(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, 2020.” 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, 2020 <Japanese GAAP>

May 29, 2020

Company Name:	GLORY LTD.	Stock exchange listing:	Tokyo (1st Section)
Code number:	6457	URL:	https://corporate.glory-global.com/
Representative:	Motozumi Miwa President & Representative Director		
Contact person:	Yukihiro Fujikawa Executive Officer; Executive General Manager, Finance Headquarters TEL +81-79-297-3131		

Scheduled date of Ordinary General Meeting of Shareholders:	June 26, 2020
Scheduled date of dividend payments:	June 29, 2020
Scheduled filing date of Annual Securities Report:	June 29, 2020
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, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	224,170	(4.9)	17,927	(12.9)	15,657	(23.9)	8,961	(26.9)
Year ended March 31, 2019	235,762	3.7	20,576	4.9	20,575	17.2	12,256	23.9

(Note) Comprehensive income

Year ended March 31, 2020: ¥5,438 million [(60.6) %]

Year ended March 31, 2019: ¥13,820 million [31.5 %]

	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, 2020	148.31	—	4.8	5.0	8.0
Year ended March 31, 2019	198.71	—	6.5	6.6	8.7

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

Year ended March 31, 2020: ¥(1,217) million [— %]

Year ended March 31, 2019: ¥(56) million [— %]

EBITDA (Operating income + Depreciation + Amortization of goodwill)

Year ended March 31, 2020: ¥31,865 million [(3.9)%]

Year ended March 31, 2019: ¥33,143 million [0.5 %]

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

Year ended March 31, 2020: ¥12,767 million [(19.6)%]

Year ended March 31, 2019: ¥15,878 million [14.9 %]

(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, 2020	308,763	187,143	60.0	3,064.61
As of March 31, 2019	318,228	193,257	59.5	3,133.54

(Reference) Ownership equity
As of March 31, 2020: ¥185,196 million As of March 31, 2019: ¥189,238 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, 2020	25,062	(13,032)	(15,339)	70,922
Year ended March 31, 2019	24,300	(11,388)	(361)	75,149

2. Dividends

	Dividends per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividends to net assets ratio (consolidated)
(Record date)	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Annual			
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Millions of yen)	(%)	(%)
Year ended March 31, 2019	—	31.00	—	33.00	64.00	3,949	32.2	2.1
Year ended March 31, 2020	—	32.00	—	34.00	66.00	4,010	44.5	2.1
Year ending March 31, 2021 (forecast)	—	—	—	—	—		—	

(Note) Dividends for the year ending March 31, 2021 have not yet been determined at this point in time.

3. Consolidated Financial Forecast for the Year Ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2020	—	—	—	—	—	—	—	—	—
Full year	—	—	—	—	—	—	—	—	—

(Note) The consolidated financial forecast for the year ending March 31, 2021, has not yet been determined as it is difficult to appropriately and rationally make an estimation due to the impact of the spread of novel coronavirus disease (COVID-19). The forecast will be disclosed promptly once it is possible to appropriately and rationally estimate it.

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.: 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 Policy" on page 19 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, 2020: 63,638,210 shares
As of March 31, 2019: 68,638,210 shares

(b) Number of treasury shares at the end of the period
As of March 31, 2020: 2,866,029 shares
As of March 31, 2019: 7,865,917 shares

(c) Average number of shares
Year ended March 31, 2020: 60,423,031 shares
Year ended March 31, 2019: 61,679,523 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, 2020: 341,500 shares, As of March 31, 2019: 380,898 shares)

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	136,939	(10.7)	7,496	(36.5)	10,180	(29.7)	6,159	(45.1)
Year ended March 31, 2019	153,382	7.2	11,811	14.4	14,490	20.2	11,216	12.7

	Net income per share	Fully diluted net income per share
	(Yen)	(Yen)
Year ended March 31, 2020	101.95	—
Year ended March 31, 2019	181.86	—

(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, 2020	249,759	176,514	70.7	2,920.95
As of March 31, 2019	253,649	174,833	68.9	2,895.00

(Reference) Ownership equity
As of March 31, 2020: ¥176,514 million As of March 31, 2019: ¥174,833 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

Contents

1. Overview of Operating Results and Others

(1) Overview of Operating Results for the Fiscal Year

Regarding the global economy in the fiscal year ended March 31, 2020, the recovery continued in the U.S. amid concerns over the U.S.-China trade issues, and the European economy also maintained its trend of gradual recovery despite the uncertainty surrounding Brexit and other issues. Asia overall remained steady despite the apparent slowdown in the Chinese economy. In addition, the Japanese economy continued a trend of gradual recovery as personal consumption recovered and capital investment increased due to improvements in the employment and income environment as well as corporate earnings. However, domestic and overseas business activities were subject to significant restrictions from the latter half of the fourth quarter due to the global spread of novel coronavirus disease (COVID-19).

