

(TRANSLATION FOR REFERENCE ONLY)

This is a translation of the original Japanese text of the “Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 31, 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 Third Quarter of Fiscal Year Ending March 31, 2020 <Japanese GAAP>

February 6, 2020

Company Name: GLORY LTD. Stock exchange listing: Tokyo (1<sup>st</sup> 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 filing date of Quarterly Securities Report: February 13, 2020  
 Scheduled date of dividend payments: —  
 Preparation of quarterly earnings supplementary explanatory material: Yes  
 Holding of quarterly earnings presentation: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded downward.)

1. Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2020 (from April 1, 2019 to December 31, 2019)

(1) Consolidated Operating Results (cumulative)

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

|                                     | Net sales         |       | Operating income  |       | Ordinary income   |      | Net income attributable to owners of parent |      |
|-------------------------------------|-------------------|-------|-------------------|-------|-------------------|------|---|------|
|                                     | (Millions of yen) | (%)   | (Millions of yen) | (%)   | (Millions of yen) | (%)  | (Millions of yen)                           | (%)  |
| Nine months ended December 31, 2019 | 160,785           | (3.6) | 12,697            | 10.2  | 11,950            | 5.8  | 7,237                                       | 11.5 |
| Nine months ended December 31, 2018 | 166,804           | 3.0   | 11,522            | (1.5) | 11,294            | 13.7 | 6,489                                       | 15.0 |

(Note) Comprehensive income

Nine months ended December 31, 2019: ¥6,344 million [(25.9) %]  
 Nine months ended December 31, 2018: ¥8,567 million [ (8.5) %]

|                                     | Net income per share | Fully diluted net income per share |
|-------------------------------------|----------------------|------------------------------------|
|                                     | (Yen)                | (Yen)                              |
| Nine months ended December 31, 2019 | 119.78               | —                                  |
| Nine months ended December 31, 2018 | 104.50               | —                                  |

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

Nine months ended December 31, 2019: ¥23,013 million [ 9.9 %]  
 Nine months ended December 31, 2018: ¥20,947 million [ (4.9) %]

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

Nine months ended December 31, 2019: ¥10,097 million [ 9.6 %]  
 Nine months ended December 31, 2018: ¥9,212 million [ 6.2 %]

(TRANSLATION FOR REFERENCE ONLY)

(2) Consolidated Financial Position

|                         | Total assets      | Net assets        | Ownership equity ratio | Net assets per share |
|-------------------------|-------------------|-------------------|------------------------|----------------------|
|                         | (Millions of yen) | (Millions of yen) | (%)                    | (Yen)                |
| As of December 31, 2019 | 311,960           | 188,046           | 59.8                   | 3,085.22             |
| As of March 31, 2019    | 318,228           | 193,257           | 59.5                   | 3,133.54             |

(Reference) Ownership equity

As of December 31, 2019: ¥186,439 million

As of March 31, 2019: ¥189,238 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, 2019             | —                   | 31.00              | —                 | 33.00    | 64.00  |
| Year ending March 31, 2020            | —                   | 32.00              | —                 |          |        |
| Year ending March 31, 2020 (forecast) |                     |                    |                   | 34.00    | 66.00  |

(Note) Revisions to the latest dividend forecast: None

3. Consolidated Financial Forecast for the Year Ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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

|           | Net sales         |       | Operating income  |        | Ordinary income   |        | Net income attributable to owners of parent |        | Net income per share |
|-----------|-------------------|-------|-------------------|--------|-------------------|--------|---|--------|----------------------|
|           | (Millions of yen) | (%)   | (Millions of yen) | (%)    | (Millions of yen) | (%)    | (Millions of yen)                           | (%)    | (Yen)                |
| Full year | 230,000           | (2.4) | 17,000            | (17.4) | 16,500            | (19.8) | 10,000                                      | (18.4) | 165.51               |

(Reference) EBITDA

Year ending March 31, 2020: ¥30,517 million

Net income before amortization of goodwill

Year ending March 31, 2020: ¥13,815 million

(Note) Revisions to the latest consolidated financial forecast: None

(TRANSLATION FOR REFERENCE ONLY)

