

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

## 1 Consolidated Financial Results

- |   |     |
|---|-----|
| 1) Performance Overview (Y-on-Y)                | P 2 |
| 2) Factors of Operating Income Change           | P 3 |
| 3) Sales & Operating Income by Business Segment | P 4 |

## Reference

- |   |      |
|---|------|
| - Nine Months ended December 31, 2019                                     | P 13 |
| • Consolidated Statement of Income /<br>Statement of Comprehensive Income |      |
| • Consolidated Balance Sheet  |      |
| • Capital Expenditures, etc.  |      |
| - Financial Forecast for FY2019   | P 16 |
| • Sales & Operating Income Forecast<br>by Business Segment (Q4)           |      |
| • Sales Forecast by Geographical Segment of<br>Overseas Market            |      |
| • Capital Expenditures, etc.  |      |
| - Topics  | P 19 |
| • Acquisition of Shares of Acrelec Group S.A.S.                           |      |

## 2 Details of Performance

- |  |     |
|--|-----|
| 1) Sales & Operating Income by Business<br>Segment | P 5 |
|--|-----|

## 3 Financial Forecast for FY2019

- |   |      |
|---|------|
| 1) Financial Forecast for FY2019                            | P 10 |
| 2) Sales & Operating Income Forecast<br>by Business Segment | P 11 |



**Net Sales**

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

**Income**

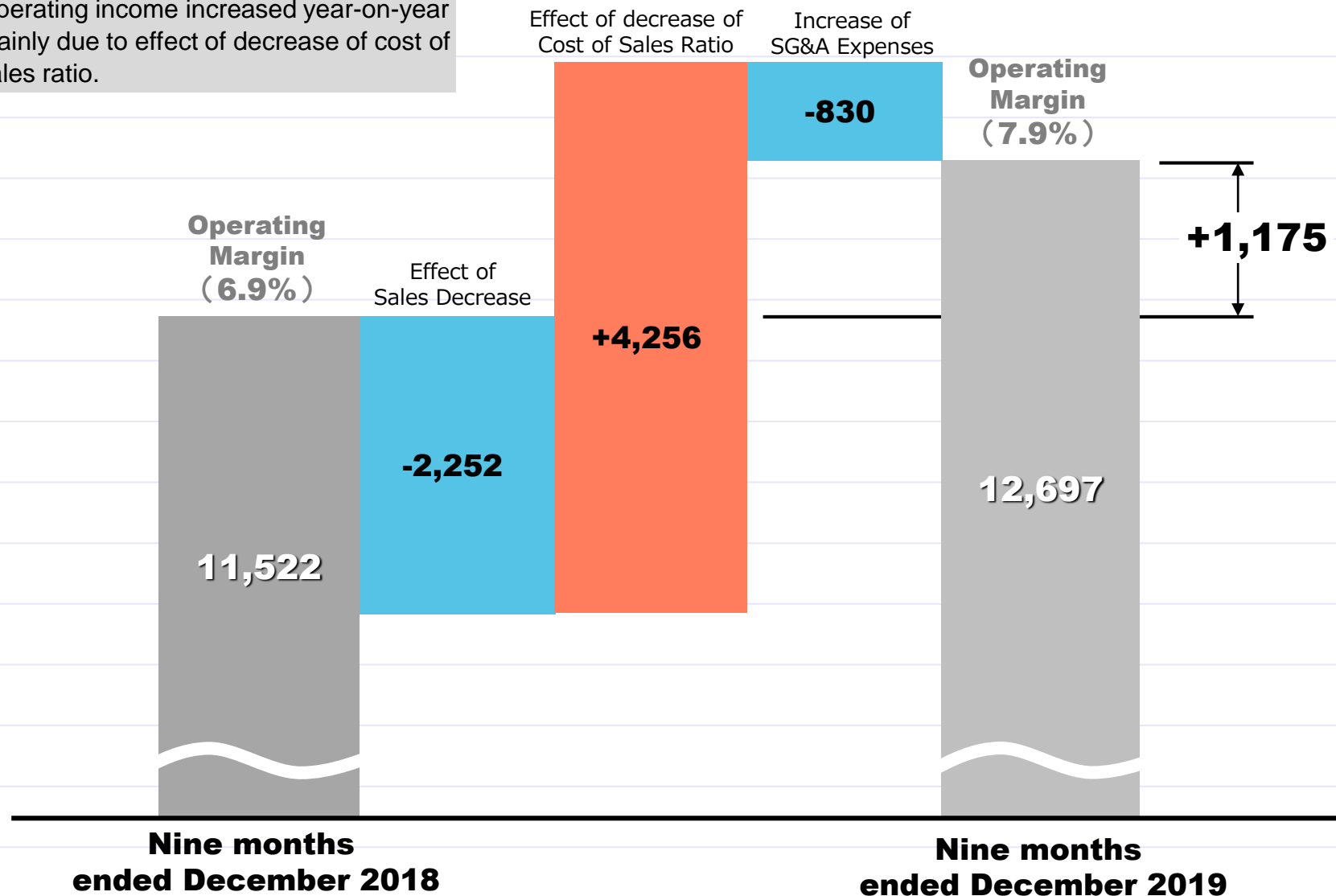
Operating income increased year-on-year mainly due to maintenance sales increase and improvement of product mix.






