

Consolidated Financial Results for the Six Months ended December 31, 2019

1 Consolidated Financial Results

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Net Sales

Overall sales were lower due to the large-scale demand of the previous year having run its course in Financial Market.

Income

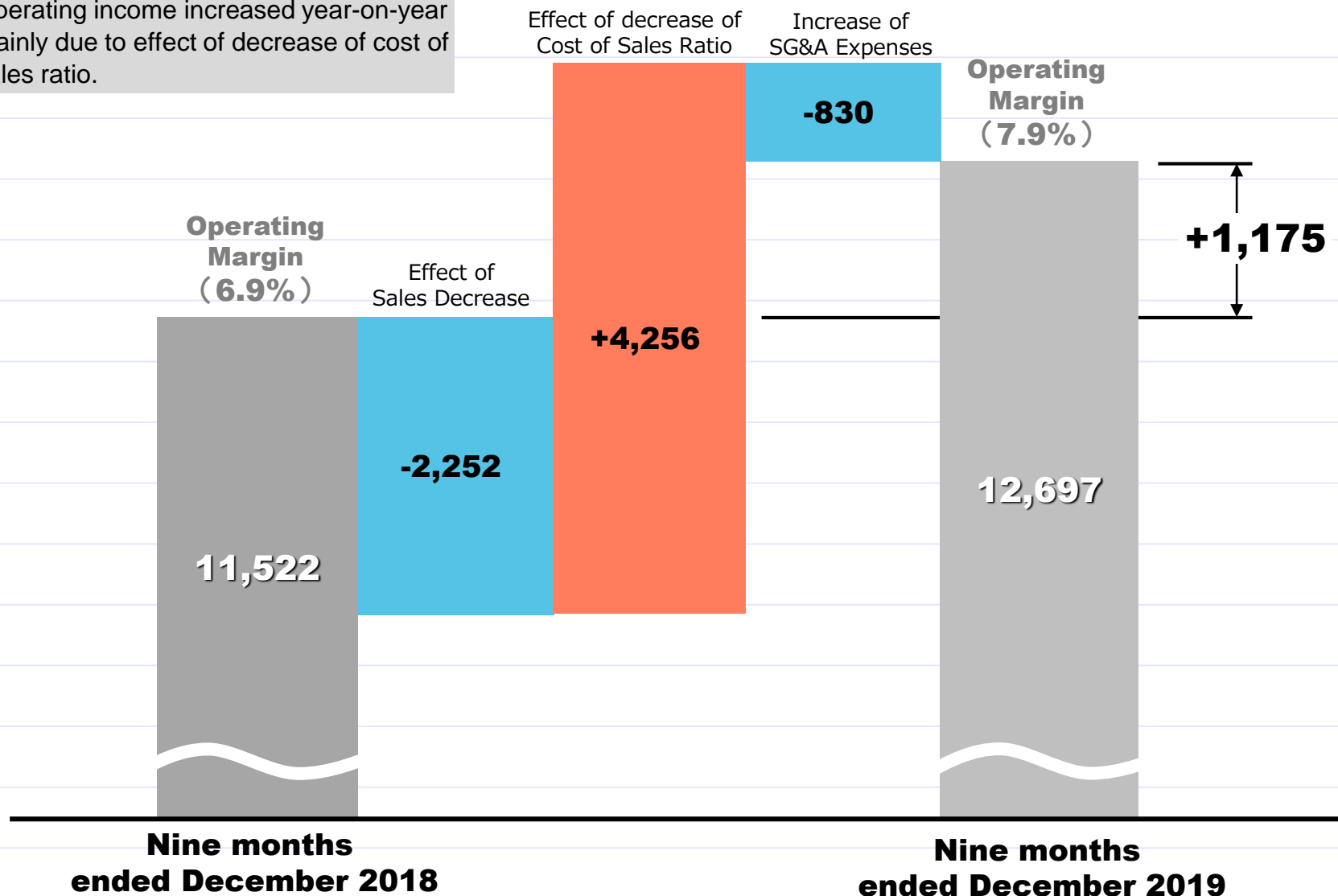
Operating income increased year-on-year mainly due to maintenance sales increase and improvement of product mix.






(Millions of yen)	FY2018		FY2019		Y-on-Y
	Nine months ended December 31, 2018	Ratio	Nine months ended December 31, 2019	Ratio	
Net Sales	166,804	100.0%	160,785	100.0%	-3.6%
Maintenance Services	50,566	30.3%	53,302	33.2%	+5.4%
Operating Income	11,522	6.9%	12,697	7.9%	+10.2%
Ordinary Income	11,294	6.8%	11,950	7.4%	+5.8%
Net Income Attributable to Owners of Parent	6,489	3.9%	7,237	4.5%	+11.5%
※ EBITDA	20,947	12.6%	23,011	14.3%	+9.9%
Exchange rate	US\$	¥ 111	¥ 109		
	Euro	¥ 130	¥ 121		