Under these conditions, in the second year of its three-year 2020 Medium-Term Management Plan, which started in April 2018, the Glory Group has proactively carried out business development under its three policies of "building foundations for realizing sustainable business management," "strengthening collaboration with various partners to solve social issues," and "realizing higher productivity and robust corporate constitution that directly generate outcome."

In its overseas business, the Company promoted regional strategies matched to the characteristics of local markets, focusing on capturing replacement demand for "banknote recyclers" for financial institutions and expanding sales of "sales proceeds deposit machines" for the retail industry in each country. Moreover, the Company acquired the Mexican sales and service company Grupo Sortek, S.A. de C.V. and established a subsidiary in Austria for the purpose of expanding and strengthening its direct sale and maintenance network. In addition, the sales organization in Italy was strengthened by increasing the ratio of ownership in consolidated subsidiary Sitrade Italia S.p.A. from 51% to 75.5%.

In its domestic business, the Company focused on capturing replacement demand in the financial market for the main products of "open teller systems" and "coin and banknote recyclers" for tellers while also expanding the sales of products for non-cash fields such as "tax and utilities deposit station" for self-service processing of tax and other utilities and "security storage systems." Moreover, store design proposals were also enhanced in line with the introduction and expanding needs of "next-generation stores." In the retail industry, the Company focused on the sale of "coin and banknote recyclers" and "ticket vending machines" to respond to the growing need for self-service solutions.

In new business areas, the Company promoted initiatives directed at the creation of new solutions such as the development of personal authentication platforms using biometric recognition technologies and the expansion of robot system integration business areas. In addition, to construct new business models, the Company acquired Cash Payment Solutions GmbH ("CPS"), a German company which provides a cash settlement platform, and invested in SOCASH PTE. LTD. ("soCash"), a Singaporean company which focuses on the expansion of cash access points.

As a result, net sales in the current fiscal year totaled ¥224,170 million (down 4.9% year on year). Of this, sales of merchandise and finished goods were ¥153,071 million (down 8.6% year on year) and sales from maintenance services were ¥71,099 million (up 4.3% year on year). Operating income was ¥17,927 million (down 12.9% year on year), ordinary income was ¥15,657 million (down 23.9% year on year) with the inclusion of share of loss of entities accounted for using equity of ¥1,217 million due to stagnation in the stock market, and net income attributable to owners of parent was ¥8,961 million (down 26.9% year on year).

Furthermore, since the impact of the spread of COVID-19 became apparent only in the latter half of the fourth quarter, it was insignificant.

Results of operations in each business segment are as follows.

Financial market
Sales of this segment's main products, "open teller systems" and "coin and banknote recyclers" for tellers were sluggish due to the large-scale demand of the previous year having run its course.
As a result, net sales in this segment were ¥42,262 million (down 25.4% year on year) and operating income was ¥3,314 million (down 51.0% year on year).

Retail and transportation market
Sales of this segment's main product, "coin and banknote recyclers" for cashiers were slow due to the large-scale demand of the previous year having run its course. However, sales of "sales proceeds deposit machines" for the cash-in-transit market and "ticket vending machines" were robust.
As a result, net sales in this segment were ¥52,487 million (up 1.0% year on year) and operating income was ¥5,198 million (up 12.7% year on year).

Amusement market
Sales of this segment's main products such as "card systems" were sluggish, but sales of store facilities, such as the installation of

smoking booths in pachinko parlors following the enforcement of the revised Health Promotion Act, were strong.
As a result, net sales in this segment were ¥20,753 million (up 1.2% year on year) and operating income was ¥1,998 million (up 2.0% year on year).

Overseas market
In the United States, sales of "banknote recyclers" -RBG series- for financial institutions were slow, but sales of "sales proceeds deposit machines" -CI series- for the retail industry were strong. Sales of "banknote recyclers" -RBG series- for financial institutions were sluggish also in Europe. However, sales of "sales proceeds deposit machines" -CI series- for the retail industry were favorable. Furthermore, in Asia, sales of "banknote sorters" -USF series- were steady. Meanwhile, sales of "banknote deposit modules" for ATMs, which are OEM products, were slow.
As a result, net sales in this segment were ¥103,621 million (up 0.3% year on year) while, due to increases in net sales of software and sales from maintenance services following the reprints in Europe, operating income was ¥9,780 million (up 11.6% year on year).