Notes:

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries involving a change in the scope of consolidation):  
None
- (2) Application of accounting methods specific to preparation of the quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies and estimates, and restatements
- |   |      |
|---|------|
| (a) Changes in accounting policies associated with revisions of accounting standards, etc.: | 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 “2. Quarterly Consolidated Financial Statements and Significant Notes Thereto (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies” on page 10 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 December 31, 2019: | 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 December 31, 2019: | 2,865,997 shares |
| As of March 31, 2019:    | 7,865,917 shares |
- (c) Average number of shares (cumulative from the beginning of the period)
- |                                      |                   |
|--------------------------------------|-------------------|
| Nine months ended December 31, 2019: | 60,420,684 shares |
| Nine months ended December 31, 2018: | 62,101,417 shares |

(Note) In addition to the number of treasury shares at the end of the period, there also existed Company shares owned by the “Board Incentive Plan (BIP) Trust Account” and “Employee Stock Ownership Plan (ESOP) Trust Account.” (As of December 31, 2019: 342,364 shares, As of March 31, 2019: 380,898 shares)

(Note) Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

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

(Caution concerning forward-looking statements)

The forward-looking statements such as operational forecasts contained in this report are based on the information currently available to the Company and certain assumptions which the Company regards as legitimate, and are not promises regarding the achievement of forecasts. Actual performance may differ greatly from these forecasts due to various present and future factors. For the assumptions and other related matters concerning the financial forecasts, please refer to “1. Qualitative Information on the Financial Statements, (2) Consolidated Financial Forecasts and Other Forward-looking Statements” on page 5 of the Attachment.

(TRANSLATION FOR REFERENCE ONLY)

**Attachment**

**Contents**

|  |    |
|--|----|
| <b>1. Qualitative Information on the Financial Statements</b> .....  | 5  |
| (1) Operating Results .....  | 5  |
| (2) Consolidated Financial Forecasts and Other Forward-looking Statements.....                                     | 5  |
| <b>2. Quarterly Consolidated Financial Statements and Significant Notes Thereto</b> .....                          | 6  |
| (1) Quarterly Consolidated Balance Sheet .....   | 6  |
| (2) Quarterly Consolidated Statements of Income and Comprehensive Income .....                                     | 8  |
| Quarterly Consolidated Statement of Income .....   | 8  |
| Quarterly Consolidated Statement of Comprehensive Income .....   | 9  |
| (3) Notes to Quarterly Consolidated Financial Statements.....  | 10 |
| Notes Regarding Assumption of a Going Concern.....   | 10 |
| Notes for Significant Change in the Amount of Shareholders' Equity .....   | 10 |
| Application of Accounting Methods Specific to Preparation of the Quarterly Consolidated Financial Statements ..... | 10 |
| Changes in Accounting Policies .....   | 10 |
| Segment Information .....  | 10 |

(TRANSLATION FOR REFERENCE ONLY)

## 1. Qualitative Information on the Financial Statements

### (1) Operating Results

In the nine months ended December 31, 2019, the Japanese economy continued a trend of gradual recovery as personal consumption recovered and capital investment picked up owing to improvements in the employment and income situations as well as in corporate earnings. As for the global economy, the recovery continued in the U.S. amid concerns over future negotiations between the U.S. and China, and the European economy also maintained its trend of gradual recovery despite the uncertainty surrounding Brexit and other issues. Asian economy as a whole remained steady, although China continued to experience a moderate slowdown in the economy.

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.”

As a result, net sales in this nine-month period totaled ¥160,785 million (down 3.6% year on year). Of this, sales of merchandise and finished goods were ¥107,483 million (down 7.5% year on year) and sales from maintenance services were ¥53,302 million (up 5.4% year on year). Operating income was ¥12,697 million (up 10.2% year on year) due to an increase in sales from maintenance services and improvements in the product mix, etc., ordinary income was ¥11,950 million (up 5.8% year on year), and net income attributable to owners of parent was ¥7,237 million (up 11.5% 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 sluggish due to the large-scale demand of the previous year having run its course.