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

(Millions of Yen)

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



(Millions of yen)	Sales			Operating Income		
	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Y-on-Y	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Y-on-Y
 Overseas Market	70,460	73,343	+2,883 +4.1 %	2,835	6,284	+3,449 +121.7 %
 Financial Market	40,749	30,654	-10,095 -24.8 %	4,843	2,519	-2,324 -48.0 %
 Retail & Transportation Market	37,398	37,252	-146 -0.4 %	3,264	3,875	+611 +18.7 %
 Amusement Market	15,875	15,956	+81 +0.5 %	1,576	1,873	+297 +18.8 %
 Others	2,321	3,579	+1,258 +54.2 %	-997	-1,854	-857 - %
Total	166,804	160,785	-6,019 -3.6 %	11,522	12,697	+1,175 +10.2 %

(Millions of Yen)

Sales of products for retail industry were higher

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Y-on-Y
Sales	70,460	73,343	+2,883 +4.1 %
Ratio to total net sales	42.2%	45.6%	+3.4 pt
Operating income	2,835	6,284	+3,449 +121.7 %
Ratio to total operating income	24.6%	49.5%	+24.9 pt
Operating margin	4.0%	8.6%	+4.6 pt

Highlights

- ☑ Banknote recyclers for tellers
➔ Lower sales in 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)

(Millions of yen)	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Y-on-Y	
				Local currency basis
Americas	23,865	26,254	+2,389 +10.0 %	+12.5%
EMEA	30,186	30,734	+548 +1.8 %	+8.9%
Asia	10,454	10,906	+452 +4.3 %	-
China	3,752	4,589	+837 +22.3 %	+30.2%
OEM	5,953	5,447	-506 -8.5 %	-8.5%
Total overseas sales	70,460	73,343	+2,883 +4.1 %	-

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

(Millions of Yen)

Sales of main products were lower

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Y-on-Y
Sales	40,749	30,654	-10,095 -24.8 %
Ratio to total net sales	24.4%	19.1%	-5.3 pt
Operating income	4,843	2,519	-2,324 -48.0 %
Ratio to total operating income	42.0%	19.8%	-22.2 pt
Operating margin	11.9%	8.2%	-3.7 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 lower

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Y-on-Y
Sales	37,398	37,252	-146 -0.4 %
Ratio to total net sales	22.4%	23.2%	+0.8 pt
Operating income	3,264	3,875	+611 +18.7 %
Ratio to total operating income	28.3%	30.5%	+2.2 pt
Operating margin	8.7%	10.4%	+1.7 pt

Highlights

- ☑ **Coin and banknote recyclers for cashiers**
➔ **Higher sales mainly for specialty stores**
- ☑ **Sales proceeds deposit machine / Ticket vending machines**
➔ **Higher sales**

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 steady

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Y-on-Y
Sales	15,875	15,956	+81 +0.5 %
Ratio to total net sales	9.5%	9.9%	+0.4 pt
Operating income	1,576	1,873	+297 +18.8 %
Ratio to total operating income	13.7%	14.8%	+1.1 pt
Operating margin	9.9%	11.7%	+1.8 pt

Highlights

- ☑ **Card systems for pachinko parlors**
➔ **Lower sales reflecting constraint toward investment in pachinko parlors**
- ☑ **Other products**
➔ **Increase of sales of smoking booths**

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>

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	235,762	100.0%	230,000	100.0%	-2.4%
Maintenance Services	68,197	28.9%	^{*1} 68,500 71,000	30.9%	+4.1%
Operating Income	20,576	8.7%	17,000	7.4%	-17.4%
Ordinary Income	20,575	8.7%	16,500	7.2%	-19.8%
Net Income Attributable to Owners of Parent	12,256	5.2%	10,000	4.3%	-18.4%
Exchange rate	US\$	¥ 111		¥ 110	
	Euro	¥ 128	^{*2} ¥ 125 →	¥ 120	

***1 Upper row is November 7, 2019 forecast and under row is February 6, 2020 forecast .**

***2 Revised from FY2019 Q3**

(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	103,287	110,000	+6,713 +6.5 %	8,761	9,500	+739 +8.4 %
Financial Market	56,636	* 45,000 44,000	-12,636 -22.3 %	6,764	* 3,000 2,800	-3,964 -58.6 %
Retail & Transportation Market	51,985	51,500	-485 -0.9 %	4,611	5,500	+889 +19.3 %
Amusement Market	20,511	* 19,000 20,000	-511 -2.5 %	1,959	* 1,500 1,900	-59 -3.0 %
Others	3,341	4,500	+1,159 +34.7 %	-1,521	* -2,500 -2,700	-1,179 - %
Total	235,762	230,000	-5,762 -2.4 %	20,576	17,000	-3,576 -17.4 %

*Upper row is November 7, 2019 forecast and under row is February 6, 2020 forecast .

