

(TRANSLATION FOR REFERENCE ONLY)

This is a translation of the original Japanese text of the “Consolidated Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2018.” Should there be any discrepancy between any part of this translation and the original Japanese text, the latter shall prevail.

Consolidated Financial Results

for the Second Quarter of Fiscal Year Ending March 31, 2018 <Japanese GAAP>

November 7, 2017

Company Name: GLORY LTD. Stock exchange listing: Tokyo (1st Section)
 Code number: 6457 URL: <http://corporate.glory-global.com/>
 Representative: Hirokazu Onoe President & Representative Director
 Contact person: Yukihiro Fujikawa Executive General Manager, Business Management Headquarters
 TEL +81-79-297-3131

Scheduled filing date of Quarterly Securities Report: November 13, 2017
 Scheduled date of dividend payments: December 5, 2017
 Preparation of quarterly earnings supplementary explanatory material: Yes
 Holding of quarterly earnings presentation: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded downward.)

1. Consolidated Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2018 (from April 1, 2017 to September 30, 2017)

(1) Consolidated Operating Results (cumulative)

(The percentages show the changes from the corresponding period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Six months ended September 30, 2017	104,387	2.0	6,179	(26.1)	4,757	22.7	2,041	(4.5)
Six months ended September 30, 2016	102,343	(1.7)	8,356	24.3	3,878	(42.0)	2,136	(29.2)

(Note) Comprehensive income

Six months ended September 30, 2017: ¥4,491 million [— %]
 Six months ended September 30, 2016: ¥(11,919) million [— %]

	Net income per share	Fully diluted net income per share
	(Yen)	(Yen)
Six months ended September 30, 2017	31.92	—
Six months ended September 30, 2016	32.63	—

(2) Consolidated Financial Position

	Total assets	Net assets	Ownership equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of September 30, 2017	308,979	194,139	61.7	2,982.42
As of March 31, 2017	312,821	191,443	60.1	2,939.78

(Reference) Ownership equity

As of September 30, 2017: ¥190,733 million As of March 31, 2017: ¥187,949 million

(TRANSLATION FOR REFERENCE ONLY)

2. Dividends

(Record date)	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Annual
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Year ended March 31, 2017	—	30.00	—	30.00	60.00
Year ending March 31, 2018	—	31.00			
Year ending March 31, 2018 (forecast)			—	51.00	82.00

(Note) Revisions to the latest dividend forecast: Yes

The year-end dividends for the fiscal year ending March 31, 2018 (forecast): Ordinary dividends of ¥31.00, 100th anniversary commemorative dividends of ¥20.00

For details on the revisions to the dividend forecast, please refer to the news release titled “Notice of Revision of Year-End Dividend Forecast for Fiscal Year Ending March 31, 2018 (including Commemorative Dividend for the 100th Anniversary of the Company’s Founding) and Decision on Acquisition of Own Shares” announced on the same day as this report (November 7, 2017).

3. Consolidated Financial Forecast for the Year Ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(The percentages show the changes from the corresponding period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
Full year	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
	235,000	5.6	21,000	3.1	21,000	22.1	13,000	25.2	203.30

(Note) Revisions to the latest consolidated financial forecast: None

Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries involving a change in the scope of consolidation):
None

(2) Application of accounting methods specific to preparation of the quarterly consolidated financial statements: Yes

(3) Changes in accounting policies and estimates, and restatements

- (a) Changes in accounting policies associated with revisions of accounting standards, etc.: None
(b) Changes in accounting policies other than (a): None
(c) Changes in accounting estimates: None
(d) Restatements: None

(4) Total number of shares issued (common stock)

(a) Total number of shares issued at the end of the period (including treasury shares)

As of September 30, 2017: 68,638,210 shares

As of March 31, 2017: 68,638,210 shares

(b) Number of treasury shares at the end of the period

As of September 30, 2017: 4,496,195 shares

As of March 31, 2017: 4,496,099 shares

(c) Average number of shares (cumulative from the beginning of the period)

Six months ended September 30, 2017: 63,946,218 shares

Six months ended September 30, 2016: 65,491,237 shares

(Note) In addition to the number of treasury shares at the end of the period, there also existed Company shares owned by the “Board Incentive Plan (BIP) Trust Account” and “Employee Stock Ownership Plan (ESOP) Trust Account.” (As of September 30, 2017: 189,309 shares, As of March 31, 2017: 208,950 shares)

(TRANSLATION FOR REFERENCE ONLY)

(Note) These “Consolidated Financial Results” are not required to be subjected to quarterly reviews.

(Note) Explanation regarding the appropriate use of financial forecasts and other special items

The forward-looking statements such as operational forecasts contained in this report 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. For the assumptions and other related matters concerning the financial forecasts, please refer to “1. Qualitative Information on the Financial Statements, (2) Consolidated Financial Forecasts and Other Forward-looking Statements” on page 5 of the Attachment.