(Millions of yen)	FY2018		FY2019		Y-on-Y
	Nine months ended December 31, 2018	Ratio	Nine months ended December 31, 2019	Ratio	
Net Sales	<b>166,804</b>	100.0%	<b>160,785</b>	100.0%	<b>-3.6%</b>
Maintenance Services	<b>50,566</b>	30.3%	<b>53,302</b>	33.2%	<b>+5.4%</b>
Operating Income	<b>11,522</b>	6.9%	<b>12,697</b>	7.9%	<b>+10.2%</b>
Ordinary Income	<b>11,294</b>	6.8%	<b>11,950</b>	7.4%	<b>+5.8%</b>
Net Income Attributable to Owners of Parent	<b>6,489</b>	3.9%	<b>7,237</b>	4.5%	<b>+11.5%</b>
※ <b>EBITDA</b>	<b>20,947</b>	12.6%	<b>23,011</b>	14.3%	<b>+9.9%</b>
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	<b>70,460</b>	<b>73,343</b>	<b>+2,883</b> +4.1 %	<b>2,835</b>	<b>6,284</b>	<b>+3,449</b> +121.7 %
 Financial Market	<b>40,749</b>	<b>30,654</b>	<b>-10,095</b> -24.8 %	<b>4,843</b>	<b>2,519</b>	<b>-2,324</b> -48.0 %
 Retail & Transportation Market	<b>37,398</b>	<b>37,252</b>	<b>-146</b> -0.4 %	<b>3,264</b>	<b>3,875</b>	<b>+611</b> +18.7 %
 Amusement Market	<b>15,875</b>	<b>15,956</b>	<b>+81</b> +0.5 %	<b>1,576</b>	<b>1,873</b>	<b>+297</b> +18.8 %
 Others	<b>2,321</b>	<b>3,579</b>	<b>+1,258</b> +54.2 %	<b>-997</b>	<b>-1,854</b>	<b>-857</b> - %
Total	<b>166,804</b>	<b>160,785</b>	<b>-6,019</b> -3.6 %	<b>11,522</b>	<b>12,697</b>	<b>+1,175</b> +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 Sevices	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	<b>103,287</b>	<b>110,000</b>	<b>+6,713</b> <b>+6.5 %</b>	<b>8,761</b>	<b>9,500</b>	<b>+739</b> <b>+8.4 %</b>
	Financial Market	<b>56,636</b>	<b>* 45,000</b> <b>44,000</b>	<b>-12,636</b> <b>-22.3 %</b>	<b>6,764</b>	<b>* 3,000</b> <b>2,800</b>	<b>-3,964</b> <b>-58.6 %</b>
	Retail & Transportation Market	<b>51,985</b>	<b>51,500</b>	<b>-485</b> <b>-0.9 %</b>	<b>4,611</b>	<b>5,500</b>	<b>+889</b> <b>+19.3 %</b>
	Amusement Market	<b>20,511</b>	<b>* 19,000</b> <b>20,000</b>	<b>-511</b> <b>-2.5 %</b>	<b>1,959</b>	<b>* 1,500</b> <b>1,900</b>	<b>-59</b> <b>-3.0 %</b>
	Others	<b>3,341</b>	<b>4,500</b>	<b>+1,159</b> <b>+34.7 %</b>	<b>-1,521</b>	<b>* -2,500</b> <b>-2,700</b>	<b>-1,179</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>

