

(TRANSLATION FOR REFERENCE ONLY)

This is a translation of the original Japanese text of the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2022.”
 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, 2022 <Japanese GAAP>

May 12, 2022

Company Name: GLORY LTD. Stock exchange listing: Tokyo
 Code number: 6457 URL: <https://corporate.glory-global.com/>
 Representative: Motozumi Miwa President & Representative Director
 Contact person: Yukihiro Fujikawa Senior Executive Officer; Executive General Manager, Finance Headquarters
 TEL +81-79-297-3131

Scheduled date of Ordinary General Meeting of Shareholders: June 24, 2022
 Scheduled date of dividend payments: June 27, 2022
 Scheduled filing date of Annual Securities Report: June 27, 2022
 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, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	226,562	4.2	10,297	(27.5)	10,507	(25.7)	6,509	14.1
Year ended March 31, 2021	217,423	(3.0)	14,201	(20.8)	14,137	(8.9)	5,705	(32.8)

(Note) Comprehensive income

Year ended March 31, 2022: ¥17,465 million [2.9 %]
 Year ended March 31, 2021: ¥16,976 million [242.0 %]

	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, 2022	107.65	—	3.3	3.0	4.5
Year ended March 31, 2021	94.38	—	3.0	4.4	6.5

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

Year ended March 31, 2022: ¥(58) million [— %]
 Year ended March 31, 2021: ¥(700) million [— %]

EBITDA (Operating income + Depreciation + Amortization of goodwill)

Year ended March 31, 2022: ¥27,505 million [(6.5)%]
 Year ended March 31, 2021: ¥29,410 million [(7.7)%]

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

Year ended March 31, 2022: ¥11,764 million [15.2%]
 Year ended March 31, 2021: ¥10,208 million [(17.0)%]

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(2) Consolidated Financial Position

	Total assets	Net assets	Ownership equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of March 31, 2022	362,786	208,563	56.6	3,394.59
As of March 31, 2021	330,608	196,332	58.4	3,195.82

(Reference) Ownership equity

As of March 31, 2022: ¥205,273 million As of March 31, 2021: ¥193,200 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, 2022	10,315	(25,799)	(942)	52,256
Year ended March 31, 2021	28,443	(21,666)	(12,131)	66,057

2. Dividends

(Record date)	Dividends per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividends to net assets ratio (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Annual			
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Millions of yen)	(%)	(%)
Year ended March 31, 2021	—	30.00	—	36.00	66.00	4,010	69.9	2.1
Year ended March 31, 2022	—	34.00	—	34.00	68.00	4,132	63.2	2.1
Year ending March 31, 2023 (forecast)	—	34.00	—	34.00	68.00		205.6	

3. Consolidated Financial Forecast for the Year Ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2022	100,000	(3.1)	(7,500)	—	(7,800)	—	(7,800)	—	(129.00)
Full year	245,000	8.1	6,000	(41.7)	5,500	(47.7)	2,000	(69.3)	33.08

(Reference) EBITDA

Six months ending September 30, 2022: ¥1,100 million

Year ending March 31, 2023 (full year): ¥23,200 million

Net income before amortization of goodwill

Six months ending September 30, 2022: ¥(5,100) million

Year ending March 31, 2023 (full year): ¥7,300 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):
 Yes

Newly included: 1 company (Company name: Revolution Retail Systems, LLC) Excluded: –

(Note) For more information, please refer to “3. Consolidated Financial Statements and Significant Notes Thereto (5) Notes to Consolidated Financial Statements, Changes in Significant Subsidiaries During the Fiscal Year” on page 20 of the Attachment.

(2) 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 “3. Consolidated Financial Statements and Significant Notes Thereto (5) Notes to Consolidated Financial Statements, Changes in Accounting Policies” on page 20 of the Attachment.

(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, 2022: 63,638,210 shares

As of March 31, 2021: 63,638,210 shares

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

As of March 31, 2022: 2,866,078 shares

As of March 31, 2021: 2,866,078 shares

(c) Average number of shares

Year ended March 31, 2022: 60,467,088 shares

Year ended March 31, 2021: 60,448,695 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, 2022: 301,284 shares, As of March 31, 2021: 317,905 shares)

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	121,075	(6.4)	2,736	(63.0)	8,670	(29.7)	9,855	0.6
Year ended March 31, 2021	129,292	(5.6)	7,399	(1.3)	12,333	21.2	9,792	59.0

	Net income per share	Fully diluted net income per share
	(Yen)	(Yen)
Year ended March 31, 2022	162.99	—
Year ended March 31, 2021	162.00	—

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(2) Non-consolidated Financial Position

	Total assets	Net assets	Ownership equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of March 31, 2022	282,619	189,258	67.0	3,129.75
As of March 31, 2021	263,724	183,600	69.6	3,037.02

(Reference) Ownership equity

As of March 31, 2022: ¥189,258 million As of March 31, 2021: ¥183,600 million

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

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

(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 9 of the Attachment.

