

(TRANSLATION FOR REFERENCE ONLY)

This is a translation of the original Japanese text of the “Consolidated Financial Results for the Fiscal Year Ended 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 Fiscal Year Ended March 31, 2018 <Japanese GAAP>

May 10, 2018

Company Name: GLORY LTD. Stock exchange listing: Tokyo (1st Section)
 Code Number: 6 4 5 7 URL: <http://corporate.glory-global.com/>
 Representative: Hirokazu Onoe President & Representative Director
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Scheduled date of Ordinary General Meeting of Shareholders: June 27, 2018
 Scheduled date of dividend payments: June 28, 2018
 Scheduled filing date of Annual Securities Report: June 28, 2018
 Preparation of earnings supplementary explanatory material: Yes
 Holding of earnings presentation: Yes (for analysts and institutional investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(1) Consolidated Operating Results

(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)	(%)
Year ended March 31, 2018	227,361	2.1	19,615	(3.7)	17,553	2.0	9,892	(4.7)
Year ended March 31, 2017	222,581	(1.9)	20,365	(0.9)	17,205	(2.1)	10,382	17.6

(Note) Comprehensive income

Year ended March 31, 2018: ¥10,506 million [220.7 %]
 Year ended March 31, 2017: ¥3,275 million [— %]

	Net income per share	Fully diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	(Yen)	(Yen)	(%)	(%)	(%)
Year ended March 31, 2018	155.96	—	5.3	5.7	8.6
Year ended March 31, 2017	160.35	—	5.4	5.4	9.1

(Reference) Income or loss from investments accounted for by the equity method

Year ended March 31, 2018: ¥— million Year ended March 31, 2017: ¥— million

(2) Consolidated Financial Position

	Total assets	Net assets	Ownership equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of March 31, 2018	302,953	192,165	62.0	3,003.62
As of March 31, 2017	312,821	191,443	60.1	2,939.78

(Reference) Ownership equity

As of March 31, 2018: ¥187,780 million As of March 31, 2017: ¥187,949 million

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(3) Consolidated Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Year ended March 31, 2018	14,585	(8,609)	(23,574)	62,375
Year ended March 31, 2017	30,087	(6,632)	(10,964)	77,050

2. Dividends

(Record date)	Dividends per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividends to net assets ratio (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Annual			
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Millions of yen)	(%)	(%)
Year ended March 31, 2017	—	30.00	—	30.00	60.00	3,877	37.4	2.0
Year ended March 31, 2018	—	31.00	—	51.00	82.00	5,186	52.6	2.8
Year ending March 31, 2019 (forecast)	—	31.00	—	31.00	62.00		32.8	

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

3. Consolidated Financial Forecast for the Year Ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

(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
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Six months ending September 30, 2018	113,000	8.3	7,000	13.3	7,000	47.1	4,000	96.0	63.06
Full year	240,000	5.6	20,000	2.0	20,000	13.9	12,000	21.3	189.18

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Notes:

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

(2) 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 |

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

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

As of March 31, 2018:	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 March 31, 2018:	5,931,205 shares
As of March 31, 2017:	4,496,099 shares

(c) Average number of shares

Year ended March 31, 2018:	63,432,643 shares
Year ended March 31, 2017:	64,752,945 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 March 31, 2018: 189,164 shares, As of March 31, 2017: 208,950 shares)

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(1) Non-consolidated Operating Results

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

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Year ended March 31, 2018	143,145	1.8	10,327	(4.3)	12,053	(6.6)	9,957	(3.0)
Year ended March 31, 2017	140,548	0.7	10,790	(6.1)	12,905	(7.9)	10,266	2.3

	Net income per share	Fully diluted net income per share
	(Yen)	(Yen)
Year ended March 31, 2018	156.97	—
Year ended March 31, 2017	158.55	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Ownership equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of March 31, 2018	240,182	175,358	73.0	2,804.93
As of March 31, 2017	250,967	175,170	69.8	2,739.90

(Reference) Ownership equity

As of March 31, 2018: ¥175,358 million As of March 31, 2017: ¥175,170 million

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(Note) Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

(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. Overview of Operating Results and Others (4) Future Outlook” on page 8 of the Attachment.