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

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

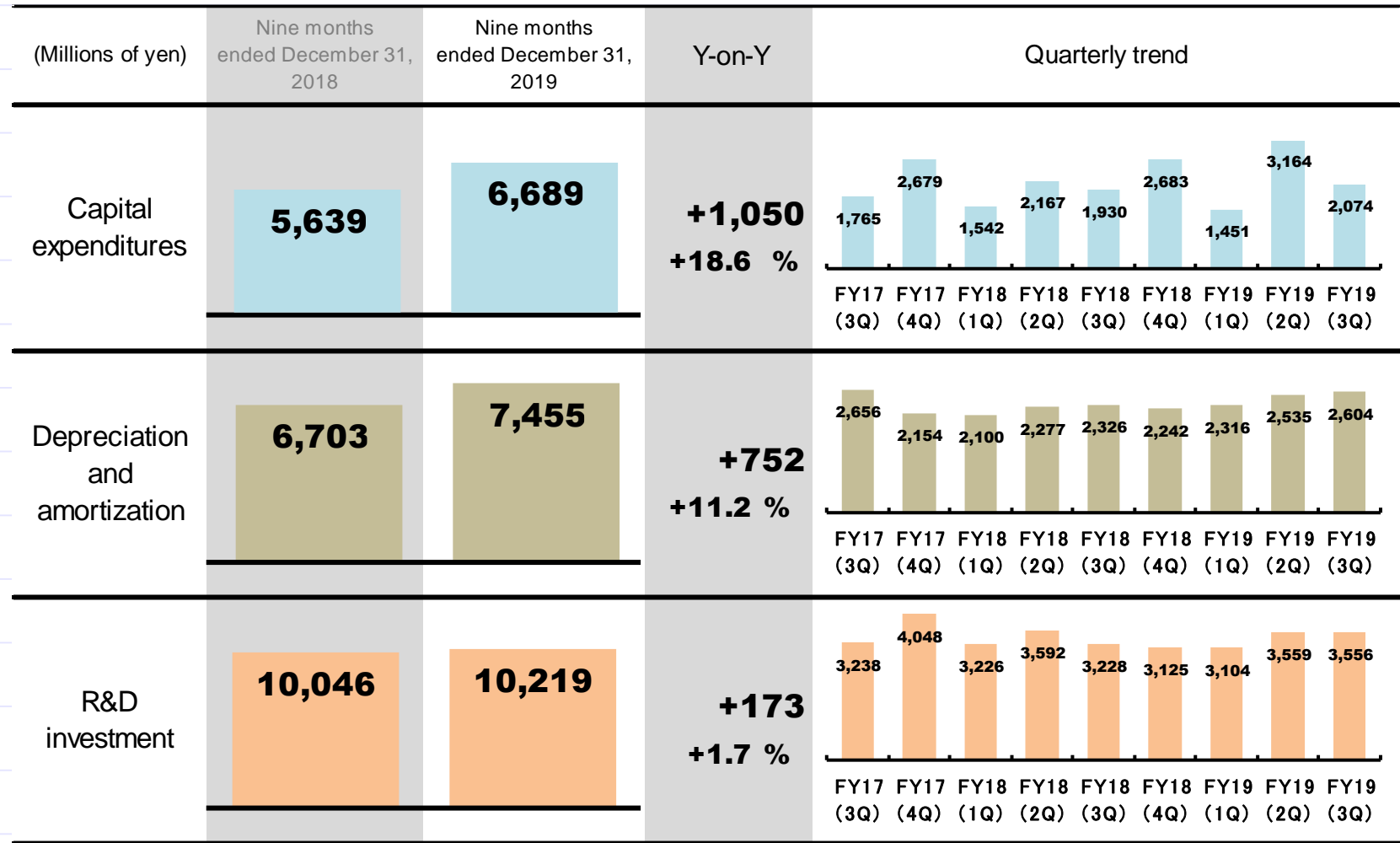
# Consolidated Balance Sheets

(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
<b>Current assets</b>	<b>188,143</b>	<b>181,860</b>	<b>-6,283</b>	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
<b>Total noncurrent assets</b>	<b>130,084</b>	<b>130,100</b>	<b>+16</b>	<b>Total netassets</b>	<b>193,257</b>	<b>188,046</b>	<b>-5,211</b>
