

Consolidated Financial Results for the Nine Months ended December 31, 2018

1 Consolidated Financial Results

Reference

1) Performance Overview (Y-on-Y)	P 2	- Nine Months ended December 31, 2018	P 15
2) Factors of Operating Income Change	P 3	· Consolidated Statement of Income / Statement of Comprehensive Income	
3) Sales & Operating Income by Business Segment	P 4	· Consolidated Balance Sheet	

2 Details of Performance

1) Sales & Operating Income by Business Segment	P 5	· Financial Forecast for FY2018	P 17
2) Capital Expenditures, etc.	P 10	· Sales & Operating Income Forecast by Business Segment	
		· Capital Expenditures, etc.	
		- Topics	P 19

3 Financial Forecast for FY2018

1) Financial Forecast for FY2018	P 11
2) Sales & Operating Income Forecast by Business Segment	P 12
3) Sales Forecast by Geographical Segment of Overseas Market	P 13



Net Sales

Sales were higher thanks to sales growth in Financial and Retail & Transportation Markets

Income

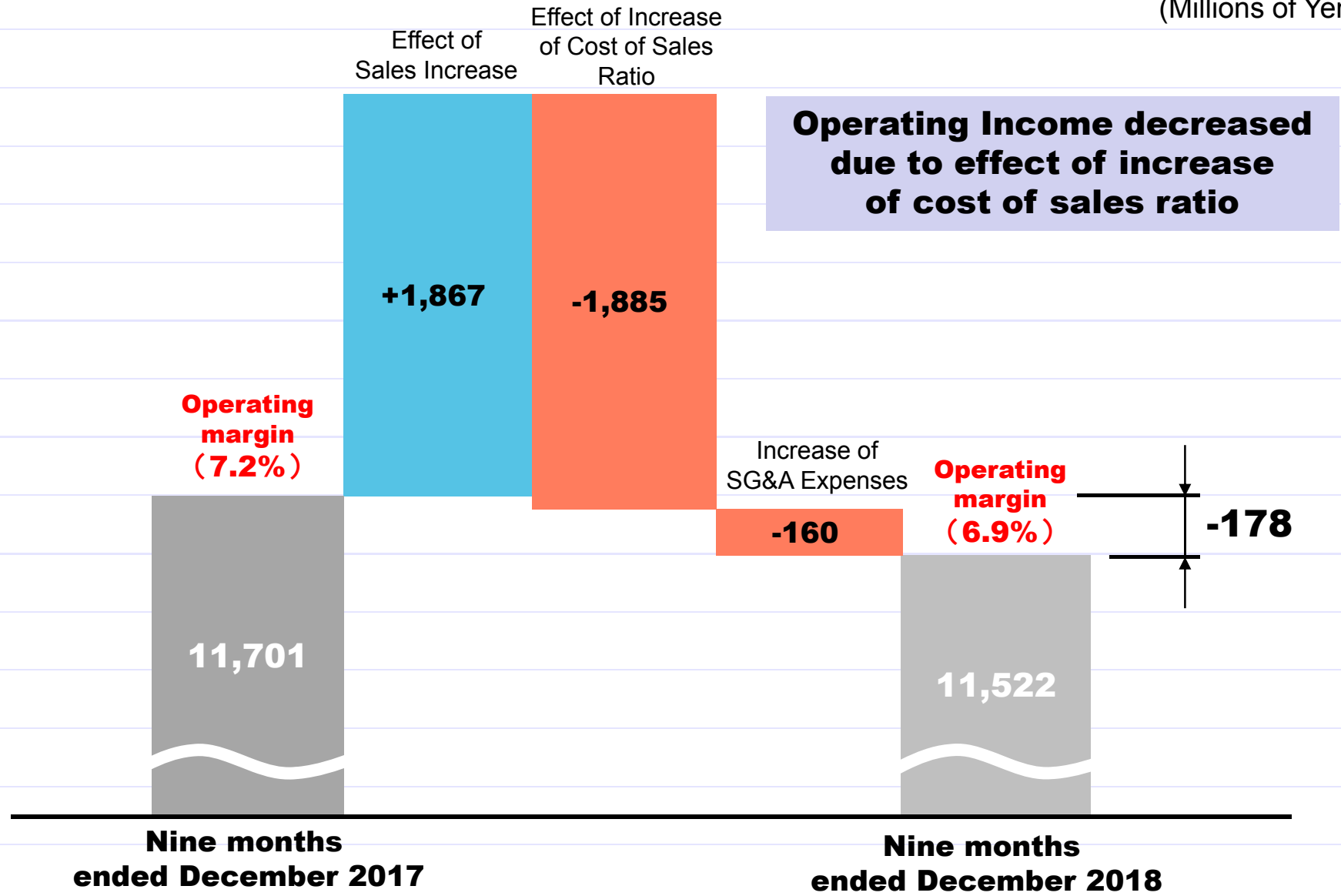
Operating income was on par with the corresponding period of the previous year due to weak sales in Overseas Market, although sales were strong in Financial Market.