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Attachment

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1. Overview of Operating Results and Others

(1) Overview of Operating Results for the Fiscal Year

In the fiscal year ended March 31, 2018, the Japanese economy continued a trend of gradual recovery as personal consumption picked up owing to a steady improvement in the employment situation and capital investment increased against the backdrop of an improvement in corporate earnings. 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, continuous recovery of China's economy.

Under these conditions, in 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."

In its overseas business, the Company proactively implemented regional strategies matched to the characteristics of local markets. In the United States, replacement demand for "banknote recyclers" for financial institutions was steadily captured, and in Europe, the sales of "sales proceeds deposit machines" and other products were expanded in retail industries in each country. Also, expansion of our sales networks was made by the acquisition of an Ireland sales and service company, etc.

In its domestic business, the Company targeted sales growth by working to win replacement demand for the main products of "open teller systems" and "coin and banknote recyclers" for tellers, and by launching "coin and banknote recyclers" for cashiers, for convenience stores.

In addition, in order to reinforce the Group's corporate constitution, the Company made progress on improving production and development efficiency by promoting automating of production and platform development for its technologies.

As a result, net sales in the current fiscal year totaled ¥227,361 million (up 2.1% year on year). Of this, sales of merchandise and finished goods came to ¥159,683 million, rising 0.6% year on year and sales from maintenance services increased by 5.9% year on year to ¥67,677 million. Operating income was ¥19,615 million (down 3.7% year on year), ordinary income rose 2.0% over the previous year to ¥17,553 million and net income attributable to owners of parent was ¥9,892 million (down 4.7% year on year).

Results of operations in business segments were 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 ¥53,970 million (up 1.3% year on year) and operating income was ¥4,043 million (down 37.9% year on year) due to deterioration in product mix, etc.

Retail and transportation market

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

As a result, net sales in this segment were ¥43,216 million (up 1.3% year on year) and operating income was ¥3,476 million (up 0.2% year on year).

Amusement market

Although sales of this segment's main products including "card systems" were sluggish, sales of "Yudo," the playing trend analysis system launched in the fiscal year under review, were strong.

As a result, net sales in this segment were ¥20,570 million (up 0.7% year on year) and operating income was ¥1,331 million (up 80.5% year on year).

Overseas market

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

As a result, net sales in this segment came to ¥106,758 million (up 2.9% year on year) and operating income was ¥11,167 million (up 12.8% year on year).

In the "Other" business segment, net sales were ¥2,845 million (up 18.6% year on year) and operating loss was ¥403 million (vs. operating loss of ¥251 million in the corresponding period of the previous fiscal year).

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All amounts in this section do not include consumption taxes.

(2) Overview of Financial Position for the Fiscal Year

Total assets at the end of the current fiscal year were ¥302,953 million, a decrease of ¥9,867 million compared with the end of the previous fiscal year. This is mainly the result of increase of ¥7,137 million in notes and accounts receivable - trade, ¥5,236 million in inventories, and decrease of ¥13,137 million in cash and deposits, ¥6,459 million in goodwill and ¥2,538 million in customer relationships.

Liabilities were ¥110,787 million, a decrease of ¥10,589 million compared with the end of the previous fiscal year. This is mainly the result of decrease of ¥3,857 million in short-term loans payable and ¥8,762 million in long-term loans payable.

Total net assets at the end of the current fiscal year were ¥192,165 million, an increase of ¥721 million compared with the end of the previous fiscal year. That mainly reflected an increase of ¥6,876 million for retained earnings and an increase of ¥5,932 million for treasury shares, which reduced net assets.

As a result, the ownership equity ratio became 62.0% compared with 60.1% at the end of the previous fiscal year.