<b>Total assets</b>	<b>318,228</b>	<b>311,960</b>	<b>-6,268</b>	<b>Total liabilities and net assets</b>	<b>318,228</b>	<b>311,960</b>	<b>-6,268</b>

\*1 Goodwill decreased as planned

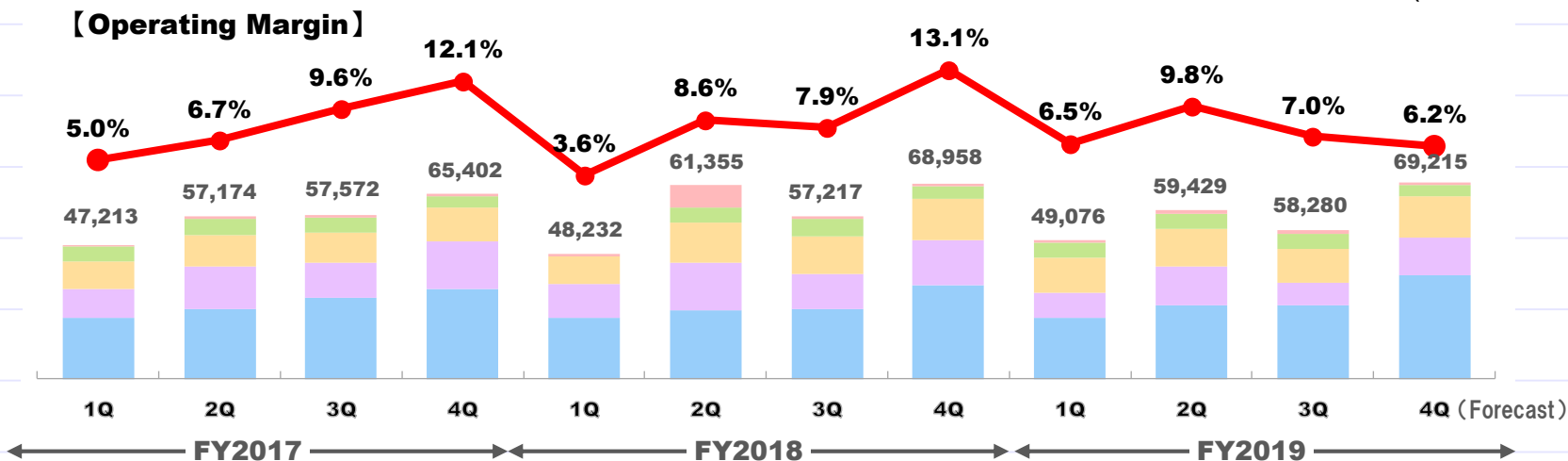
\*2 Retained earnings decreased due to cancellation of treasury shares

# Capital Expenditures etc.



# Sales & Operating Income Forecast by Business Segment

(Millions of Yen)



