

(TRANSLATION FOR REFERENCE ONLY)

This is a translation of the original Japanese text of the “Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2017.” 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 Third Quarter of Fiscal Year Ending March 31, 2017 <Japanese GAAP>

February 6, 2017

Company Name: GLORY LTD. Stock exchange listing: Tokyo (1st Section)
 Code number: 6457 URL: <http://www.glory-global.com/>
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Scheduled filing date of Quarterly Securities Report: February 10, 2017
 Scheduled date of dividend payments: —
 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 Third Quarter of Fiscal Year Ending March 31, 2017 (from April 1, 2016 to December 31, 2016)

(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)	(%)
Nine months ended December 31, 2016	159,554	0.3	13,499	21.9	10,868	1.9	6,707	36.6
Nine months ended December 31, 2015	159,038	7.5	11,072	38.2	10,665	(6.1)	4,911	(28.0)

(Note) Comprehensive income

Nine months ended December 31, 2016: ¥(1,098) million [— %]
 Nine months ended December 31, 2015: ¥4,944 million [(62.8) %]

	Net income per share	Fully diluted net income per share
	(Yen)	(Yen)
Nine months ended December 31, 2016	103.16	—
Nine months ended December 31, 2015	74.74	—

(2) Consolidated Financial Position

	Total assets	Net assets	Ownership equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of December 31, 2016	318,884	187,070	57.7	2,880.29
As of March 31, 2016	321,672	198,287	60.6	2,966.22

(Reference) Ownership equity

As of December 31, 2016: ¥184,146 million As of March 31, 2016: ¥194,840 million

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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, 2016	—	27.00	—	29.00	56.00
Year ending March 31, 2017	—	30.00	—		
Year ending March 31, 2017 (forecast)				30.00	60.00

(Note) Revisions to the latest dividend forecast: None

3. Consolidated Financial Forecast for the Year Ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

(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)
	220,000	(3.1)	19,000	(7.6)	15,000	(14.7)	8,000	(9.4)	123.04

(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.: | Yes |
| (b) Changes in accounting policies other than (a): | None |
| (c) Changes in accounting estimates: | None |
| (d) Restatements: | None |

(Note) For more information, please refer to “2. Supplementary Information on the “Notes” (3) Changes in Accounting Policies and Estimates, and Restatements” on page 6 of the Attachment.

(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 December 31, 2016: 68,638,210 shares

As of March 31, 2016: 68,638,210 shares

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

As of December 31, 2016: 4,495,931 shares

As of March 31, 2016: 2,749,737 shares

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

Nine months ended December 31, 2016: 65,021,216 shares

Nine months ended December 31, 2015: 65,709,485 shares

(Note) In addition to the number of treasury shares as of December 31, 2016, there also existed 55,365 shares owned by the “Board Incentive Plan (BIP) Trust Account” as assets in trust for a stock compensation plan for directors, and 153,585 shares owned by the “Employee Stock Ownership Plan (ESOP) Trust Account” as assets in trust for an incentive plan for senior managers.

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(Note) Status of implementation of quarterly review procedures

These “Consolidated Financial Results” are exempt from the quarterly review procedures required under the Financial Instruments and Exchange Act. As of the date of the release of these Consolidated Financial Results, the quarterly review procedures required under the Financial Instruments and Exchange Act for quarterly consolidated financial statements have not been completed.

(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 6 of the Attachment.

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Attachment

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1. Qualitative Information on the Financial Statements

(1) Operating Results

In the nine months ended December 31, 2016, the Japanese economy showed a trend of gradual recovery driven by improvements in personal consumption and the employment situation, while corporate capital investments have levelled off. Looking at the global economy, on the other hand, the United States and Europe continued to move toward recovery and in Asia, China's economy showed signs of recovery. However, the overall outlook remained uncertain through this period, with substantial fluctuations in the foreign exchange and stock markets due to factors such as the impact of the U.K.'s decision to leave the EU and the result of the U.S. presidential election.

Under these conditions, in this second 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 nine-month period totaled ¥159,554 million (up 0.3% year on year). Of this, sales of merchandise and finished goods were ¥112,355 million (up 2.1% year on year) and sales from maintenance services were ¥47,198 million (down 3.7% year on year). Operating income was ¥13,499 million (up 21.9% year on year), ordinary income was ¥10,868 million (up 1.9% year on year) due to the foreign exchange losses, etc., and net income attributable to owners of parent was ¥6,707 million (up 36.6% year on year). Comprehensive income posted a loss of ¥1,098 million (vs. comprehensive income of ¥4,944 million in the corresponding period of the previous year), which reflected a large decrease in the foreign currency translation adjustment due to yen appreciation.

Results of operations in each business segment are as follows.

Financial market

Sales of this segment's main product, "open teller systems," were strong for compact models for small- and medium-sized financial outlets and sales of "coin and banknote recyclers" for tellers were also robust due to capturing of replacement demand.

