

This is a translation of the original Japanese text of the “Consolidated Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2021.” 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 Second Quarter of Fiscal Year Ending March 31, 2021 <Japanese GAAP>

November 6, 2020

Company Name: GLORY LTD. Stock exchange listing: Tokyo (1<sup>st</sup> Section)  
Code number: 6457 URL: <https://corporate.glory-global.com/>  
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Scheduled filing date of Quarterly Securities Report: November 12, 2020  
Scheduled date of dividend payments: December 4, 2020  
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 Second Quarter of Fiscal Year Ending March 31, 2021 (from April 1, 2020 to September 30, 2020)

(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)	(%)
Six months ended September 30, 2020	88,625	(18.3)	1,589	(82.4)	1,913	(77.0)	(63)	—
Six months ended September 30, 2019	108,505	(1.0)	9,018	28.6	8,316	20.3	4,859	27.1

(Note) Comprehensive income

Six months ended September 30, 2020: ¥(1,203) million [ — %]  
Six months ended September 30, 2019: ¥2,419 million [ (69.5) %]

	Net income per share	Fully diluted net income per share
	(Yen)	(Yen)
Six months ended September 30, 2020	(1.06)	—
Six months ended September 30, 2019	80.43	—

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

Six months ended September 30, 2020: ¥8,908 million [ (43.5) %]  
Six months ended September 30, 2019: ¥15,772 million [ 19.6 %]

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

Six months ended September 30, 2020: ¥2,153 million [ (68.2) %]  
Six months ended September 30, 2019: ¥6,762 million [ 20.3 %]

(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 September 30, 2020	303,757	179,015	58.4	2,932.14
As of March 31, 2020	308,763	187,143	60.0	3,064.61

(Reference) Ownership equity

As of September 30, 2020: ¥177,252 million

As of March 31, 2020: ¥185,196 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, 2020	—	32.00	—	34.00	66.00
Year ending March 31, 2021	—	30.00			
Year ending March 31, 2021 (forecast)			—	30.00	60.00

(Note) Revisions to the latest dividend forecast: None

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)
Full year	210,000	(6.3)	8,000	(55.4)	8,000	(48.9)	3,500	(60.9)

(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 “Notices regarding Differences between Consolidated Financial Forecast and Actual Results for Six-month Period ended September 30, 2020, and Revision to Consolidated Financial Forecast for Fiscal Year ending March 31, 2021” announced on the same day as this report (November 6, 2020).

(Reference) EBITDA

Year ending March 31, 2021: ¥22,900 million

Net income before amortization of goodwill

Year ending March 31, 2021: ¥8,200 million

(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):

Yes

Newly included: 1 company (Company name: Acrelec Group S.A.S.) Excluded: –

(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 Significant Subsidiaries 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.: None

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

(c) Changes in accounting estimates: None

(d) Restatements: None

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

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

As of September 30, 2020: 63,638,210 shares

As of March 31, 2020: 63,638,210 shares

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

As of September 30, 2020: 2,866,078 shares

As of March 31, 2020: 2,866,029 shares

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

Six months ended September 30, 2020: 60,445,237 shares

Six months ended September 30, 2019: 60,416,077 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 September 30, 2020: 320,598 shares, As of March 31, 2020: 341,500 shares)

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

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

(Caution concerning forward-looking statements)

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

(2) Consolidated Financial Forecasts and Other Forward-looking Statements” on page 6 of the Attachment.

(TRANSLATION FOR REFERENCE ONLY)

## Attachment

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## 1. Qualitative Information on the Financial Statements

### (1) Operating Results

The global economy in the six months ended September 30, 2020 suffered economic stagnation, the likes of which have not been seen since the Great Depression, due to the impact of the spread of the novel coronavirus disease (COVID-19). Amid fears over another wave of COVID-19 in the U.S. and Europe, economic activities gradually resumed. In Asia, despite the economy continuing to recover in China, uncertainty surrounded the outlook of the economy overall. Furthermore, the outlook of the Japanese economy is unpredictable due to the cautious stance regarding capital investment by businesses becoming even clearer, despite personal consumption showing signs of recovery.

Under these conditions, in the final fiscal year of its three-year 2020 Medium-Term Management Plan, which started in April 2018, the Glory Group has 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.”

Regarding the impact of the spread of COVID-19, in overseas business, business activities in China have recovered to a level that is close to normal, but business activities in Europe continue to be subject to significant restrictions.

In domestic business, there were protracted business discussions and requests from customers to postpone deliveries in the financial market and retail and transportation market. Furthermore, conditions are challenging in the amusement market due to the impact of protracted business discussions and restrictions on capital investment, despite business activities resuming due to the lifting of the voluntary suspension of business activities of pachinko parlors.