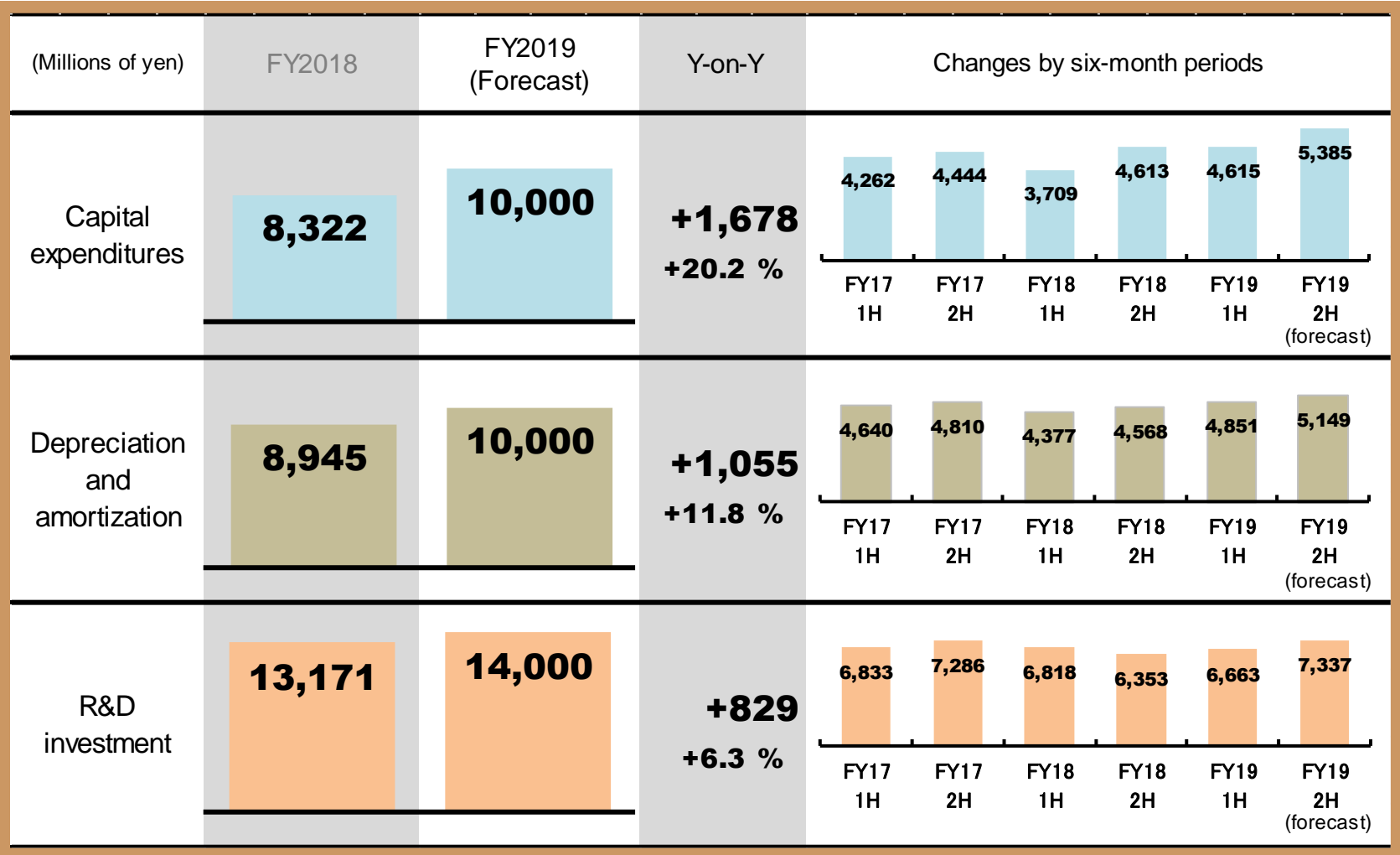
(Millions of yen)		FY2019				
		Q1	Q2	Q3	Q4 (Forecast)	Full Year (Forecast)
	Overseas Market	21,541 1,246	26,023 2,801	25,779 2,237	36,657 3,216	110,000 9,500
	Financial Market	8,617 297	13,718 1,771	8,319 451	13,346 281	44,000 2,800
	Retail & Transportation Market	12,531 1,532	12,952 1,387	11,769 956	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