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Attachment

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1. Overview of Operating Results and Others

(1) Overview of Operating Results for the Fiscal Year

In the fiscal year under review, the global economy faced an uncertain outlook, being affected by a number of factors. These include a resurgence in COVID-19, shortages of semiconductors and other parts, rising material prices and logistics costs, and supply chain issues such as tight supply of logistics services, as well as the most recent fears of a downturn caused by the Russia-Ukraine situation. In the US and Europe, initiatives aimed at normalizing economic activity following progress in vaccinations led to signs of a recovery in business conditions. In Asia, challenging conditions persisted under the impact of the pandemic and the delays in vaccinations, etc. In China, where “zero-COVID” policies remain in force, the pace of the recovery also slowed, with declines in personal consumption and industrial production.

The Japanese economy saw a moderate recovery as capital investment and corporate earnings recovered. This was despite the strong downward pressure persisting in the food service and hotel industries, whose face-to-face services were largely affected by the pandemic.

Under such circumstances, the Group has started the “2023 Medium-Term Management Plan” with the concept of “Core and New businesses powering growth together” from April 2021.

In the Core business, sales to financial institutions and the retail industry were both strong in the overseas market. In particular, sales increased for sales proceeds deposit machines used for back-office operations and for self-service coin and banknote recyclers for cashiers used in the retail industry. This is largely attributable to a growing need for contact-free and self-service solutions to prevent COVID-19 infection, and a need for rigorous cash management. In the US, with the aim of expanding sales to retail, we acquired Revolution Retail Systems, LLC, which sells sales proceeds deposit machines for retail back-office operations, and also established a local subsidiary in Poland. In the domestic market, while the large-scale demand for the financial market in the previous year has run its course, sales increased in the retail and transportation market, supported by the sales of products such as self-service coin and banknote recyclers for cashiers, in response to labor shortages and the need for contact-free and self-service solutions. In order to expand our customer base to include new customer groups, we launched a service enabling sales of coin and banknote recyclers for cashiers on a subscription basis.

In new businesses, the self-service kiosk-related business being expanded by Acrelec Group S.A.S. in overseas markets performed strongly. We also focused on extending our business domain, through our investing in OneBanks, which provides shared services for bank branch operations within UK retail outlets. In the Japanese market, we deepened our alliance with AdInte Co., Ltd., and launched the BUYZO data utilization service, which seeks to support DX for retail and restaurants by increasing the impact of marketing and promotions through the collection and analysis of data on customer behavior. Furthermore, we worked to create new services which make use of data gathered from smartphones. This has been achieved through partnering with a mobile order services provider, Showcase Gig Inc., to open a BOPIS-style new store exclusively for beverages, whereby the customer orders the merchandise in advance using a smartphone and collects it from a locker. In the biometric/image recognition business, we developed a fall detection system using skeletal recognition technology and 3D cameras, and started PoC (Proof of Concept) studies for the use in nursing facilities to verify that the privacy of room occupants is ensured, that the system operates in both light and dark conditions, and that a comfortable sleeping environment can be maintained by reducing the amount of light emitted by sensors, and other matters.

On the other hand, in addition to sales being postponed due to the difficulties in procuring semiconductors and other parts from the third quarter onwards, we witnessed soaring prices for materials, as well as tight supply of shipping services. These factors were responsible for restrictions on production and sales activities both in Japan and overseas.

As a result, net sales in the current fiscal year totaled ¥226,562 million (up 4.2% year on year). Of this, sales of merchandise and finished goods were ¥142,667 million (up 2.8% year on year) and sales from maintenance services were ¥83,894 million (up 6.6% year on year). Operating income was ¥10,297 million (down 27.5% year on year), and ordinary income was ¥10,507 million (down 25.7% year on year). Net income attributable to owners of parent was ¥6,509 million (up 14.1% year on year) as a result of the addition of extraordinary income from the transfer of shares of viafintech GmbH, and the subtraction of extraordinary losses recorded due to an incident that occurred at a domestic consolidated subsidiary of the Company as stated below.