(Millions of yen)	FY2017		FY2018		Y-on-Y
	Nine months ended December 31, 2017	Ratio	Nine months ended December 31, 2018	Ratio	
Net Sales	161,959	100.0%	166,804	100.0%	+3.0%
Maintenance Services	50,469	31.2%	50,566	30.3%	+0.2%
Operating Income	11,701	7.2%	11,522	6.9%	-1.5%
Ordinary Income	9,933	6.1%	11,294	6.8%	+13.7%
Net Income Attributable to Owners of Parent	5,641	3.5%	6,489	3.9%	+15.0%
* EBITDA	22,028	13.6%	20,947	12.6%	-4.9%
Exchange rate	US\$	¥ 112	¥ 111		
	Euro	¥ 129	¥ 130		

*EBITDA=Operating income(loss) + Depreciation and amortization + Goodwill amortization

Factors of Operating Income Change

(Millions of Yen)



(Millions of yen)	Sales			Operating Income		
	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Y-on-Y	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Y-on-Y
 Overseas Market	75,005	70,460	-4,545 -6.1 %	5,667	2,835	-2,832 -50.0 %
 Financial Market	37,320	40,749	+3,429 +9.2 %	2,460	4,843	2,383 +96.9 %
 Retail & Transportation Market	31,310	37,398	+6,088 +19.4 %	2,671	3,264	+593 +22.2 %
 Amusement Market	16,406	15,875	-531 -3.2 %	1,277	1,576	299 +23.4 %
 Others	1,917	2,321	+404 +21.1 %	-375	-997	-622 - %
Total	161,959	166,804	+4,845 +3.0 %	11,701	11,522	-179 -1.5 %

Sales in the U.S. were lower

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Y-on-Y
Sales	75,005	70,460	-4,545 -6.1 %
Ratio to total net sales	46.3%	42.2%	-4.1 pt
Operating income	5,667	2,835	-2,832 -50.0 %
Ratio to total operating income	48.4%	24.6%	-23.8 pt
Operating margin	7.6%	4.0%	-3.6 pt

Highlights

- ☑ Banknote recyclers for tellers
➔ Sales increased in Europe
- ☑ Sales proceeds deposit machines for retail industries
➔ Sales decreased in U.S.

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



(Millions of yen)	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Y-on-Y	Local currency basis
Americas	26,796	23,865	-2,931 -10.9 %	-10.5%
EMEA	30,892	30,186	-706 -2.3 %	-3.0%
Asia Pacific	10,701	10,454	-247 -2.3 %	-
China	5,183	3,752	-1,431 -27.6 %	-27.5%
OEM	6,614	5,953	-661 -10.0 %	-10.0%
Total overseas sales	75,005	70,460	-4,545 -6.1 %	-

- **Americas** ... Sales of main products for retail industry were lower.
- **EMEA** ... Sales of main products for financial institutions were favorable.
- **Asia Pacific** ... Sales of products for financial institutions were steady .
- **China** ... Sales of banknote recyclers for tellers were lower .
- **OEM** ... Sales of banknote recycling units for ATMs were higher.

