

# Consolidated Financial Results for the Three Months ended June 30, 2019

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**Net Sales**

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

**Income**

Operating income increased year-on-year mainly due to maintenance sales increase and improvement of product mix.

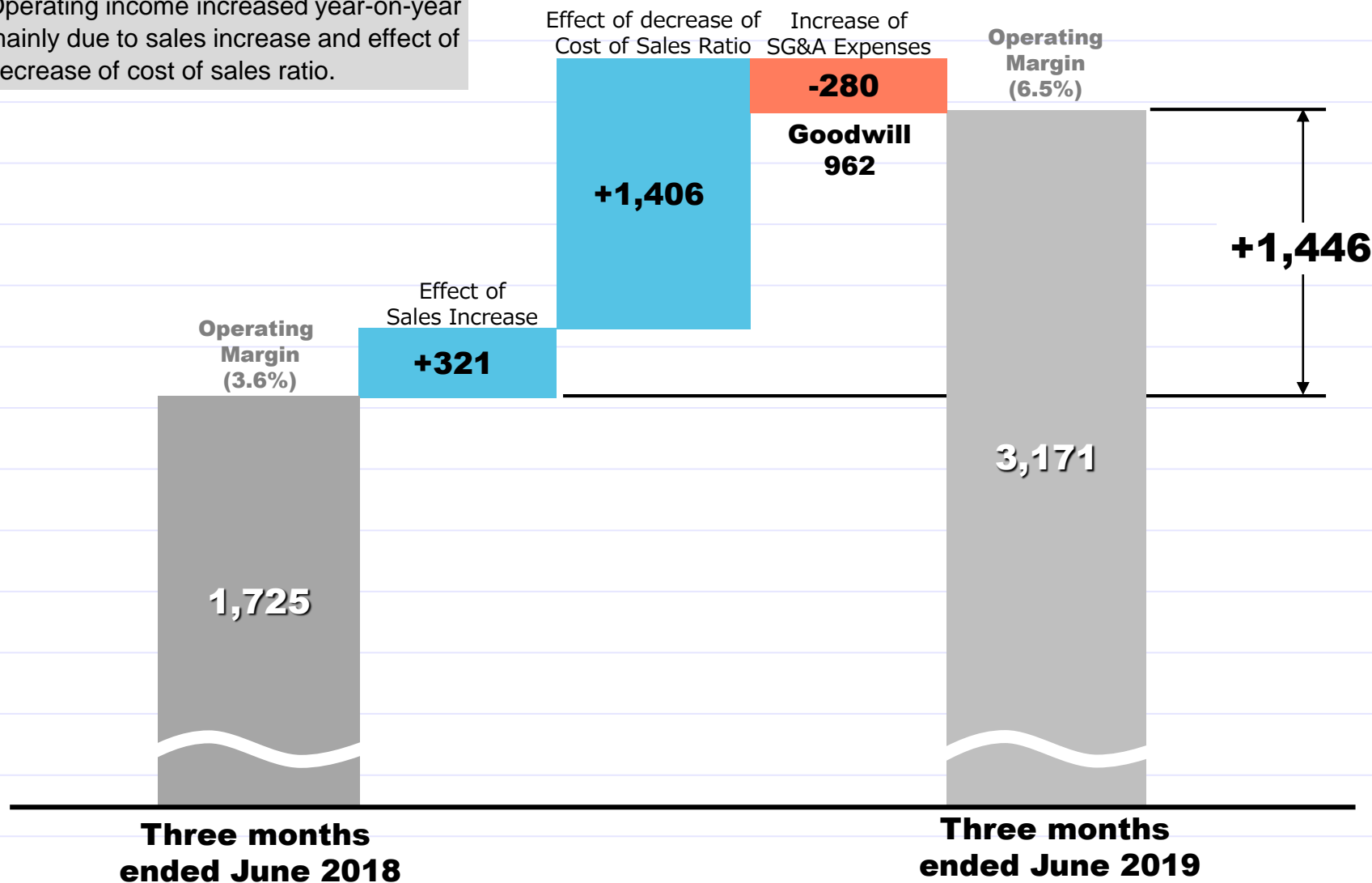
(Millions of yen)	FY2018		FY2019		Y-on-Y
	Three months ended June 30, 2018	Ratio	Three months ended June 30, 2019	Ratio	
Net Sales	<b>48,232</b>	100.0%	<b>49,076</b>	100.0%	<b>+1.7%</b>
Maintenance Services	<b>16,819</b>	34.9%	<b>17,660</b>	36.0%	<b>+5.0%</b>
Operating Income	<b>1,725</b>	3.6%	<b>3,171</b>	6.5%	<b>+83.8%</b>
Ordinary Income	<b>1,760</b>	3.6%	<b>2,738</b>	5.6%	<b>+55.5%</b>
Net Income Attributable to Owners of Parent	<b>684</b>	1.4%	<b>1,545</b>	3.1%	<b>+125.7%</b>
<b>EBITDA</b>	<b>4,716</b>	9.8%	<b>6,450</b>	13.1%	<b>+36.8%</b>