In February 2022, the Company discovered an incident of embezzlement by a former employee of a consolidated subsidiary of the Company. The Company established an internal investigation committee chaired by a Director (Chairman of the Audit & Supervisory Committee) of the Company to identify the facts and causes of the incident, with the assistance of external attorneys and CPAs. The Company sincerely apologizes to all our stakeholders for any inconvenience this matter may have caused. The Group will swiftly execute measures to prevent such incidents from recurring and take steps to strengthen the internal control system for the Group as a whole, while striving to regain the trust of its stakeholders.

Results of operations in each business segment are as follows.

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Financial market

Sales of this segment's main product, open teller systems, were slow, and sales of coin and banknote recyclers for tellers were also sluggish due to the large-scale demand in the previous year having run its course. In addition, sales from maintenance services decreased due to a slowdown in the system modifications required in connection with the scheduled issuance of the new 500-yen coin.

As a result, net sales in this segment were ¥36,079 million (down 27.7% year on year) and operating income was ¥4,644 million (down 52.9% year on year).

Retail and transportation market

Despite steady sales of this segment's main products, which are coin and banknote recyclers for cashiers and ticket vending machines, shipments of sales proceeds deposit machines for the cash-in-transit market were sluggish. Profits increased as a result of modification work required in connection with the issuance of the new 500-yen coin, and due to improvements in product mix.

As a result, net sales in this segment were ¥47,859 million (down 2.5% year on year) and operating income was ¥2,543 million (up 52.3% year on year).

Amusement market

Sales increased for the main products, such as card systems and pachinko prize dispensing machines used in pachinko parlors. This contrasts with the previous year, where there was downward pressure from temporary store closures and short operating hours. However, the full-scale recovery of demand was not seen in this segment.

As a result, net sales in this segment were ¥12,131 million (up 10.1% year on year) and operating loss was ¥366 million (vs. operating loss of ¥290 million in the previous fiscal year).

Overseas market

In the Americas and Europe, sales of CI-series sales proceeds deposit machines for the retail industry were robust, and sales of RBG-series coin and banknote recyclers for financial institutions were steady. In Asia, sales of UW-series banknote sorters were sluggish. Furthermore, sales from Acrelec Group S.A.S. and its subsidiaries totaled ¥19,809 million, exceeding the pre-COVID level.

As a result, net sales in this segment were ¥127,803 million (up 22.0% year on year) and operating income was ¥4,884 million (up 42.9% year on year).

In the "Other" business segment, net sales were ¥2,688 million (up 0.3% year on year) and operating loss was ¥1,408 million (vs. operating loss of ¥456 million in the previous fiscal year).

All amounts in this section do not include consumption taxes.

(2) Overview of Financial Position for the Fiscal Year

The following is the financial position at the end of the current fiscal year: Total assets at the end of the current fiscal year were ¥362,786 million, an increase of ¥32,178 million compared with the end of the previous fiscal year. This is mainly the result of a decrease of ¥13,871 million in cash and deposits, and increases of ¥19,251 million in inventories and ¥14,356 million in goodwill.

Liabilities were ¥154,223 million, an increase of ¥19,948 million compared with the end of the previous fiscal year. This is mainly the result of increases of ¥7,248 million in long-term borrowings and ¥4,113 million in notes and accounts payable - trade.

Total net assets at the end of the current fiscal year were ¥208,563 million, an increase of ¥12,230 million compared with the end of the previous fiscal year. This is mainly the result of increases of ¥8,851 million in foreign currency translation adjustment and ¥2,254 million in retained earnings.

As a result, the ownership equity ratio became 56.6% compared with 58.4% at the end of the previous fiscal year.

(3) Overview of Cash Flows for the Fiscal Year

Cash and cash equivalents ("cash") at the end of the current fiscal year decreased ¥13,801 million from one year earlier to ¥52,256 million.

The following is a summary of cash flows:

Cash flows from operating activities

Net cash provided by operating activities was ¥10,315 million, compared to ¥28,443 million in the previous fiscal year. This resulted from

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cash increases including ¥13,783 million from income before income taxes, ¥11,952 million from depreciation and ¥5,254 million from amortization of goodwill, despite the capital outflow of ¥7,225 million due to the payment of income taxes and a ¥10,927 million increase in inventories.

