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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, 2024 <Japanese GAAP>

May 10, 2024

Company Name: **GLORY LTD.** Stock exchange listing: Tokyo
Code number: 6457 URL: <https://corporate.glory-global.com/>
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Scheduled date of Ordinary General Meeting of Shareholders: June 21, 2024
Scheduled date of dividend payments: June 24, 2024
Scheduled filing date of Annual Securities Report: June 24, 2024
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, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2024	372,478	45.6	51,276	—	48,438	—	29,674	—
Year ended March 31, 2023	255,857	12.9	522	(94.9)	(2,720)	—	(9,538)	—

(Note) Comprehensive income

Year ended March 31, 2024: ¥52,061 million [— %]
Year ended March 31, 2023: ¥3,362 million [(80.8)%]

	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, 2024	533.62	—	14.1	11.4	13.8
Year ended March 31, 2023	(167.02)	—	(4.8)	(0.7)	0.2

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

Year ended March 31, 2024: ¥(916) million [— %]
Year ended March 31, 2023: ¥(2,978) million [— %]

EBITDA (Operating income + Depreciation + Amortization of goodwill)

Year ended March 31, 2024: ¥72,217 million [280.3%]
Year ended March 31, 2023: ¥18,988 million [(31.0)%]

Net income before amortization of goodwill (Net income attributable to owners of parent + Amortization of goodwill)

Year ended March 31, 2024: ¥37,234 million [— %]
Year ended March 31, 2023: ¥(2,834) million [— %]

(2) Consolidated Financial Position

	Total assets	Equity	Ownership equity ratio	Equity per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of March 31, 2024	467,072	228,746	48.8	4,097.32
As of March 31, 2023	381,273	195,984	50.7	3,474.76

(Reference) Ownership equity

As of March 31, 2024: ¥227,875 million As of March 31, 2023: ¥193,166 million

(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, 2024	41,854	(33,577)	(13,957)	35,173
Year ended March 31, 2023	(16,486)	(9,364)	8,526	36,693

2. Dividends

(Record date)	Dividends per share					Total dividends (annual) (Millions of yen)	Dividend payout ratio (consolidated) (%)	Dividends to equity ratio (consolidated) (%)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Annual			
Year ended March 31, 2023	(Yen) —	(Yen) 34.00	(Yen) —	(Yen) 34.00	(Yen) 68.00	3,855	—	2.0
Year ended March 31, 2024	(Yen) —	(Yen) 40.00	(Yen) —	(Yen) 66.00	(Yen) 106.00	5,942	19.9	2.8
Year ending March 31, 2025 (forecast)	(Yen) —	(Yen) 54.00	(Yen) —	(Yen) 54.00	(Yen) 108.00		60.1	

3. Consolidated Financial Forecast for the Year Ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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, 2024	160,000	1.4	11,000	(34.5)	9,500	(38.3)	5,000	(39.8)	89.91
Full year	330,000	(11.4)	22,000	(57.1)	19,000	(60.8)	10,000	(66.3)	179.82

(Reference) EBITDA

Six months ending September 30, 2024: ¥21,900 million

Year ending March 31, 2025 (full year): ¥43,800 million

Operating income before amortization of goodwill

Six months ending September 30, 2024: ¥15,400 million

Year ending March 31, 2025 (full year): ¥30,800 million

Net income before amortization of goodwill

Six months ending September 30, 2024: ¥9,400 million

Year ending March 31, 2025 (full year): ¥18,800 million

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 shares)

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

As of March 31, 2024:	58,938,210 shares
As of March 31, 2023:	58,938,210 shares

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

As of March 31, 2024:	2,873,306 shares
As of March 31, 2023:	2,873,306 shares

(c) Average number of shares

Year ended March 31, 2024:	55,609,847 shares
Year ended March 31, 2023:	57,108,564 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, 2024: 449,012 shares, As of March 31, 2023: 473,645 shares)

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2024	207,598	63.3	42,626	—	49,529	—	38,054	—
Year ended March 31, 2023	127,160	5.0	(2,456)	—	3,602	(58.4)	(344)	—

	Net income per share	Fully diluted net income per share
	(Yen)	(Yen)
Year ended March 31, 2024	684.31	—
Year ended March 31, 2023	(6.04)	—

(2) Non-consolidated Financial Position

	Total assets	Equity	Ownership equity ratio	Equity per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of March 31, 2024	373,742	210,528	56.3	3,785.41
As of March 31, 2023	295,885	175,088	59.2	3,149.57

(Reference) Ownership equity

As of March 31, 2024: ¥210,528 million As of March 31, 2023: ¥175,088 million

(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

(Caution concerning forward-looking statements)

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.