As a result, net sales in this segment were ¥38,458 million (up 9.6% year on year) and operating income was ¥4,922 million (up 15.2% year on year).

Retail and transportation market

Sales of this segment's main product, "coin and banknote recyclers" for cashiers, were sluggish due to the large-scale demand of the previous year having run its course, while sales of "sales proceeds deposit machines" for the retail market were also slow.

As a result, net sales in this segment were ¥30,369 million (down 10.2% year on year) and operating income was ¥2,835 million (down 12.3% year on year).

Amusement market

Sales of this segment's main products such as "card systems" were sluggish, mainly reflecting constraint toward investment in pachinko parlors.

As a result, net sales in this segment were ¥14,854 million (down 8.6% year on year) and operating income was ¥526 million (down 56.5% year on year).

Overseas market

Although sales of "banknote sorters" were slow in Asia, sales of this segment's main product, "banknote recyclers," as well as "sales proceeds deposit machines" for the retail market, were strong in Europe and the United States. In addition, sales of "coin sorters" were robust in the United States. In the overseas market as a whole, net sales were robust on a local currency basis, however, on a yen basis, net sales were on par with the corresponding period of the previous year due to the impact of yen appreciation.

As a result, net sales in this segment were ¥74,378 million (up 3.2% year on year) and operating income was ¥5,443 million (up 110.9% year on year) due to improvements in product mix and cost reductions, etc.

In the other business segment, which contains the businesses that are not included in the reportable segments, net sales were ¥1,492 million (down 15.5% year on year) and operating loss was ¥228 million (operating loss of ¥221 million in the corresponding period of the previous year).

The Company reclassified its business segments and changed the classification of products that were previously included in "Others" segment as follows: banknote recycling modules for horse race ticket vending machines to "Financial market" segment; cigarette vending machines, medical payment kiosks, RFID self-checkout systems for cafeterias, and ballot sorters for handwritten ballots to "Retail and transportation market" segment. This change was effective from the first quarter ended June 30, 2016. Due to this change, the

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above-mentioned comparisons to the corresponding period of the previous year have been calculated using figures from the corresponding period of the previous year based on the revised segment classification.

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, 2017 that were announced on July 28, 2016.

(3) Basic Policy on Profit Distributions

The Company considers the return of profits to shareholders to be an important management task and retains a policy to continue stable dividends while striving to maintain and enhance a sound financial standing in preparation for future business growth. The Company has set a dividend payout ratio of 30% or higher on a consolidated basis.

With regard to the acquisition of treasury shares, the Company will consider an appropriate response after having taken into overall account future business development, investment plans, the level of retained earnings, and performance trends. The Company will leverage the acquired treasury shares for investment in future growth, such as M&As, and for flexible capital policy.

2. Supplementary Information on the “Notes”

(1) Changes in Significant Subsidiaries During the Period

Not applicable.

(2) 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 third quarter, and then multiplying the income before income taxes for the period by the estimated effective tax rate.

(3) Changes in Accounting Policies and Estimates, and Restatements

Changes in Accounting Policies

(Application of practical solution on a change in depreciation method due to tax reform 2016)

Following the revision to the Corporation Tax Act, the Company has applied the “Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016” (ASBJ PITF No. 32, June 17, 2016) from the first quarter ended June 30, 2016, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.

The impact from this change on operating income, ordinary income and income before income taxes for the nine months ended December 31, 2016 is immaterial.

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3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	68,053	76,443
Notes and accounts receivable - trade	50,671	44,588
Securities	500	3,000
Merchandise and finished goods	25,380	30,750
Work in process	6,526	7,452
Raw materials and supplies	11,462	11,868
Other	9,891	10,232
Allowance for doubtful accounts	(675)	(833)
Total current assets	171,811	183,502
Non-current assets		
Property, plant and equipment	35,832	35,419
Intangible assets		
Customer relationships	27,344	23,055
Goodwill	63,796	53,646
Other	6,179	5,577
Total intangible assets	97,320	82,279
Investments and other assets		
Investment securities	8,765	9,702
Other	8,001	8,021
Allowance for doubtful accounts	(59)	(42)
Total investments and other assets	16,707	17,681
Total non-current assets	149,860	135,381
Total assets	321,672	318,884
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,971	18,401
Short-term loans payable	16,885	34,383
Current portion of long-term loans payable	9,424	9,003
Income taxes payable	2,230	1,927
Provision for bonuses	7,786	5,108
Provision for directors' bonuses	71	54
Provision for stock grant	67	46
Other	26,181	30,826
Total current liabilities	81,619	99,751
Non-current liabilities		
Long-term loans payable	22,629	15,264
Provision for stock grant	67	101
Net defined benefit liability	6,607	5,953
Other	12,461	10,743
Total non-current liabilities	41,766	32,062
Total liabilities	123,385	131,814