Cash flows from investing activities

Net cash used in investing activities was ¥25,799 million, compared to ¥21,666 million in the previous fiscal year. This resulted from ¥6,201 million in proceeds from sale of shares of viafintech GmbH, while on the other hand there was a ¥20,484 million outflow associated with the acquisition of Revolution Retail Systems, LLC, ¥4,809 million for purchase of property, plant and equipment in relation to molds and jigs used for product manufacturing, and a ¥3,938 million payment for the acquisition of AdInte Co., Ltd. shares.

As a result, the free cash flows or total cash flows from operating and investing activities were negative ¥15,484 million.

Cash flows from financing activities

Net cash used in financing activities was ¥942 million, compared to ¥12,131 million in the previous fiscal year. This resulted from a ¥5,637 million repayment of long-term borrowings, and payment of ¥5,226 million of dividends, despite proceeds from long-term borrowings of ¥11,531 million.

Cash flow indices

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Ownership equity ratio	62.0%	59.5%	59.9%	58.4%	56.6%
Ownership equity ratio based on market value	78.3%	50.4%	52.8%	47.1%	37.4%
Debt repayment ratio (years)	2.4	2.0	2.0	1.7	5.5
Interest coverage ratio	25.7	38.0	32.9	51.4	16.5

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

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

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

Interest coverage ratio: Operating cash flow / Interest payments

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

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

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

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

(4) Future Outlook

The outlook for the fiscal year ending March 31, 2023, remains uncertain, with global shortages of parts such as semiconductors and soaring material prices. The Russia-Ukraine situation, coupled with the prospect of supply chain disruption caused by lockdowns in China following the spread of COVID-19 infections, will likely also have an impact on business operations.

Under these circumstances, the Group predicts that the trend towards contactless and self-service approaches will continue, not only as a means of addressing labor shortages but also to help prevent infections. We therefore expect continued steady demand for self-service products and services used by financial institutions and retail outlets, both in Japan and overseas. We expect performance in the first half to come under pressure from difficulties in procuring semiconductors and other parts, soaring material prices, and rising costs caused by tight supply of shipping services. However, in the second half we expect procurement difficulties for parts such as semiconductors to ease, and for sales to gradually recover.

According to these conditions, the Company forecasts full-year consolidated business results as follows; net sales of ¥245,000 million (up 8.1% year on year), operating income of ¥6,000 million (down 41.7% year on year), ordinary income of ¥5,500 million (down 47.7% year on year) and net income attributable to owners of parent of ¥2,000 million (down 69.3% year on year).

The forecast uses exchange rate assumptions of US\$1=¥125, 1 euro=¥135.

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

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 target for the

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“2023 Medium-Term Management Plan” (from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2024), is to achieve an average dividend payout ratio over the three-year period of at least 30% before amortization of consolidated goodwill.

<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 the current fiscal year of ¥68 per share (interim dividend of ¥34 and year-end dividend of ¥34). This will result in a dividend payout ratio before goodwill amortization of 35.0% on a consolidated basis.

Based on the above-mentioned policy, the dividend for the fiscal year ending March 31, 2023 is expected to be 68 yen per share (34 yen of interim dividend, 34 yen 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.

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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.

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3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	66,188	52,316
Notes and accounts receivable - trade	55,660	-
Notes and accounts receivable - trade, and contract assets	-	52,420
Electronically recorded monetary claims - operating	684	749
Investments in leases	1,074	775
Securities	50	50
Merchandise and finished goods	33,176	38,511
Work in process	6,943	15,658
Raw materials and supplies	12,397	17,599
Other	4,635	12,913
Allowance for doubtful accounts	(1,032)	(1,240)
Total current assets	179,778	189,753
Non-current assets		
Property, plant and equipment		
Buildings and structures	37,424	39,176
Accumulated depreciation	(23,190)	(24,255)
Buildings and structures, net	14,234	14,921
Machinery, equipment and vehicles	13,817	15,434
Accumulated depreciation	(11,529)	(13,130)
Machinery, equipment and vehicles, net	2,288	2,304
Tools, furniture and fixtures	53,582	53,427
Accumulated depreciation	(48,194)	(48,211)
Tools, furniture and fixtures, net	5,387	5,215
Land	11,843	11,877
Right-of-use assets	8,408	10,845
Accumulated depreciation	(3,344)	(4,880)
Right-of-use assets, net	5,063	5,964
Construction in progress	366	201
Total property, plant and equipment	39,183	40,485
Intangible assets		
Customer relationships	22,473	21,335
Software	7,178	8,709
Goodwill	49,800	64,157
Other	1,190	870
Total intangible assets	80,642	95,072
Investments and other assets		
Investment securities	11,228	14,871
Deferred tax assets	8,064	8,266
Retirement benefit asset	7,250	9,660
Other	5,411	6,782
Allowance for doubtful accounts	(951)	(2,106)
Total investments and other assets	31,003	37,474
Total non-current assets	150,829	173,032
Total assets	330,608	362,786