(3) Overview of Cash Flows for the Fiscal Year

Cash and cash equivalents (“cash”) at the end of the current fiscal year decreased ¥14,675 million from one year earlier to ¥62,375 million.

The following is a summary of cash flows:

Cash flows from operating activities

Net cash provided by operating activities was ¥14,585 million, compared to ¥30,087 million in the previous fiscal year. The main component of cash used were an increase in notes and accounts receivable - trade of ¥6,643 million and inventories of ¥5,825 million, which was offset by cash provided from income before income taxes of ¥17,538 million, depreciation of ¥9,450 million and amortization of goodwill of ¥3,922 million.

Cash flows from investing activities

Net cash used in investing activities was ¥8,609 million, compared to ¥6,632 million in the previous fiscal year. The main component of cash used was payments for purchases of property, plant and equipment of ¥5,504 million. The purchases of property, plant and equipment consisted mainly of molds, jigs and tools etc. used to manufacture products.

Cash flows from financing activities

Net cash used in financing activities was ¥23,574 million, compared to ¥10,964 million in the previous fiscal year. The main component of cash used was net decrease in short-term loans payable of ¥3,835 million, repayments of long-term loans payable of ¥9,005 million, purchase of treasury shares of ¥6,000 million, and cash dividends paid of ¥3,912 million.

Cash flow indices

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Ownership equity ratio	55.2%	58.1%	60.6%	60.1%	62.0%
Ownership equity ratio based on market value	54.5%	63.5%	78.1%	74.6%	78.3%
Debt repayment ratio (years)	4.1	3.0	1.7	1.6	2.4
Interest coverage ratio	24.8	24.6	41.6	48.8	25.7

Notes: Ownership equity ratio: (Shareholders’ equity + Valuation and translation adjustments) / Total assets

Ownership equity ratio based on market value: Market capitalization / Total assets

Debt repayment ratio: Interest-bearing liabilities / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest payments

* All indices are calculated using financial data on a consolidated basis.

* Market capitalization is calculated by multiplying the closing price on the balance sheet date by the number of shares issued, net of treasury shares, on the balance sheet date.

* Operating cash flow represents cash flow from operating activities per the consolidated statement of cash flows. Interest-bearing liabilities consist of all liabilities on the consolidated balance sheet for which interest is being paid.

Interest payments consist of interest expenses paid as presented on the consolidated statement of cash flows.

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(4) Future Outlook

With regard to the Japanese economy in the future, its recovery trend is expected to continue with a gradual expansion in corporate capital investment and personal consumption. The global economy is also expected to remain on a moderate recovery trend driven by economic expansion in the United States and Europe, in spite of geopolitical risk.

Against that backdrop, the Group has started the three-year 2020 Medium-Term Management Plan, which started in April 2018 in order to realize the newly established “Long-Term Vision 2028.” This plan is positioned as the “preparation for realizing long-term vision” and will be promoted on the basis of three basic policies of “building foundations for realizing sustainable business management,” “strengthening collaboration with various partners to solve social issues,” and “realizing higher productivity and robust corporate constitution that directly generate outcome.”

For the fiscal year ending March 31, 2019, the Group forecasts consolidated business results as follows in view of a further expansion of sales to retail industries in the overseas business and the promotion of solution proposals in response to the market changes in the domestic business; net sales of ¥240,000 million (up 5.6% year on year), operating income of ¥20,000 million (up 2.0% year on year), ordinary income of ¥20,000 million (up 13.9% year on year) and net income attributable to owners of parent of ¥12,000 million (up 21.3% year on year). The forecast uses exchange rate assumptions of US\$1=¥110, 1 euro=¥130.

2. Basic Approach to Selection of Accounting Standard

Given the ongoing convergence between accounting standards, the Group has adopted a policy for the time being of continuing to use the Japanese accounting standard.

Moreover, the Group intends to continue examining the application of International Financial Reporting Standards (IFRS) in light of trends in IFRS adoption among other Japanese companies going forward and the Group’s own international development, and so forth.