In the "Other" business segment, net sales were ¥5,045 million (up 51.0% year on year) and operating loss was ¥2,364 million (vs. operating loss of ¥1,521 million in the corresponding period of the previous 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 ¥308,763 million, a decrease of ¥9,465 million compared with the end of the previous fiscal year. This is mainly the result of increase of ¥11,204 million in cash and deposits and ¥3,155 million in inventories, and decrease of ¥13,505 million in securities, ¥7,566 million in notes and accounts receivable-trade, and ¥3,949 million in investment securities.

Liabilities were ¥121,620 million, a decrease of ¥3,351 million compared with the end of the previous fiscal year. This is mainly the result of increase of ¥1,562 million in short-term borrowings and decrease of ¥4,455 in current portion of long-term borrowings.

Total net assets at the end of the current fiscal year were ¥187,143 million, a decrease of ¥6,114 million compared with the end of the previous fiscal year. The main factors were decreases of ¥9,148 million in retained earnings, ¥4,976 million in capital surplus, ¥2,478 million in foreign currency translation adjustment, and ¥2,072 million in non-controlling interests, as well as an increase of ¥14,452 million in treasury shares due to cancellation.

As a result, the ownership equity ratio became 60.0% compared with 59.5% 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 ¥4,227 million from one year earlier to ¥70,922 million.

The following is a summary of cash flows:

Cash flows from operating activities
Net cash provided by operating activities was ¥25,062 million, compared to ¥24,300 million in the previous fiscal year.
This resulted from the ¥3,488 million cash increase by means of a decrease in operating capital and the cash creation from secured stable income despite the capital outflow of ¥6,998 million due to the payment of income taxes.

Cash flows from investing activities
Net cash used in investing activities was ¥13,032 million, compared to ¥11,388 million in the previous fiscal year. This resulted primarily from payments of ¥6,325 million to obtain property, plant and equipment pertaining to casting and jig tools for product manufacturing and payments of ¥4,289 million to acquire the shares of Cash Payment Solutions GmbH and Grupo Sortek, S.A. de C.V. etc.

As a result, the free cash flows or total cash flows from operating and investing activities were ¥12,030 million.

Cash flows from financing activities
Net cash used in financing activities was ¥15,339 million, compared to ¥361 million in the previous fiscal year. This resulted from a ¥21,502 million repayment of short-term borrowings, payment of ¥5,105 million of dividends, and the payment of ¥6,585 million for the additional acquisition of shares in Sitrade Italia S.p.A despite proceeds from short-term borrowings of ¥23,486 million.

Cash flow indices

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Ownership equity ratio	60.6%	60.1%	62.0%	59.5%	60.0%
Ownership equity ratio based on market value	78.1%	74.6%	78.3%	50.4%	52.8%
Debt repayment ratio (years)	1.7	1.6	2.4	2.0	2.0
Interest coverage ratio	41.6	48.8	25.7	38.0	33.6

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

Regarding the future outlook, economic activity is stagnating due to the spread of COVID-19, and the impact may prove to be long-term. Regarding the consolidated performance forecast for the next fiscal year (ending March 31, 2021), since it is not possible at the present time to predict when business activities will fully reopen and it is difficult to reasonably estimate the Group's performance, the forecast shall remain as pending. Going forward, the Company plans to promptly announce the forecast as soon as it becomes possible to estimate.

(5) The Company's Medium to Long-Term Management Strategy and Issues to be Addressed

Long-Term Vision and Medium-Term Management Plan

The Company celebrated the 100th anniversary of its founding in March 2018 and established the following "Long-Term Vision 2028" which depicts the Company's ideal form in ten years to create the next generation.

Glory Group Long-Term Vision 2028

"We enable a confident world"

In addition, the Glory Group has divided the steps to realize this Long-Term Vision into three parts and is currently implementing the "2020 Medium-Term Management Plan" with a three-year planning cycle starting from April 2018. Under this plan, three policies are being promoted as "preparations toward the realization of the Long-Term Vision" which include "building foundations for realizing sustainable business management," "strengthening collaboration with various partners to solve social issues," and "realizing higher productivity and robust corporate constitution that directly generate outcome."

It is expected that the spread of COVID-19 will have a certain impact on the implementation of various programs specified in these policies during the next fiscal year, which is the final fiscal year of this plan. However, the Group will implement the appropriate measures according to changing circumstances and strengthen initiatives which anticipate new social issues after the situation returns to normal while also undertaking the following key measures.

