

(TRANSLATION FOR REFERENCE ONLY)

This is a translation of the original Japanese text of the “Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2025.” 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 First Quarter of Fiscal Year Ending March 31, 2025 <Japanese GAAP>

August 6, 2024

Company Name: GLORY LTD. Stock exchange listing: Tokyo
Code number: 6457 URL: <https://corporate.glory-global.com/>
Representative: Akihiro Harada President & Representative Director
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Scheduled date of dividend payments: —
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 First Quarter of Fiscal Year Ending March 31, 2025 (from April 1, 2024 to June 30, 2024)

(1) Consolidated Operating Results (cumulative)

(The percentages show the changes from the corresponding period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Three months ended June 30, 2024	92,775	33.1	10,557	154.4	9,284	115.0	5,743	186.4
Three months ended June 30, 2023	69,680	31.5	4,150	—	4,318	—	2,005	—

(Note) Comprehensive income

Three months ended June 30, 2024: ¥12,324 million [0.8%]
Three months ended June 30, 2023: ¥12,229 million [40.2%]

	Net income per share	Fully diluted net income per share
	(Yen)	(Yen)
Three months ended June 30, 2024	103.14	—
Three months ended June 30, 2023	36.07	—

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

Three months ended June 30, 2024: ¥16,589 million [85.9%]
Three months ended June 30, 2023: ¥8,922 million [149.4%]

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

Three months ended June 30, 2024: ¥8,204 million [121.8%]
Three months ended June 30, 2023: ¥3,699 million [— %]

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(2) Consolidated Financial Position

	Total assets	Equity	Ownership equity ratio	Equity per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of June 30, 2024	468,498	236,490	50.3	4,226.17
As of March 31, 2024	467,072	228,746	48.8	4,097.32

(Reference) Ownership equity

As of June 30, 2024: ¥235,886 million

As of March 31, 2024: ¥227,875 million

2. Dividends

(Record date)	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Annual
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Year ended March 31, 2024	–	40.00	–	66.00	106.00
Year ending March 31, 2025	–				
Year ending March 31, 2025 (forecast)		54.00	–	54.00	108.00

(Note) Revisions to the latest dividend forecast: None

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

(The percentages show the changes from the corresponding period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Six months ending September 30, 2024	180,000	14.0	16,500	(1.6)	14,500	(5.8)	8,000	(3.7)	143.66
Full year	346,000	(7.1)	26,500	(48.3)	22,500	(53.5)	11,500	(61.2)	206.52

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

For details on the revision to the consolidated financial forecast, please refer to the news release titled “Revision of the Consolidated Financial Forecast for the First Half and the Full Year of FY2024” announced on the same day as this report (August 6, 2024).

(Reference) EBITDA

Six months ending September 30, 2024: ¥27,500 million

Year ending March 31, 2025 (full year): ¥48,600 million

Operating income before amortization of goodwill

Six months ending September 30, 2024: ¥20,900 million

Year ending March 31, 2025 (full year): ¥35,300 million

Net income before amortization of goodwill

Six months ending September 30, 2024: ¥12,400 million

Year ending March 31, 2025 (full year): ¥20,300 million

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Notes:

(1) Significant changes in the scope of consolidation during the period: Yes
 Excluded: 6 companies (GLORY AZ System Co., Ltd., GLORY Mechatronics Ltd., Revolution Retail Systems, LLC and other 2 companies, and Acrelec Holding Middle East Ltd)

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Significant Notes Thereto, (3) Notes to Quarterly Consolidated Financial Statements, Significant Changes in the Scope of Consolidation During the Period” on page 11 of the Attachment.

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

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

(a) Changes in accounting policies associated with revisions of accounting standards, etc.:	Yes
(b) Changes in accounting policies other than (a):	None
(c) Changes in accounting estimates:	None
(d) Restatements:	None

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Significant Notes Thereto, (3) Notes to Quarterly Consolidated Financial Statements, Notes Regarding Changes in Accounting Policies” on page 11 of the Attachment.

