

(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, 2024.” 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, 2024 <Japanese GAAP>

February 6, 2024

Company Name: GLORY LTD. Stock exchange listing: Tokyo
Code number: 6457 URL: <https://corporate.glory-global.com/>
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Scheduled filing date of Quarterly Securities Report: February 13, 2024
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, 2024 (from April 1, 2023 to December 31, 2023)

(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, 2023	259,706	45.5	35,335	—	33,749	—	20,906	—
Nine months ended December 31, 2022	178,503	12.5	(1,621)	—	(1,490)	—	(4,689)	—

(Note) Comprehensive income

Nine months ended December 31, 2023: ¥29,083 million [688.6%]
Nine months ended December 31, 2022: ¥3,688 million [(62.1)%]

	Net income per share	Fully diluted net income per share
	(Yen)	(Yen)
Nine months ended December 31, 2023	375.96	—
Nine months ended December 31, 2022	(81.41)	—

(Reference) EBITDA (Operating income + Depreciation + Amortization of goodwill)

Nine months ended December 31, 2023: ¥50,521 million [308.5%]
Nine months ended December 31, 2022: ¥12,369 million [(41.1)%]

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

Nine months ended December 31, 2023: ¥26,204 million [— %]
Nine months ended December 31, 2022: ¥385 million [(96.3)%]

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(2) Consolidated Financial Position

	Total assets	Equity	Ownership equity ratio	Equity per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of December 31, 2023	429,210	205,761	47.8	3,689.39
As of March 31, 2023	381,273	195,984	50.7	3,474.76

(Reference) Ownership equity

As of December 31, 2023: ¥205,179 million

As of March 31, 2023: ¥193,166 million

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, 2023	—	34.00	—	34.00	68.00
Year ending March 31, 2024	—	40.00	—		
Year ending March 31, 2024 (forecast)				60.00	100.00

(Note) Revisions to the latest dividend forecast: Yes

For details on the revision to the dividend forecast, please refer to the news release titled “Revisions of FY2023 Year-End Dividend Forecast” announced on the same day as this report (February 6, 2024).

3. Consolidated Financial Forecast for the Year Ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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)
Full year	365,000	42.7	48,000	—	46,000	—	28,000	—	503.52

(Note) Revisions to the latest consolidated financial forecast: Yes

(Reference) EBITDA

Year ending March 31, 2024 (full year): ¥66,500 million

Net income before amortization of goodwill

Year ending March 31, 2024 (full year): ¥34,700 million

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

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

(a) Changes in accounting policies associated with revisions of accounting standards, etc.: None

(b) Changes in accounting policies other than (a): None

(c) Changes in accounting estimates: None

(d) Restatements: None

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

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

As of December 31, 2023: 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 December 31, 2023: 2,873,306 shares

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

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

Nine months ended December 31, 2023: 55,608,425 shares

Nine months ended December 31, 2022: 57,605,140 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 December 31, 2023: 451,664 shares, As of March 31, 2023: 473,645 shares)

(Note) Quarterly financial results reports are exempt from quarterly review 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. 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, 2023, the global economy continued to recover, with economic activity picking up in the US and across Asia as a whole. In Europe and China, however, the recovery was slow. Meanwhile, growing tensions in the Middle East and the deepening turmoil in the Russia-Ukraine situation heightened concerns about geopolitical risks.

In Japan, the economy continued to recover as personal consumption and the employment environment improved due to the normalization of social and economic activities. Conversely, the outlook remained uncertain due to such factors as the depreciation of the yen and continued inflation.

Under these circumstances, overseas financial and retail markets experienced steady demand for self-service products and services aimed at improving operational efficiency and addressing workforce shortages. In addition, production has normalized as the difficulties in procuring semiconductors and other parts have eased significantly, resulting in an increase in sales of our main products.

Furthermore, on December 26, 2023, the Company passed a resolution to acquire Flooid Topco Limited, a UK-based developer and provider of cloud-based unified commerce platform* solutions to the retail industry, for the purpose of enhancing the solutions it offers to the retail market and expanding its software business. The acquisition procedures were completed on January 12, 2024.

In Japan, the financial market and the retail and transportation market saw an 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 picking up speed. In the amusement market, sales were robust for card systems for smart amusement machines.