Reference

Consolidated Statements of Income / Statement of Comprehensive Income

(Millions of yen)	Nine months ended December 31, 2018		Nine months ended December 31, 2019		Y-on-Y
		Ratio		Ratio	
Net sales	166,804	100.0%	160,785	100.0%	-6,019
Cost of sales	104,405	62.6%	96,382	59.9%	-8,023
Selling, general and administrative expenses	50,876	30.5%	51,706	32.2%	+830
Operating income	11,522	6.9%	12,697	7.9%	+1,175
Non-operating income	470	0.3%	602	0.4%	+132
Non-operating expenses	698	0.4%	1,349	0.8%	+651
Ordinary income	11,294	6.8%	11,950	7.4%	+656
Extraordinary income	65	0.0%	6	0.0%	-59
Extraordinary loss	27	0.0%	135	0.1%	+108
Income before income taxes and minority interests	11,332	6.8%	11,821	7.4%	+489
Income taxes	3,918	2.3%	3,813	2.4%	-105
Net Income	7,414	4.4%	8,008	5.0%	+594
Net income attributable to owners of parent	6,489	3.9%	7,237	4.5%	+748

Net Income	7,414	4.4%	8,008	5.0%	+594
Valuation difference on available- for-sale securities	-712		28		+740
Foreign currency translation adjustment	1,827		-1,795		-3,622
Remeasurements of defined benefit plans	37		101		+64
Total other comprehensive income	1,152	0.7%	-1,664	-1.0%	-2,816
Comprehensive income	8,567	5.1%	6,344	3.9%	-2,223