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(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,543	14,656
Electronically recorded obligations - operating	6,529	6,975
Short-term borrowings	15,656	16,743
Current portion of long-term borrowings	3,130	2,585
Income taxes payable	2,480	1,075
Contract liabilities	–	22,502
Provision for bonuses	7,553	7,373
Provision for bonuses for directors (and other officers)	91	102
Provision for stock grant	–	209
Other	41,811	27,673
Total current liabilities	87,796	99,898
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	3,939	11,187
Lease liabilities	3,820	4,409
Deferred tax liabilities	7,895	8,370
Provision for stock grant	245	247
Retirement benefit liability	2,590	2,327
Other	7,987	7,782
Total non-current liabilities	46,478	54,325
Total liabilities	134,275	154,223
Net assets		
Shareholders' equity		
Share capital	12,892	12,892
Capital surplus	12,294	12,286
Retained earnings	164,411	166,665
Treasury shares	(9,241)	(9,191)
Total shareholders' equity	180,357	182,653
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	680	666
Foreign currency translation adjustment	9,054	17,906
Remeasurements of defined benefit plans	3,109	4,047
Total accumulated other comprehensive income	12,843	22,620
Non-controlling interests	3,131	3,289
Total net assets	196,332	208,563
Total liabilities and net assets	330,608	362,786

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(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	217,423	226,562
Cost of sales	131,962	136,800
Gross profit	85,460	89,762
Selling, general and administrative expenses	71,259	79,464
Operating income	14,201	10,297
Non-operating income		
Interest income	271	222
Dividend income	146	149
Foreign exchange gains	–	480
Other	1,171	576
Total non-operating income	1,589	1,429
Non-operating expenses		
Interest expenses	559	638
Foreign exchange losses	238	–
Share of loss of entities accounted for using equity method	700	58
Other	153	522
Total non-operating expenses	1,652	1,219
Ordinary income	14,137	10,507
Extraordinary income		
Gain on sale of non-current assets	4	12
Gain on sale of investment securities	22	1
Gain on sale of shares of subsidiaries and associates	–	4,739
Total extraordinary income	27	4,752
Extraordinary losses		
Loss on sale of non-current assets	1	1
Loss on retirement of non-current assets	32	32
Loss on sale of investment securities	73	–
Loss on valuation of investment securities	421	49
Provision of allowance for doubtful accounts	397	1,171
Impairment losses	648	121
Special investigation expenses	–	100
Total extraordinary losses	1,574	1,476
Income before income taxes	12,590	13,783
Income taxes - current	6,959	6,333
Income taxes - deferred	(885)	(93)
Total income taxes	6,073	6,239
Net income	6,516	7,544
Net income attributable to non-controlling interests	811	1,034
Net income attributable to owners of parent	5,705	6,509

(TRANSLATION FOR REFERENCE ONLY)

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net income	6,516	7,544
Other comprehensive income		
Valuation difference on available-for-sale securities	1,128	(9)
Foreign currency translation adjustment	4,059	8,984
Remeasurements of defined benefit plans, net of tax	5,264	937
Share of other comprehensive income of entities accounted for using equity method	6	7
Total other comprehensive income	10,459	9,920
Comprehensive income	16,976	17,465
Comprehensive income attributable to		
Owners of parent	16,000	16,322
Non-controlling interests	975	1,142

(TRANSLATION FOR REFERENCE ONLY)

(3) Consolidated Statement of Changes in Equity

Previous Fiscal Year (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	12,892	15,961	162,595	(9,312)	182,137
Cumulative effects of changes in accounting policies					–
Restated balance	12,892	15,961	162,595	(9,312)	182,137
Changes during period					
Dividends of surplus			(3,889)		(3,889)
Net income attributable to owners of parent			5,705		5,705
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				71	71
Change in scope of consolidation					–
Purchase of shares of consolidated subsidiaries					–
Change in sold put option liabilities related to non-controlling interests, etc.		(3,667)			(3,667)
Net changes in items other than shareholders' equity					
Total changes during period	–	(3,667)	1,815	71	(1,780)
Balance at end of period	12,892	12,294	164,411	(9,241)	180,357