Attachment

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1. Overview of Operating Results and Others

(1) Overview of Operating Results for the Fiscal Year

In fiscal year 2023, the global economy was on an expanding trend based on the steady capital investment and personal consumption in the US, but in Europe and China economic recovery was slow. In addition, concerns about the impact of the unstable international situation were continued.

In Japan, the economy continued to recover as social and economic activities normalized and demand from inbound tourists revived as COVID-19 pandemic subsided. Conversely, the outlook remained uncertain due to such factors as the depreciation of the yen and continued inflation.

Under these circumstances, the Group focused its business activities on the concept of “Core and New businesses powering growth together” in the final fiscal year of the three-year 2023 Medium-Term Management Plan that began in April 2021.

In the Core business, the overseas market experienced steady demand for our products and services, with both financial institutions and the retail industry continuing to need self-service solutions to address soaring labor costs and workforce shortages. In addition, production has normalized as the difficulties in procuring parts such as semiconductors have been resolved, resulting in an increase in sales of our main products. Furthermore, the Company made preparations to increase the efficiency of business operations through the integration of its U.S. consolidated subsidiary, Glory Global Solutions Inc., and the Revolution group, including the integration of both companies’ sales and maintenance operations in the Americas.* In Japan, the financial market and the retail and transportation market saw a large increase in sales of products and maintenance services, supported by the machine replacements and system modifications associated with the new banknote issuance scheduled on July 3, 2024 that continued throughout the fiscal year. In the amusement market, sales were robust for card systems for smart amusement machines.

In the new business domain, we saw strong performance in the Acrelec group’s self-service kiosk business overseas. In addition, the Company acquired the Flooid group, a UK-based developer and provider of cloud-based unified commerce platform solutions to the retail industry in January 2024, for the purpose of enhancing the solutions it offers to the retail market and expanding its software business. In Japan, we have been working on business alliances and demonstration experiments to expand our retail media business, BUYZO Media.

As a result of the above, net sales in fiscal 2023 totaled ¥372,478 million (up 45.6% year on year). Of this, net sales of merchandise and finished goods were ¥231,844 million (up 49.5% year on year) and net sales from maintenance services were ¥140,633 million (up 39.5% year on year). Operating income was ¥51,276 million (up 9,709.2% year on year), ordinary income was ¥48,438 million (vs. ordinary loss of ¥2,720 million in the previous year), and net income attributable to owners of parent was ¥29,674 million (vs. net loss attributable to owners of parent of ¥9,538 million in the previous year), with both net sales and operating income reaching new record highs.

* The merger of the Revolution Group by absorption by Glory Global Solutions Inc. was resolved on February 28, 2024, and merger procedures were completed on April 1, 2024.

Results of operations in each business segment are as follows.

Financial market

Sales of this segment’s main products, open teller systems, coin and banknote recyclers for tellers, and banknote changers, were strong. In addition, sales from maintenance services increased owing to the progression of system modifications associated with the issuance of new banknotes.

As a result, net sales in this segment were ¥78,422 million (up 116.3% year on year) and operating income was ¥24,179 million (up 15,785.3% year on year).

Retail and transportation market

Sales of this segment’s main products, coin and banknote recyclers for cashiers and sales proceeds deposit machines for cash-in-transit companies, were strong. In addition, sales from maintenance services increased owing to the progression of system modifications associated with the issuance of new banknotes.

As a result, net sales in this segment were ¥74,774 million (up 64.0% year on year) and operating income was ¥10,593 million (vs. operating loss of ¥571 million in the previous year).

Amusement market

Sales of this segment's main products, card systems, were strong, especially the ones used for smart amusement machines. In addition, sales from maintenance services increased owing to the progression of system modifications associated with the issuance of new banknotes.