ACRELEC

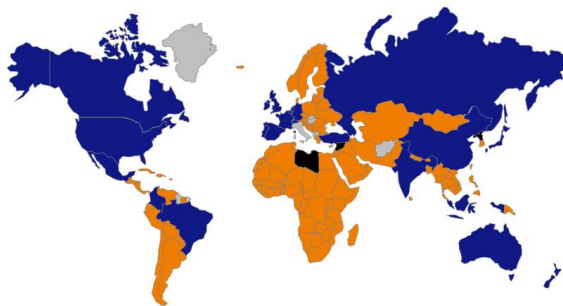
## OBJECTIVES

- 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

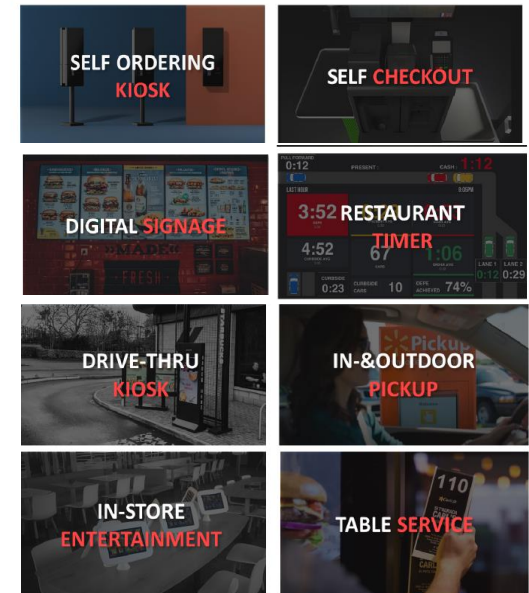


- Direct Operations
- Business / Sales Partners

**Coin and banknote  
recyclers**



**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

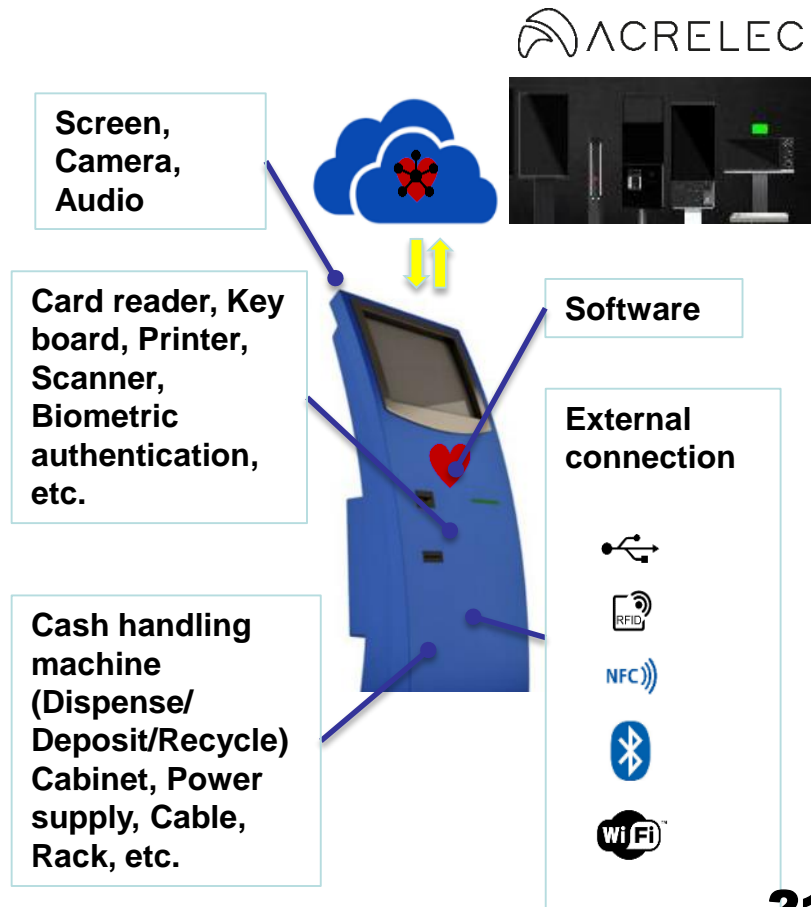
Rapidly growing market particularly in quick service restaurant and retail market due to increasing labor costs and shortage in labor. **The average annual market growth rate over the next five years is estimated at 14% or more** in developed countries including the U.S. and Europe according to three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