As a result, net sales in this six-month period totaled ¥88,625 million (down 18.3% year on year). Of this, sales of merchandise and finished goods were ¥53,875 million (down 26.2% year on year) and sales from maintenance services were ¥34,750 million (down 2.1% year on year). Operating income was ¥1,589 million (down 82.4% year on year) due to a decrease in net sales, ordinary income was ¥1,913 million (down 77.0% year on year), and as a result of calculation with income taxes, net loss attributable to owners of parent was ¥63 million (vs. net income attributable to owners of parent of ¥4,859 million in the corresponding period of the previous 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.

As a result, net sales in this segment were ¥19,208 million (down 14.0% year on year) and operating income was ¥1,893 million (down 8.5% year on year).

#### Retail and transportation market

Sales of this segment's main products, “coin and banknote recyclers” for cashiers and “ticket vending machines” were slow.

As a result, net sales in this segment were ¥20,933 million (down 17.9% year on year) and operating income was ¥1,164 million (down 60.1% year on year).

#### Amusement market

Sales of this segment's main products such as “card systems” and “pachinko prize dispensing machines” for pachinko parlors were sluggish.

As a result, net sales in this segment were ¥4,874 million (down 53.8% year on year) and operating loss was ¥279 million (vs. operating income of ¥1,293 million in the corresponding period of the previous year).

#### Overseas market

In the United States and Europe, sales of “banknote recyclers” -RBG series- for financial institutions and “sales proceeds deposit machines” -CI series- for the retail industry were slow, as the business activities were subject to significant restrictions due to the spread of COVID-19. Meanwhile, in Asia, sales of “banknote sorters” -UW series- were steady. Sales of “banknote deposit modules” for ATMs, which are OEM products, were maintained at the level of the corresponding period of the previous year.

As a result, net sales in this segment were ¥42,409 million (down 10.8% year on year), operating income was ¥9 million (down 99.8% year on year).

Profit and loss from Acrelec Group S.A.S. and its subsidiaries are included in the scope of consolidation from this second quarter.

In the “Other” business segment, net sales were ¥1,199 million (down 53.5% year on year) and operating loss was ¥1,197 million (vs. operating loss of ¥1,309 million in the corresponding period of the previous year).

All amounts in this section do not include consumption taxes.

(TRANSLATION FOR REFERENCE ONLY)

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

Financial forecasts for the fiscal year ending March 31, 2021 have been changed from the amounts announced on August 7, 2020 in consideration of financial results in the six months ended September 30, 2020.

For more information, please refer to the news release titled “Notices regarding Differences between Consolidated Financial Forecast and Actual Results for Six-month Period ended September 30, 2020, and Revision to Consolidated Financial Forecast for Fiscal Year ending March 31, 2021” announced on the same day as this report (November 6, 2020).

**2. Quarterly Consolidated Financial Statements and Significant Notes Thereto****(1) Quarterly Consolidated Balance Sheet**

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	71,532	49,540
Notes and accounts receivable - trade	49,603	41,038
Electronically recorded monetary claims - operating	1,617	594
Securities	2,051	1,550
Merchandise and finished goods	31,053	39,812
Work in process	7,989	8,437
Raw materials and supplies	12,639	13,860
Other	5,577	7,910
Allowance for doubtful accounts	(656)	(983)
Total current assets	181,408	161,760
Non-current assets		
Property, plant and equipment	38,503	38,939
Intangible assets		
Customer relationships	17,968	17,913
Goodwill	43,246	54,981
Other	6,699	7,417
Total intangible assets	67,915	80,312
Investments and other assets		
Investment securities	8,352	9,994
Other	12,608	12,800
Allowance for doubtful accounts	(25)	(50)
Total investments and other assets	20,935	22,745
Total non-current assets	127,354	141,996
Total assets	308,763	303,757
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	11,346	8,755
Electronically recorded obligations - operating	7,154	6,322
Short-term borrowings	24,931	20,916
Current portion of long-term borrowings	20	20
Income taxes payable	1,520	862
Provision for bonuses	7,088	6,060
Provision for bonuses for directors (and other officers)	109	43
Provision for stock grant	39	—
Other	33,412	31,551
Total current liabilities	85,623	74,533
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	46	7,022
Provision for stock grant	260	247
Retirement benefit liability	3,243	3,285
Other	12,445	19,653
Total non-current liabilities	35,996	50,208
Total liabilities	121,620	124,741

(TRANSLATION FOR REFERENCE ONLY)

GLORY LTD. (6457)  
Consolidated Financial Results  
for the Second Quarter of Fiscal Year  
Ending March 31, 2021

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Net assets		
Shareholders' equity		
Share capital	12,892	12,892
Capital surplus	15,961	11,493
Retained earnings	163,070	160,940
Treasury shares	(9,312)	(9,249)
Total shareholders' equity	182,611	176,076
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(455)	80
Foreign currency translation adjustment	5,194	3,070
Remeasurements of defined benefit plans	(2,154)	(1,975)
Total accumulated other comprehensive income	2,584	1,175
Non-controlling interests	1,946	1,763
Total net assets	187,143	179,015
Total liabilities and net assets	308,763	303,757