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3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	74,292	61,154
Notes and accounts receivable-trade	47,137	54,275
Lease investment assets	2,823	2,276
Securities	3,000	2,000
Merchandise and finished goods	26,098	31,719
Work in process	8,491	8,044
Raw materials and supplies	11,536	11,599
Deferred tax assets	4,905	5,290
Other	2,814	4,248
Allowance for doubtful accounts by group	(502)	(570)
Current assets	180,597	180,037
Non-current assets		
Property, plant and equipment		
Buildings and structures	34,905	34,905
Accumulated depreciation-buildings and structures	(20,520)	(20,964)
Buildings and structures, net	14,385	13,941
Machinery, equipment and vehicles	13,504	13,565
Accumulated depreciation-machinery, equipment and vehicles	(10,603)	(10,862)
Machinery, equipment and vehicles, net	2,901	2,703
Tools, furniture and fixtures	57,406	56,503
Accumulated depreciation-tools, furniture and fixtures	(51,112)	(50,559)
Tools, furniture and fixtures, net	6,294	5,944
Land	11,919	11,420
Construction in progress	156	499
Property, plant and equipment	35,657	34,509
Intangible assets [abstract]		
Customer relationships	22,221	19,683
Software	3,931	4,598
Goodwill	51,573	45,113
Other-IA	1,717	1,378
Intangible assets	79,443	70,774
Investments and other assets [abstract]		
Investment securities	10,010	10,480
Deferred tax assets	3,322	2,837
Other	3,982	4,503
Allowance for doubtful accounts by group	(194)	(188)
Investments and other assets	17,121	17,631
Non-current assets	132,223	122,915
Assets	312,821	302,953

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(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable-trade	11,785	11,587
Electronically recorded obligations-operating	6,699	8,519
Short-term loans payable	25,602	21,745
Current portion of long-term loans payable	8,843	9,006
Income taxes payable	2,903	2,143
Provision for bonuses	8,191	7,732
Provision for directors' bonuses	94	105
Provision for stock grant	61	71
Other	28,261	30,710
Current liabilities	92,443	91,620
Non-current liabilities		
Long-term loans payable	13,271	4,508
Lease obligations	1,745	1,276
Deferred tax liabilities	6,457	6,378
Net defined benefit liability	4,419	2,620
Provision for stock grant	116	191
Other	2,923	4,191
Non-current liabilities	28,933	19,167
Liabilities	121,377	110,787
Net assets		
Shareholders' equity		
Capital stock	12,892	12,892
Capital surplus	20,974	20,991
Retained earnings	158,504	165,380
Treasury shares	(12,090)	(18,022)
Shareholders' equity	180,281	181,241
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	822	916
Foreign currency translation adjustment	8,181	5,793
Remeasurements of defined benefit plans	(1,336)	(170)
Valuation and translation adjustments	7,667	6,538
Non-controlling interests	3,494	4,385
Net assets	191,443	192,165
Liabilities and net assets	312,821	302,953

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(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statement of Income)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	222,581	227,361
Cost of sales	135,907	140,174
Gross profit (loss)	86,673	87,186
Selling, general and administrative expenses	66,307	67,570
Operating income	20,365	19,615
Non-operating income		
Interest income	201	215
Dividend income	340	130
Subsidy income	146	113
Other	508	327
Non-operating income	1,196	786
Non-operating expenses		
Interest expenses	585	553
Foreign exchange losses	3,458	2,124
Other	311	171
Non-operating expenses	4,355	2,848
Ordinary income	17,205	17,553
Extraordinary income		
Gain on sales of non-current assets	18	151
Gain on sales of investment securities	19	8
Extraordinary income	37	159
Extraordinary losses		
Loss on sales of non-current assets	0	51
Loss on retirement of non-current assets	72	120
Loss on valuation of investment securities	9	—
Other	—	1
Extraordinary losses	81	174
Income before income taxes	17,161	17,538
Income taxes-current	6,869	6,358
Income taxes-deferred	(1,133)	(91)
Income taxes	5,736	6,267
Net income	11,424	11,271
Net income attributable to non-controlling interests	1,041	1,378
Net income attributable to owners of parent	10,382	9,892