As a result, net sales in this segment were ¥28,201 million (up 86.3% year on year) and operating income was ¥10,030 million (up 517.4% year on year).

Overseas market

In the Americas, sales of the main products, RBG/GLR-series teller cash recyclers for financial institutions, were strong, as were the sales of CI/CI-X-series cash management solutions to the retail industry, resulting in net sales of ¥89,419 million (up 29.0% year on year).

In Europe, sales of the main products, RBG/GLR-series teller cash recyclers for financial institutions, were sluggish, while sales of CI/CI-X-series cash management solutions for the retail industry were favorable, resulting in net sales of ¥79,489 million (up 12.3% year on year).

In Asia, net sales were ¥16,330 million (up 3.3% year on year), due to robust sales of CI/CI-X-series cash management solutions to the retail industry.

Net sales of the Acrelec group totaled ¥29,916 million (up 33.2% year on year), while net sales of the Revolution group were ¥17,994 million (up 1.3% year on year).

As a result, net sales in this segment were ¥185,239 million (up 18.8% year on year) and operating income was ¥6,645 million (up 1,422.4% year on year).

Outside the above four business segments, net sales were ¥5,840 million (up 96.6% year on year) and operating loss was ¥173 million (vs. operating loss of ¥1,118 million in the previous year).

(2) Overview of Financial Position for the Fiscal Year

The following is the financial position at the end of fiscal 2023: Total assets at the end of fiscal 2023 were ¥467,072 million, an increase of ¥85,799 million compared with the end of the previous fiscal year. This is mainly the result of increases of ¥28,642 million in goodwill, ¥26,418 million in notes and accounts receivable - trade, and contract assets, and ¥16,068 million in inventories.

Liabilities were ¥238,326 million, an increase of ¥53,038 million compared with the end of the previous fiscal year. This is mainly the result of increases of ¥24,985 million in long-term borrowings, ¥10,583 million in income taxes payable, and ¥7,811 million in provision for bonuses.

Total equity at the end of fiscal 2023 was ¥228,746 million, an increase of ¥32,761 million compared with the end of the previous fiscal year. This is mainly the result of a decrease of ¥12,286 million in capital surplus, and increases of ¥25,566 million in retained earnings and ¥14,389 million in foreign currency translation adjustment.

As a result, the ownership equity ratio became 48.8% compared with 50.7% 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 fiscal 2023 decreased ¥1,520 million from one year earlier to ¥35,173 million.

The following is a summary of cash flows:

Cash flows from operating activities

Net cash provided by operating activities was ¥41,854 million, compared to ¥16,486 million used in the previous fiscal year. This was mainly because despite capital outflows of ¥9,901 million from an increase in inventories, and ¥20,278 million from an increase in trade receivables, among others, there were cash increases consisting mainly of ¥46,814 million from income before income taxes, ¥13,380 million from depreciation and ¥7,560 million from amortization of goodwill.

Cash flows from investing activities

Net cash used in investing activities was ¥33,577 million, compared to ¥9,364 million used in the previous fiscal year. This was mainly because despite cash increases of ¥1,138 million due to the sale of FueTrek Co., Ltd. shares and others, there were capital outflows of ¥6,376 million used for purchases of property, plant and equipment in relation to molds and jigs for product manufacturing, ¥1,876 million used for purchases of software and other intangible assets, and ¥28,002 million for the acquisition of Flooid Topco Limited shares and others.

As a result, the free cash flows or total cash flows from operating and investing activities were positive ¥8,276 million.

Cash flows from financing activities

Net cash used in financing activities was ¥13,957 million, compared to ¥8,526 million provided in the previous fiscal year. This was mainly because despite proceeds from a net increase in short-term borrowings of ¥18,954 million, there were capital outflows of ¥14,600 million used to purchase additional shares of Sitrade Italia S.p.A., ¥10,000 million used for redemption of bonds, and ¥5,804 million used for payment of dividends, among others.

Cash flow indices

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Ownership equity ratio	59.9%	58.4%	56.5%	50.7%	48.8%
Ownership equity ratio based on market value	52.8%	47.1%	37.4%	42.2%	33.9%
Debt repayment ratio (years)	2.0	1.7	5.5	—	2.4
Interest coverage ratio	32.9	51.4	16.5	—	24.7

Notes: Ownership equity ratio: (Shareholders' equity + Accumulated other comprehensive income) / 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.