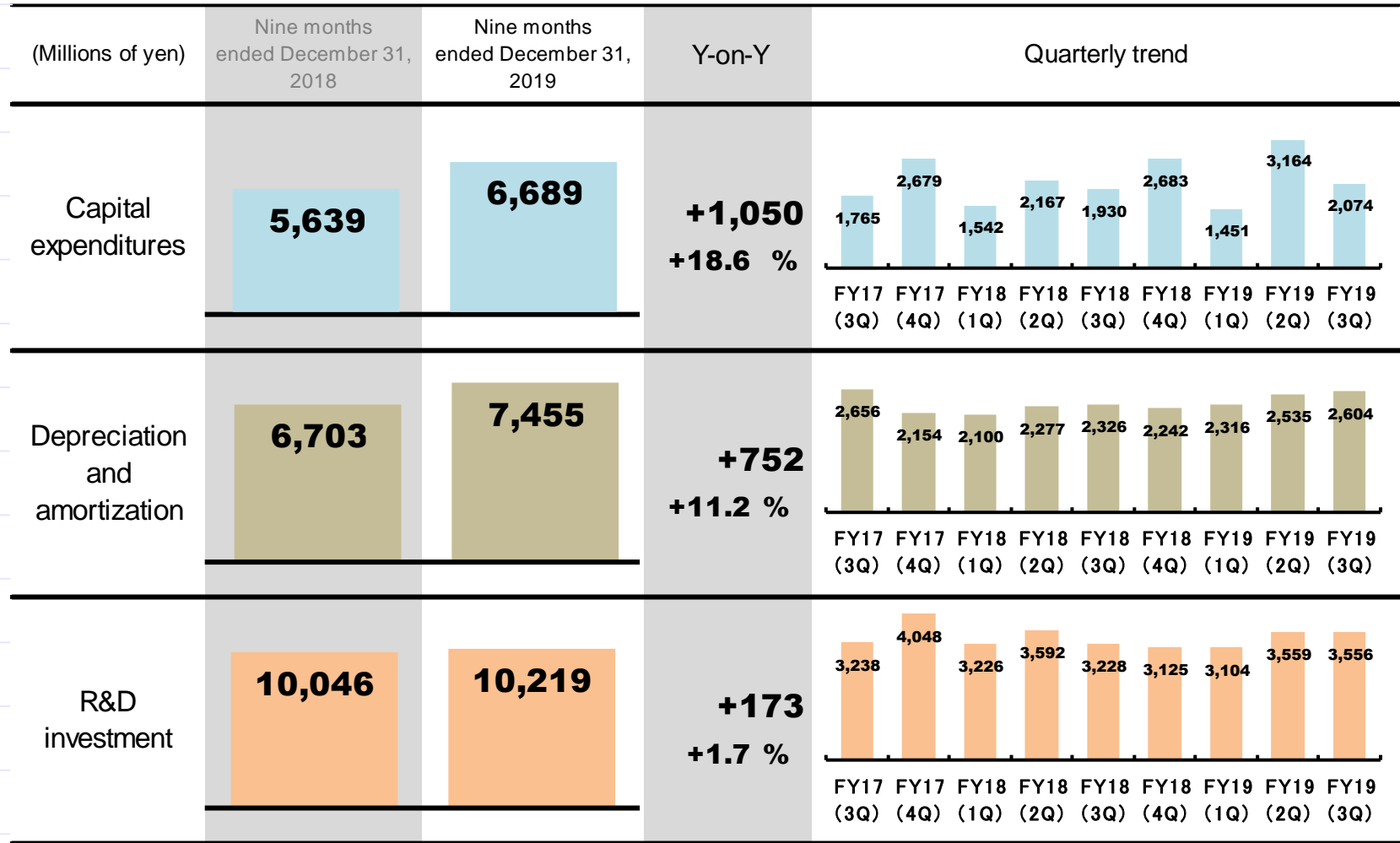
Consolidated Balance Sheets

(Millions of yen)	As of March 31, 2019	As of December 31, 2019	Increase/ Decrease		As of March 31, 2019	As of December 31, 2019	Increase/ Decrease
Cash, deposits and Securities	75,884	69,705	-6,179	Notes and accounts payable-trade	18,475	18,925	+450
Notes and accounts receivable-trade	58,087	47,698	-10,389	Short-term loans payable	27,845	26,808	-1,037
Inventories	48,527	58,973	+10,446	Other	44,147	41,322	-2,825
Other	5,645	5,484	-161	Total current liabilities	90,467	87,055	-3,412
Current assets	188,143	181,860	-6,283	Long-term loans payable	0	0	0
Property, plant and equipment	34,829	37,667	+2,838	Other	34,503	36,859	+2,356
Customer relationships	19,108	18,463	-645	Noncurrent liabilities	34,503	36,859	+2,356
Goodwill	44,245	41,843	-2,402	Total liabilities	124,971	123,914	-1,057
Other	6,438	6,432	-6	Capital stock	12,892	12,892	0
Intangible assets	69,791	66,738	-3,053	Retained earnings	172,219	161,346	-10,873
Total investments and other assets	25,464	25,694	+230	Other	8,146	13,808	+5,662
Total noncurrent assets	130,084	130,100	+16	Total netassets	193,257	188,046	-5,211
Total assets	318,228	311,960	-6,268	Total liabilities and net assets	318,228	311,960	-6,268

*1 Goodwill decreased as planned

*2 Retained earnings decreased due to cancellation of treasury shares

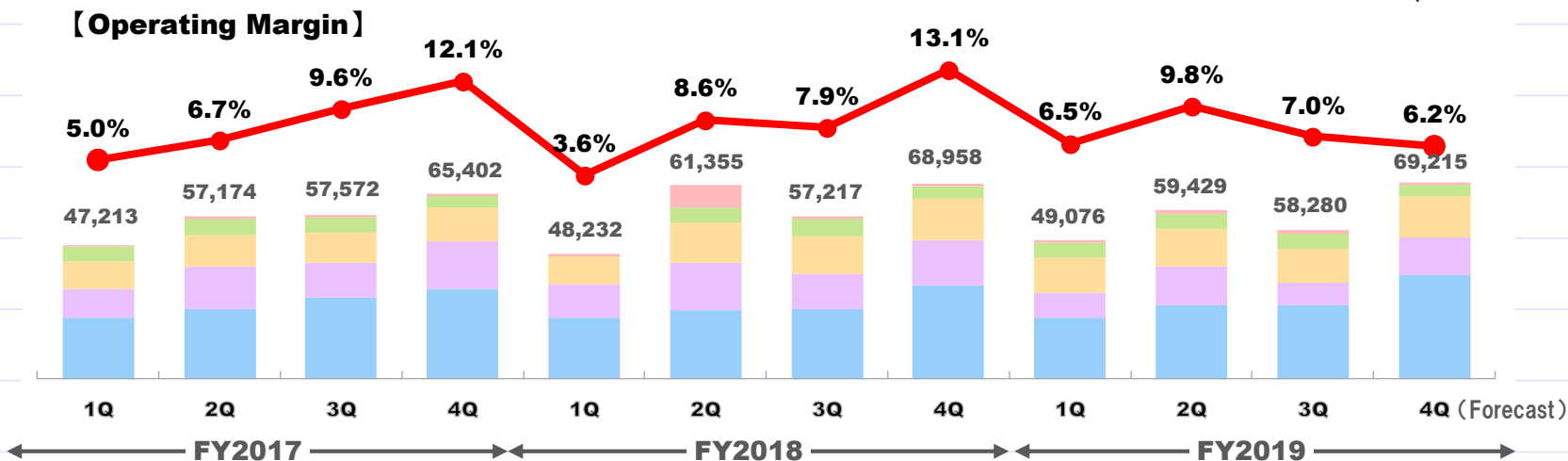
Capital Expenditures etc.