Policy 1: Building foundations for realizing sustainable business management

Under this policy, the following strategies will be deployed for the purpose of strengthening the growth of various businesses using the existing businesses for support.

In the overseas business, attention is being paid to changes in customer needs due to the spread of COVID-19 while continuing to strengthen the sales of "banknote recyclers" and other products with respect to the growth of self-service operations at financial institutions in Europe and the U.S. Moreover, in the retail industry, sales of "sales proceeds deposit machines" and other products will be expanded with a focus on major global retailers. In particular, sales of "self-service kiosks," "sales proceeds deposit machines," and other products will be expanded to fast food chains and other restaurants in collaboration with the Acrelec Group S.A.S., France acquired in April this year to engage in the early creation of synergies.

In the domestic business as well, the proposal of solutions suited to customer needs is being promoted while closely observing the changes in various markets. Due to the observed trend toward the introduction and expansion of "next-generation stores" in the financial market, the optimal products and solutions, including products for non-cash fields, will be proposed to expand sales. As the introduction of tablet POS registers continues to expand in retail stores and other outlets in the retail industry, efforts will be focused on expanding the range of coin and banknote recyclers through the development of not only traditional customer segments but also new lines of business and customers. In particular, it is expected that the spread of the disease will be used as an opportunity to promote efficient forms of management at supermarkets and retail stores, which will lead to an increase in register-related automation needs and an expansion in demand for ticket vending machines and other products in the food service industry. Moreover, the IoT hardware devices and data analytics technology possessed by AdInte Co., Ltd., which concluded a capital and business alliance with the Company in May this year, will be utilized to create new solution services to meet the needs of retail stores and provide products and services which can adapt to various environmental changes.

In addition, in order to support these business strategies, the deepening of core technologies, improvements in system response capabilities, manufacturing line automation and other productivity improvements, strengthening of overseas quality assurance systems, expansion of global production systems, and the promotion of global procurement will be accelerated to drive the optimization of the value chain for the entire enterprise.

Policy 2: Strengthening collaboration with various partners to solve social issues

Under this policy, initiatives on the "currency circulation management," "various methods of payments," "personal identification and authentication," and the "automated society" are undertaken with the aim to create new business domains.

During the next fiscal year, the construction and provision of new services utilizing a cash settlement platform will be advanced together with CPS of Germany while also pursuing initiatives to expand the number of cash access points together with soCash of Singapore. Moreover, we will strive for the early commercialization of personal identification and authentication technology to realize advanced security linked to image and voice recognition as well as the acquisition of data analytics technology as a new core technology.

Policy 3: Realizing higher productivity and robust corporate constitution that directly generate outcome

The purpose of this policy is the establishment of a resilient company foundation which can be realized through Policies 1 and 2.

Regarding the next fiscal year, while deliberations are to be made regarding the transition to becoming a "company with audit and other committees" at the 74th Ordinary General Meeting of Shareholders to be held in June this year, after the transition we will strive to further promote the acceleration and efficiency of management decision making and the strengthening of supervisory functions to establish a more robust corporate constitution.

Moreover, efforts will also be focused on the construction of a management foundation that can even withstand environmental changes and the creation of an organizational culture that enables sustainable development to improve productivity through employee workstyle and operational reforms and promote open innovation. In particular, the pursuit of new ways of working utilizing ICT, etc. and the enhancement of productivity improvements will be devised to create a foundation to support growth in anticipation of changes in values and behavioral patterns after the novel coronavirus situation has stabilized.

As stated above, the Glory Group adapts to changes in the management environment as a company which plays a part in the social infrastructure by providing money processing machines and services to fulfill that mission.

(Regarding the impact of COVID-19 on the Company's consolidated performance and business management, etc.)

Since many of the products and services handled by the Company are provided to financial institutions, retail stores, railway companies, and other businesses which are required to continue operating even during an emergency, the impact of the spread of the disease is considered to be limited in the event that the situation returns to normal within a short period of time. However, in the event that the situation expands and becomes prolonged, it is expected that there will be supply delays from suppliers and protracted business discussions and deliveries to customers, which may have a significant impact on future business development and performance.

In the event that changes which have a significant impact on the business environment and performance of the Glory Group occur going forward, notification shall be provided without delay.