Operating margin increased mainly due to improvement of product mix

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Y-on-Y
Sales	37,320	40,749	+3,429 +9.2 %
Ratio to total net sales	23.0%	24.4%	+1.4 pt
Operating income	2,460	4,843	+2,383 +96.9 %
Ratio to total operating income	21.0%	42.0%	+21.0 pt
Operating margin	6.6%	11.9%	+5.3 pt

Highlights

- ☑ Open teller systems
 - ➔ Higher sales particularly for standard type
- ☑ Coin and banknote recyclers for tellers
 - ➔ Higher sales due to capturing of replacement demand

Outline of the Segment

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



Open teller systems <WAVE series>



Coin and banknote recyclers for tellers <RB series>



Multi-functional banknote changers <EN series>

Sales of main products were higher

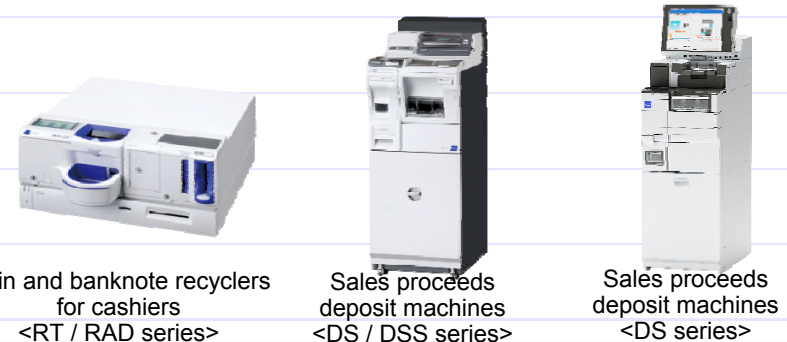
	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Y-on-Y
Sales	31,310	37,398	+6,088 +19.4 %
Ratio to total net sales	19.3%	22.4%	+3.1 pt
Operating income	2,671	3,264	+593 +22.2 %
Ratio to total operating income	22.8%	28.3%	+5.5 pt
Operating margin	8.5%	8.7%	+0.2 pt

Highlights

- Coin and banknote recyclers for cashiers
 - ➔ Higher sales particularly for convenience stores
- Sales proceeds deposit machines
 - ➔ Higher sales for cash-in-transit companies

Outline of the Segment

Sales and maintenance services to supermarkets, department stores, cash-in-transit companies, railroad companies, tobacco companies, hospitals, local governments and others in Japan.



Sales of main products were steady

	Nine months ended December 31, 2017	Nine months ended December 31, 2018	Y-on-Y
Sales	16,406	15,875	-531 -3.2 %
Ratio to total net sales	10.1%	9.5%	-0.6 pt
Operating income	1,277	1,576	+299 +23.4 %
Ratio to total operating income	10.9%	13.7%	+2.8 pt
Operating margin	7.8%	9.9%	+2.1 pt

Highlights

- Card systems
 - ➔ Higher sales due to capturing of replacement demand
- Pachinko prize dispensing machines
 - ➔ Higher sales