Sales & Operating Income Forecast by Business Segment



(Millions of Yen)

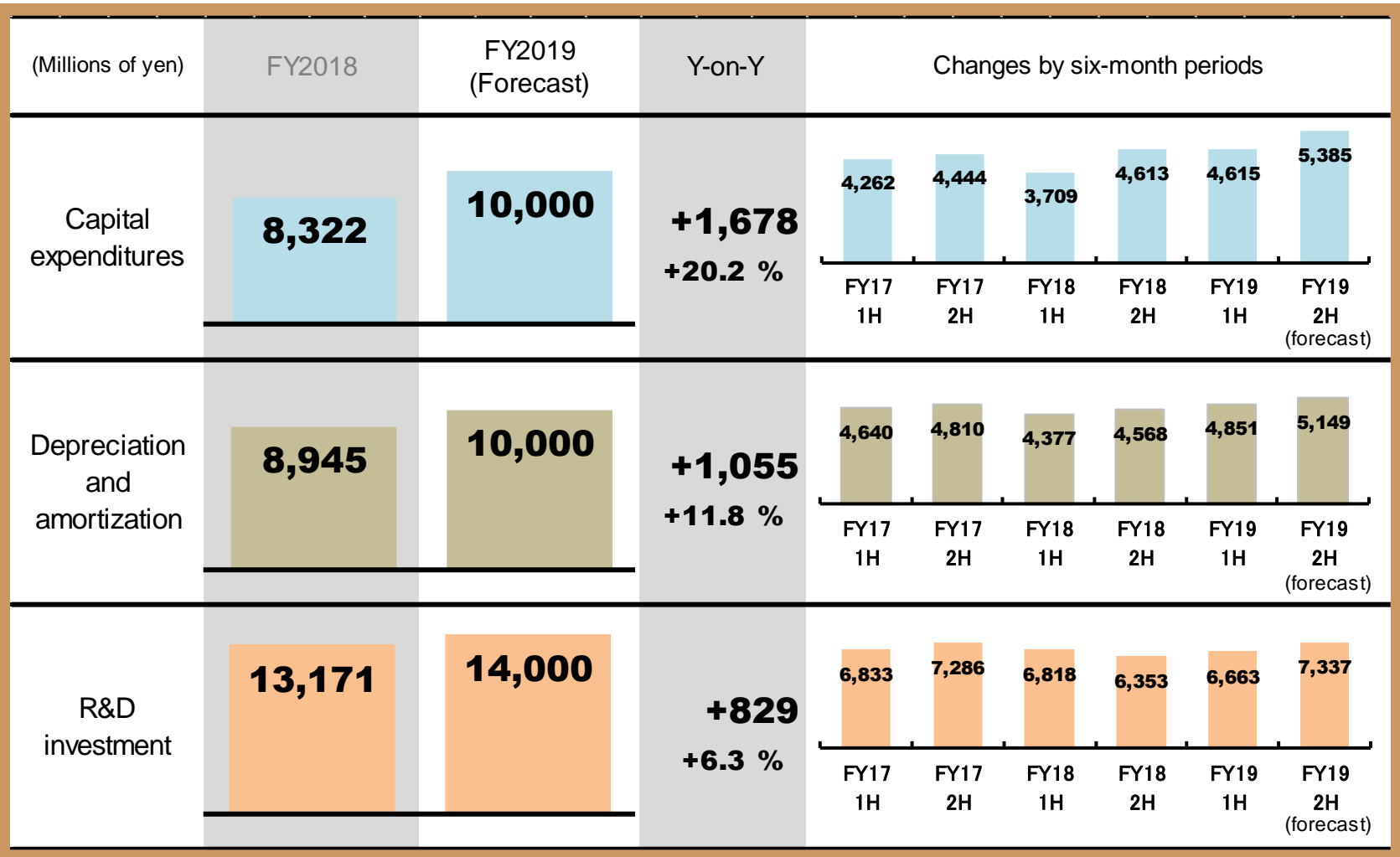


(Millions of yen)	FY2019				
	Q1	Q2	Q3	Q4 (Forecast)	Full Year (Forecast)
Overseas Market	21,541 1,246	26,023 2,801	25,779 2,237	36,657 3,216	110,000 9,500
Financial Market	8,617 297	13,718 1,771	8,319 451	13,346 281	44,000 2,800
Retail & Transportation Market	12,531 1,532	12,952 1,387	11,769 956	14,248 1,625	51,500 5,500
Amusement Market	5,224 702	5,319 591	5,413 580	4,044 27	20,000 1,900
Others	1,161 -608	1,417 -701	1,001 -545	921 -846	4,500 -2,700
Total	49,076 3,171	59,429 5,847	52,280 3,679	69,215 4,303	230,000 17,000

* Upper row is net sales and under row is operating.

(Millions of yen)	FY2018	FY2019	Y-on-Y	
	Full Year	Full Year (Forecast)		Local currency basis
Americas	36,728	42,000	+5,272 +14.4 %	+15.3%
EMEA	43,140	46,000	+2,860 +6.6 %	+14.3%
Asia	14,757	16,000	+1,243 +8.4 %	-
China	5,578	6,500	+922 +16.5 %	+18.7%
OEM	8,661	6,000	-2,661 -30.7 %	-30.7%
Total overseas sales	103,287	110,000	+6,713 +6.5 %	-

Capital Expenditures etc.