2. Basic Approach to Selection of Accounting Standard

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

Moreover, the Group intends to prepare to introduce the application of the International Financial Reporting Standards (IFRS) in light of the trends in IFRS adoption among other Japanese companies and the Group's own international business development and so forth.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	60,328	71,532
Notes and accounts receivable - trade	57,170	49,603
Electronically recorded monetary claims - operating	917	1,617
Investments in leases	1,838	1,339
Securities	15,556	2,051
Merchandise and finished goods	28,606	31,053
Work in process	8,233	7,989
Raw materials and supplies	11,687	12,639
Other	4,380	4,238
Allowance for doubtful accounts	(574)	(656)
Total current assets	188,143	181,408
Non-current assets		
Property, plant and equipment		
Buildings and structures	36,360	36,314
Accumulated depreciation	(21,816)	(22,449)
Buildings and structures, net	14,544	13,864
Machinery, equipment and vehicles	13,935	14,206
Accumulated depreciation	(11,470)	(11,785)
Machinery, equipment and vehicles, net	2,464	2,420
Tools, furniture and fixtures	57,512	53,382
Accumulated depreciation	(51,612)	(47,408)
Tools, furniture and fixtures, net	5,900	5,974
Land	11,717	11,816
Right-of-use assets	–	4,332
Accumulated depreciation	–	(1,111)
right of use assets, net	–	3,220
Construction in progress	202	1,207
Total property, plant and equipment	34,829	38,503
Intangible assets		
Customer relationships	19,108	17,968
Software	5,336	5,793
Goodwill	44,245	43,246
Other	1,101	906
Total intangible assets	69,791	67,915
Investments and other assets		
Investment securities	12,302	8,352
Deferred tax assets	7,965	8,128
Retirement benefit asset	1,466	478
Other	3,882	4,000
Allowance for doubtful accounts	(152)	(25)
Total investments and other assets	25,464	20,935
Total non-current assets	130,084	127,354
Total assets	318,228	308,763

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,014	11,346
Electronically recorded obligations - operating	7,461	7,154
Short-term borrowings	23,369	24,931
Current portion of long-term borrowings	4,476	20
Income taxes payable	3,006	1,520
Provision for bonuses	7,852	7,088
Provision for bonuses for directors (and other officers)	113	109
Provision for stock grant	86	39
Other	33,087	33,412
Total current liabilities	90,467	85,623
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	–	46
Lease obligations	1,085	3,045
Deferred tax liabilities	6,075	5,193
Retirement benefit liability	3,031	3,243
Provision for stock grant	240	260
Other	4,070	4,206
Total non-current liabilities	34,503	35,996
Total liabilities	124,971	121,620
Net assets		
Shareholders' equity		
Share capital	12,892	12,892
Capital surplus	20,938	15,961
Retained earnings	172,219	163,070
Treasury shares	(23,884)	(9,312)
Total shareholders' equity	182,166	182,611
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	219	(455)
Foreign currency translation adjustment	7,673	5,194
Remeasurements of defined benefit plans	(820)	(2,154)
Total accumulated other comprehensive income	7,072	2,584
Non-controlling interests	4,018	1,946
Total net assets	193,257	187,143
Total liabilities and net assets	318,228	308,763

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	235,762	224,170
Cost of sales	147,274	137,109
Gross profit	88,488	87,061
Selling, general and administrative expenses	67,912	69,134
Operating income	20,576	17,927
Non-operating income		
Interest income	179	189
Dividend income	143	147
Subsidy income	127	77
Gain on investments in investment partnerships	69	149
Settlement received	280	–
Other	252	220
Total non-operating income	1,052	785
Non-operating expenses		
Interest expenses	601	734
Foreign exchange losses	17	863
Share of loss of entities accounted for using equity method	56	1,217
Other	377	239
Total non-operating expenses	1,053	3,055
Ordinary income	20,575	15,657
Extraordinary income		
Gain on sales of non-current assets	5	220
Gain on sales of investment securities	61	6
Total extraordinary income	66	226
Extraordinary losses		
Loss on sales of non-current assets	0	6
Loss on retirement of non-current assets	56	63
Loss on valuation of investment securities	23	321
Other	–	0
Total extraordinary losses	80	391
Income before income taxes	20,562	15,491
Income taxes - current	6,854	5,885
Income taxes - deferred	152	(384)
Total income taxes	7,007	5,501
Net income	13,554	9,990
Net income attributable to non-controlling interests	1,298	1,028
Net income attributable to owners of parent	12,256	8,961