* Debt repayment ratio (years) and interest coverage ratio for FY2022 are not presented here due to negative operating cash flow.

(4) Future Outlook

The Group started the 2026 Medium-Term Management Plan that began in April 2024. Under the concept of “GLORY TRANSFORMATION 2026 — Shape the future with GLORY —,” we will promote our business based on the basic policies of “develop new revenue streams” and “increase profitability of core business.”

As for the outlook for the next fiscal year (fiscal year ending March 2025), for the overseas market, we expect sales and profits to increase in both the financial institutions and retail industry as customers are expected to continue to make capital investments, mainly in the US, which is our main target. In the domestic market, we expect a decline in sales and profits as the increase in net sales associated with the issuance of new banknotes has run its course, but the trend toward self-service solutions to address labor shortages is expected to continue, and demand for self-service products and services is expected to remain steady as a result.

Based on the above, we forecast full-year consolidated business performance as follows: net sales of ¥330.0 billion (down 11.4% year on year), operating income of ¥22.0 billion (down 57.1% year on year), ordinary income of ¥19.0 billion (down 60.8% year on year) and net income attributable to owners of parent of ¥10.0 billion (down 66.3% year on year). The forecast uses exchange rate assumptions of US\$1=¥140, €1=¥150.

For details of the Medium-Term Management Plan, please refer to the “Establishment of the 2026 Medium-Term Management Plan” announced today (May 10, 2024).

(5) Basic Policy on Profit Distributions and Dividends for the Current and Next Fiscal Years

Considering the return of profits to shareholders to be an important management priority, the Company's basic policy is to continue stable dividends while maintaining financial strength for future business growth. The Company has set a target of attaining a dividend payout ratio before goodwill amortization of 30% or higher on consolidated basis (three years average during the 2023 Medium-Term Management Plan period).

<Formula>

$$\begin{array}{l} \text{Target payout ratio (\%)} \\ \text{(three fiscal years average payout ratio before} \\ \text{goodwill amortization on a consolidated basis)} \end{array} = \frac{\text{Total dividends paid over the three fiscal years}}{\text{Three fiscal years total of "Net income attributable to owners} \\ \text{of parent + Goodwill amortization"}} \times 100$$

The Articles of Incorporation of the Company stipulates that matters such as dividends of surplus provided for in Article 459, paragraph 1 of the Companies Act may be determined by a resolution of the Board of Directors unless otherwise specified by laws and regulations, and the Company has decided to pay dividends of surplus twice in each fiscal year, once at the interim period and again at the year-end.

Based on the above basic policy, the Company plans to pay a dividend of surplus for fiscal 2023 of ¥106 per share (interim dividend of ¥40 and year-end dividend of ¥66). (Three fiscal years average payout ratio before goodwill amortization on a consolidated basis: 30.1%)

In the three fiscal years of the 2026 Medium-Term Management Plan (from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2027), which began in April 2024, in addition to following the Company's basic policy of "continuing stable dividends while investing in future business growth and maintaining financial strength," we have set a target of "progressive dividends, based on the annual dividend for the fiscal year ended March 31, 2024 (annual dividend of ¥106 per share), and dividends on shareholders' equity (DOE) of 3% or more" and aim to increase dividends in a stable and continuous manner. Based on this, the dividend for the next fiscal year (FY2024) is expected to be ¥108 per share (¥54 of interim dividend, ¥54 of year-end dividend).

With regard to the future purchase of treasury shares, the Company will take the best approach, considering future business development, investment plans, the internal reserves, and performance trends. The Company's policy is to keep treasury shares within approximately 5% of total shares issued by retiring any treasury shares in excess of that amount.

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.