Exchange rate	US\$	¥ 109	¥ 110	
	Euro	¥ 130	¥ 123	






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

(Millions of Yen)

Operating income increased year-on-year mainly due to sales increase and effect of decrease of cost of sales ratio.



## Sales &amp; Operating Income by Business Segment

(Millions of yen)	Sales			Operating Income		
	Three months ended June 30, 2018	Three months ended June 30, 2019	Y-on-Y	Three months ended June 30, 2018	Three months ended June 30, 2019	Y-on-Y
 Overseas Market	21,447	21,541	+94 +0.4 %	23	1,246	+1,223 +5,252.9 %
 Financial Market	11,887	8,617	-3,270 -27.5 %	1,084	297	-787 -72.6 %
 Retail & Transportation Market	10,050	12,531	+2,481 +24.7 %	677	1,532	+855 +126.2 %
 Amusement Market	4,133	5,224	+1,091 +26.4 %	238	702	+464 +195.1 %
 Others	713	1,161	+448 +62.8 %	-298	-608	-310 - %
Total	48,232	49,076	+844 +1.7 %	1,725	3,171	+1,446 +83.8 %

(Millions of Yen)

## Sales of products for retail industry were higher

	Three months ended June 30, 2018	Three months ended June 30, 2019	Y-on-Y
Sales	21,447	21,541	+94 +0.4 %
Ratio to total net sales	44.5%	43.9%	-0.6 pt
Operating income	23	1,246	+1,223 +5,252.9 %
Ratio to total operating income	1.3%	39.3%	+38.0 pt
Operating margin	0.1%	5.8%	+5.7 pt

### Highlights

- Banknote recyclers for tellers**  
 → Lower sales in the U.S. and Europe
- Sales proceeds deposit machines for retail industry**  
 → Higher sales in the 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



Banknote recyclers  
for tellers  
<RBG series>



Sales proceeds  
deposit machines  
<CI-100 series>



Banknote sorters  
<UW series>

(Millions of yen)	Three months ended June 30, 2018	Three months ended June 30, 2019	Y-on-Y	
				Local currency basis
Americas	7,503	7,583	+80 +1.1 %	+0.3%
EMEA	9,827	10,011	+184 +1.9 %	+7.3%
Asia	2,326	2,480	+154 +6.6 %	-
China	613	445	-168 -27.4 %	-22.6%
OEM	1,790	1,465	-325 -18.2 %	-18.2%
Total overseas sales	21,447	21,541	+94 +0.4 %	-

- Americas ... Sales of products for retail industry were higher.
- Europe ... Sales of products for retail industry were steady.
- Asia ... Sales of products for financial institutions were steady.
- China ... Sales of products for financial institutions were lower.
- OEM ... Sales of banknote recycling units for ATMs were lower.

(Millions of Yen)

# Sales of main products were lower

	Three months ended June 30, 2018	Three months ended June 30, 2019	Y-on-Y
Sales	11,887	8,617	-3,270 -27.5 %
Ratio to total net sales	24.6%	17.6%	-7.0 pt
Operating income	1,084	297	-787 -72.6 %
Ratio to total operating income	62.8%	9.4%	-53.4 pt
Operating margin	9.1%	3.4%	-5.7 pt

## Highlights

- ☑ **Open teller systems**
- ☑ **Coin and banknote recyclers for tellers**
  - ➔ **Lower sales due to the large-scale demand of the previous year having run its course**

## 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>

(Millions of Yen)