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net income	13,554	9,990
Other comprehensive income		
Valuation difference on available-for-sale securities	(692)	(672)
Foreign currency translation adjustment	1,603	(2,542)
Remeasurements of defined benefit plans, net of tax	(650)	(1,333)
Share of other comprehensive income of entities accounted for using equity method	5	(2)
Total other comprehensive income	265	(4,551)
Comprehensive income	13,820	5,438
Comprehensive income attributable to		
Owners of parent	12,833	4,473
Non-controlling interests	987	964

(3) Consolidated Statement of Changes in Equity

Previous Fiscal Year (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	12,892	20,991	165,380	(18,022)	181,241
Cumulative effects of changes in accounting policies			(345)		(345)
Restated balance	12,892	20,991	165,034	(18,022)	180,896
Changes during period					
Dividends of surplus			(5,141)		(5,141)
Net income attributable to owners of parent			12,256		12,256
Purchase of treasury shares				(6,575)	(6,575)
Disposal of treasury shares		(52)		714	661
Cancellation of treasury shares					–
Change in scope of consolidation			69		69
Purchase of shares of consolidated subsidiaries					–
Net changes in items other than shareholders' equity					
Total changes during period	–	(52)	7,184	(5,861)	1,270
Balance at end of period	12,892	20,938	172,219	(23,884)	182,166

	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	916	5,793	(170)	6,538	4,385	192,165
Cumulative effects of changes in accounting policies				–	(138)	(483)
Restated balance	916	5,793	(170)	6,538	4,246	191,681
Changes during period						
Dividends of surplus				–	(1,227)	(6,369)
Net income attributable to owners of parent				–		12,256
Purchase of treasury shares				–		(6,575)
Disposal of treasury shares				–		661
Cancellation of treasury shares				–		–
Change in scope of consolidation		(33)		(33)	12	48
Purchase of shares of consolidated subsidiaries				–		–
Net changes in items other than shareholders' equity	(696)	1,914	(650)	567	987	1,554
Total changes during period	(696)	1,880	(650)	533	(227)	1,575
Balance at end of period	219	7,673	(820)	7,072	4,018	193,257

(TRANSLATION FOR REFERENCE ONLY)

Current Fiscal Year (from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	12,892	20,938	172,219	(23,884)	182,166
Cumulative effects of changes in accounting policies					–
Restated balance	12,892	20,938	172,219	(23,884)	182,166
Changes during period					
Dividends of surplus			(3,950)		(3,950)
Net income attributable to owners of parent			8,961		8,961
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				119	119
Cancellation of treasury shares		(292)	(14,160)	14,452	–
Change in scope of consolidation					–
Purchase of shares of consolidated subsidiaries		(4,684)			(4,684)
Net changes in items other than shareholders' equity					
Total changes during period	–	(4,976)	(9,148)	14,571	445
Balance at end of period	12,892	15,961	163,070	(9,312)	182,611

	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	219	7,673	(820)	7,072	4,018	193,257
Cumulative effects of changes in accounting policies				–		–
Restated balance	219	7,673	(820)	7,072	4,018	193,257
Changes during period						
Dividends of surplus				–	(1,154)	(5,104)
Net income attributable to owners of parent				–		8,961
Purchase of treasury shares				–		(0)
Disposal of treasury shares				–		119
Cancellation of treasury shares				–		–
Change in scope of consolidation				–		–
Purchase of shares of consolidated subsidiaries				–	(1,882)	(6,567)
Net changes in items other than shareholders' equity	(674)	(2,478)	(1,333)	(4,487)	964	(3,522)
Total changes during period	(674)	(2,478)	(1,333)	(4,487)	(2,072)	(6,114)
Balance at end of period	(455)	5,194	(2,154)	2,584	1,946	187,143

(TRANSLATION FOR REFERENCE ONLY)

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Income before income taxes	20,562	15,491
Depreciation	8,945	10,133
Amortization of goodwill	3,622	3,805
Increase (decrease) in allowance for doubtful accounts	(60)	(186)
Increase (decrease) in retirement benefit liability	(555)	7
Increase (decrease) in provision for bonuses	30	(735)
Increase (decrease) in provision for stock grant	63	(26)
Loss (gain) on sales of investment securities	(61)	(5)
Interest and dividend income	(323)	(336)
Interest expenses	601	734
Loss on retirement of non-current assets	56	63
Decrease (increase) in trade receivables	(2,317)	5,920
Decrease (increase) in inventories	3,808	(3,341)
Increase (decrease) in trade payables	(3,247)	909
Increase (decrease) in lease obligations	(297)	(256)
Decrease (increase) in investments in leases	437	499
Increase (decrease) in accounts payable - other	683	(31)
Decrease/increase in consumption taxes receivable/payable	657	(885)
Other, net	(2,631)	708
Subtotal	29,974	32,468
Interest and dividends received	323	339
Interest paid	(639)	(746)
Income taxes (paid) refund	(5,357)	(6,998)
Net cash provided by (used in) operating activities	24,300	25,062
Cash flows from investing activities		
Payments into time deposits	(73)	(560)
Proceeds from withdrawal of time deposits	678	127
Purchase of property, plant and equipment	(5,424)	(6,325)
Proceeds from sales of property, plant and equipment	6	626
Purchase of intangible assets	(2,147)	(1,795)
Purchase of investment securities	(3,630)	(1,216)
Proceeds from sales and redemption of investment securities	151	109
Proceeds from distributions from investment partnerships	103	367
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(999)	(4,289)
Other, net	(53)	(77)
Net cash provided by (used in) investing activities	(11,388)	(13,032)