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(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net income	11,424	11,271
Other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	586	93
Foreign currency translation adjustment, net of tax	(9,970)	(2,041)
Remeasurements of defined benefit plans, net of tax	1,235	1,182
Other comprehensive income	(8,148)	(765)
Comprehensive income	3,275	10,506
Comprehensive income attributable to		
Owners of parent	2,437	8,804
Non-controlling interests	838	1,701

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(3) Consolidated Statement of Changes in Equity

Previous Fiscal Year (from April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	12,892	20,952	151,653	(6,141)	179,357
Changes of items during period					
Dividends of surplus			(3,863)		(3,863)
Net income attributable to owners of parent			10,382		10,382
Purchase of treasury shares				(6,082)	(6,082)
Disposal of treasury shares		22		133	155
Change of scope of consolidation			371		371
Effect of changes in accounting period of consolidated subsidiaries			(39)		(39)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	22	6,850	(5,948)	924
Balance at end of current period	12,892	20,974	158,504	(12,090)	180,281

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	235	17,819	(2,572)	15,483	3,446	198,287
Changes of items during period						
Dividends of surplus				—	(790)	(4,654)
Net income attributable to owners of parent				—		10,382
Purchase of treasury shares				—		(6,082)
Disposal of treasury shares				—		155
Change of scope of consolidation		129		129		501
Effect of changes in accounting period of consolidated subsidiaries				—		(39)
Net changes of items other than shareholders' equity	586	(9,768)	1,235	(7,945)	838	(7,107)
Total changes of items during period	586	(9,638)	1,235	(7,815)	48	(6,843)
Balance at end of current period	822	8,181	(1,336)	7,667	3,494	191,443

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Current Fiscal Year (from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	12,892	20,974	158,504	(12,090)	180,281
Changes of items during period					
Dividends of surplus			(3,912)		(3,912)
Net income attributable to owners of parent			9,892		9,892
Purchase of treasury shares				(6,000)	(6,000)
Disposal of treasury shares				68	68
Change of scope of consolidation		16	896		912
Effect of changes in accounting period of consolidated subsidiaries					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	16	6,876	(5,932)	959
Balance at end of current period	12,892	20,991	165,380	(18,022)	181,241

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	822	8,181	(1,336)	7,667	3,494	191,443
Changes of items during period						
Dividends of surplus				—	(820)	(4,733)
Net income attributable to owners of parent				—		9,892
Purchase of treasury shares				—		(6,000)
Disposal of treasury shares				—		68
Change of scope of consolidation		(24)		(24)	10	898
Effect of changes in accounting period of consolidated subsidiaries				—		—
Net changes of items other than shareholders' equity	93	(2,364)	1,165	(1,104)	1,701	596
Total changes of items during period	93	(2,388)	1,165	(1,129)	890	721
Balance at end of current period	916	5,793	(170)	6,538	4,385	192,165

(TRANSLATION FOR REFERENCE ONLY)