## Sales of coin and banknote recyclers were higher

	Three months ended June 30, 2018	Three months ended June 30, 2019	Y-on-Y
Sales	10,050	12,531	+2,481 +24.7 %
Ratio to total net sales	20.8%	25.5%	+4.7 pt
Operating income	677	1,532	+855 +126.2 %
Ratio to total operating income	39.2%	48.3%	+9.1 pt
Operating margin	6.7%	12.2%	+5.5 pt

### Highlights

- ☑ **Coin and banknote recyclers for cashiers**  
➔ Higher sales mainly for specialty stores
- ☑ **Ticket vending machines**  
➔ Higher sales mainly for restaurants

### 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.

### Main Products



Coin and banknote recyclers  
for cashiers  
<RT / RAD series>



Sales proceeds  
deposit machines  
<DS / DSS series>



Sales proceeds  
deposit machines  
<DS series>



(Millions of Yen)

## Sales of main products were higher

	Three months ended June 30, 2018	Three months ended June 30, 2019	Y-on-Y
Sales	4,133	5,224	+1,091 +26.4 %
Ratio to total net sales	8.6%	10.6%	+2.0 pt
Operating income	238	702	+464 +195.1 %
Ratio to total operating income	13.8%	22.1%	+8.3 pt
Operating margin	5.8%	13.4%	+7.6 pt

### Highlights

- Card systems**  
 → Higher sales due to capturing of large orders
- Pachinko prize dispensing machines**  
 → Higher 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