(TRANSLATION FOR REFERENCE ONLY)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,165	1,984
Repayments of long-term borrowings	(9,059)	(4,493)
Repayments of lease obligations	–	(1,138)
Proceeds from issuance of bonds	19,901	–
Dividends paid	(5,140)	(3,951)
Dividends paid to non-controlling interests	(1,227)	(1,154)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(6,585)
Purchase of treasury shares	(6,575)	(0)
Proceeds from disposal of treasury shares	575	–
Net cash provided by (used in) financing activities	(361)	(15,339)
Effect of exchange rate change on cash and cash equivalents	146	(918)
Net increase (decrease) in cash and cash equivalents	12,697	(4,227)
Cash and cash equivalents at beginning of period	62,375	75,149
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	77	–
Cash and cash equivalents at end of period	75,149	70,922

(5) Notes to Consolidated Financial Statements

Notes Regarding Assumption of a Going Concern

Not applicable.

Changes in Accounting Policies

The overseas consolidated subsidiaries of the Company have applied IFRS 16 "Leases" from the fiscal year ended March 31, 2020. In the application of IFRS 16, the Glory Group has adopted the method where the cumulative effect of applying this accounting standard is recognized at the date of initial application, which is allowed as the transition approach.
The impact of the application of IFRS 16 on the consolidated financial statements is insignificant.

Segment Information

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

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

   A summary of each reportable segment is as follows:

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

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

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

Previous Fiscal Year (from April 1, 2018 to March 31, 2019)

(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	56,636	51,985	20,511	103,287	232,421	3,341	235,762	–	235,762
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	56,636	51,985	20,511	103,287	232,421	3,341	235,762	–	235,762
Segment profit (Note: 2)	6,764	4,611	1,959	8,761	22,097	(1,521)	20,576	–	20,576
Segment assets (Note: 3)	47,452	45,587	21,027	137,758	251,825	6,074	257,900	60,328	318,228
Others									
(1) Depreciation and amortization (Note: 4)	1,977	1,524	955	4,306	8,763	181	8,945	–	8,945
(2) Amortization of goodwill	–	–	–	3,622	3,622	–	3,622	–	3,622
(3) Investments in entities accounted for using equity method	–	–	–	–	–	2,925	2,925	–	2,925
(4) Increase in property, plant and equipment and intangible assets (Note: 5)	2,270	1,817	737	3,320	8,145	178	8,324	–	8,324

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 ¥60,328 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, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segments					Other (Note: 1)	Total	Reconciliation	Amounts reported on the consolidated financial statements
	Financial market	Retail and transportation market	Amusement market	Overseas market	Total				
Net sales									
(1) Sales to customers	42,262	52,487	20,753	103,621	219,125	5,045	224,170	–	224,170
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	42,262	52,487	20,753	103,621	219,125	5,045	224,170	–	224,170
Segment profit (Note: 2)	3,314	5,198	1,998	9,780	20,291	(2,364)	17,927	–	17,927
Segment assets (Note: 3)	32,069	42,069	17,862	138,938	230,940	6,290	237,230	71,532	308,763
Others									
(1) Depreciation and amortization (Note: 4)	1,852	1,605	841	5,602	9,901	231	10,133	–	10,133
(2) Amortization of goodwill	–	–	–	3,805	3,805	–	3,805	–	3,805
(3) Investments in entities accounted for using equity method	–	–	–	–	–	1,705	1,705	–	1,705
(4) Increase in property, plant and equipment and intangible assets (Note: 5)	2,070	1,887	630	12,834	17,422	253	17,675	–	17,675

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 ¥71,532 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. Moreover, this also includes the amount of increase in right-of-use assets recognized in accordance with the application of IFRS 16 at the beginning of the current fiscal year.