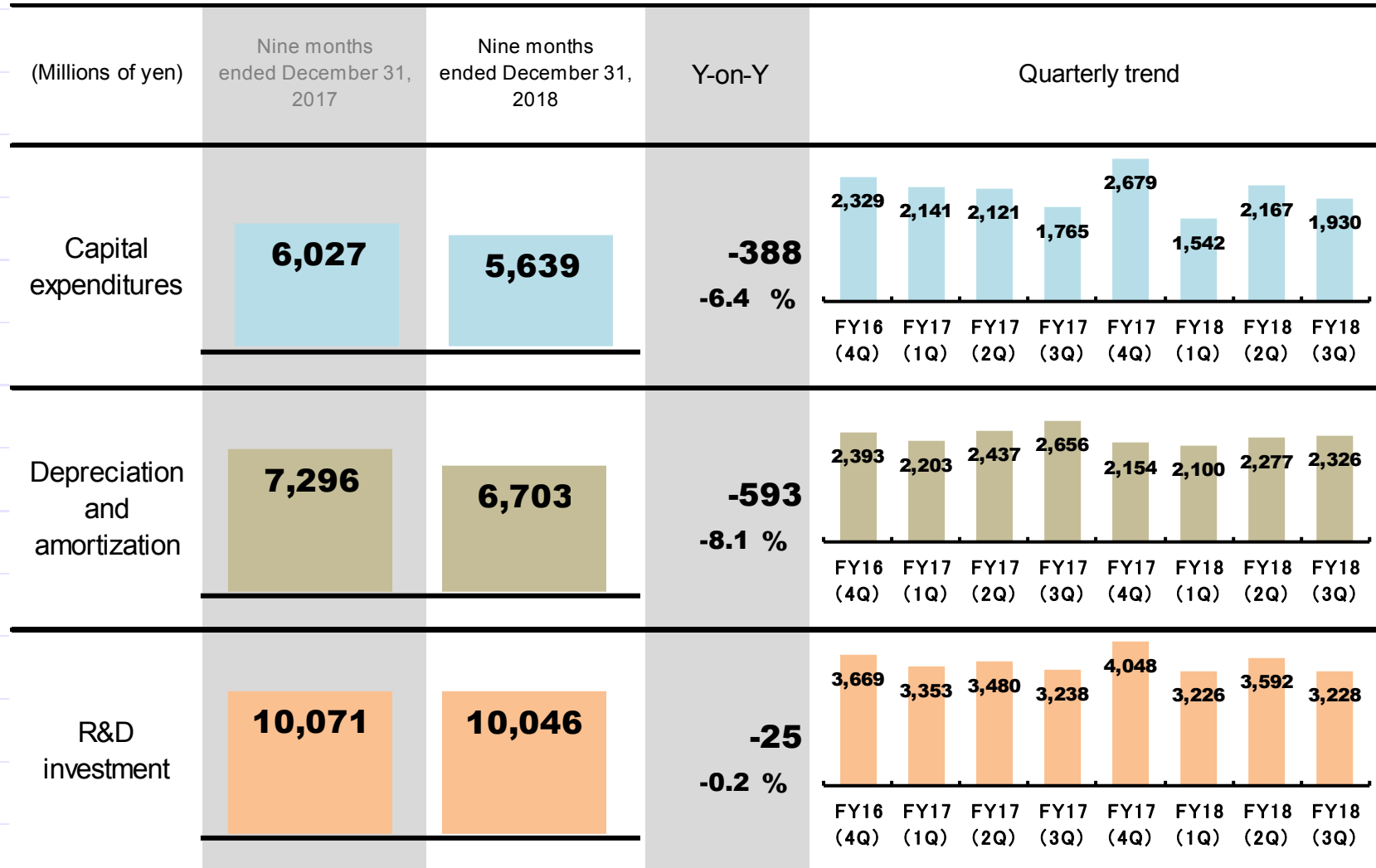
Outline of the Segment

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

Main Products



Capital Expenditures etc.



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 domestic market.

(Millions of yen)	FY2017 (Full Year)		FY2018 (Full Year)		Y-on-Y
	Results	Ratio	Forecasts	Ratio	
Net Sales	227,361	100.0%	240,000	100.0%	+5.6%
Maintenance Services	67,677	29.8%	68,000	28.3%	+0.5%
Operating Income	19,615	8.6%	20,000	8.3%	+2.0%
Ordinary Income	17,553	7.7%	20,000	8.3%	+13.9%
Net Income Attributable to Owners of Parent	9,892	4.4%	12,000	5.0%	+21.3%
Exchange rate	US\$	¥ 111	¥ 110		
	Euro	¥ 130	¥ 130		

(Millions of yen)	Sales (Full Year)			Operating Income (Full Year)		
	FY2017	FY2018 Forecasts*	Y-on-Y	FY2017	FY2018 Forecasts*	Y-on-Y
Overseas Market	106,758	109,000 → 107,500	+742 +0.7 %	11,167	9,000 → 8,200	-2,967 -26.6 %
Financial Market	53,970	57,000	+3,030 +5.6 %	4,043	6,500	+2,457 +60.8 %
Retail & Transportation Market	43,216	52,000	+8,784 +20.3 %	3,476	4,800	+1,324 +38.1 %
Amusement Market	20,570	18,500 → 20,000	-570 -2.8 %	1,331	1,200 → 2,000	+669 +50.3 %
Others	2,845	3,500	+655 +23.0 %	-403	-1,500	-1,097 - %
Total	227,361	240,000	+12,639 +5.6 %	19,615	20,000	+385 +2.0 %

*In forecasts, upper row is November 6, 2018 forecast and under row is February 6, 2019 forecast .