(TRANSLATION FOR REFERENCE ONLY)

Attachment

Contents

1. Qualitative Information on the Financial Statements	5
(1) Operating Results	5
(2) Consolidated Financial Forecasts and Other Forward-looking Statements	5
2. Quarterly Consolidated Financial Statements and Significant Notes Thereto	6
(1) Quarterly Consolidated Balance Sheet	6
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	8
Quarterly Consolidated Statement of Income	8
Quarterly Consolidated Statement of Comprehensive Income	9
(3) Notes to Quarterly Consolidated Financial Statements	10
Notes Regarding Assumption of a Going Concern	10
Notes for Significant Change in the Amount of Shareholders' Equity	10
Application of Accounting Methods Specific to Preparation of the Quarterly Consolidated Financial Statements	10
Segment Information	10

(TRANSLATION FOR REFERENCE ONLY)

1. Qualitative Information on the Financial Statements

(1) Operating Results

In the six months ended September 30, 2017, the Japanese economy showed a trend of gradual recovery driven by an observed trend toward a pickup in personal consumption, and improvements in both corporate capital investment and the employment situation. The global economy also maintained its trend of gradual recovery, reflecting such positive developments as continuing trends toward recovery in the United States and Europe, and, in Asia, an observed trend toward the improvement of China's economy.

Under these conditions, in this last year of its three-year 2017 Medium-Term Management Plan, which started in April 2015, the GLORY Group (the "Group") proactively implemented the three strategies—Business, Constitutional, and Corporate Management—under its basic policy to "Realize business growth through 'customer-oriented superb manufacturing' and enhance profitability to achieve the Long-Range Vision 2018."

As a result, net sales in this six-month period totaled ¥104,387 million (up 2.0% year on year). Of this, sales of merchandise and finished goods were ¥71,136 million (up 0.0% year on year) and sales from maintenance services were ¥33,250 million (up 6.5% year on year). Operating income was ¥6,179 million (down 26.1% year on year), ordinary income was ¥4,757 million (up 22.7% year on year) due to a decrease in foreign exchange losses from the corresponding period of the previous year, and net income attributable to owners of parent was ¥2,041 million (down 4.5% year on year).

Results of operations in each business segment are as follows.

Financial market

Although sales of "coin and banknote recyclers" for tellers were strong due to our capturing of replacement demand, sales of this segment's main product, "open teller systems," were sluggish for compact models for small- and medium-sized financial outlets due to the large-scale demand of the previous year having run its course.

As a result, net sales in this segment were ¥24,814 million (down 9.3% year on year) and operating income was ¥1,595 million (down 59.0% year on year) due to deterioration in product mix, etc.

Retail and transportation market

Although sales of "multifunctional banknote changers" were robust, sales of this segment's main product, "coin and banknote recyclers" for cashiers, and "sales proceeds deposit machines" for the cash-in-transit market were slow. Therefore, sales for the overall market were maintained at the level of the corresponding period of the previous year.

As a result, net sales in this segment were ¥20,630 million (down 1.1% year on year) and operating income was ¥1,547 million (down 26.7% year on year).

Amusement market

Sales of this segment's main products such as "card systems" were strong, and net sales in this segment were ¥11,312 million (up 31.2% year on year) and operating income was ¥823 million (up 444.9% year on year).

Overseas market

Sales of "banknote recyclers" for financial institutions were favorable in the United States. In Europe, sales of "banknote recyclers" for financial institutions were sluggish but sales of "sales proceeds deposit machines" for the retail industries were strong. Meanwhile, in Asia, sales of "banknote recyclers" for financial institutions were slow.

As a result, net sales in this segment were ¥46,441 million (up 4.4% year on year) and operating income was ¥2,548 million (up 4.9% year on year).

In the "Other" business segment, net sales were ¥1,189 million (up 15.8% year on year) and operating loss was ¥335 million (vs. operating loss of ¥227 million in the corresponding period of the previous year).

All amounts in this section do not include consumption taxes.

(2) Consolidated Financial Forecasts and Other Forward-looking Statements

No changes have been made to the consolidated financial forecasts for the year ending March 31, 2018 that were announced on May 11, 2017.

(TRANSLATION FOR REFERENCE ONLY)

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	74,292	64,561
Notes and accounts receivable - trade	47,137	45,954
Securities	3,000	3,000
Merchandise and finished goods	26,098	32,536
Work in process	8,491	8,561
Raw materials and supplies	11,536	12,053
Other	10,543	11,718
Allowance for doubtful accounts	(502)	(725)
Total current assets	180,597	177,659
Non-current assets		
Property, plant and equipment	35,657	35,643
Intangible assets		
Customer relationships	22,221	21,594
Goodwill	51,573	49,808
Other	5,648	5,779
Total intangible assets	79,443	77,182
Investments and other assets		
Investment securities	10,010	10,473
Other	7,305	8,224
Allowance for doubtful accounts	(194)	(205)
Total investments and other assets	17,121	18,492
Total non-current assets	132,223	131,319
Total assets	312,821	308,979
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,484	19,447
Short-term loans payable	25,602	22,694
Current portion of long-term loans payable	8,843	9,191
Income taxes payable	2,903	1,819
Provision for bonuses	8,191	6,916
Provision for directors' bonuses	94	47
Provision for stock grant	61	44
Other	28,261	29,499
Total current liabilities	92,443	89,660
Non-current liabilities		
Long-term loans payable	13,271	9,196
Provision for stock grant	116	165
Net defined benefit liability	4,419	4,323
Other	11,126	11,494
Total non-current liabilities	28,933	25,179
Total liabilities	121,377	114,840