	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	(455)	5,194	(2,154)	2,584	1,946	186,668
Cumulative effects of changes in accounting policies				–		–
Restated balance	(455)	5,194	(2,154)	2,584	1,946	186,668
Changes during period						
Dividends of surplus				–	(741)	(4,631)
Net income attributable to owners of parent				–		5,705
Purchase of treasury shares				–		(0)
Disposal of treasury shares				–		71
Change in scope of consolidation				–	951	951
Purchase of shares of consolidated subsidiaries				–		–
Change in sold put option liabilities related to non-controlling interests, etc.				–		(3,667)
Net changes in items other than shareholders' equity	1,135	3,859	5,264	10,259	975	11,234
Total changes during period	1,135	3,859	5,264	10,259	1,185	9,664
Balance at end of period	680	9,054	3,109	12,843	3,131	196,332

(TRANSLATION FOR REFERENCE ONLY)

Current Fiscal Year (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	12,892	12,294	164,411	(9,241)	180,357
Cumulative effects of changes in accounting policies			(1)		(1)
Restated balance	12,892	12,294	164,410	(9,241)	180,356
Changes during period					
Dividends of surplus			(4,254)		(4,254)
Net income attributable to owners of parent			6,509		6,509
Purchase of treasury shares					–
Disposal of treasury shares				49	49
Change in scope of consolidation					–
Purchase of shares of consolidated subsidiaries		(7)			(7)
Change in sold put option liabilities related to non-controlling interests, etc.					–
Net changes in items other than shareholders' equity					
Total changes during period	–	(7)	2,255	49	2,297
Balance at end of period	12,892	12,286	166,665	(9,191)	182,653

	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	680	9,054	3,109	12,843	3,131	196,332
Cumulative effects of changes in accounting policies				–		(1)
Restated balance	680	9,054	3,109	12,843	3,131	196,331
Changes during period						
Dividends of surplus				–	(972)	(5,226)
Net income attributable to owners of parent				–		6,509
Purchase of treasury shares				–		–
Disposal of treasury shares				–		49
Change in scope of consolidation				–		–
Purchase of shares of consolidated subsidiaries				–		(7)
Change in sold put option liabilities related to non-controlling interests, etc.				–		–
Net changes in items other than shareholders' equity	(13)	8,851	937	9,776	1,130	10,906
Total changes during period	(13)	8,851	937	9,776	157	12,231
Balance at end of period	666	17,906	4,047	22,620	3,289	208,563

(TRANSLATION FOR REFERENCE ONLY)

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Income before income taxes	12,590	13,783
Depreciation	10,706	11,952
Impairment losses	648	121
Amortization of goodwill	4,502	5,254
Increase (decrease) in allowance for doubtful accounts	704	1,198
Increase (decrease) in retirement benefit liability	(192)	(419)
Increase (decrease) in provision for bonuses	388	(429)
Increase (decrease) in provision for stock grant	(54)	210
Loss (gain) on sale of investment securities	51	(1)
Loss (gain) on sale of shares of subsidiaries and associates	–	(4,739)
Interest and dividend income	(417)	(372)
Interest expenses	559	638
Loss on retirement of non-current assets	32	32
Decrease (increase) in trade receivables	(852)	9,374
Decrease (increase) in inventories	2,823	(10,927)
Increase (decrease) in trade payables	(3,920)	1,306
Increase (decrease) in lease liabilities	212	(287)
Decrease (increase) in investments in leases	264	299
Decrease (increase) in accounts receivable - other	(73)	(2,600)
Increase (decrease) in accounts payable - other	853	0
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	1,328	(834)
Other, net	3,509	(5,779)
Subtotal	33,665	17,780
Interest and dividends received	419	384
Interest paid	(553)	(624)
Income taxes refund (paid)	(5,088)	(7,225)
Net cash provided by (used in) operating activities	28,443	10,315
Cash flows from investing activities		
Payments into time deposits	(80)	(60)
Proceeds from withdrawal of time deposits	560	130
Purchase of property, plant and equipment	(4,876)	(4,809)
Proceeds from sale of property, plant and equipment	30	20
Purchase of intangible assets	(3,588)	(3,424)
Purchase of investment securities	(2,726)	(3,938)
Proceeds from sale and redemption of investment securities	2,273	29
Proceeds from distributions from investment partnerships	464	390
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(13,729)	(20,484)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	–	6,201
Proceeds from sale of shares of subsidiaries and associates	–	156
Other, net	6	(11)
Net cash provided by (used in) investing activities	(21,666)	(25,799)