(Millions of yen)	FY2017	FY2018	Y-on-Y	Local currency basis
	Full Year	Full Year (Forecast*)		
Americas	39,008	41,000 → 40,000	+992 +2.5 %	+3.3%
EMEA	45,063	45,000	-63 -0.1 %	-0.4%
Asia Pacific	13,755	15,500 → 15,000	+1,245 +9.1 %	-
China	5,912	6,000 → 5,500	-412 -7.0 %	-8.3%
OEM	8,930	7,500	-1,430 -16.0 %	-16.0%
Total overseas sales	106,758	109,000 → 107,500	+742 +0.7 %	- %

*In forecasts, upper row is November 6, 2018 forecast and under row is February 6, 2019 forecast .

Reference

Consolidated Statements of Income / Statement of Comprehensive Income



(Millions of yen)	Nine months ended December 31, 2017		Nine months ended December 31, 2018		Y-on-Y
		Ratio		Ratio	
Net sales	161,959	100.0%	166,804	100.0%	+4,845
Cost of sales	99,542	61.5%	104,405	62.6%	+4,863
Selling, general and administrative expenses	50,715	31.3%	50,876	30.5%	+161
Operating income	11,701	7.2%	11,522	6.9%	-179
Non-operating income	536	0.3%	470	0.3%	-66
Non-operating expenses	2,303	1.4%	698	0.4%	-1,605
Ordinary income	9,933	6.1%	11,294	6.8%	+1,361
Extraordinary income	23	0.0%	65	0.0%	+42
Extraordinary loss	63	0.0%	27	0.0%	-36
Income before income taxes and minority interests	9,893	6.1%	11,332	6.8%	+1,439
Income taxes	3,338	2.1%	3918	2.3%	+580
Net Income	6,555	4.0%	7,414	4.4%	+859
Net income attributable to owners of parent	5,641	3.5%	6,489	3.9%	+848

Net Income	6,555	4.0%	7,414	4.4%	+859
Valuation difference on available- for-sale securities	473		-712		-1,185
Foreign currency translation adjustment	2,188		1,827		-361
Remeasurements of defined benefit plans	148		37		-111
Total other comprehensive income	2,811	1.7%	1,152	0.7%	-1,659
Comprehensive income	9,366	5.8%	8,567	5.1%	-799

Consolidated Balance Sheets



(Millions of yen)	As of March 31, 2018	As of December 31, 2018	Increase/Decrease		As of March 31, 2018	As of December 31, 2018	Increase/Decrease
Cash, deposits and Securities	63,154	75,077	+11,923	Notes and accounts payable-trade	20,106	18,208	-1,898
Notes and accounts receivable-trade	54,275	51,956	-2,319	Short-term loans payable	30,751	39,933	+9,182
Inventories	51,362	56,130	+4,768	Other	40,763	39,932	-831
Other	5,956	4,986	-970	Total current liabilities	91,620	98,073	+6,453
Current assets	174,747	188,149	+13,402	Long-term loans payable	4,508	0	-4,508
Property, plant and equipment	34,509	34,604	+95	Other	14,531	33,468	② +18,937
Customer relationships	19,683	19,469	-214	Noncurrent liabilities	19,039	33,468	+14,429
Goodwill	45,113	45,369	+256	Total liabilities	110,660	131,541	+20,881
Other	5,977	5,849	-128	Capital stock	12,892	12,892	0
Intangible assets	70,774	70,688	-86	Retained earnings	165,380	166,452	+1,072
Other	22,794	25,797	+3,003	Other	13,893	8,653	-5,240
Total noncurrent assets	128,078	131,090	+3,012	Total netassets	192,165	187,997	-4,168
Total assets	302,825	319,539	+16,714	Total liabilities and net assets	302,825	319,539	+16,714