(TRANSLATION FOR REFERENCE ONLY)

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Net assets		
Shareholders' equity		
Capital stock	12,892	12,892
Capital surplus	20,974	20,991
Retained earnings	158,504	159,517
Treasury shares	(12,090)	(12,022)
Total shareholders' equity	180,281	181,378
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	822	1,046
Foreign currency translation adjustment	8,181	9,570
Remeasurements of defined benefit plans	(1,336)	(1,261)
Total accumulated other comprehensive income	7,667	9,355
Non-controlling interests	3,494	3,405
Total net assets	191,443	194,139
Total liabilities and net assets	312,821	308,979

(TRANSLATION FOR REFERENCE ONLY)

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(Millions of yen)

	Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)	Six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)
Net sales	102,343	104,387
Cost of sales	62,033	65,026
Gross profit	40,309	39,360
Selling, general and administrative expenses	31,952	33,181
Operating income	8,356	6,179
Non-operating income		
Interest income	85	77
Dividend income	294	77
Other	193	215
Total non-operating income	572	369
Non-operating expenses		
Interest expenses	290	257
Foreign exchange losses	4,623	1,451
Other	136	82
Total non-operating expenses	5,050	1,791
Ordinary income	3,878	4,757
Extraordinary income		
Gain on sales of non-current assets	7	13
Gain on sales of investment securities	4	8
Total extraordinary income	11	21
Extraordinary losses		
Loss on retirement of non-current assets	30	28
Loss on valuation of investment securities	38	–
Other	–	0
Total extraordinary losses	69	28
Income before income taxes	3,820	4,750
Income taxes	1,169	2,098
Net income	2,651	2,651
Net income attributable to non-controlling interests	515	610
Net income attributable to owners of parent	2,136	2,041

(TRANSLATION FOR REFERENCE ONLY)

Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)	Six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)
Net income	2,651	2,651
Other comprehensive income		
Valuation difference on available-for-sale securities	17	223
Foreign currency translation adjustment	(14,902)	1,524
Remeasurements of defined benefit plans, net of tax	314	91
Total other comprehensive income	(14,571)	1,839
Comprehensive income	(11,919)	4,491
Comprehensive income attributable to		
Owners of parent	(12,004)	3,770
Non-controlling interests	84	721

(TRANSLATION FOR REFERENCE ONLY)

(3) Notes to Quarterly Consolidated Financial Statements

Notes Regarding Assumption of a Going Concern

Not applicable.

Notes for Significant Change in the Amount of Shareholders' Equity

Not applicable.

Application of Accounting Methods Specific to Preparation of the Quarterly Consolidated Financial Statements

Tax expense is calculated by rationally estimating the effective tax rate after application of tax-effect accounting to income before income taxes for the fiscal year including this second quarter, and then multiplying the income before income taxes for the period by the estimated effective tax rate.

Segment Information

(a) Six months ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

Information on sales, profit (loss) by reportable segment

(Millions of yen)

	Reportable segments					Other (Note: 1)	Total	Reconcilia- tion	Amounts reported on the quarterly consolidated statement of income (Note: 2)
	Financial market	Retail and transportation market	Amusement market	Overseas market	Total				
Net sales									
(1) Sales to customers	27,363	20,862	8,623	44,467	101,316	1,027	102,343	–	102,343
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	27,363	20,862	8,623	44,467	101,316	1,027	102,343	–	102,343
Segment profit (loss)	3,893	2,109	151	2,429	8,584	(227)	8,356	–	8,356

Notes: 1. "Other" segment is merchandise and finished goods that is not included in the above reportable segments.

2. Segment profit (loss) corresponds to operating income of quarterly consolidated statement of income.

(b) Six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

Information on sales, profit (loss) by reportable segment

(Millions of yen)

	Reportable segments					Other (Note: 1)	Total	Reconcilia- tion	Amounts reported on the quarterly consolidated statement of income (Note: 2)
	Financial market	Retail and transportation market	Amusement market	Overseas market	Total				
Net sales									
(1) Sales to customers	24,814	20,630	11,312	46,441	103,197	1,189	104,387	–	104,387
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	24,814	20,630	11,312	46,441	103,197	1,189	104,387	–	104,387
Segment profit (loss)	1,595	1,547	823	2,548	6,514	(335)	6,179	–	6,179

Notes: 1. "Other" segment is merchandise and finished goods that is not included in the above reportable segments.

2. Segment profit (loss) corresponds to operating income of quarterly consolidated statement of income.