As a result, net sales in this segment were ¥30,654 million (down 24.8% year on year) and operating income was ¥2,519 million (down 48.0% 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 ¥37,252 million (down 0.4% year on year) and operating income was ¥3,875 million (up 18.7% year on year) due to an increase in sales from maintenance services and improvements in the product mix, etc.

#### 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 ¥15,956 million (up 0.5% year on year) and operating income was ¥1,873 million (up 18.9% year on year).

#### Overseas market

Sales of “banknote recyclers” -RBG series- for financial institutions were steady in the United States and 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 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 favorable. Meanwhile, sales of “banknote deposit modules” for ATMs, which are OEM products, were slow.

As a result, net sales in this segment were ¥73,343 million (up 4.1% 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 ¥6,284 million (up 121.6% year on year).

In the “Other” business segment, net sales were ¥3,579 million (up 54.2% year on year) and operating loss was ¥1,854 million (vs. operating loss of ¥997 million in the corresponding period of the previous year).

All amounts in this section do not include consumption taxes.

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

No changes have been made to the consolidated financial forecasts for the year ending March 31, 2020 that were announced on May 10, 2019.

(TRANSLATION FOR REFERENCE ONLY)

## 2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

### (1) Quarterly Consolidated Balance Sheet

(Millions of yen)

|  | As of March 31, 2019 | As of December 31, 2019 |
|--|----------------------|-------------------------|
| <b>Assets</b>  |                      |                         |
| Current assets   |                      |                         |
| Cash and deposits  | 60,328               | 67,704                  |
| Notes and accounts receivable - trade                    | 57,170               | 45,931                  |
| Electronically recorded monetary claims - operating      | 917                  | 1,766                   |
| Securities   | 15,556               | 2,001                   |
| Merchandise and finished goods                           | 28,606               | 37,743                  |
| Work in process  | 8,233                | 8,520                   |
| Raw materials and supplies                               | 11,687               | 12,710                  |
| Other  | 6,218                | 6,279                   |
| Allowance for doubtful accounts                          | (574)                | (797)                   |
| Total current assets                                     | 188,143              | 181,860                 |
| Non-current assets                                       |                      |                         |
| Property, plant and equipment                            | 34,829               | 37,667                  |
| Intangible assets  |                      |                         |
| Customer relationships                                   | 19,108               | 18,463                  |
| Goodwill   | 44,245               | 41,843                  |
| Other  | 6,437                | 6,431                   |
| Total intangible assets                                  | 69,791               | 66,738                  |
| Investments and other assets                             |                      |                         |
| Investment securities                                    | 12,302               | 10,758                  |
| Other  | 13,314               | 14,961                  |
| Allowance for doubtful accounts                          | (152)                | (26)                    |
| Total investments and other assets                       | 25,464               | 25,694                  |
| Total non-current assets                                 | 130,084              | 130,100                 |
| Total assets   | 318,228              | 311,960                 |
| <b>Liabilities</b>                                       |                      |                         |
| Current liabilities                                      |                      |                         |
| Notes and accounts payable - trade                       | 11,014               | 11,207                  |
| Electronically recorded obligations - operating          | 7,461                | 7,718                   |
| Short-term borrowings                                    | 23,369               | 26,808                  |
| Current portion of long-term borrowings                  | 4,476                | —                       |
| Income taxes payable                                     | 3,006                | 1,930                   |
| Provision for bonuses                                    | 7,852                | 4,388                   |
| Provision for bonuses for directors (and other officers) | 113                  | 74                      |
| Provision for stock grant                                | 86                   | 59                      |
| Other  | 33,087               | 34,867                  |
| Total current liabilities                                | 90,467               | 87,055                  |
| Non-current liabilities                                  |                      |                         |
| Bonds payable  | 20,000               | 20,000                  |
| Provision for stock grant                                | 240                  | 280                     |
| Retirement benefit liability                             | 3,031                | 3,026                   |
| Other  | 11,231               | 13,552                  |
| Total non-current liabilities                            | 34,503               | 36,859                  |
| Total liabilities  | 124,971              | 123,914                 |