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Income before income taxes	17,161	17,538
Depreciation	9,469	9,450
Amortization of goodwill	4,072	3,922
Increase (decrease) in allowance for doubtful accounts	19	59
Increase (decrease) in net defined benefit liability	(747)	(1,052)
Increase (decrease) in provision for bonuses	594	(722)
Increase (decrease) in provision for stock grant	42	75
Loss (gain) on sales of investment securities	(19)	(7)
Interest and dividend income	(541)	(345)
Interest expenses	585	553
Loss on retirement of non-current assets	72	120
Decrease (increase) in notes and accounts receivable-trade	840	(6,643)
Decrease (increase) in inventories	(4,288)	(5,825)
Increase (decrease) in notes and accounts payable-trade	2,798	2,172
Increase (decrease) in lease obligations	80	(745)
Decrease (increase) in lease investment assets	93	547
Increase (decrease) in accounts payable-other	(6)	(617)
Decrease/increase in consumption taxes receivable/payable	689	245
Other, net	5,117	2,412
Subtotal	36,033	21,138
Interest and dividend income received	542	346
Interest expenses paid	(616)	(567)
Income taxes (paid) refund	(5,871)	(6,330)
Net cash provided by (used in) operating activities	30,087	14,585
Cash flows from investing activities		
Payments into time deposits	(83)	(525)
Proceeds from withdrawal of time deposits	870	35
Purchase of property, plant and equipment	(5,220)	(5,504)
Proceeds from sales of property, plant and equipment	53	723
Purchase of intangible assets	(1,556)	(2,312)
Purchase of investment securities	(871)	(1,008)
Proceeds from sales and redemption of investment securities	755	66
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(315)	—
Other, net	(264)	(83)
Net cash provided by (used in) investing activities	(6,632)	(8,609)

(TRANSLATION FOR REFERENCE ONLY)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	8,819	(3,835)
Repayments of long-term loans payable	(9,128)	(9,005)
Cash dividends paid	(3,864)	(3,912)
Dividends paid to non-controlling interests	(790)	(820)
Purchase of treasury shares	(6,082)	(6,000)
Proceeds from disposal of treasury shares	81	—
Net cash provided by (used in) financing activities	(10,964)	(23,574)
Effect of exchange rate change on cash and cash equivalents	(2,055)	(234)
Net increase (decrease) in cash and cash equivalents	10,435	(17,832)
Cash and cash equivalents	67,133	77,050
Increase in cash and cash equivalents from newly consolidated subsidiary	711	3,156
Increase (decrease) in cash and cash equivalents due to change in accounting period of consolidated subsidiaries	(1,229)	—
Cash and cash equivalents	77,050	62,375

(TRANSLATION FOR REFERENCE ONLY)

(5) Notes to Consolidated Financial Statements
Notes Regarding Assumption of a Going Concern

Not applicable.

Segment Information

1. Summary of reportable segments

The Company's reportable segments are based on those units within the Company where separate financial information is available and where the Board of Directors periodically reviews matters such as the distribution of management resources and financial performance.

The Group operates business activities after formulating comprehensive strategies for the products and services in each market. Accordingly, the Group is comprised of market-specific segments and has established the "Financial market," "Retail and transportation market," "Amusement market," and "Overseas market," as its four reportable segments.

A summary of each reportable segment is as follows:

Financial market: Sales and maintenance services to financial institutions, OEM clients and others in Japan.
 Retail and transportation market: Sales and maintenance services to supermarkets, department stores, cash-in-transit companies, railroad companies, tobacco companies, hospitals, local governments, general companies, and others in Japan.
 Amusement market: Sales and maintenance services to amusement halls (pachinko parlors) and others in Japan.
 Overseas market: Sales and maintenance services to financial institutions, cash-in-transit companies, retail stores, casinos, OEM clients and others in overseas.

2. Calculation method of sales, income (loss), assets, and other items by reportable segment

Income by reportable segment is operating income.

3. Information on sales, income (loss), assets and other items by reportable segment

Previous Fiscal Year (from April 1, 2016 to March 31, 2017)

	Reportable segments					Other (Note: 1)	Total	Reconcilia- tion	Amounts reported on the consolidated financial statements
	Financial market	Retail and transportation market	Amusement market	Overseas market	Total				
Net sales									
(1) Sales to customers	53,301	42,657	20,434	103,787	220,180	2,400	222,581	-	222,581
(2) Intersegment sales or transfers	-	-	-	-	-	-	-	-	-
Total	53,301	42,657	20,434	103,787	220,180	2,400	222,581	-	222,581
Segment profit (Note: 2)	6,510	3,468	737	9,900	20,617	(251)	20,365	-	20,365
Segment assets (Note: 3)	40,245	33,583	20,973	141,965	236,768	1,759	238,528	74,292	312,821
Others									
(1) Depreciation and amortization (Note: 4)	1,862	1,472	1,402	4,620	9,359	110	9,469	-	9,469
(2) Amortization of goodwill	-	-	-	4,072	4,072	-	4,072	-	4,072
(3) Increase in property, plant and equipment and intangible assets (Note: 5)	1,918	1,465	1,010	3,561	7,955	111	8,067	-	8,067