However, the Group has started preparation on the premise that the application of the International Financial Reporting Standards (IFRS) will be introduced, and the timing of introduction will be disclosed once confirmed.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	36,753	35,224
Notes and accounts receivable - trade, and contract assets	59,787	86,206
Electronically recorded monetary claims - operating	1,821	3,849
Investments in leases	547	412
Securities	833	–
Merchandise and finished goods	53,175	59,355
Work in process	14,951	14,264
Raw materials and supplies	26,872	37,448
Other	10,171	8,546
Allowance for doubtful accounts	(1,437)	(1,859)
Total current assets	203,477	243,447
Non-current assets		
Property, plant and equipment		
Buildings and structures	39,905	41,544
Accumulated depreciation	(25,321)	(26,216)
Buildings and structures, net	14,583	15,327
Machinery, equipment and vehicles	15,734	16,721
Accumulated depreciation	(13,368)	(14,238)
Machinery, equipment and vehicles, net	2,365	2,483
Tools, furniture and fixtures	54,895	56,890
Accumulated depreciation	(48,603)	(49,444)
Tools, furniture and fixtures, net	6,292	7,445
Land	11,892	11,649
Right-of-use assets	13,744	17,905
Accumulated depreciation	(6,553)	(9,119)
Right-of-use assets, net	7,190	8,785
Construction in progress	192	490
Total property, plant and equipment	42,517	46,182
Intangible assets		
Customer relationships	26,428	26,838
Software	7,452	6,234
Goodwill	55,528	84,171
Other	2,315	1,829
Total intangible assets	91,725	119,073
Investments and other assets		
Investment securities	14,553	14,570
Deferred tax assets	9,981	8,044
Retirement benefit asset	14,772	26,579
Other	6,351	11,276
Allowance for doubtful accounts	(2,106)	(2,101)
Total investments and other assets	43,552	58,369
Total non-current assets	177,795	223,625
Total assets	381,273	467,072

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,197	17,678
Electronically recorded obligations - operating	7,276	9,862
Short-term borrowings	45,623	38,286
Current portion of long-term borrowings	1,481	5,672
Current portion of bonds payable	10,000	–
Income taxes payable	428	11,011
Contract liabilities	22,037	24,277
Provision for bonuses	7,110	14,922
Provision for bonuses for directors (and other officers)	54	186
Provision for stock grant	48	464
Other	27,244	38,720
Total current liabilities	139,501	161,083
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	12,055	37,040
Lease liabilities	5,412	6,476
Deferred tax liabilities	9,721	10,497
Provision for stock grant	194	315
Retirement benefit liability	2,166	1,820
Other	6,238	11,091
Total non-current liabilities	45,787	77,243
Total liabilities	185,288	238,326
Equity		
Shareholders' equity		
Share capital	12,892	12,892
Capital surplus	12,286	–
Retained earnings	141,522	167,088
Treasury shares	(8,161)	(8,097)
Total shareholders' equity	158,540	171,884
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,367	2,758
Foreign currency translation adjustment	26,672	41,062
Remeasurements of defined benefit plans	6,584	12,170
Total accumulated other comprehensive income	34,625	55,991
Non-controlling interests	2,818	870
Total equity	195,984	228,746
Total liabilities and equity	381,273	467,072

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

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	255,857	372,478
Cost of sales	164,630	209,892
Gross profit	91,226	162,585
Selling, general and administrative expenses	90,704	111,308
Operating income	522	51,276
Non-operating income		
Interest income	151	238
Dividend income	187	192
Gain on valuation of derivatives	1,443	–
Income from overseas tax benefits, etc.	–	596
Other	503	432
Total non-operating income	2,286	1,460
Non-operating expenses		
Interest expenses	1,138	1,922
Foreign exchange losses	724	913
Share of loss of entities accounted for using equity method	2,978	916
Expenses on system incident	–	383
Other	687	163
Total non-operating expenses	5,529	4,298
Ordinary income (loss)	(2,720)	48,438
Extraordinary income		
Gain on sale of non-current assets	6	47
Gain on sale of investment securities	56	210
Total extraordinary income	63	257
Extraordinary losses		
Loss on sale of non-current assets	11	28
Loss on retirement of non-current assets	10	286
Loss on sale of investment securities	0	3
Loss on valuation of investment securities	171	67
Provision of allowance for doubtful accounts	1	–
Impairment losses	3,810	1,496
Total extraordinary losses	4,004	1,881
Income (loss) before income taxes	(6,661)	46,814
Income taxes - current	4,621	15,813
Income taxes - deferred	(2,533)	731
Total income taxes	2,087	16,545
Net income (loss)	(8,748)	30,268
Net income attributable to non-controlling interests	789	594
Net income (loss) attributable to owners of parent	(9,538)	29,674