As a result, net sales in this nine-month period totaled ¥259,706 million (up 45.5% year on year). Of this, net sales of merchandise and finished goods were ¥157,707 million (up 52.4% year on year) and net sales from maintenance services were ¥101,998 million (up 36.0% year on year). Operating income was ¥35,335 million (vs. operating loss of ¥1,621 million in the corresponding period of the previous year), ordinary income was ¥33,749 million (vs. ordinary loss of ¥1,490 million in the corresponding period of the previous year), and net income attributable to owners of parent was ¥20,906 million (vs. net loss attributable to owners of parent of ¥4,689 million in the corresponding period of the previous year).

* Unified commerce platform is a system that integrates multiple sales channels into a single platform, streamlining the purchasing process in both physical stores and online, thereby offering consumers a seamless shopping experience.

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 ¥55,620 million (up 134.3% year on year) and operating income was ¥19,021 million (vs. operating loss of ¥798 million in the corresponding period of the previous 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 ¥52,007 million (up 63.7% year on year) and operating income was ¥7,143 million (vs. operating loss of ¥595 million in the corresponding period of 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 ¥21,214 million (up 97.7% year on year) and operating income was ¥7,493 million (up 521.0% 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 ¥60,112 million (up 25.2% 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 steady, resulting in net sales of ¥55,118 million (up 8.2% year on year).

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In Asia, net sales were ¥11,386 million (up 0.8% 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 ¥19,831 million (up 28.3% year on year), while net sales of the Revolution group were ¥12,989 million (down 4.9% year on year).

As a result, net sales in this segment were ¥126,617 million (up 14.9% year on year) and operating income was ¥2,045 million (vs. operating loss of ¥511 million in the corresponding period of the previous year).

Outside the above four business segments, net sales were ¥4,245 million (up 109.4% year on year) and operating loss was ¥368 million (vs. operating loss of ¥923 million in the corresponding period of the previous year).

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

With the impact of the weak yen and increase in machine replacements and system modifications associated with the new Japanese banknote issuance, we have revised upward the consolidated financial forecasts for the fiscal year ending March 31, 2024 to net sales of ¥365.0 billion, operating income of ¥48.0 billion, ordinary income of ¥46.0 billion, and net income attributable to owners of parent of ¥28.0 billion.

The exchange rate assumptions for the revised financial forecasts are US\$1 = ¥140 (¥135 before the revision) and 1 euro = ¥155 (¥145 before the revision).

In addition, while the previous forecast for the Company's total annual dividend was ¥80 per share (including the interim dividend of ¥40 per share that has already been paid out), we have revised the year-end dividend forecast to ¥60 per share, an increase of ¥20 from the previous forecast, bringing the total annual dividend to ¥100 per share. For details, see "Revision of FY2023 Year-End Dividend Forecast," released on February 6, 2024.

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2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	36,753	33,203
Notes and accounts receivable - trade, and contract assets	59,787	88,048
Electronically recorded monetary claims - operating	1,821	3,257
Securities	833	–
Merchandise and finished goods	53,175	66,730
Work in process	14,951	15,475
Raw materials and supplies	26,872	33,796
Other	10,719	9,713
Allowance for doubtful accounts	(1,437)	(1,629)
Total current assets	203,477	248,596
Non-current assets		
Property, plant and equipment	42,517	44,013
Intangible assets		
Customer relationships	26,428	25,985
Goodwill	55,528	53,864
Other	9,768	7,841
Total intangible assets	91,725	87,692
Investments and other assets		
Investment securities	14,553	13,586
Other	31,104	37,427
Allowance for doubtful accounts	(2,106)	(2,105)
Total investments and other assets	43,552	48,908
Total non-current assets	177,795	180,614
Total assets	381,273	429,210
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,197	19,294
Electronically recorded obligations - operating	7,276	10,296
Short-term borrowings	45,623	69,813
Current portion of long-term borrowings	1,481	2,915
Current portion of bonds payable	10,000	–
Income taxes payable	428	9,798
Provision for bonuses	7,110	7,863
Provision for bonuses for directors (and other officers)	54	121
Provision for stock grant	48	313
Other	49,281	54,968
Total current liabilities	139,501	175,386
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	12,055	10,637
Provision for stock grant	194	287
Retirement benefit liability	2,166	2,260
Other	21,372	24,876
Total non-current liabilities	45,787	48,061
Total liabilities	185,288	223,448