#### Card systems



Management terminals



Pachinko ball counters

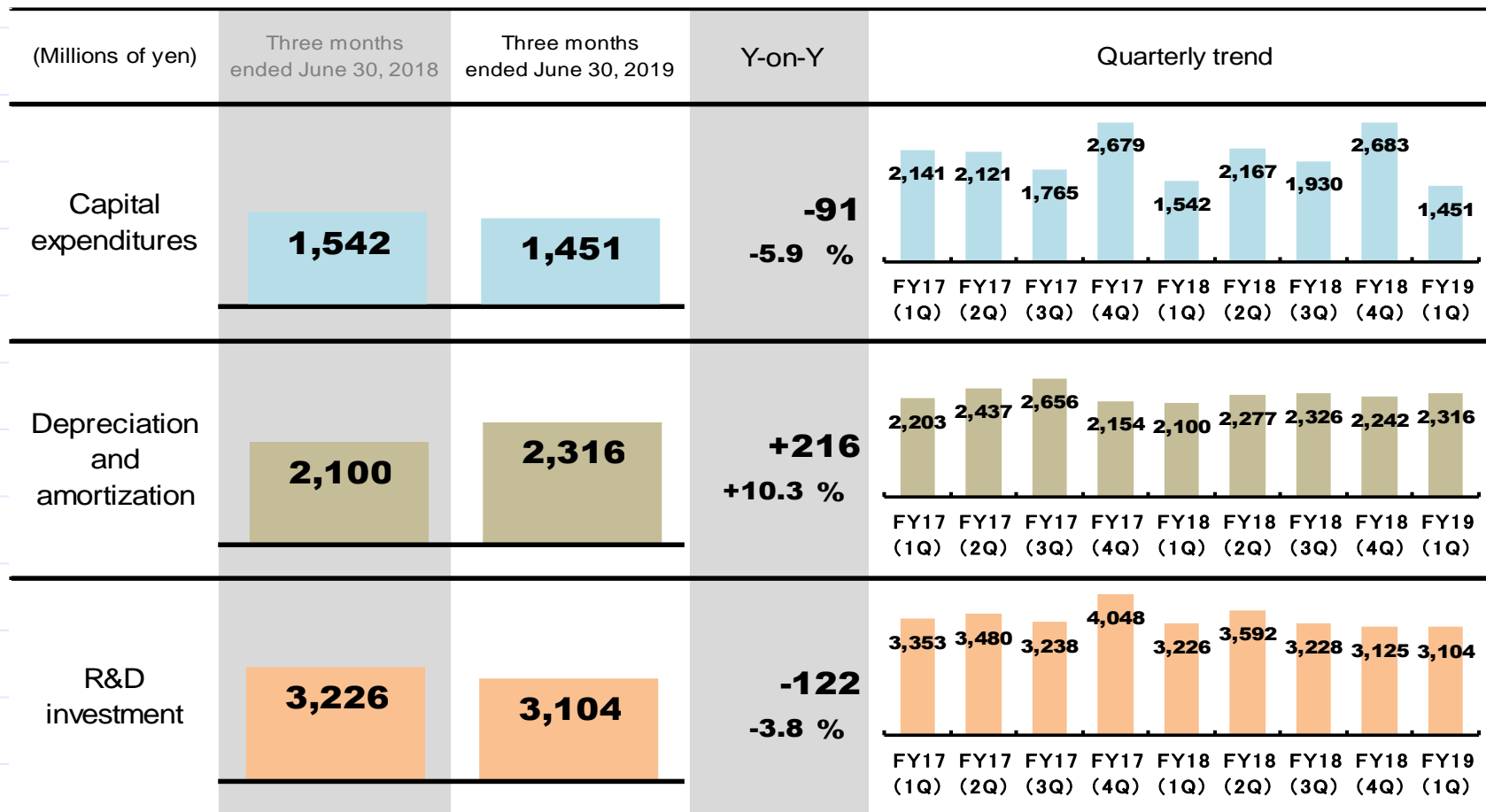


Prepaid card systems for pachinko parlors



Pachinko prize dispensing machines <JK series>

# Capital Expenditures etc.



## 【Market Conditions】

<b>Overseas Market</b>	Increasing demand for products for retail industry
<b>Financial Market</b>	Severe sales of main products due to the large-scale demand of the previous year having run its course
<b>Retail &amp; Transportation Market</b>	Solid sales of coin and banknote recyclers mainly for cashiers for specialty stores and restaurants
<b>Amusement Market</b>	Uncertain outlook for capital expenditures by pachinko parlors due to anticipated increase of consumption tax

(Millions of yen)	FY2019				
	Q1 (Result)	Q2 (Forecast)	First Half (Forecast)	Second Half (Forecast)	Full Year (Forecast)
Overseas Market	21,541 1,246	28,959 1,254	51,500 → 50,500 2,800 → 2,500	63,500 → 64,500 8,700 → 9,000	115,000 11,500
Financial Market	8,617 297	13,883 1,203	1,700 → 1,500	2,100 → 2,300	22,500 3,800
Retail & Transportation Market	12,531 1,532	11,969 468	24,000 → 24,500 1,700 → 2,000	23,000 → 22,500 1,600 → 1,300	47,000 3,300
Amusement Market	5,224 702	4,276 -2	500 → 700	400 → 200	9,500 900
Others	1,161 -608	839 -592	1,500 → 2,000 -1,200	1,500 → 1,000 -1,300	3,000 -2,500
Total	49,076 3,171	59,924 2,329	109,000 5,500	121,000 11,500	230,000 17,000

\*1 Upper row is sales and under row is operating income.

\*2 In forecasts, upper row is May 10, 2019 forecast and under row is August 6, 2019 forecast.

(Millions of yen)	FY2019				
	Q1 (Result)	Q2 (Forecast)	First Half (Forecast)	Second Half (Forecast)	Full Year (Forecast)
Americas	7,583	10,417	19,000 → 18,000	24,000 → 25,000	43,000
EMEA	10,011	11,989	22,000	26,000	48,000
Asia	2,480	4,520	7,000	9,500	16,500
China	445	1,555	2,000	4,500	6,500
OEM	1,465	2,035	3,500	4,000	7,500
Total overseas sales	21,541	28,959	51,500 → 50,500	63,500 → 64,500	115,000

\* In forecasts, upper row is May 10, 2019 forecast and under row is August 6, 2019 forecast.