Acquisition of Shares of Acrelec Group S.A.S.

January 31, 2020
GLORY LTD.

Objectives of the Business Combination

GLORY



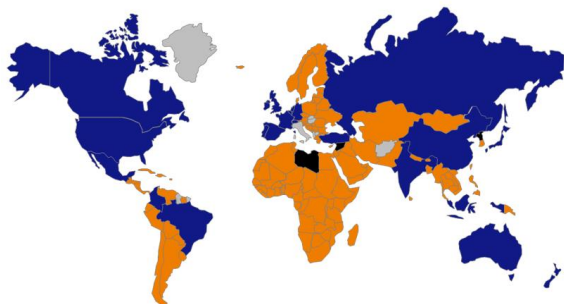
OBJECTIVES

- Advance our business beyond cash technology and in to societal automation
- Growth engine for our retail business
- Increase cash technology sales through self service kiosks and self checkout systems.
- Increase information technology capability: business intelligence, digital customer experience

OBJECTIVES

- Leverage in-place global sales / service network to grow sales during period of rapid market expansion.
- Secure partner for expansion in self-checkout systems marketplace
- Support Acrelec's entry to Japanese home market
- Benefit from Glory's reach and scale to ensure cost-competitiveness and operational capability

Glory Worldwide: Business in Over 100 Countries



● Direct Operations
● Business / Sales Partners

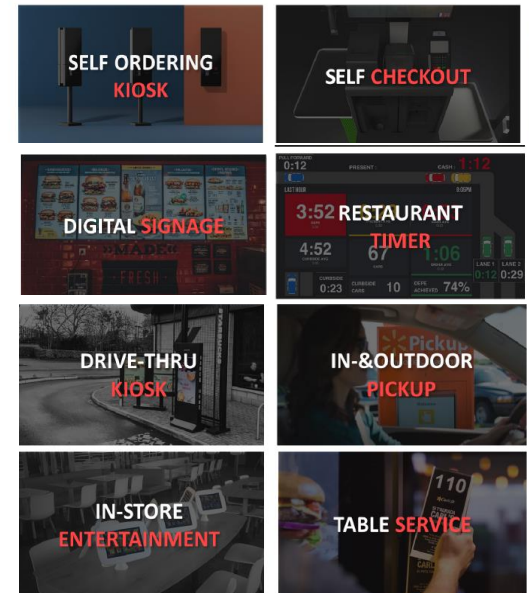
Coin and banknote
recyclers



Global
Field Services



Self-service
kiosks



Business Environment of Overseas Retail Market and Interactive Kiosk Market

Business environment of overseas retail market

- Increasing labor costs in developed countries and expanding needs for labor-saving
- Growing needs for operational efficiency and enhanced customer experience
- High opportunity for new business generation by leveraging customer sales data

What are self-service kiosks?

- A self-service kiosk is a freestanding, interactive, unassisted, multimedia system used to provide information or execute a transaction
- Kiosk system components include human interface devices, control software (local and remote), payment systems, and connectivity to external systems

Forecast of self-service kiosk market

◆ Potential of market growth

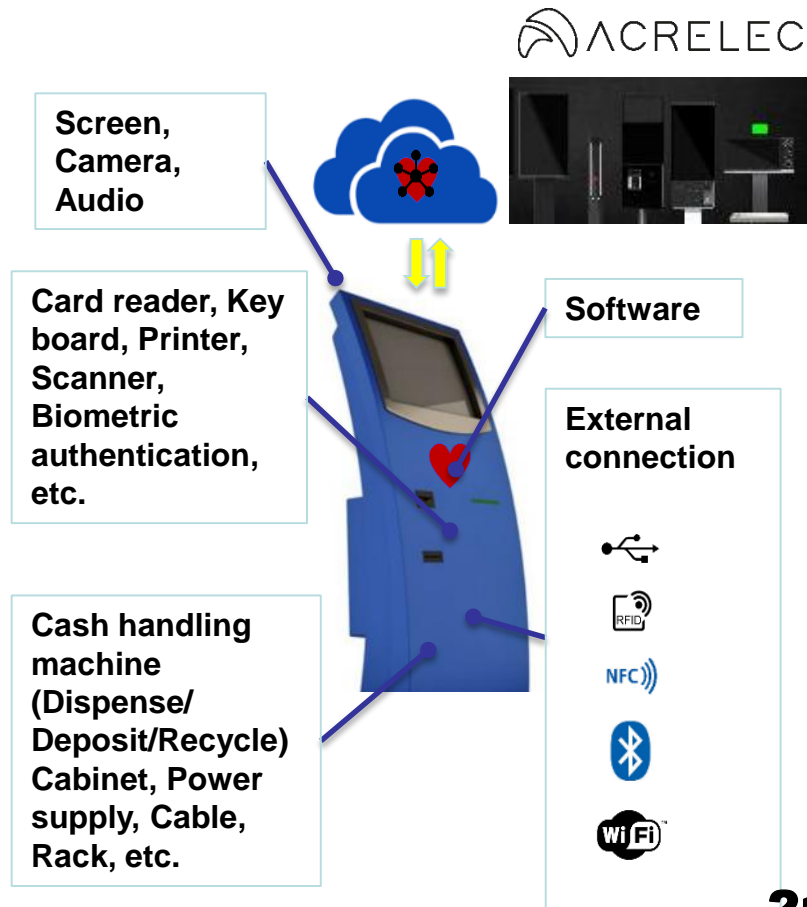
Rapidly growing market particularly in quick service restaurant and retail market due to increasing labor costs and shortage in labor. **The average annual market growth rate over the next five years is estimated at 14% or more** in developed counties including the U.S. and Europe according to three external research companies .