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Consolidated Financial Results
for the Third Quarter of Fiscal Year
Ending March 31, 2024

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Equity		
Shareholders' equity		
Share capital	12,892	12,892
Capital surplus	12,286	–
Retained earnings	141,522	158,321
Treasury shares	(8,161)	(8,104)
Total shareholders' equity	158,540	163,109
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,367	1,956
Foreign currency translation adjustment	26,672	34,329
Remeasurements of defined benefit plans	6,584	5,783
Total accumulated other comprehensive income	34,625	42,069
Non-controlling interests	2,818	582
Total equity	195,984	205,761
Total liabilities and equity	381,273	429,210

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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, 2022 (From April 1, 2022 to December 31, 2022)	Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
Net sales	178,503	259,706
Cost of sales	113,926	144,490
Gross profit	64,576	115,216
Selling, general and administrative expenses	66,198	79,880
Operating income (loss)	(1,621)	35,335
Non-operating income		
Interest income	112	238
Dividend income	180	187
Foreign exchange gains	–	162
Gain on valuation of derivatives	1,455	–
Other	447	411
Total non-operating income	2,195	999
Non-operating expenses		
Interest expenses	756	1,306
Foreign exchange losses	365	–
Share of loss of entities accounted for using equity method	736	744
Expenses on system incident	–	441
Other	206	94
Total non-operating expenses	2,064	2,585
Ordinary income (loss)	(1,490)	33,749
Extraordinary income		
Gain on sale of non-current assets	6	19
Gain on sale of investment securities	–	210
Total extraordinary income	6	229
Extraordinary losses		
Loss on retirement of non-current assets	7	133
Loss on sale of investment securities	–	3
Loss on valuation of investment securities	165	74
Impairment losses	1,469	1,478
Other	12	0
Total extraordinary losses	1,654	1,689
Income (loss) before income taxes	(3,138)	32,289
Income taxes	1,100	11,027
Net income (loss)	(4,238)	21,261
Net income attributable to non-controlling interests	451	354
Net income (loss) attributable to owners of parent	(4,689)	20,906

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Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)	Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
Net income (loss)	(4,238)	21,261
Other comprehensive income		
Valuation difference on available-for-sale securities	503	580
Foreign currency translation adjustment	7,487	8,034
Remeasurements of defined benefit plans, net of tax	(71)	(800)
Share of other comprehensive income of entities accounted for using equity method	7	8
Total other comprehensive income	7,926	7,821
Comprehensive income	3,688	29,083
Comprehensive income attributable to		
Owners of parent	2,988	28,350
Non-controlling interests	699	733

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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

The Company purchased additional shares of Sitrade Italia S.p.A., a consolidated subsidiary, as of July 12, 2023. As a result, in this nine-month period, capital surplus decreased by ¥12,286 million, and retained earnings decreased by ¥704 million.

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.

Segment Information

(a) Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

Information on net sales, profit (loss) by reportable segment

(Millions of yen)

	Reportable segments					Other (Note: 1)	Total	Reconcilia- tion	Amounts reported on the quarterly consolidated statement of income (Note: 2)
	Financial market	Retail and transportation market	Amusement market	Overseas market	Total				
Net sales									
(1) Sales to customers	23,736	31,767	10,731	110,239	176,475	2,028	178,503	–	178,503
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	23,736	31,767	10,731	110,239	176,475	2,028	178,503	–	178,503
Segment profit (loss)	(798)	(595)	1,206	(511)	(698)	(923)	(1,621)	–	(1,621)

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

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

(b) Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

Information on net sales, profit (loss) by reportable segment

(Millions of yen)

	Reportable segments					Other (Note: 1)	Total	Reconcilia- tion	Amounts reported on the quarterly consolidated statement of income (Note: 2)
	Financial market	Retail and transportation market	Amusement market	Overseas market	Total				
Net sales									
(1) Sales to customers	55,620	52,007	21,214	126,617	255,460	4,245	259,706	–	259,706
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	55,620	52,007	21,214	126,617	255,460	4,245	259,706	–	259,706
Segment profit (loss)	19,021	7,143	7,493	2,045	35,703	(368)	35,335	–	35,335

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

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

Subsequent Events

(Business Combination Due to Acquisition)

At its Board of Directors meeting held on December 26, 2023, the Company passed a resolution to enter into a share purchase agreement through its overseas subsidiary, Glory Global Solutions (International) Ltd. to acquire 100% of the outstanding shares (the “Acquisition”) of Flooid Topco Limited (“Flooid”), a provider of the cloud-based software “unified commerce platform” (UCP) to the

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retail industry, concluding the share purchase agreement on the same date. The share acquisition process was completed on January 12, 2024.