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

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

As of June 30, 2024: 58,938,210 shares

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

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

As of June 30, 2024: 2,873,306 shares

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

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

Three months ended June 30, 2024: 55,685,854 shares

Three months ended June 30, 2023: 55,598,690 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 June 30, 2024: 249,178 shares, As of March 31, 2024: 449,012 shares)

(Note) Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

(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, (3) Consolidated Financial Forecasts and Other Forward-looking Statements” on page 6 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 Period

In the three months ended June 30, 2024, the global economy showed signs of recovery despite concerns about the effects of unstable international conditions and continued high interest rates in the U.S. and Europe. In Japan, while the weak yen and rising prices continued, the economy as a whole was on a recovery track. In the business environment surrounding the Group, demand for machine replacement and system modifications continued associated with the issuance of new banknotes in Japan on July 3, 2024, after an interval of 20 years. In addition, with soaring labor costs and workforce shortages prominent both in Japan and overseas, demand for the Group's self-service solutions remained strong as addressing labor saving and operational efficiency improvements.

Under these circumstances, the Group has started its 2026 Medium-Term Management Plan for the three-year period that began in April 2024, engaging in business with the aim of becoming "a company that drives customers' Digital Transformation (DX) with best-in-class products and software platforms combined."

In overseas markets, sales increased in both financial institutions and the retail industry due to continued demand for products and services that address the needs for labor saving and operational efficiency improvements. In F&B sector, sales of the Acrelec group, including self-service kiosks, were strong. In addition, sales of the Flooid group, acquired in January 2024, remained steady. On the other hand, due to delays in system integration and internalization of the maintenance business in the Americas, costs such as labor costs and outsourcing fees increased.

In Japan, demand for our products and services was steady across all markets. In the financial market, sales of major products were strong. In the retail and transportation market, both product sales and maintenance sales increased due to continued machine replacement and system modifications to accommodate new banknotes. In the amusement market, sales of card systems for amusement machines remained at a high level despite a year-on-year decline. In addition, sales of peripheral devices were robust in the amusement market.

As a result, net sales in this three-month period totaled ¥92,775 million (up 33.1% year on year). Of this, net sales of merchandise and finished goods were ¥57,386 million (up 39.6% year on year) and net sales from maintenance services were ¥35,388 million (up 23.9% year on year). Operating income was ¥10,557 million (up 154.4% year on year), ordinary income was ¥9,284 million (up 115.0% year on year), and net income attributable to owners of parent was ¥5,743 million (up 186.4% year on year).

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 strong.

As a result, net sales in this segment were ¥12,788 million (up 34.8% year on year) and operating income was ¥2,825 million (up 127.1% year on year).

Retail and transportation market

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

As a result, net sales in this segment were ¥23,987 million (up 78.8% year on year) and operating income was ¥6,487 million (up 747.6% year on year).

Amusement market

Sales of main products, card systems, declined but remained at a high level. In addition, sales of peripheral device, banknote changers, were strong. In addition, sales from maintenance services increased owing to the system modifications associated with the issuance of new banknotes.

As a result, net sales in this segment were ¥8,598 million (up 27.2% year on year) and operating income was ¥3,097 million (up 49.0% year on year).

Overseas market

In the Americas, sales of the main products, teller cash recyclers for financial institutions (GLR-series), were flat year on year, as were sales of cash management solutions in the retail industry (CI-X-series). Net sales totaled ¥19,947 million (up 8.5% year on year).

In Europe, sales of the main products, teller cash recyclers for financial institutions (GLR-series), were strong, as were sales of cash management solutions in the retail industry (CI-X-series). Net sales totaled ¥21,797 million (up 23.0% year on year).

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In Asia, net sales were ¥3,473 million (up 20.9% year on year), due to strong sales of cash management solutions in the retail industry (CI-X-series).