- Notes: 1. "Other" segment is merchandise and finished goods that is not included in the above reportable segments.
 2. All operating expenses are either directly charged or allocated to the segments.
 3. The reconciliation of ¥74,292 million is surplus funds (cash and deposits).
 4. Depreciation and amortization includes amortization of long-term prepaid expenses.
 5. Increase in property, plant and equipment and intangible assets includes increases in long-term prepaid expenses.

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Current Fiscal Year (from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable segments					Other (Note: 1)	Total	Reconcilia- tion	Amounts reported on the consolidated financial statements
	Financial market	Retail and transportation market	Amusement market	Overseas market	Total				
Net sales									
(1) Sales to customers	53,970	43,216	20,570	106,758	224,515	2,845	227,361	–	227,361
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	53,970	43,216	20,570	106,758	224,515	2,845	227,361	–	227,361
Segment profit (Note: 2)	4,043	3,476	1,331	11,167	20,018	(403)	19,615	–	19,615
Segment assets (Note: 3)	43,057	35,465	19,310	142,179	240,012	1,785	241,798	61,154	302,953
Others									
(1) Depreciation and amortization (Note: 4)	2,062	1,728	1,163	4,355	9,309	140	9,450	–	9,450
(2) Amortization of goodwill	–	–	–	3,922	3,922	–	3,922	–	3,922
(3) Increase in property, plant and equipment and intangible assets (Note: 5)	2,010	1,739	831	4,097	8,678	142	8,820	–	8,820

- Notes: 1. “Other” segment is merchandise and finished goods that is not included in the above reportable segments.
 2. All operating expenses are either directly charged or allocated to the segments.
 3. The reconciliation of ¥61,154 million is surplus funds (cash and deposits).
 4. Depreciation and amortization includes amortization of long-term prepaid expenses.
 5. Increase in property, plant and equipment and intangible assets includes increases in long-term prepaid expenses.

(TRANSLATION FOR REFERENCE ONLY)

Per Share Information

	Previous Fiscal Year (from April 1, 2016 to March 31, 2017)	Current Fiscal Year (from April 1, 2017 to March 31, 2018)
Net assets per share	¥2,939.78	¥3,003.62
Net income per share	¥160.35	¥155.96

- Notes: 1. Diluted net income per share is not disclosed because dilutive shares are not issued.
2. In the Net assets section, due to the way that net assets per share are calculated, Company shares remaining in the “Board Incentive Plan (BIP) Trust Account” and “Employee Stock Ownership Plan (ESOP) Trust Account” and recorded as treasury shares, are included in treasury shares subtracted from shares issued as of the end of the period (208,950 shares for the previous fiscal year, 189,164 shares for the current fiscal year).
 Also, due to the way that net income per share is calculated, they are included in the treasury shares subtracted from average number of shares during the period (203,195 shares in the previous fiscal year, 192,579 shares in the current fiscal year).
3. The basis for calculation of the net income per share amount is shown below.

	Previous Fiscal Year (from April 1, 2016 to March 31, 2017)	Current Fiscal Year (from April 1, 2017 to March 31, 2018)
Net income attributable to owners of parent (Millions of yen)	10,382	9,892
Amount not attributable to common shareholders (Millions of yen)	—	—
Net income attributable to owners of parent pertaining to common stock (Millions of yen)	10,382	9,892
Average number of shares during the fiscal year (Shares)	64,752,945	63,432,643

Significant Subsequent Events

Not applicable.