(TRANSLATION FOR REFERENCE ONLY)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(9,323)	148
Proceeds from long-term borrowings	3,447	11,531
Repayments of long-term borrowings	(10)	(5,637)
Repayments of lease liabilities	(1,613)	(1,738)
Dividends paid	(3,889)	(4,253)
Dividends paid to non-controlling interests	(741)	(972)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(20)
Purchase of treasury shares	(0)	–
Net cash provided by (used in) financing activities	(12,131)	(942)
Effect of exchange rate change on cash and cash equivalents	997	2,625
Net increase (decrease) in cash and cash equivalents	(4,357)	(13,801)
Cash and cash equivalents at beginning of period	70,415	66,057
Cash and cash equivalents at end of period	66,057	52,256

(TRANSLATION FOR REFERENCE ONLY)

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

Not applicable.

Changes in Accounting Policies

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the current fiscal year, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the current fiscal year, was added to or deducted from the opening balance of retained earnings of the current fiscal year, and thus the new accounting policy was applied from such opening balance; provided, however, that the new accounting policy was not retrospectively applied to contracts for which nearly all the revenue amounts had been recognized according to the previous treatment in periods prior to the beginning of the current fiscal year, by applying the method provided for in paragraph 86 of the Accounting Standard for Revenue Recognition. Furthermore, by applying the method set forth in item (1) of the supplementary provisions of paragraph 86 of the Accounting Standard for Revenue Recognition, modifications to contracts carried out prior to the beginning of the current fiscal year were accounted for based on the contractual terms after all contract modifications were reflected. Consequently, this cumulative effect was added to or deducted from the opening balance of retained earnings of the current fiscal year.

Due to the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations, “Notes and accounts receivable - trade” under current assets of the consolidated balance sheet as of the end of the previous fiscal year has been included in “Notes and accounts receivable - trade, and contract assets” under current assets from the consolidated balance sheet for the fiscal year under review, while “Other” under current liabilities of the consolidated balance sheet as of the end of the previous fiscal year has been reclassified and presented as “Contract liabilities” and “Other” under the current liabilities from the consolidated balance sheet for the fiscal year under review. In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation. The impact of this on the consolidated financial statements for the current fiscal year is insignificant.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the current fiscal year. Furthermore, in accordance with the transitional treatment prescribed in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the Company will prospectively apply the new accounting policy prescribed by the Accounting Standard for Fair Value Measurement and relevant ASBJ regulations.

The impact of this on the consolidated financial statements for the current fiscal year is insignificant.

Changes in Significant Subsidiaries During the Fiscal Year

In the current fiscal year, following the acquisition of full ownership of Revolution Retail Systems, LLC, three companies, including the subsidiaries of Revolution Retail Systems, LLC, are included in the scope of consolidation. Revolution Retail Systems, LLC qualifies as a specified subsidiary of the Company.

Additional Information

(Accounting estimates associated with the spread of COVID-19)

With regard to the impact of COVID-19, it is difficult to accurately predict when the pandemic will be resolved, but there are signs that the global economy is moving towards a gradual resumption of economic activity. The Group has determined the accounting estimates for valuation of inventories, valuation of equities, etc., impairment of goodwill, etc. based on the assumption that the impact of COVID-19 will be limited during the fiscal year ending March 31, 2023.

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.

(TRANSLATION FOR REFERENCE ONLY)

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

A summary of each reportable segment is as follows:

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

(Changes in reportable segments)

The Company reclassified its business segments in the current fiscal year, and the following changes have been made for the businesses that were previously included in “Other” segment. These changes have been reflected in this report accordingly.

- Part of **Biometric/Image recognition business** and of businesses that contribute to **Electronic settlement-related business** now included in “**Retail and transportation market**”
- Part of “**New businesses**” now included in “**Overseas market**” Due to these changes, the segment information for the previous fiscal year was prepared based on the classification of reportable segments after the changes.

