Statements of Income / Statement of Comprehensive Income



(Million of yen)	Nine months ended December 31, 2015		Nine months ended December 31, 2016		Y-on-Y
		Ratio		Ratio	
Net sales	159,038	100.0%	159,554	100.0%	+516
Cost of sales	96,625	60.8%	97,052	60.8%	+427
Selling, general and administrative expenses	51,340	32.3%	49,002	30.7%	-2,338
Operating income	11,072	7.0%	13,499	8.5%	+2,427
Non-operating income	919	0.6%	844	0.5%	-75
Non-operating expenses	1,326	0.8%	3,475	2.2%	+2,149
Ordinary income	10,665	6.7%	10,868	6.8%	+203
Extraordinary income	15	0.0%	22	0.0%	+7
Extraordinary loss	49	0.0%	33	0.0%	-16
Income before income taxes and minority interests	10,631	6.7%	10,856	6.8%	+225
Income taxes	4,842	3.0%	3,421	2.1%	-1,421
Net Income	5,788	3.6%	7,435	4.7%	+1,647
Net income attributable to owners of parent	4,911	3.1%	6,707	4.2%	+1,796

Includes foreign exchange losses 2,820
(Foreign exchange losses FY2016 Q1-Q2: 4,623 FY2015 Q1-Q3: 578)

Net Income	5,788	3.6%	7,435	4.7%	+1,647
Valuation difference on available-for-sale securities	-81		592		+673
Foreign currency translation adjustment	-273		-9,486		-9,213
Remeasurements of defined benefit plans	-489		360		+849
Total other comprehensive income	-844	-0.5%	-8,533	-5.3%	-7,689
Comprehensive income	4,944	3.1%	-1,098	-0.7%	-6,042

Foreign currency translation adjustment -9,486
(FY2016 Q1-Q2: -14,902)

	As of March 31, 2016	As of Dec. 31, 2016	Increase/Decrease		As of March 31, 2016	As of Dec. 31, 2016	Increase/Decrease
Cash, deposits and Securities	68,553	79,443	+10,890	Notes and accounts payable-trade	18,971	18,401	-570
Notes and accounts receivable-trade	50,671	44,588	-6,083	Short-term loans payable	26,309	43,386	+17,077
Inventories	43,368	50,070	+6,702	Other	36,339	37,964	+1,625
Other	9,219	9,401	+182	Total current liabilities	81,619	99,751	+18,132
Current assets	171,811	183,502	+11,691	Long-term loans payable	22,629	15,264	-7,365
Property, plant and equipment	35,832	35,419	-413	Other	19,137	16,798	-2,339
Customer relationships	27,344	23,055	-4,289	Noncurrent liabilities	41,766	32,062	-9,704
Goodwill	63,796	53,646	-10,150	Total liabilities	123,385	131,814	+8,429
Other	6,180	5,578	-602	Capital stock	12,892	12,892	0
Intangible assets	97,320	82,279	-15,041	Retained earnings	151,653	154,828	+3,175
Other	16,707	17,681	974	Other	33,742	19,350	-14,392
Total noncurrent assets	149,860	135,381	-14,479	Total net assets	198,287	187,070	-11,217
Total assets	321,672	318,884	-2,788	Total liabilities and net assets	321,672	318,884	-2,788

(1) Customer relationships and Goodwill decreased due to yen appreciation

(2) Loans increased due to increase of foreign currency deposit

Net Sales






Lower sales due to anticipated impact of exchange rate fluctuation and estimated sales decrease in Amusement Market.

Income

Lower income due to anticipated impact of exchange rate fluctuation and sales decrease, despite continuing cost reduction measures.

(Millions of yen)	FY2015		FY2016		Y-on-Y
	Full year	Ratio	Full year (forecast)	Ratio	
Net Sales	226,952	100.0%	220,000	100.0%	* -3.1%
Maintenance Services	65,613	28.9%	62,000	28.2%	-5.5%
Operating Income	20,552	9.1%	19,000	8.6%	* -7.6%
Ordinary Income	17,583	7.7%	15,000	6.8%	-14.7%
Net Income Attributable to Owners of Parent	8,829	3.9%	8,000	3.6%	-9.4%
Exchange rate	US\$	¥ 120	¥ 105		
	Euro	¥ 134	¥ 115		
	GBP	¥ 181	¥ 140		

*Net sales is expected to increase by ¥13.0 billion (+5.8%), and operating income by ¥0.5 billion (+2.4%), year-on-year excluding effects of exchange rate fluctuations.