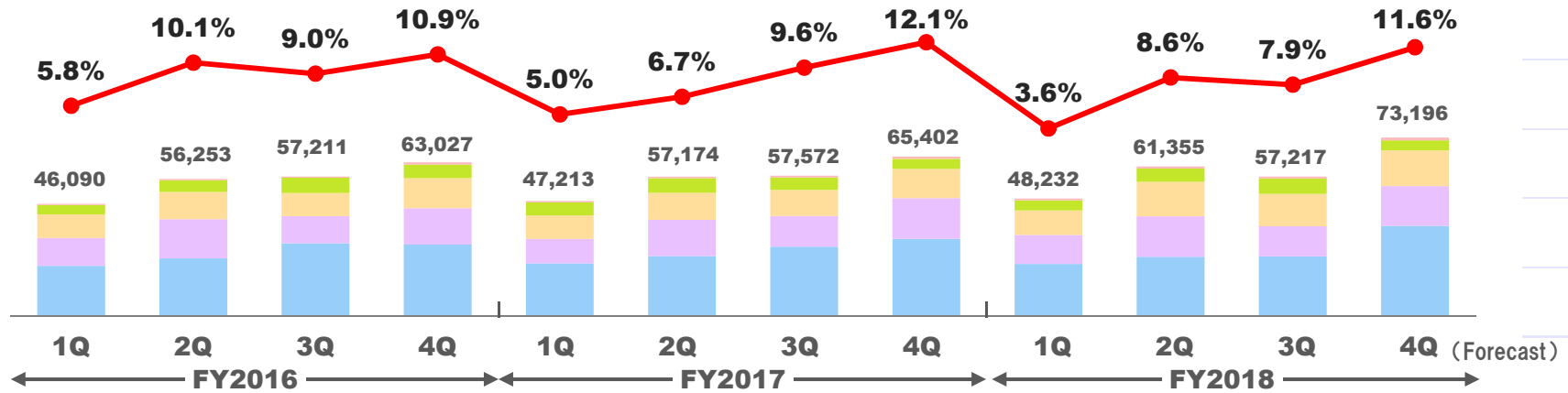
① Intangible assets on par with the previous year due to effects of exchange rate fluctuations.

② Noncurrent liabilities increased due to issuance of corporate bonds.