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GLORY LTD. (6457)
Consolidated Financial Results
for the Third Quarter of Fiscal Year
Ending March 31, 2017

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Net assets		
Shareholders' equity		
Capital stock	12,892	12,892
Capital surplus	20,952	20,974
Retained earnings	151,653	154,828
Treasury shares	(6,141)	(12,089)
Total shareholders' equity	179,357	176,606
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	235	828
Foreign currency translation adjustment	17,819	8,922
Remeasurements of defined benefit plans	(2,572)	(2,211)
Total accumulated other comprehensive income	15,483	7,539
Non-controlling interests	3,446	2,923
Total net assets	198,287	187,070
Total liabilities and net assets	321,672	318,884

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(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(Millions of yen)

	Nine months ended December 31, 2015 (From April 1, 2015 to December 31, 2015)	Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)
Net sales	159,038	159,554
Cost of sales	96,625	97,052
Gross profit	62,413	62,502
Selling, general and administrative expenses	51,340	49,002
Operating income	11,072	13,499
Non-operating income		
Interest income	122	141
Dividend income	292	336
Other	504	366
Total non-operating income	919	844
Non-operating expenses		
Interest expenses	554	444
Foreign exchange losses	578	2,820
Other	193	210
Total non-operating expenses	1,326	3,475
Ordinary income	10,665	10,868
Extraordinary income		
Gain on sales of non-current assets	15	14
Gain on sales of investment securities	-	7
Total extraordinary income	15	22
Extraordinary losses		
Loss on retirement of non-current assets	43	33
Other	6	0
Total extraordinary losses	49	33
Income before income taxes	10,631	10,856
Income taxes	4,842	3,421
Net income	5,788	7,435
Net income attributable to non-controlling interests	877	727
Net income attributable to owners of parent	4,911	6,707

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Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2015 (From April 1, 2015 to December 31, 2015)	Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)
Net income	5,788	7,435
Other comprehensive income		
Valuation difference on available-for-sale securities	(81)	592
Foreign currency translation adjustment	(273)	(9,486)
Remeasurements of defined benefit plans, net of tax	(489)	360
Total other comprehensive income	(844)	(8,533)
Comprehensive income	4,944	(1,098)
Comprehensive income attributable to:		
Owners of parent	4,315	(1,366)
Non-controlling interests	628	268

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(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

Acquisition of treasury shares

The Company resolved at a meeting of the Board of Directors held on August 4, 2016 to acquire its treasury shares and, during the nine months ended December 31, 2016, it acquired its treasury shares as follows. The acquisition of treasury shares was completed as of November 24, 2016.

- | | |
|-------------------------------------|--|
| (1) Type of shares acquired | Common stock of the Company |
| (2) Total number of shares acquired | 1,774,000 shares |
| (3) Total amount of shares acquired | ¥5,999,952,000 |
| (4) Period of share acquisition | From August 5, 2016 to November 24, 2016 |
| (5) Method of share acquisition | Open-market purchase by trust method |

Segment Information

(a) Nine months ended December 31, 2015 (from April 1, 2015 to December 31, 2015)

Information on sales, profit (loss) by reportable segment

(Millions of yen)

	Reportable segments					Other (Note)	Total	Reconciliation	Amounts reported on the consolidated statement of income
	Financial market	Retail and transportation market	Amusement market	Overseas market	Total				
Net sales									
(1) Sales to customers	35,098	33,817	16,254	72,102	157,273	1,765	159,038	–	159,038
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	35,098	33,817	16,254	72,102	157,273	1,765	159,038	–	159,038
Segment profit (loss)	4,272	3,232	1,208	2,580	11,294	(221)	11,072	–	11,072

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

(b) Nine months ended December 31, 2016 (from April 1, 2016 to December 31, 2016)

1. Information on sales, profit (loss) by reportable segment

(Millions of yen)

	Reportable segments					Other (Note)	Total	Reconciliation	Amounts reported on the consolidated statement of income
	Financial market	Retail and transportation market	Amusement market	Overseas market	Total				
Net sales									
(1) Sales to customers	38,458	30,369	14,854	74,378	158,062	1,492	159,554	–	159,554
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	38,458	30,369	14,854	74,378	158,062	1,492	159,554	–	159,554
Segment profit (loss)	4,922	2,835	526	5,443	13,727	(228)	13,499	–	13,499

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

2. Changes in reportable segments

The Company reclassified its business segments and changed the classification of products that were previously included in "Others" segment as follows: banknote recycling modules for horse race ticket vending machines to "Financial market" segment; cigarette vending machines, medical payment kiosks, RFID self-checkout systems for cafeterias, and ballot sorters for handwritten ballots to "Retail and transportation market" segment. This change was effective from the first quarter ended June 30, 2016. Segment information for the nine months ended December 31, 2015, is prepared and disclosed based on the reportable segment classifications after the change.