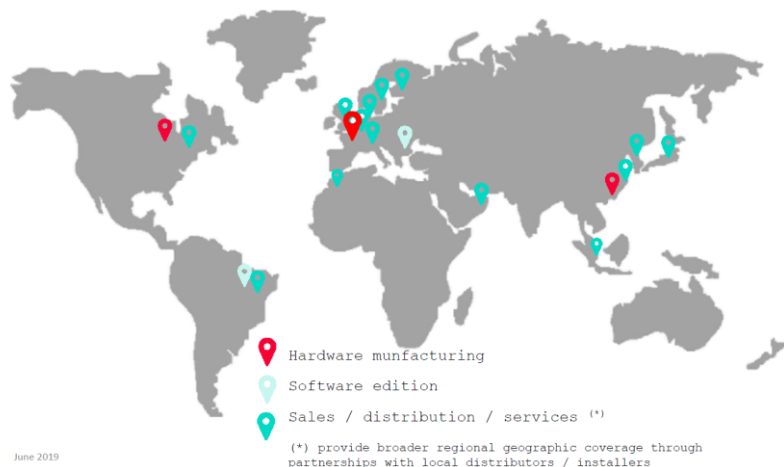
# Overview of Acrelec Group S.A.S.

## Company Overview

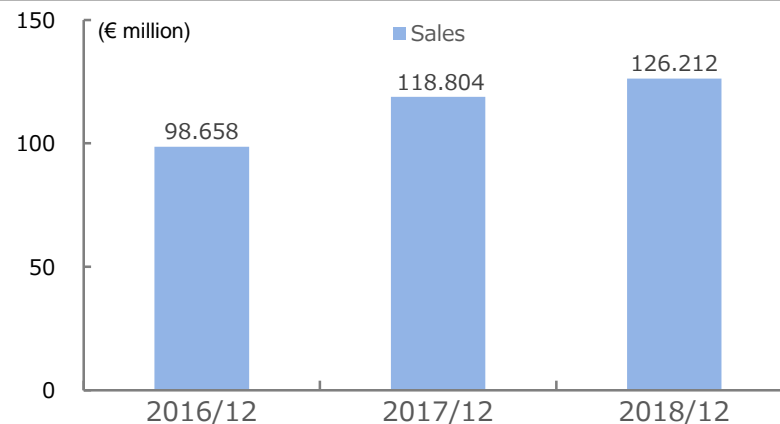
<b>Company name</b>	Acrelec Group S.A.S.
<b>Location of headquarters</b>	France
<b>Representatives</b>	CEO Jacques Mangeot, CEO Jalel Souissi
<b>Principal business</b>	Manufacture, Sales, and Service of self-service kiosks, drive-through kiosks, digital menu boards, customer interaction software, and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

## Network

A worldwide implantation : 19 implantations & more 80 distribution countries



## 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

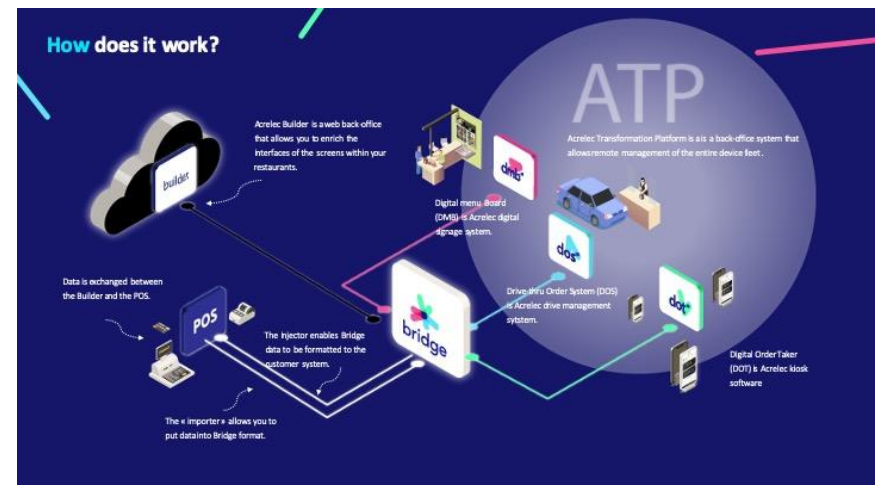
- Sales in more than 80 countries
- Industry-leading clients including McDonald's, KFC, Burger King.