Net sales of the Acrelec group totaled ¥7,392 million (up 40.6% year on year). Net sales of the Flooid group were ¥2,347 million.

As a result, net sales in this segment were ¥45,760 million (up 17.4% year on year), and due to an increase in labor costs, outsourcing fees and other costs in the Americas, operating loss was ¥1,724 million (vs. operating income of ¥240 million in the corresponding period of the previous year).

Outside the above four business segments, net sales were ¥1,638 million (up 56.7% year on year) and operating loss was ¥128 million (vs. operating loss of ¥178 million in the corresponding period of the previous year).

(2) Overview of Financial Position for the Period

The following is the financial position at the end of the first quarter of the fiscal year under review:

Total assets were ¥468,498 million, an increase of ¥1,425 million compared with the end of the previous fiscal year. This is mainly the result of a decrease of ¥3,330 million in notes and accounts receivable - trade, and contract assets, and an increase of ¥4,125 million in inventories.

Liabilities were ¥232,007 million, a decrease of ¥6,318 million compared with the end of the previous fiscal year. This is mainly the result of an increase of ¥14,200 million in bonds payable, and decreases of ¥10,459 million in provision for bonuses, ¥7,523 million in income taxes payable, and ¥7,467 million in short-term borrowings.

Total equity was ¥236,490 million, an increase of ¥7,744 million compared with the end of the previous fiscal year. This is mainly the result of increases of ¥6,861 million in foreign currency translation adjustment and ¥1,002 million in retained earnings.

As a result, the ownership equity ratio became 50.3% compared with 48.8% at the end of the previous fiscal year.

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

In the domestic market, the outlook for the number of machine replacement and system modifications to accommodate the new banknotes issued on July 3, 2024 is expected to be higher than anticipated. In addition, in the retail and transportation market, the Company has revised upward its consolidated earnings forecasts for the first half and the full year due to the expected continuation of firm demand for self-service solutions targeting labor saving and operational efficiency improvements.

The exchange rate assumptions for the revised financial forecasts remain unchanged at US\$1=¥140, €1=¥150.

For details, please refer to the news release titled "Revision of the Consolidated Financial Forecast for the First Half and the Full Year of FY2024" announced on August 6, 2024.

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2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	35,224	28,560
Notes and accounts receivable - trade, and contract assets	86,206	82,876
Electronically recorded monetary claims - operating	3,849	3,966
Merchandise and finished goods	59,355	61,898
Work in process	14,264	12,602
Raw materials and supplies	37,448	40,692
Other	8,958	9,083
Allowance for doubtful accounts	(1,859)	(1,877)
Total current assets	243,447	237,803
Non-current assets		
Property, plant and equipment	46,182	47,073
Intangible assets		
Customer relationships	26,838	27,527
Goodwill	84,171	86,851
Other	8,063	7,907
Total intangible assets	119,073	122,286
Investments and other assets		
Investment securities	14,570	14,824
Other	45,900	48,611
Allowance for doubtful accounts	(2,101)	(2,101)
Total investments and other assets	58,369	61,335
Total non-current assets	223,625	230,695
Total assets	467,072	468,498
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,678	16,003
Electronically recorded obligations - operating	9,862	8,871
Short-term borrowings	38,286	30,818
Current portion of long-term borrowings	5,672	4,495
Income taxes payable	11,011	3,487
Provision for bonuses	14,922	4,462
Provision for bonuses for directors	186	42
Provision for stock grant	464	90
Other	62,998	67,749
Total current liabilities	161,083	136,022
Non-current liabilities		
Bonds payable	10,000	24,200
Long-term borrowings	37,040	40,243
Provision for stock grant	315	262
Retirement benefit liability	1,820	1,955
Other	28,066	29,325
Total non-current liabilities	77,243	95,985
Total liabilities	238,326	232,007