(TRANSLATION FOR REFERENCE ONLY)

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

**Quarterly Consolidated Statement of Income**

(Millions of yen)

	Six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)
Net sales	108,505	88,625
Cost of sales	65,054	53,684
Gross profit	43,450	34,941
Selling, general and administrative expenses	34,432	33,351
Operating income	9,018	1,589
Non-operating income		
Interest income	97	86
Dividend income	87	89
Foreign exchange gains	—	88
Subsidy income	6	269
Gain on investments in investment partnerships	88	138
Other	129	191
Total non-operating income	409	864
Non-operating expenses		
Interest expenses	395	271
Foreign exchange losses	388	—
Share of loss of entities accounted for using equity method	156	165
Other	171	104
Total non-operating expenses	1,110	541
Ordinary income	8,316	1,913
Extraordinary income		
Gain on sales of non-current assets	0	10
Gain on sales of investment securities	—	19
Total extraordinary income	0	30
Extraordinary losses		
Loss on retirement of non-current assets	14	7
Loss on valuation of investment securities	116	71
Other	0	0
Total extraordinary losses	131	79
Income before income taxes	8,186	1,864
Income taxes	2,715	1,651
Net income	5,470	213
Net income attributable to non-controlling interests	610	277
Net income (loss) attributable to owners of parent	4,859	(63)

(TRANSLATION FOR REFERENCE ONLY)

GLORY LTD. (6457)  
Consolidated Financial Results  
for the Second Quarter of Fiscal Year  
Ending March 31, 2021

**Quarterly Consolidated Statement of Comprehensive Income**

	(Millions of yen)	
	Six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)
Net income	5,470	213
Other comprehensive income		
Valuation difference on available-for-sale securities	(191)	528
Foreign currency translation adjustment	(2,927)	(2,132)
Remeasurements of defined benefit plans, net of tax	68	179
Share of other comprehensive income of entities accounted for using equity method	0	7
Total other comprehensive income	(3,050)	(1,416)
Comprehensive income	2,419	(1,203)
Comprehensive income attributable to		
Owners of parent	1,889	(1,436)
Non-controlling interests	529	233

(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

The Company's consolidated subsidiary Glory Global Solutions (International) Ltd. granted put options written on shares of the subsidiary to the non-controlling shareholders of Acrelec Group S.A.S. The written put options were recognized in other under non-current liabilities, and capital surplus was reduced. As a result, capital surplus decreased by ¥4,468 million in the six months ended September 30, 2020.

#### Changes in Significant Subsidiaries During the Period

For the first quarter ended June 30, 2020, following the acquisition of 80% of the outstanding shares of Acrelec Group S.A.S., 31 companies, including the subsidiaries of Acrelec Group S.A.S., are included in the scope of consolidation and two companies are included in the scope of application of the equity method. Acrelec Group S.A.S. qualifies as a specified subsidiary of the Company.

#### 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 second quarter, and then multiplying the income before income taxes for the period by the estimated effective tax rate.

#### Additional Information

(Application of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system)

As for items regarding the transition to the group tax sharing system introduced in the "Act Partially Amending the Income Tax Act" (Act No. 8 of 2020) and items revised on non-consolidated taxation system in connection with the transition to the group tax sharing system, the Company and some consolidated subsidiaries in Japan have not applied the provisions of paragraph 44 of the "Guidance on Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Guidance No. 28, February 16, 2018) as allowed by the provisions of paragraph 3 of the "Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ PITF No. 39, March 31, 2020). Accordingly, amounts of deferred tax assets and deferred tax liabilities are determined in accordance with the provisions of the tax law before revision.

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

The Glory Group determined the accounting estimates for valuation of inventories, impairment of investments, impairment of goodwill, etc. at the end of the previous fiscal year, based on the assumption that the spread of COVID-19 would be contained around the first half of the fiscal year. However, as it is still unclear as to when COVID-19 will be brought under control throughout the world, including in Japan, during the six months ended September 30, 2020, the accounting estimates have been made under the assumption that the impact of COVID-19 will continue until the end of the current fiscal year.

#### Segment Information

(a) Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

Information on 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	22,335	25,483	10,543	47,564	105,927	2,578	108,505	—	108,505
(2) Intersegment sales or transfers	—	—	—	—	—	—	—	—	—
Total	22,335	25,483	10,543	47,564	105,927	2,578	108,505	—	108,505
Segment profit (loss)	2,068	2,919	1,293	4,047	10,327	(1,309)	9,018	—	9,018

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.

(TRANSLATION FOR REFERENCE ONLY)

(b) Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

Information on 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	19,208	20,933	4,874	42,409	87,425	1,199	88,625	—	88,625
(2) Intersegment sales or transfers	—	—	—	—	—	—	—	—	—
Total	19,208	20,933	4,874	42,409	87,425	1,199	88,625	—	88,625
Segment profit (loss)	1,893	1,164	(279)	9	2,787	(1,197)	1,589	—	1,589

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.