# References

# Consolidated Statement of Income / Statement of Comprehensive Income

(Millions of yen)	FY2018		FY2019		Y-on-Y
	Q1	Ratio	Q1	Ratio	
<b>Net sales</b>	<b>48,232</b>	<b>100.0%</b>	<b>49,076</b>	<b>100.0%</b>	<b>+844</b>
Cost of sales	29,866	61.9%	28,983	59.1%	-883
Selling, general and administrative expenses	16,641	34.5%	16,921	34.5%	+280
<b>Operating income</b>	<b>1,725</b>	<b>3.6%</b>	<b>3,171</b>	<b>6.5%</b>	<b>+1,446</b>
Non-operating income	212	0.4%	186	0.4%	-26
Non-operating expenses	176	0.4%	619	1.3%	+443
<b>Ordinary income</b>	<b>1,760</b>	<b>3.6%</b>	<b>2,738</b>	<b>5.6%</b>	<b>+978</b>
Extraordinary income	5	0.0%	0	0.0%	-5
Extraordinary loss	3	0.0%	59	0.1%	+56
<b>Income before income taxes and minority interests</b>	<b>1,762</b>	<b>3.7%</b>	<b>2,679</b>	<b>5.5%</b>	<b>+917</b>
Income taxes	744	1.5%	741	1.5%	-3
<b>Net Income</b>	<b>1,018</b>	<b>2.1%</b>	<b>1,938</b>	<b>3.9%</b>	<b>+920</b>
<b>Net income attributable to owners of parent</b>	<b>684</b>	<b>1.4%</b>	<b>1,545</b>	<b>3.1%</b>	<b>+861</b>

<b>Net Income</b>	<b>1,018</b>	<b>2.1%</b>	<b>1,938</b>	<b>3.9%</b>	<b>+920</b>
Valuation difference on available-for-sale securities	-64		-244		-180
Foreign currency translation adjustment	1,686		-2,429		-4,115
Remeasurements of defined benefit plans	18		34		+16
<b>Total other comprehensive income</b>	<b>1,640</b>	<b>3.4%</b>	<b>-2,634</b>	<b>-5.4%</b>	<b>-4,274</b>
<b>Comprehensive income</b>	<b>2,658</b>	<b>5.5%</b>	<b>-695</b>	<b>-1.4%</b>	<b>-3,353</b>

# Consolidated Balance Sheet

(Millions of yen)	As of March 31, 2019	As of June 30, 2019	Increase/ Decrease		As of March 31, 2019	As of June 30, 2019	Increase/ Decrease
Cash, deposits and Securities	75,884	66,928	-8,956	Notes and accounts payable-trade	18,475	17,361	-1,114
Notes and accounts receivable-trade	58,087	48,192	-9,895	Short-term loans payable	27,845	29,297	② +1,452
Inventories	48,526	54,485	+5,959	Other	44,147	40,855	-3,292
Other	5,646	5,532	-114	Total current liabilities	90,467	87,513	-2,954
<b>Current assets</b>	<b>188,143</b>	<b>175,137</b>	<b>-13,006</b>	Long-term loans payable	0	0	0
Property, plant and equipment	34,829	37,641	+2,812	Other	34,503	36,484	+1,981
Customer relationships	19,108	18,198	① -910	Noncurrent liabilities	34,503	36,484	+1,981
Goodwill	44,245	43,311	-934	Total liabilities	124,971	123,997	-974
Other	6,438	6,332	-106	Capital stock	12,892	12,892	0
Intangible assets	69,791	67,841	-1,950	Retained earnings	172,219	171,758	-461
Total investments and other assets	25,464	26,261	+797	Other	8,146	-1,766	③ -9,912
<b>Total noncurrent assets</b>	<b>130,084</b>	<b>131,744</b>	<b>+1,660</b>	<b>Total netassets</b>	<b>193,257</b>	<b>182,884</b>	<b>-10,373</b>
<b>Total assets</b>	<b>318,228</b>	<b>306,881</b>	<b>-11,347</b>	Total liabilities and net assets	318,228	306,881	-11,347

\*1 Customer relationships and goodwill decreased.

\*2 Loans increased due to repayments of loans

\*3 Capital surplus and Non-controlling interests decreased mainly due to acquisition of shares of overseas subsidiaries.

## Net Sales

Higher overseas sales but a decrease in total sales in part due to large-scale demand of previous year having run its course

## Income

Lower income because of a decrease in sales of major products in Japan and continuing investments in new businesses