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GLORY LTD. (6457)
Consolidated Financial Results
for the First Quarter of Fiscal Year Ending
March 31, 2025

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Equity		
Shareholders' equity		
Share capital	12,892	12,892
Retained earnings	167,088	168,091
Treasury shares	(8,097)	(7,583)
Total shareholders' equity	171,884	173,400
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,758	2,922
Foreign currency translation adjustment	41,062	47,924
Remeasurements of defined benefit plans	12,170	11,639
Total accumulated other comprehensive income	55,991	62,486
Non-controlling interests	870	603
Total equity	228,746	236,490
Total liabilities and equity	467,072	468,498

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(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(Millions of yen)

	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)	Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)
Net sales	69,680	92,775
Cost of sales	39,999	52,689
Gross profit	29,681	40,086
Selling, general and administrative expenses	25,530	29,528
Operating income	4,150	10,557
Non-operating income		
Interest income	54	34
Dividend income	114	111
Share of profit of entities accounted for using equity method	–	39
Foreign exchange gains	514	–
Other	146	184
Total non-operating income	829	369
Non-operating expenses		
Interest expenses	384	689
Share of loss of entities accounted for using equity method	237	–
Foreign exchange losses	–	812
Other	39	140
Total non-operating expenses	661	1,642
Ordinary income	4,318	9,284
Extraordinary income		
Gain on sale of non-current assets	6	12
Gain on sale of shares of subsidiaries and associates	103	–
Total extraordinary income	109	12
Extraordinary losses		
Loss on sale of non-current assets	–	0
Loss on retirement of non-current assets	4	9
Loss on sale of investment securities	3	–
Loss on restructuring of business	–	657
Total extraordinary losses	8	667
Income before income taxes	4,420	8,629
Income taxes	2,205	2,847
Net income	2,214	5,782
Net income attributable to non-controlling interests	209	38
Net income attributable to owners of parent	2,005	5,743

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Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)	Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)
Net income	2,214	5,782
Other comprehensive income		
Valuation difference on available-for-sale securities	347	164
Foreign currency translation adjustment	9,857	6,909
Remeasurements of defined benefit plans, net of tax	(198)	(530)
Share of other comprehensive income of entities accounted for using equity method	8	–
Total other comprehensive income	10,014	6,542
Comprehensive income	12,229	12,324
Comprehensive income attributable to		
Owners of parent	11,637	12,238
Non-controlling interests	591	86

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(3) Notes to Quarterly Consolidated Financial Statements

Significant Changes in the Scope of Consolidation During the Period

(Significant changes in the scope of consolidation)

GLORY AZ System Co., Ltd. and GLORY Mechatronics Ltd., which were formerly consolidated subsidiaries of the Company, were dissolved in an absorption merger with the Company's surviving consolidated subsidiary GLORY System Create Ltd. in the first quarter of the fiscal year under review, and have therefore been excluded from the scope of consolidation. Following the merger, the surviving company, GLORY System Create Ltd., changed its name to GLORY Technical Solutions Ltd. Revolution Retail Systems, LLC, the Company's consolidated subsidiaries in the US, and its two subsidiaries have been excluded from the scope of consolidation because they were dissolved in an absorption merger with GLORY Global Solutions Inc.

Acrelec Holding Middle East Ltd was liquidated in the first quarter of the fiscal year under review and is therefore excluded from the scope of consolidation.

(Changes in matters concerning the fiscal year, etc. of consolidated subsidiaries)

Previously, the closing date of Acrelec Group S.A.S. and 24 other consolidated subsidiaries was 31 December, and we used their financial statements as of that date and, if necessary, made adjustments for significant transactions that had occurred between that date and the consolidated closing date. However, in order to ensure more appropriate disclosure in the consolidated financial statements, we have changed the closing date of said subsidiaries to 31 March, effective from the first quarter of the fiscal year under review.