(TRANSLATION FOR REFERENCE ONLY)

Per Share Information

	Previous Fiscal Year (from April 1, 2018 to March 31, 2019)	Current Fiscal Year (from April 1, 2019 to March 31, 2020)
Net assets per share	¥3,133.54	¥3,064.61
Net income per share	¥198.71	¥148.31

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 (380,898 shares for the previous fiscal year, 341,500 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 (240,898 shares in the previous fiscal year, 349,210 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, 2018 to March 31, 2019)	Current Fiscal Year (from April 1, 2019 to March 31, 2020)
Net income attributable to owners of parent (Millions of yen)	12,256	8,961
Amount not attributable to common shareholders (Millions of yen)	–	–
Net income attributable to owners of parent pertaining to common stock (Millions of yen)	12,256	8,961
Average number of shares during the fiscal year (Shares)	61,679,523	60,423,031

Significant Subsequent Events

Business combination through acquisition

At the Board of Directors meeting held on January 31, 2020, a resolution was made to conclude a share purchase agreement through the Company's overseas subsidiary, Glory Global Solutions (International) Ltd. (headquartered in Basingstoke, UK) to acquire 80% of the outstanding shares of Acrelec Group S.A.S. (headquartered in Saint-Thibault-des Vignes, France ("Acrelec")), a provider of self-service kiosks, digital menu boards and other restaurant and retail store solutions*, and the share purchase agreement was signed on February 24, 2020. Furthermore, the process to acquire the shares was completed on April 3, 2020.

(*) Self-service is defined as the capacity for consumers to serve themselves without assistance from a staff member. Kiosks and digital menu boards are multimedia systems used to provide information or execute a transaction, using customer interaction software. Customer experience solutions use a combination of automated systems and staff to create an experience for customers that creates confidence, and a larger buying relationship.

(1) Overview of the business combination

(i) Name and business description of the acquired company
Name of the acquired company: Acrelec Group S.A.S.

Business description: Manufacture, Sales, and Service of self-service kiosks, drive-through kiosks, digital menu boards, customer interaction software. Provision of customer experience solutions to restaurants and retail stores.

(ii) Principal reason for the business combination
The Glory Group is promoting the "2020 Medium-Term Management Plan" as the first step toward "We enable a confident world" under the "Long-Term Vision 2028." Under this Plan, we are actively investing management resources toward the further expansion of overseas business, which has been positioned as an important strategy.

Acrelec has been servicing global quick service restaurants and retailers for over 15 years and has a direct presence in 19 countries, mainly in Europe. It provides a suite of integrated solutions ranging from the development of self-service kiosk hardware and software to production, sales, maintenance, and consulting services.

The Glory Group intends to use the subsidiary acquisition of Acrelec to provide users with the optimal customer experience through self-service kiosks, mobile ordering systems, and other solutions to accelerate initiatives to further realize the goal of comfortable societal automation. Acrelec is the market leader in this field and the company which is poised to become a major player in the emerging “smart store” market through the application of its software technologies and AI (artificial intelligence).

In addition, the Company determined that adding the self-service related field to the financial market and the retail industry within the overseas business could be expected to expand the overseas business and decided to acquire Acrelec.

Going forward, the expected acquisition synergies are anticipated to include an expansion of the sales of both companies’ products through the mutual utilization of both sales networks. In addition, it is expected that Acrelec will strengthen its maintenance response capabilities by utilizing the global maintenance network of the Glory Group. In collaboration with Acrelec, the Company aims to expand sales to restaurants and other venues through the Group’s sales network in countries around the world.

(iii) Business combination date
April 3, 2020

(iv) Legal form of the business combination
Share acquisition

(v) Name of company after the business combination
There is no change to the company name.

(vi) Share of voting rights acquired
80.0%

(vii) Main grounds for determining the acquiring company
The Company’s consolidated subsidiary acquired the shares in exchange for cash.

(2) Acquisition costs of the acquired company and the breakdown by class

Granted in exchange for cash (€140 million). The acquisition consideration does not include any conditions. Based on the earnout agreement, the conditional acquisition consideration shall pay out over four years according to the performance attainment level of Acrelec up to the end of December 2024, but it has not been established at the present time.

(3) Details and amounts of the primary acquisition related expenses

Advisory remuneration, fees, and other expenses of €2 million

(4) Amount, cause, and amortization method and period of goodwill incurred

Not established at the present time.

(5) Amounts of assets acquired and liabilities assumed on the business combination date and the principal breakdown

Not established at the present time.