(Millions of yen)	FY2018		FY2019		Y-on-Y
	Full Year	Ratio	Full Year (Forecast)	Ratio	
Net Sales	<b>235,762</b>	<b>100.0%</b>	<b>230,000</b>	<b>100.0%</b>	<b>-2.4%</b>
Maintenance Services	<b>68,197</b>	<b>28.9%</b>	<b>68,500</b>	<b>29.8%</b>	<b>+0.4%</b>
Operating Income	<b>20,576</b>	<b>8.7%</b>	<b>17,000</b>	<b>7.4%</b>	<b>-17.4%</b>
Ordinary Income	<b>20,575</b>	<b>8.7%</b>	<b>16,500</b>	<b>7.2%</b>	<b>-19.8%</b>
Net Income Attributable to Owners of Parent	<b>12,256</b>	<b>5.2%</b>	<b>10,000</b>	<b>4.3%</b>	<b>-18.4%</b>

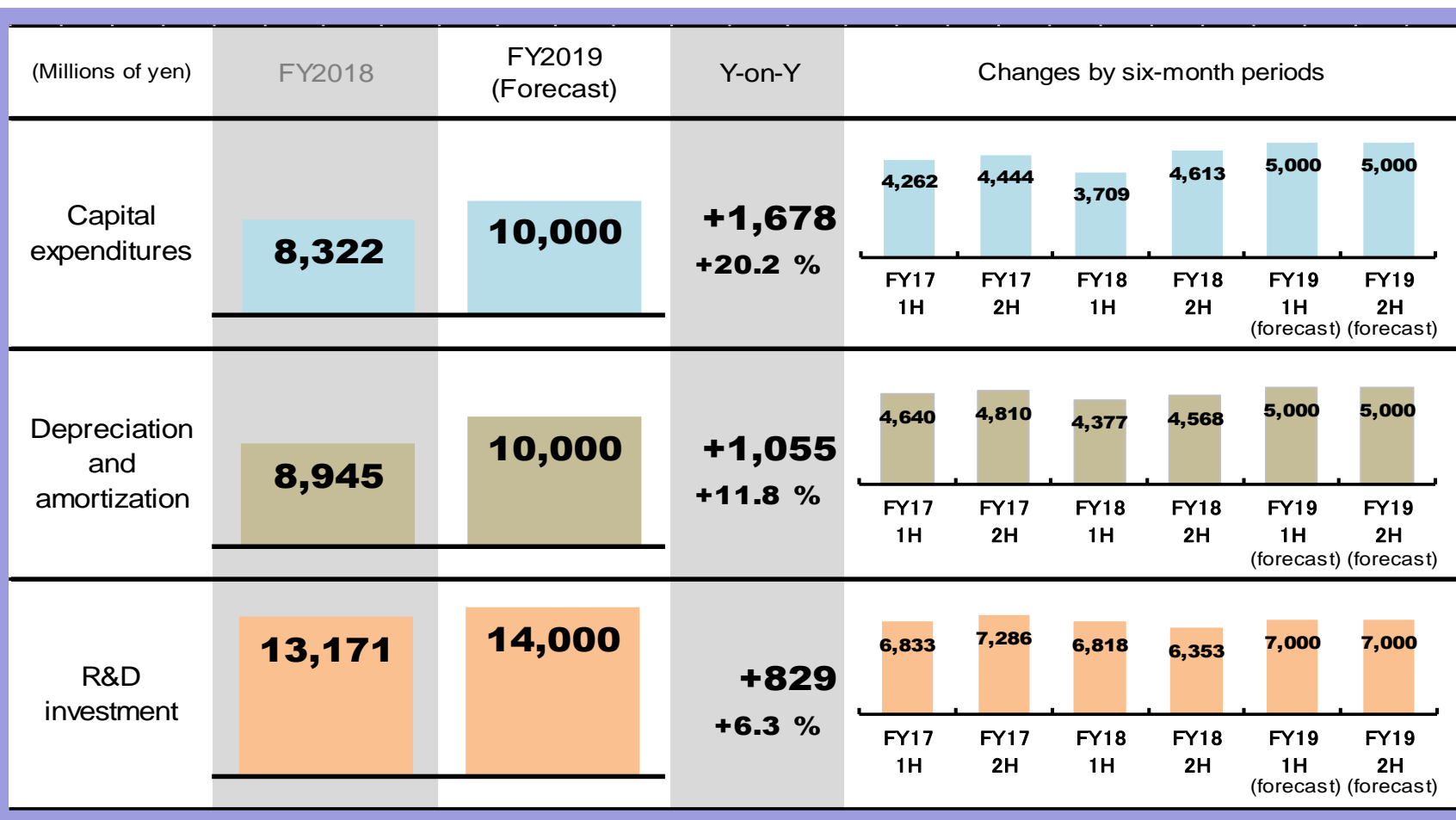
Exchange rate	US\$	¥ 111	¥ 110
	Euro	¥ 128	¥ 125