As a result of this change in the end of a fiscal year, profit or loss for the period from January 1, 2024 to March 31, 2024 is adjusted as changes in retained earnings.

Notes Regarding Changes in Accounting Policies

(Application of "Accounting Standard for Current Income Taxes" and relevant ASBJ regulations)

The Company has applied the "Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the "Revised Accounting Standard of 2022") and other relevant ASBJ regulations from the beginning of the first quarter of the fiscal year under review.

Revisions to the classification of income taxes (taxation on other comprehensive income) are in accordance with the transitional treatment prescribed in the proviso of paragraph 20-3 of the 2022 Revised Accounting Standard and the proviso of paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Guidance on the 2022 Revised Accounting Standard"). These changes in accounting policies have no impact on the quarterly consolidated financial statements.

In addition, the Company has adopted the Guidance on the 2022 Revised Accounting Standard related to the revision of the treatment in consolidated financial statements of the deferral for tax purposes of gain or loss on sale of shares of subsidiaries, etc. among consolidated companies, taking effect from the beginning of the first quarter of the fiscal year under review. These changes in accounting policies have been applied retrospectively, and the figures concerning the previous fiscal year's quarterly consolidated financial statements and consolidated financial statements have been prepared on a retrospective basis. These changes in accounting policies have no impact on the previous fiscal year's quarterly consolidated financial statements and consolidated financial statements.

Notes Regarding Accounting Methods Specific to Preparation of the Quarterly Consolidated Financial Statements

Tax expense is calculated by rationally estimating the effective tax rate after application of tax-effect accounting to income before income taxes for the fiscal year including the first quarter of the fiscal year under review, and then multiplying the income before income taxes for the period by the estimated effective tax rate.

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Notes Regarding Segment Information

(a) Three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

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

(Millions of yen)

	Reportable segments					Other (Note: 1)	Total	Reconcilia- tion	Amounts reported on the quarterly consolidated statement of income (Note: 2)
	Financial market	Retail and transportation market	Amusement market	Overseas market	Total				
Net sales									
(1) Sales to customers	9,487	13,414	6,759	38,974	68,635	1,045	69,680	–	69,680
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	9,487	13,414	6,759	38,974	68,635	1,045	69,680	–	69,680
Segment profit (loss)	1,243	765	2,078	240	4,328	(178)	4,150	–	4,150

Notes: 1. “Other” segment is merchandise and finished goods that is not included in the above reportable segments.
2. Segment profit (loss) corresponds to operating income of quarterly consolidated statement of income.

(b) Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

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

(Millions of yen)

	Reportable segments					Other (Note: 1)	Total	Reconcilia- tion	Amounts reported on the quarterly consolidated statement of income (Note: 2)
	Financial market	Retail and transportation market	Amusement market	Overseas market	Total				
Net sales									
(1) Sales to customers	12,788	23,987	8,598	45,760	91,136	1,638	92,775	–	92,775
(2) Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	12,788	23,987	8,598	45,760	91,136	1,638	92,775	–	92,775
Segment profit (loss)	2,825	6,487	3,097	(1,724)	10,686	(128)	10,557	–	10,557

Notes: 1. “Other” segment is merchandise and finished goods that is not included in the above reportable segments.
2. Segment profit (loss) corresponds to operating income of quarterly consolidated statement of income.

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Notes for Significant Change in the Amount of Shareholders' Equity

Not applicable.

Notes Regarding Assumption of a Going Concern

Not applicable.

Notes Regarding Quarterly Consolidated Statement of Cash Flows

A quarterly consolidated statement of cash flows has not been prepared for the three months ended June 30, 2024. Depreciation and amortization (including amortization related to intangible assets excluding goodwill and to long-term prepaid expenses) and amortization of goodwill for the three months ended June 30 are as follows.

	(Millions of yen)	
	Three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)	Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)
Depreciation	3,078	3,571
Amortization of goodwill	1,693	2,461