◆ Growing needs for operational efficiency

Greater needs for labor-saving and operational efficiency particularly in developed countries, such as by coping with various methods of payments or introducing mobile ordering and collection.

◆ High opportunity for new business generation by leveraging customer sales data

By utilizing AI (artificial intelligence capabilities) installed in self-service kiosks, **it is possible to provide users with personalized customer experiences, thereby offering opportunities for sales expansion for the stores equipped with self-service kiosks.**



Overview of Acrelec Group S.A.S.

Company Overview

Company name	Acrelec Group S.A.S.
Location of headquarters	France
Representatives	CEO Jacques Mangeot, CEO Jalel Souissi
Principal business	Manufacture, Sales, and Service of self-service kiosks, drive-through kiosks, digital menu boards, customer interaction software, and other restaurant and retail store customer experience solutions
Stated capital	€ 84.938 million
Date of Incorporation	June 2016
Number of employees	800

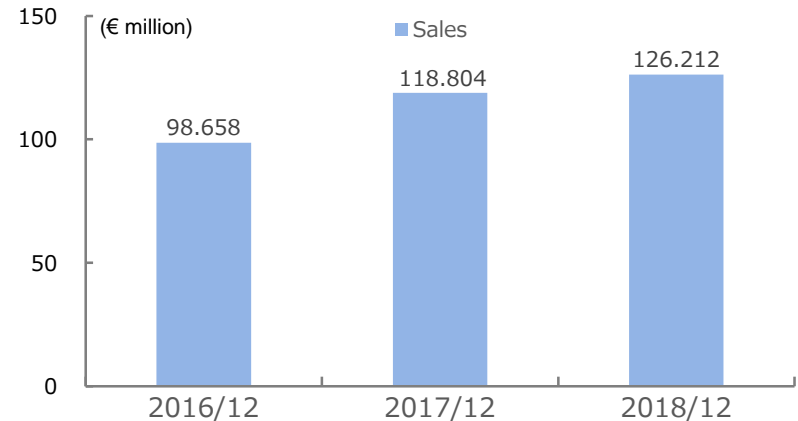
Network

A worldwide implantation : 19 implantations & more 80 distribution countries



June 2019

Trends of Performance



Customers

※Quote from Acrelec Group website



Strengths of Acrelec Group S.A.S.

1. Industry Leader in Interactive Kiosks

- More than 40,000 installations worldwide
- Globally recognized brand
- Market leading self-service software

2. Strong Customer Base

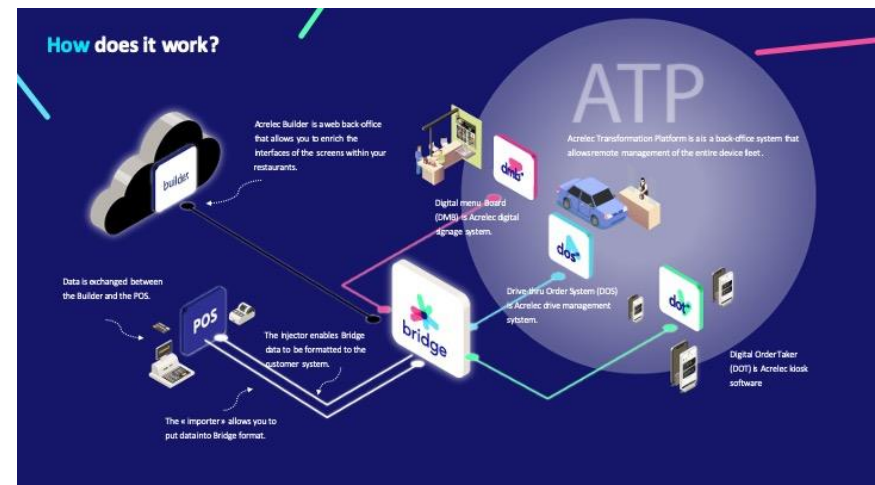
- Sales in more than 80 countries
- Industry-leading clients including McDonald's, KFC, Burger King.