(Millions of yen)	Sales			Operating Income		
	FY2018 Full Year	FY2019 Full Year (Forecast)	Y-on-Y	FY2018 Full Year	FY2019 Full Year (Forecast)	Y-on-Y
Overseas Market	<b>103,287</b>	<b>115,000</b>	<b>+11,713</b> <b>+11.3 %</b>	<b>8,761</b>	<b>11,500</b>	<b>+2,739</b> <b>+31.3 %</b>
Financial Market	<b>56,636</b>	<b>46,000</b>	<b>-10,636</b> <b>-18.8 %</b>	<b>6,764</b>	<b>3,800</b>	<b>-2,964</b> <b>-43.8 %</b>
Retail & Transportation Market	<b>51,985</b>	<b>47,000</b>	<b>-4,985</b> <b>-9.6 %</b>	<b>4,611</b>	<b>3,300</b>	<b>-1,311</b> <b>-28.4 %</b>
Amusement Market	<b>20,511</b>	<b>19,000</b>	<b>-1,511</b> <b>-7.4 %</b>	<b>1,959</b>	<b>900</b>	<b>-1,059</b> <b>-54.1 %</b>
Others	<b>3,341</b>	<b>3,000</b>	<b>-341</b> <b>-10.2 %</b>	<b>-1,521</b>	<b>-2,500</b>	<b>-979</b> <b>- %</b>
Total	<b>235,762</b>	<b>230,000</b>	<b>-5,762</b> <b>-2.4 %</b>	<b>20,576</b>	<b>17,000</b>	<b>-3,576</b> <b>-17.4 %</b>

(Millions of yen)	FY2018	FY2019	Y-on-Y	
	Full Year	Full Year (Forecast)		Local currency basis
Americas	<b>36,728</b>	<b>43,000</b>	<b>+6,272</b> <b>+17.1 %</b>	<b>+18.1%</b>
EMEA	<b>43,140</b>	<b>48,000</b>	<b>+4,860</b> <b>+11.3 %</b>	<b>+14.3%</b>
Asia	<b>14,757</b>	<b>16,500</b>	<b>+1,743</b> <b>+11.8 %</b>	-
China	<b>5,578</b>	<b>6,500</b>	<b>+922</b> <b>+16.5 %</b>	<b>+18.7%</b>
OEM	<b>8,661</b>	<b>7,500</b>	<b>-1,161</b> <b>-13.4 %</b>	<b>-13.4%</b>
Total overseas sales	<b>103,287</b>	<b>115,000</b>	<b>+11,713</b> <b>+11.3 %</b>	-

# Capital Expenditures etc.



**July 31, 2019**

◆ **Increase of Ownership Ratio of Sitrade Italia S.p.A.**

Glory has increased its ownership ratio of Sitrade from 51.0% to 75.5% and aims to accelerate expansion of the business and further strengthen the operating foundations in the Italian market.

**July 22, 2019**

◆ **Start of PoC Testing for the Biometric Service Payment System**

Proof of concept (PoC) for a biometric payment service combining facial and voice recognition systems was conducted at company convenience stores in Tokyo and Himeji targeting approximately 500 employees. This was to promote the practical application of our identity verification authorization platform.

**July 19, 2019**

◆ **Acquisition of Shares in Singapore SOCASH PTE. LTD.**

Glory acquired shares in Singapore SOCASH PTE. LTD., which develops and provides cash withdrawal services from cashier in retailers.

**June 4, 2019**

◆ **Participation in Industry-Academia Collaborative Research Conducted at Juntendo University in Tokyo**

Glory is participating in industry-academia collaborative research on neurodegenerative diseases and cognitive disorders, such as Parkinson's disease and dementia, which occur due to aging.

**May 8, 2019**

◆ **Collaboration with EM SYSTEMS Co., Ltd. to Create a System to Support Input of Prescriptions**

Glory is collaborating with EM Systems to create a system to support input of prescriptions that combines Glory's OCR (optical character recognition) technology with a specialized computer provided by EM Systems, which processes prescription fees and manages patient information.

## <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.