1. Outline of the business combination

(1) Name of acquired entity and details of its business:

Name of acquired entity	Flooid Topco Limited
Details of business:	Developing a cloud Software based on the Unified Commerce Platform (UCP) and selling it as SaaS to major retailers

(2) Main reasons for combining the businesses:

The Company group (the “Group”) has been promoting its 2023 Medium-Term Plan in an effort to realize its Long-Term Vision 2028: ‘We enable a confident world’.

Under the Plan, we are actively investing management resources in strengthening our overseas business, which we consider an important growth strategy, and in expanding our business beyond the provision of cash technology solutions, to diversify the business of the Group. Flooid focusses on helping retailers deliver seamless experiences across all customer touchpoints with a powerful cloud-native, hardware-agnostic, UCP for global markets, especially North America and UK. Driving traditional point of sale, self-checkout, mobile POS, self-order and pay kiosks, and convertible lane from a single platform, Flooid UCP handles pricing, payment, receipts, taxation, promotions, coupons, orders, deliveries, and more, regardless of store format or segment. The Acquisition of Flooid will be a significant strategic step for the Group. We believe that by adding Flooid to the Group, we can enhance our existing retail solutions portfolio, and also expand our revenue streams driven by a SaaS model. Furthermore, Flooid’s core values, which include providing customers with enhanced operational efficiency, cost reduction, a seamless customer experience, and a positive environmental impact, align closely with the Group’s existing solutions. As we aim to strengthen our presence in existing overseas retail and F&B sectors, we believe that enhancing our software business by providing UCP will lead to further expansion of our business.

Additionally, the Company expects synergies from the Acquisition, including the expansion of sales of each company’s products through combined sales channels of both companies. Particularly, the Acquisition will also enable Flooid to leverage the global presence and sales channels in the Group’s cash technology solution business, thereby accelerating growth in sectors such as retail and restaurants.

(3) Date of business combination:

January 12, 2024

(4) Legal form of the business combination:

Acquisition of shares

(5) Name of entity after combination:

Flooid Topco Limited

(6) Percentage of voting rights acquired:

100%

(7) Principal grounds for determining acquiring entity:

The Company’s consolidated subsidiary Glory Global Solutions (International) Ltd. acquired the shares in exchange for cash.

2. Purchase costs of shares of the acquired entity and the breakdown by class

Not finalized at this time.

3. Description and amount of the main costs related to the acquisition

Advisory compensation, fees, etc.: GBP3 million

(Note) The amount shown above is an estimate.

4. Goodwill incurred, reason for the goodwill, and method and period of amortization

Not finalized at this time.

5. Amounts of assets acquired and liabilities assumed on the date of the business combination, and the major components thereof

Not finalized at this time.

6. Method of financing payments

Borrowings

(Issuance of bonds)

At its Board of Directors meeting held on July 27, 2023, the Company resolved the issuance of domestic unsecured straight bonds. At its

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Board of Directors meeting held on January 31, 2024, the Company resolved to revise the issuance as follows.

Domestic unsecured straight bonds

- | | |
|--------------------------------|--|
| (1) Total amount to be issued: | ¥30.0 billion or less |
| (2) Issue price: | ¥100 per ¥100 face value |
| (3) Interest rate: | The yield of government bonds corresponding to the period for redemption of corporate bonds + a spread of 2.0% or less, or 3.0% or less per year |
| (4) Issue period: | From April 1, 2024 to September 30, 2024 |
| (5) Redemption period: | Within 10 years |
| (6) Redemption method: | Lump-sum redemption at maturity |
| (7) Use of funds: | Capital investment, repayments of borrowings, redemption of bonds, investment and financing and working capital |