(TRANSLATION FOR REFERENCE ONLY)

GLORY LTD. (6457)  
Consolidated Financial Results  
for the Third Quarter of Fiscal Year  
Ending March 31, 2020

(Millions of yen)

|   | As of March 31, 2019 | As of December 31, 2019 |
|---|----------------------|-------------------------|
| Net assets  |                      |                         |
| Shareholders' equity                                  |                      |                         |
| Share capital   | 12,892               | 12,892                  |
| Capital surplus                                       | 20,938               | 15,961                  |
| Retained earnings                                     | 172,219              | 161,346                 |
| Treasury shares                                       | (23,884)             | (9,315)                 |
| Total shareholders' equity                            | 182,166              | 180,885                 |
| Accumulated other comprehensive income                |                      |                         |
| Valuation difference on available-for-sale securities | 219                  | 249                     |
| Foreign currency translation adjustment               | 7,673                | 6,024                   |
| Remeasurements of defined benefit plans               | (820)                | (719)                   |
| Total accumulated other comprehensive income          | 7,072                | 5,553                   |
| Non-controlling interests                             | 4,018                | 1,607                   |
| Total net assets                                      | 193,257              | 188,046                 |
| Total liabilities and net assets                      | 318,228              | 311,960                 |

(TRANSLATION FOR REFERENCE ONLY)

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

**Quarterly Consolidated Statement of Income**

(Millions of yen)

|   | Nine months ended<br>December 31, 2018<br>(From April 1, 2018<br>to December 31, 2018) | Nine months ended<br>December 31, 2019<br>(From April 1, 2019<br>to December 31, 2019) |
|---|--|--|
| Net sales   | 166,804  | 160,785  |
| Cost of sales   | 104,405  | 96,382   |
| Gross profit  | 62,398   | 64,403   |
| Selling, general and administrative expenses                | 50,876   | 51,706   |
| Operating income  | 11,522   | 12,697   |
| Non-operating income  |  |  |
| Interest income   | 106  | 152  |
| Dividend income   | 137  | 143  |
| Gain on investments in investment partnerships              | 6  | 88   |
| Other   | 219  | 217  |
| Total non-operating income                                  | 470  | 602  |
| Non-operating expenses                                      |  |  |
| Interest expenses   | 429  | 567  |
| Foreign exchange losses                                     | 41   | 388  |
| Share of loss of entities accounted for using equity method | -  | 202  |
| Other   | 226  | 190  |
| Total non-operating expenses                                | 698  | 1,349  |
| Ordinary income   | 11,294   | 11,950   |
| Extraordinary income  |  |  |
| Gain on sales of non-current assets                         | 4  | 0  |
| Gain on sales of investment securities                      | 61   | 6  |
| Total extraordinary income                                  | 65   | 6  |
| Extraordinary losses  |  |  |
| Loss on retirement of non-current assets                    | 26   | 15   |
| Loss on valuation of investment securities                  | -  | 120  |
| Other   | 0  | 0  |
| Total extraordinary losses                                  | 27   | 135  |
| Income before income taxes                                  | 11,332   | 11,821   |
| Income taxes  | 3,918  | 3,813  |
| Net income  | 7,414  | 8,008  |
| Net income attributable to non-controlling interests        | 924  | 771  |
| Net income attributable to owners of parent                 | 6,489  | 7,237  |

(TRANSLATION FOR REFERENCE ONLY)

**Quarterly Consolidated Statement of Comprehensive Income**

(Millions of yen)

|  | Nine months ended<br>December 31, 2018<br>(From April 1, 2018<br>to December 31, 2018) | Nine months ended<br>December 31, 2019<br>(From April 1, 2019<br>to December 31, 2019) |
|--|--|--|
| Net income   | 7,414  | 8,008  |
| Other comprehensive income   |  |  |
| Valuation difference on available-for-sale securities                                | (712)  | 28   |
| Foreign currency translation adjustment  | 1,827  | (1,795)  |
| Remeasurements of defined benefit plans, net of tax                                  | 37   | 101  |
| Share of other comprehensive income of entities<br>accounted for using equity method | –  | 1  |
| Total other comprehensive income   | 1,152  | (1,664)  |
| Comprehensive income   | 8,567  | 6,344  |
| Comprehensive income attributable to   |  |  |
| Owners of parent   | 7,796  | 5,718  |
| Non-controlling interests  | 770  | 625  |

(TRANSLATION FOR REFERENCE ONLY)

### (3) Notes to Quarterly Consolidated Financial Statements

#### Notes Regarding Assumption of a Going Concern

Not applicable.