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net income (loss)	(8,748)	30,268
Other comprehensive income		
Valuation difference on available-for-sale securities	706	1,382
Foreign currency translation adjustment	8,885	14,816
Remeasurements of defined benefit plans, net of tax	2,537	5,585
Share of other comprehensive income of entities accounted for using equity method	(16)	8
Total other comprehensive income	12,111	21,793
Comprehensive income	3,362	52,061
Comprehensive income attributable to		
Owners of parent	2,323	51,040
Non-controlling interests	1,039	1,021

(3) Consolidated Statement of Changes in Equity

Previous Fiscal Year (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	12,892	12,286	166,566	(9,191)	182,554
Changes during period					
Dividends of surplus			(4,016)		(4,016)
Net loss attributable to owners of parent			(9,538)		(9,538)
Purchase of treasury shares				(10,570)	(10,570)
Disposal of treasury shares			(0)	253	253
Cancellation of treasury shares			(11,347)	11,347	–
Change in scope of equity method			(142)		(142)
Purchase of shares of consolidated subsidiaries					–
Increase or decrease due to changes in accounting period of consolidated subsidiaries					–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(25,044)	1,030	(24,013)
Balance at end of period	12,892	12,286	141,522	(8,161)	158,540

	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 period	666	18,050	4,047	22,764	3,289	208,607
Changes during period						
Dividends of surplus				–	(1,510)	(5,526)
Net loss attributable to owners of parent				–		(9,538)
Purchase of treasury shares				–		(10,570)
Disposal of treasury shares				–		253
Cancellation of treasury shares				–		–
Change in scope of equity method				–		(142)
Purchase of shares of consolidated subsidiaries				–		–
Increase or decrease due to changes in accounting period of consolidated subsidiaries				–		–
Net changes in items other than shareholders' equity	701	8,622	2,537	11,861	1,039	12,900
Total changes during period	701	8,622	2,537	11,861	(470)	(12,622)
Balance at end of period	1,367	26,672	6,584	34,625	2,818	195,984

Fiscal 2023 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	12,892	12,286	141,522	(8,161)	158,540
Changes during period					
Dividends of surplus			(4,148)		(4,148)
Net income attributable to owners of parent			29,674		29,674
Purchase of treasury shares					–
Disposal of treasury shares				63	63
Cancellation of treasury shares					–
Change in scope of equity method					–
Purchase of shares of consolidated subsidiaries		(12,286)	(722)		(13,008)
Increase or decrease due to changes in accounting period of consolidated subsidiaries			762		762
Net changes in items other than shareholders' equity					
Total changes during period	–	(12,286)	25,566	63	13,343
Balance at end of period	12,892	–	167,088	(8,097)	171,884

	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 period	1,367	26,672	6,584	34,625	2,818	195,984
Changes during period						
Dividends of surplus				–	(1,656)	(5,805)
Net income attributable to owners of parent				–		29,674
Purchase of treasury shares				–		–
Disposal of treasury shares				–		63
Cancellation of treasury shares				–		–
Change in scope of equity method				–		–
Purchase of shares of consolidated subsidiaries				–		(13,008)
Increase or decrease due to changes in accounting period of consolidated subsidiaries				–		762
Net changes in items other than shareholders' equity	1,390	14,389	5,585	21,366	(291)	21,074
Total changes during period	1,390	14,389	5,585	21,366	(1,948)	32,761
Balance at end of period	2,758	41,062	12,170	55,991	870	228,746