(Millions of yen)	Sales			Operating Income		
	FY2015 Full year	FY2016* Full year (forecast)	Y-on-Y	FY2015 Full year	FY2016* Full year (forecast)	Y-on-Y
 Overseas Market	105,595	100,000 → 102,000	-3,595 -3.4 %	9,224	8,200 → 8,800	-424 -4.6 %
 Financial Market	51,819	54,000 → 53,000	+1,181 +2.3 %	6,773	6,500 → 6,000	-773 -11.4 %
 Retail & Transportation Market	45,531	44,000 → 43,000	-2,531 -5.6 %	3,764	3,600	-164 -4.4 %
 Amusement Market	21,506	20,000	-1,506 -7.0 %	1,112	900	-212 -19.1 %
 Others	2,498	2,000	-498 -19.9 %	-322	-200 → -300	+22 - %
Total	226,952	220,000	-6,952 -3.1 %	20,552	19,000	-1,552 -7.6 %

* FY2016 forecast; Upper row : as of November 7, 2016
Under row : as of February 6, 2017

Sales by Geographical Segment of Overseas Market (Full Year)

(Millions of yen)	FY2015	FY2016	Y-on-Y	
	Full year (result)	Full year * (forecast)		Local currency basis
Americas	37,692	37,000 → 39,000	+1,308 +3.5 %	+18.4%
Europe	42,857	40,000	-2,857 -6.7 %	+9.0%
Asia	15,910	14,000	-1,910 -12.0 %	-
China	7,724	6,000	-1,724 -22.3 %	-0.5%
OEM	9,135	9,000	-135 -1.5 %	-1.5%
Total overseas sales	105,595	100,000 → 102,000	-3,595 -3.4 %	- %

* FY2016 forecast; Upper row : as of November 7, 2016
Under row : as of February 6, 2017

Capital Expenditures etc.

(Millions of yen)	FY2015	FY2016 (Forecast)	Y-on-Y	Changes by six-month periods												
Capital expenditures	8,881	8,000	-881 -9.9 %	<table border="1"> <tr> <td>FY14 H1</td> <td>FY14 H2</td> <td>FY15 H1</td> <td>FY15 H2</td> <td>FY16 H1</td> <td>FY16 H2</td> </tr> <tr> <td>3,779</td> <td>4,720</td> <td>4,853</td> <td>4,028</td> <td>3,680</td> <td>4,320</td> </tr> </table>	FY14 H1	FY14 H2	FY15 H1	FY15 H2	FY16 H1	FY16 H2	3,779	4,720	4,853	4,028	3,680	4,320
FY14 H1	FY14 H2	FY15 H1	FY15 H2	FY16 H1	FY16 H2											
3,779	4,720	4,853	4,028	3,680	4,320											
Depreciation and amortization	10,327	10,000	-327 -3.2 %	<table border="1"> <tr> <td>FY14 H1</td> <td>FY14 H2</td> <td>FY15 H1</td> <td>FY15 H2</td> <td>FY16 H1</td> <td>FY16 H2</td> </tr> <tr> <td>5,035</td> <td>5,315</td> <td>4,961</td> <td>5,366</td> <td>4,765</td> <td>5,235</td> </tr> </table>	FY14 H1	FY14 H2	FY15 H1	FY15 H2	FY16 H1	FY16 H2	5,035	5,315	4,961	5,366	4,765	5,235
FY14 H1	FY14 H2	FY15 H1	FY15 H2	FY16 H1	FY16 H2											
5,035	5,315	4,961	5,366	4,765	5,235											
R&D investment	12,590	13,000	+410 +3.3 %	<table border="1"> <tr> <td>FY14 H1</td> <td>FY14 H2</td> <td>FY15 H1</td> <td>FY15 H2</td> <td>FY16 H1</td> <td>FY16 H2</td> </tr> <tr> <td>6,263</td> <td>6,606</td> <td>6,852</td> <td>5,738</td> <td>6,759</td> <td>6,241</td> </tr> </table>	FY14 H1	FY14 H2	FY15 H1	FY15 H2	FY16 H1	FY16 H2	6,263	6,606	6,852	5,738	6,759	6,241
FY14 H1	FY14 H2	FY15 H1	FY15 H2	FY16 H1	FY16 H2											
6,263	6,606	6,852	5,738	6,759	6,241											

<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. Revenue and expense accounts of consolidated foreign subsidiaries were previously translated into Japanese yen at the “current exchange rate”. From the first quarter of FY2015, the translation method has been changed to the one using the “average exchange rate” which change has been applied retrospectively. In this material, the financial figures for FY2014 are based on the “average exchange rate”.

3. Amounts are rounded down to the nearest million yen for calculating percentages of year-on-year changes and composition ratios.