#### Notes for Significant Change in the Amount of Shareholders' Equity

On June 24, 2019, the Company acquired additional shares of its consolidated subsidiary, Sitrade Italia S.p.A. As a result, capital surplus decreased by ¥4,684 million in the nine months ended December 31, 2019.

The Company resolved at its Board of Directors meeting held on November 7, 2019, to cancel a part of treasury shares pursuant to Article 178 of the Company Law of Japan, and canceled 5,000,000 treasury shares on November 29, 2019. As a result, capital surplus, retained earnings and treasury shares decreased by ¥292 million, ¥14,160 million and ¥14,452 million, respectively, in the nine months ended December 31, 2019.

#### Application of Accounting Methods Specific to Preparation of the Quarterly Consolidated Financial Statements

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

#### Changes in Accounting Policies

The overseas consolidated subsidiaries of the Company have applied IFRS 16 "Leases" from the first quarter of the fiscal year ending 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

(a) Nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)

Information on sales, profit (loss) by reportable segment

(Millions of yen)

|  | Reportable segments |  |                     |                    |         | Other<br>(Note: 1) | Total   | Reconcilia-<br>tion | Amounts<br>reported on<br>the quarterly<br>consolidated<br>statement of<br>income<br>(Note: 2) |
|--|---------------------|--|---------------------|--------------------|---------|--------------------|---------|---------------------|--|
|  | Financial<br>market | Retail and<br>transportation<br>market | Amusement<br>market | Overseas<br>market | Total   |                    |         |                     |  |
| Net sales                              |                     |  |                     |                    |         |                    |         |                     |  |
| (1) Sales to customers                 | 40,749              | 37,398                                 | 15,875              | 70,460             | 164,483 | 2,321              | 166,804 | –                   | 166,804  |
| (2) Intersegment sales<br>or transfers | –                   | –                                      | –                   | –                  | –       | –                  | –       | –                   | –  |
| Total                                  | 40,749              | 37,398                                 | 15,875              | 70,460             | 164,483 | 2,321              | 166,804 | –                   | 166,804  |
| Segment profit (loss)                  | 4,843               | 3,264                                  | 1,576               | 2,835              | 12,519  | (997)              | 11,522  | –                   | 11,522   |

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) Nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)

Information on sales, profit (loss) by reportable segment

(Millions of yen)

|  | Reportable segments |  |                     |                    |         | Other<br>(Note: 1) | Total   | Reconcilia-<br>tion | Amounts<br>reported on<br>the quarterly<br>consolidated<br>statement of<br>income<br>(Note: 2) |
|--|---------------------|--|---------------------|--------------------|---------|--------------------|---------|---------------------|--|
|  | Financial<br>market | Retail and<br>transportation<br>market | Amusement<br>market | Overseas<br>market | Total   |                    |         |                     |  |
| Net sales                              |                     |  |                     |                    |         |                    |         |                     |  |
| (1) Sales to customers                 | 30,654              | 37,252                                 | 15,956              | 73,343             | 157,206 | 3,579              | 160,785 | –                   | 160,785  |
| (2) Intersegment sales<br>or transfers | –                   | –                                      | –                   | –                  | –       | –                  | –       | –                   | –  |
| Total                                  | 30,654              | 37,252                                 | 15,956              | 73,343             | 157,206 | 3,579              | 160,785 | –                   | 160,785  |
| Segment profit (loss)                  | 2,519               | 3,875                                  | 1,873               | 6,284              | 14,551  | (1,854)            | 12,697  | –                   | 12,697   |

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.