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Income (loss) before income taxes	(6,661)	46,814
Depreciation	11,762	13,380
Impairment losses	3,810	1,496
Amortization of goodwill	6,703	7,560
Increase (decrease) in allowance for doubtful accounts	98	105
Increase (decrease) in retirement benefit liability	(246)	(80)
Increase (decrease) in provision for bonuses	(489)	7,323
Increase (decrease) in provision for stock grant	(213)	537
Loss (gain) on sale of investment securities	(56)	(206)
Interest and dividend income	(339)	(431)
Interest expenses	1,138	1,922
Loss on retirement of non-current assets	10	286
Share of loss (profit) of entities accounted for using equity method	2,978	916
Decrease (increase) in trade receivables	(5,631)	(20,278)
Decrease (increase) in inventories	(21,902)	(9,901)
Increase (decrease) in trade payables	1,963	(2,326)
Increase (decrease) in lease liabilities	200	858
Decrease (increase) in investments in leases	228	135
Decrease (increase) in accounts receivable - other	1,085	(4)
Increase (decrease) in accounts payable - other	(90)	997
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(243)	4,569
Other, net	(3,244)	(4,922)
Subtotal	(9,137)	48,751
Interest and dividends received	347	422
Interest paid	(1,156)	(1,697)
Income taxes refund (paid)	(6,540)	(5,622)
Net cash provided by (used in) operating activities	(16,486)	41,854
Cash flows from investing activities		
Payments into time deposits	(60)	(51)
Proceeds from withdrawal of time deposits	60	60
Purchase of securities	(813)	–
Purchase of property, plant and equipment	(5,015)	(6,376)
Proceeds from sale of property, plant and equipment	13	488
Purchase of intangible assets	(1,918)	(1,876)
Purchase of investment securities	(2,076)	(73)
Proceeds from sale and redemption of investment securities	180	1,138
Proceeds from distributions from investment partnerships	487	201
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(227)	(28,002)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	0
Other, net	5	912
Net cash provided by (used in) investing activities	(9,364)	(33,577)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	28,159	(8,397)
Proceeds from long-term borrowings	1,185	28,980
Repayments of long-term borrowings	(2,681)	(1,628)
Redemption of bonds	–	(10,000)
Repayments of lease liabilities	(2,041)	(2,320)
Dividends paid	(4,014)	(4,147)
Dividends paid to non-controlling interests	(1,510)	(1,656)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(14,787)
Purchase of treasury shares	(10,570)	–
Proceeds from sale of treasury shares	0	–
Net cash provided by (used in) financing activities	8,526	(13,957)
Effect of exchange rate change on cash and cash equivalents	1,702	2,183
Net increase (decrease) in cash and cash equivalents	(15,622)	(3,498)
Cash and cash equivalents at beginning of period	52,316	36,693
Increase (decrease) in cash and cash equivalents due to changes in accounting period of consolidated subsidiaries	–	1,977
Cash and cash equivalents at end of period	36,693	35,173

(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, food & beverage, cash-in-transit companies, railroad companies, hospitals, local governments, 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, global retailer, food & beverage, cash-in-transit companies, and others in overseas.

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

Income by reportable segment is operating income.

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

Previous Fiscal Year (from April 1, 2022 to March 31, 2023)

(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	36,248	45,595	15,139	155,902	252,886	2,971	255,857	–	255,857
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	36,248	45,595	15,139	155,902	252,886	2,971	255,857	–	255,857
Segment profit (loss) (Note: 2)	152	(571)	1,624	436	1,641	(1,118)	522	–	522
Others									
(1) Depreciation and amortization (Note: 3)	1,271	1,449	533	8,391	11,645	116	11,762	–	11,762
(2) Amortization of goodwill	–	–	–	6,703	6,703	–	6,703	–	6,703
(3) Impairment losses	739	925	262	1,883	3,810	–	3,810	–	3,810

- 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. Depreciation and amortization includes amortization of long-term prepaid expenses.

Fiscal 2023 (from April 1, 2023 to March 31, 2024)

(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	78,422	74,774	28,201	185,239	366,637	5,840	372,478	–	372,478
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	78,422	74,774	28,201	185,239	366,637	5,840	372,478	–	372,478
Segment profit (loss) (Note: 2)	24,179	10,593	10,030	6,645	51,449	(173)	51,276	–	51,276
Others									
(1) Depreciation and amortization (Note: 3)	1,669	1,913	650	9,017	13,251	128	13,380	–	13,380
(2) Amortization of goodwill	–	–	–	7,560	7,560	–	7,560	–	7,560
(3) Impairment losses	596	512	72	285	1,466	29	1,496	–	1,496

- 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. Depreciation and amortization includes amortization of long-term prepaid expenses.