## 3. Global, Turn-key Solutions

- End-to-End Capability: Development • Manufacturing • 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



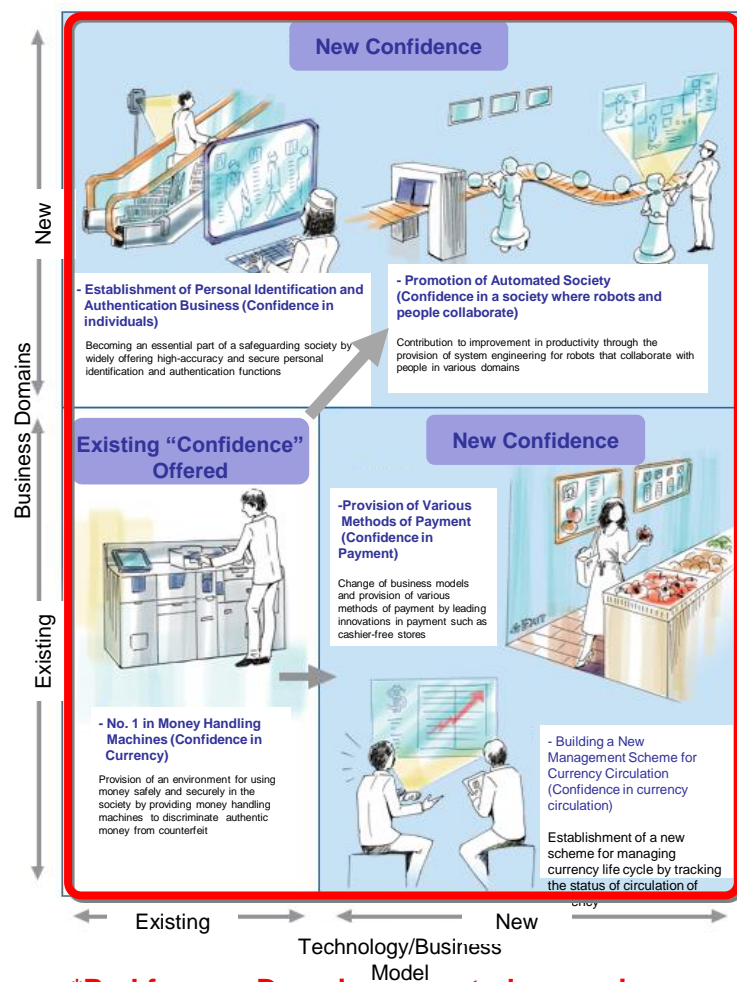


# Expected Effects

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

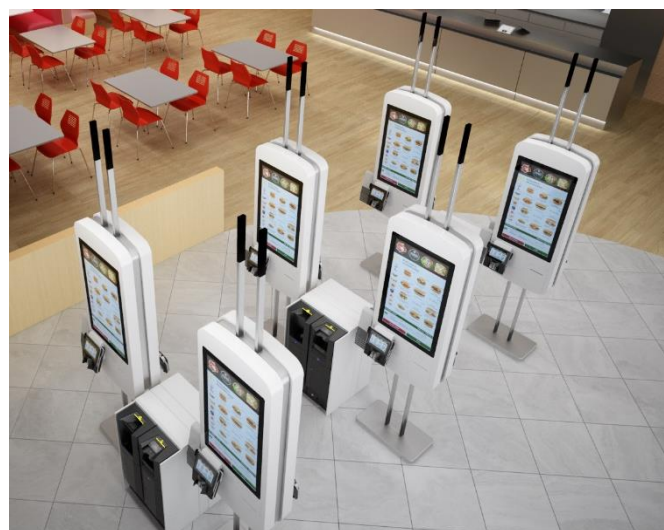
~Realization of “Creating customer needs” and “Solving customer problems before they know they have them” at speed beyond expectation~

### [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





# 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.