Sales & Operating Income Forecast by Business Segment

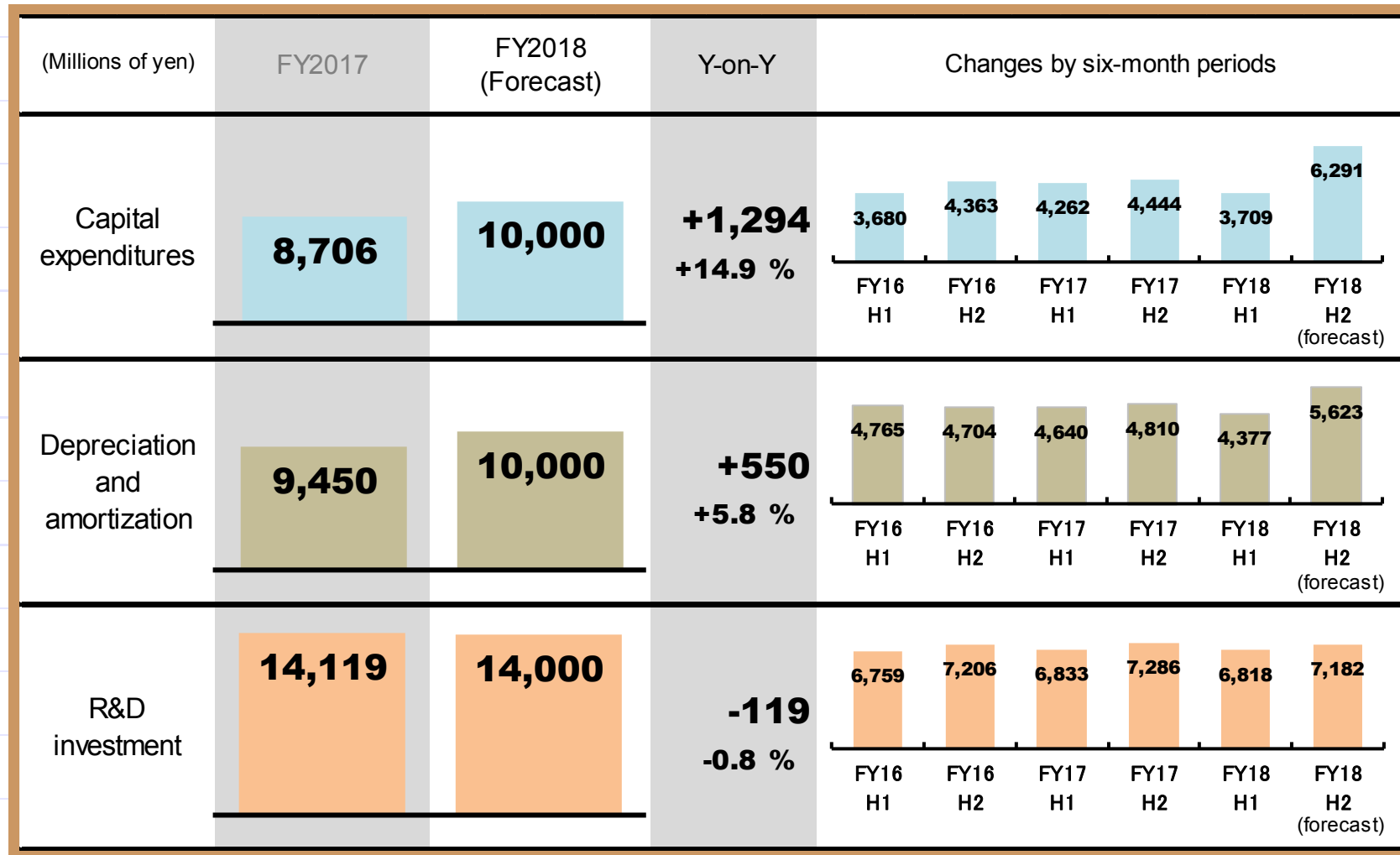


(Millions of yen)



(Millions of yen)	FY2018				
	Q1	Q2	Q3	Q4 (Forecast)	Full Year (Forecast)
Overseas Market	21,447 23	24,392 1,164	24,621 1,648	37,040 5,365	107,500 8,200
Financial Market	11,887 1,084	16,574 2,453	12,288 1,306	16,251 1,657	57,000 6,500
Retail & Transportation Market	10,050 677	14,099 1,392	13,249 1,195	14,602 1,536	52,000 4,800
Amusement Market	4,133 238	5,453 522	6,289 816	4,125 424	20,000 2,000
Others	713 -298	838 -244	770 -455	1,179 -503	3,500 -1,500
Total	48,232 1,725	61,355 5,286	57,217 4,511	73,196 8,478	240,000 20,000

Capital Expenditures etc.



Topics

December 27, 2018

Glory Facial Recognition System Used in SECOM's New Sesamo FF Facial Recognition Detection System

Sesamo FF has capabilities that make it suitable for a variety of applications: One example is for automatically alerting the staff of a store or financial institution when an important customer arrives; It can also be used at hospitals, nursing care homes and other healthcare facilities when a patient or a resident attempts to leave the building without informing the staff.

January 15, 2019

Acquisition of CTS Solutions, a Italian company

Sitrade Italia S.p.A., a GLORY subsidiary acquired the entire equity interest in CTS Solutions S.r.l., a company that engages in sales and maintenance service of cash handling equipment in Italy. This acquisition gives GLORY an opportunity for strengthening its direct sales and maintenance service network in Italy.

January 24, 2019

Henn-na Hotel Huis Ten Bosch Uses GLORY Facial Recognition Cloud Service

All 56 rooms in the south arm of Henn-na Hotel Huis Ten Bosch, which is located in the city of Sasebo in Nagasaki prefecture, use a keyless guest room access system that incorporates the GLORY facial recognition cloud service.

February 1, 2019

GLORY Receives Tokyo Financial Award

GLORY received a Tokyo Financial Award, which is sponsored by the Tokyo metropolitan government, in the “Resolution of Tokyo Residents” Needs Category” for an innovative idea that simplifies the process of confirming the identities of customers at the offices of financial institutions. GLORY was selected as one of the “financial companies” who proposed particularly outstanding solution from among 55 companies across 16 countries and regions (including Japan).

<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.