Per Share Information

	Previous Fiscal Year (from April 1, 2022 to March 31, 2023)	Fiscal 2023 (from April 1, 2023 to March 31, 2024)
Equity per share	¥3,474.76	¥4,097.32
Net income (loss) per share	¥(167.02)	¥533.62

- Notes:
- Diluted net income per share is not disclosed because dilutive shares are not issued.
 - In the Equity section, due to the way that equity per share is 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 (473,645 shares for the previous fiscal year, 449,012 shares for fiscal 2023).
Also, due to the way that net income (loss) per share is calculated, they are included in the treasury shares subtracted from average number of shares during the period (372,969 shares in the previous fiscal year, 455,057 shares in fiscal 2023).
 - The basis for calculation of the net income per share amount is shown below.

	Previous Fiscal Year (from April 1, 2022 to March 31, 2023)	Fiscal 2023 (from April 1, 2023 to March 31, 2024)
Net income (loss) attributable to owners of parent (Millions of yen)	(9,538)	29,674
Amount not attributable to common shareholders (Millions of yen)	–	–
Net income (loss) attributable to owners of parent pertaining to common stock (Millions of yen)	(9,538)	29,674
Average number of shares during the fiscal year (Shares)	57,108,564	55,609,847

Subsequent Events

Transactions under Common Control

(Absorption-type Merger Between Consolidated Subsidiaries)

At a meeting of the Board of Directors held on January 31, 2024, the Company resolved to merge its three consolidated subsidiaries, GLORY System Create Ltd., GLORY AZ System Co., Ltd., and GLORY Mechatronics Ltd., with GLORY System Create Ltd. as the surviving company, in an absorption merger effective April 1, 2024.

1. Outline of the transaction

(1) Name of combining entity and details of business:

(i) Surviving company

Name: GLORY System Create Ltd.
Details of business: Development and sales of software and consulting of system solutions

(ii) Merged companies

Name: GLORY AZ System Co., Ltd.
Details of business: Development, manufacturing, and sales of hardware
Name: GLORY Mechatronics Ltd.
Details of business: Development of hardware

(2) Date of business combination:

April 1, 2024

(3) Legal form of the business combination:

Absorption-type merger in which GLORY System Create Ltd. will be the surviving company and GLORY AZ System Co., Ltd. and GLORY Mechatronics Ltd. will be the absorbed companies.

- (4) Name of entity after combination:

GLORY Technical Solutions Ltd.

- (5) Other matters concerning outline of the transaction:

The purpose of the transaction is to improve development efficiency, system solution capabilities, and cost competitiveness of the Company group by consolidating management resources, eliminating duplicated work, and facilitating effective use of resources of the Company's domestic subsidiaries. No consideration will be provided upon the merger, since it is a merger between the Company's wholly-owned subsidiaries.

2. Summary of accounting treatments implemented

In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019), this business combination was treated as a transaction under common control.

(Absorption-type Merger Between Consolidated Subsidiaries)

At a meeting of the Board of Directors held on February 28, 2024, the Company resolved to merge Glory Global Solutions Inc. and Revolution Retail Systems, LLC, the Company's consolidated subsidiaries in the US, with Glory Global Solutions Inc. as the surviving company, in an absorption merger effective April 1, 2024.

1. Outline of the transaction

- (1) Name of combining entity and details of business:

- (i) Surviving company

Name:

Glory Global Solutions Inc.

Details of business:

Sales and service of cash handling machines in financial and retail markets.

- (ii) Merged company

Name:

Revolution Retail Systems, LLC

Details of business:

Manufacture, sales and service of cash handling recyclers designed for back-office operations, etc. in retail markets.

- (2) Date of business combination:

April 1, 2024

- (3) Legal form of the business combination:

Absorption-type merger in which Glory Global Solutions Inc. will be the surviving company and Revolution Retail Systems, LLC will be the absorbed company.

- (4) Name of entity after combination:

Glory Global Solutions Inc.

- (5) Other matters concerning outline of the transaction:

The purpose of the transaction is to integrate the management structures for efficient operations. No consideration will be provided upon the merger, since it is a merger between the Company's wholly-owned subsidiaries.

2. Summary of accounting treatments implemented

In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business

Divestitures” (ASBJ Guidance No. 10, January 16, 2019), this business combination was treated as a transaction under common control.