3. Global, Turn-key Solutions

- End-to-End Capability: Development • Sales • Maintenance
- The Group operates close to customers to respond to customer needs quickly

4. Expansive Software solutions

- 100+ software Engineers
- 10+ market-leading application and management solutions

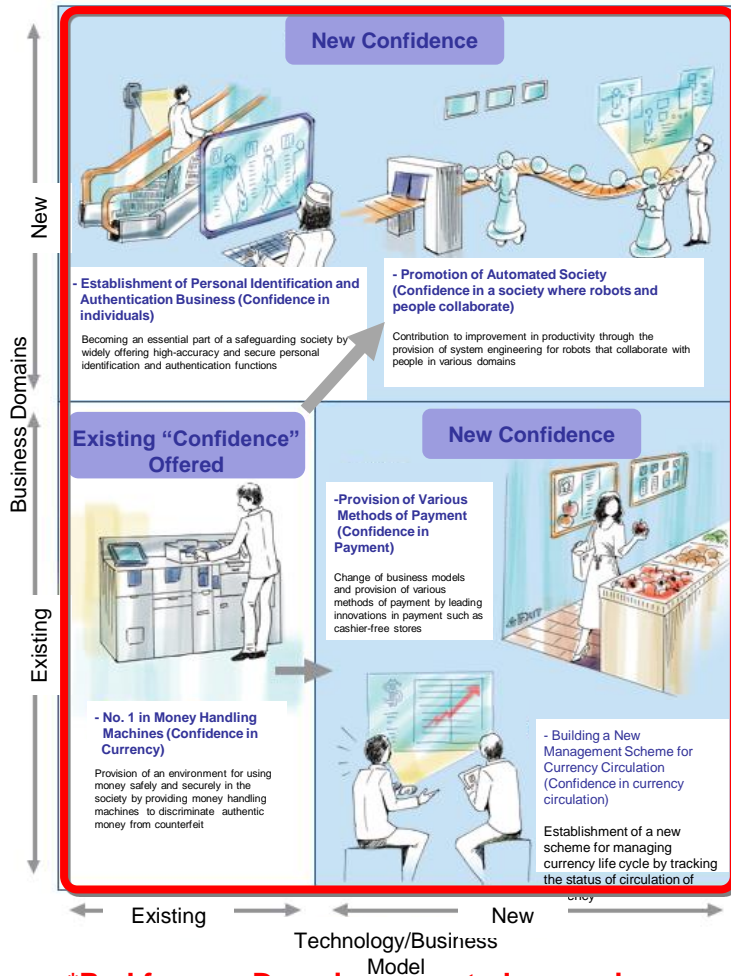


Expected Effects

Expanding new business domain to realize “Long-Term Vision 2028”

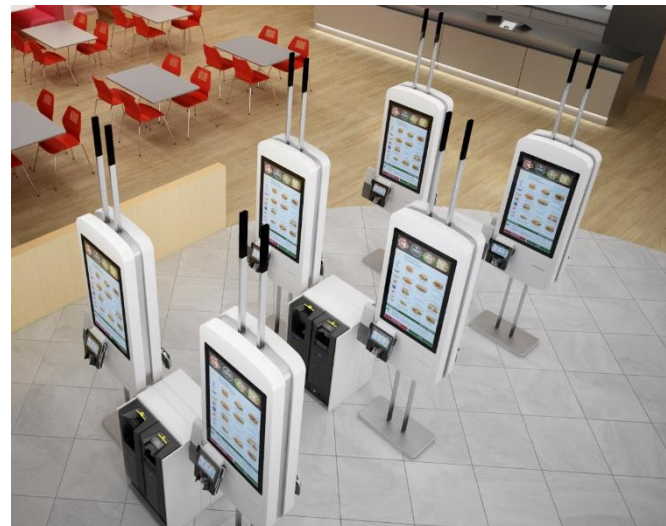
~Realization of “Creating customer needs” and “Solving customer problems before they know they have them” at speed beyond expectation~

[Long-Term Vision 2028]



[Expected Synergies]

- Expand interactive kiosk and cash technology sales by utilizing sales channels of both Acrelec and Glory
- Create customer value by integrating Acrelec kiosk and software with Glory’s currency technology
- Realize new services through combined store management platform



*Red frame : Domains expected synergies

Number and Amount of Shares to be Acquired

Number of shares to be acquired

75,500,034 shares
80% of total shares issued

Amount of shares to be acquired

€202 million

(Approx. ¥ 24.2 billion)

*Exchange rate of €1=120 yen is used

The acquisition price includes net debt amount and advisory fees in addition to equity value. The Acquisition Price will be adjusted in accordance with any adjustments stipulated in the share purchase agreement.

Execution of share purchase agreement

Not yet determined
(after completion of relevant statutory procedures)

Date of Transfer of shares

Following relevant regulatory approvals

Closing Conditions

- Acceptance of offer by Acrelec's shareholders and execution of Share purchase Agreement
- Consultation with Staff Representatives
- Receipt of relevant regulatory approvals

<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.