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

(TRANSLATION FOR REFERENCE ONLY)

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

Previous Fiscal Year (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable segments					Other (Note: 1)	Total	Reconcilia- tion	Amounts reported on the consolidate d financial statements
	Financial market	Retail and transportation market	Amusement market	Overseas market	Total				
Net sales									
(1) Sales to customers	49,877	49,078	11,020	104,765	214,743	2,680	217,423	—	217,423
(2) Intersegment sales or transfers	—	—	—	—	—	—	—	—	—
Total	49,877	49,078	11,020	104,765	214,743	2,680	217,423	—	217,423
Segment profit (loss) (Note: 2)	9,861	1,670	(290)	3,417	14,658	(456)	14,201	—	14,201
Segment assets (Note: 3)	37,757	41,164	15,147	161,803	255,872	8,547	264,419	66,188	330,608
Others									
(1) Depreciation and amortization (Note: 4)	1,758	1,546	674	6,530	10,510	195	10,706	—	10,706
(2) Amortization of goodwill	—	—	—	4,502	4,502	—	4,502	—	4,502
(3) Investments in entities accounted for using equity method	—	—	—	11	11	1,062	1,073	—	1,073
(4) Increase in property, plant and equipment and intangible assets (Note: 5)	2,024	1,912	491	19,131	23,559	218	23,777	—	23,777

- Notes: 1. “Other” segment is merchandise and finished goods that is not included in the above reportable segments.
 2. All operating expenses are either directly charged or allocated to the segments.
 3. The reconciliation of ¥66,188 million is surplus funds (cash and deposits).
 4. Depreciation and amortization includes amortization of long-term prepaid expenses.
 5. Increase in property, plant and equipment and intangible assets includes increases in long-term prepaid expenses.

(TRANSLATION FOR REFERENCE ONLY)

Current Fiscal Year (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segments					Other (Note: 1)	Total	Reconcilia- tion	Amounts reported on the consolidate d financial statements
	Financial market	Retail and transportation market	Amusement market	Overseas market	Total				
Net sales									
(1) Sales to customers	36,079	47,859	12,131	127,803	223,873	2,688	226,562	—	226,562
(2) Intersegment sales or transfers	—	—	—	—	—	—	—	—	—
Total	36,079	47,859	12,131	127,803	223,873	2,688	226,562	—	226,562
Segment profit (loss) (Note: 2)	4,644	2,543	(366)	4,884	11,706	(1,408)	10,297	—	10,297
Segment assets (Note: 3)	37,639	44,633	15,146	202,951	300,370	10,099	310,470	52,316	362,786
Others									
(1) Depreciation and amortization (Note: 4)	1,764	1,840	649	7,547	11,801	151	11,952	—	11,952
(2) Amortization of goodwill	—	—	—	5,254	5,254	—	5,254	—	5,254
(3) Investments in entities accounted for using equity method	—	—	—	433	433	4,610	5,044	—	5,044
(4) Increase in property, plant and equipment and intangible assets (Note: 5)	2,108	2,032	850	23,938	28,929	171	29,101	—	29,101

- Notes: 1. "Other" segment is merchandise and finished goods that is not included in the above reportable segments.
 2. All operating expenses are either directly charged or allocated to the segments.
 3. The reconciliation of ¥52,316 million is surplus funds (cash and deposits).
 4. Depreciation and amortization includes amortization of long-term prepaid expenses.
 5. Increase in property, plant and equipment and intangible assets includes increases in long-term prepaid expenses.

(TRANSLATION FOR REFERENCE ONLY)

Per Share Information

	Previous Fiscal Year (from April 1, 2020 to March 31, 2021)	Current Fiscal Year (from April 1, 2021 to March 31, 2022)
Net assets per share	¥3,195.82	¥3,394.59
Net income per share	¥94.38	¥107.65

- Notes:
1. Diluted net income per share is not disclosed because dilutive shares are not issued.
 2. In the Net assets section, due to the way that net assets per share are calculated, Company shares remaining in the “Board Incentive Plan (BIP) Trust Account” and “Employee Stock Ownership Plan (ESOP) Trust Account” and recorded as treasury shares, are included in treasury shares subtracted from shares issued as of the end of the period (317,905 shares for the previous fiscal year, 301,284 shares for the current fiscal year).
 Also, due to the way that net income per share is calculated, they are included in the treasury shares subtracted from average number of shares during the period (323,458 shares in the previous fiscal year, 305,044 shares in the current fiscal year).
 3. The basis for calculation of the net income per share amount is shown below.

	Previous Fiscal Year (from April 1, 2020 to March 31, 2021)	Current Fiscal Year (from April 1, 2021 to March 31, 2022)
Net income attributable to owners of parent (Millions of yen)	5,705	6,509
Amount not attributable to common shareholders (Millions of yen)	—	—
Net income attributable to owners of parent pertaining to common stock (Millions of yen)	5,705	6,509
Average number of shares during the fiscal year (Shares)	60,448,695	60,467,088

Significant Subsequent Events

Not applicable.