

Setting the Glory Team Priorities to Enable a Confident World

Hirokazu Onoe
Chairman of the Board &
Representative Director



Motozumi Miwa
President &
Representative Director



Hideo Onoe
Director & Senior Managing
Executive Officer



Shigetoshi Mabuchi
Director & Senior Managing
Executive Officer



Kaname Kotani
Director & Senior Managing
Executive Officer



Akihiro Harada
Director & Senior Managing
Executive Officer



Joji Iki
Outside Director



Junji Uchida
Outside Director



Toru Fujita
Director (Audit & Supervisory
Committee Member)



Satoshi Hamada
Outside Director
(Audit & Supervisory
Committee Member)



Keiichi Kato
Outside Director
(Audit & Supervisory
Committee Member)



Corporate Governance

Board of Directors (As of June 26, 2020)

Hirokazu Onoe Chairman of the Board & Representative Director

Sep. 1970	Joined the Company	Apr. 2011	President & Representative Director
Apr. 2000	General Manager, Vending Machine & Amusement Systems Business Div.	Apr. 2019	Chairman of the Board & Representative Director (to present)
Jun. 2001	Director		
Jun. 2004	Managing Director		
Jun. 2006	Director & Managing Executive Officer		
Apr. 2009	General Manager, Corporate Strategy Div.		
Jun. 2010	Director & Executive Vice President		

Motozumi Miwa President & Representative Director

Jun. 2009	Joined the Company	Apr. 2015	Director & Senior Managing Executive Officer
Mar. 2010	General Manager, Legal Affairs Dept., General Affairs Div.	Apr. 2016	Representative Director & Senior Managing Executive Officer
Jun. 2010	Executive Officer	Apr. 2017	Executive Vice President & Representative Director; Responsible for Business Management Headquarters
Apr. 2012	Senior Executive Officer; Executive General Manager, General Affairs Headquarters	Apr. 2019	President & Representative Director (to present)
Jun. 2012	Director & Senior Executive Officer		
Apr. 2013	Responsible for CSR, brand strategy, investor relations and legal compliance functions		
Apr. 2014	Director & Managing Executive Officer; Executive General Manager, Business Management Headquarters, Responsible for General Affairs Headquarters		

Hideo Onoe Director

Jan. 1999	Joined the Company	Apr. 2014	Managing Executive Officer of the Company; Executive General Manager, Production Headquarters & Senior General Manager, Purchasing Div.
Oct. 2005	General Manager, Supply Chain Management Dept., Production Management Div., Money Handling Systems Business Headquarters	Jun. 2014	Director & Managing Executive Officer
Oct. 2006	Executive Officer	Apr. 2015	Executive General Manager, Domestic Business Headquarters (to present)
Jul. 2009	President of GLORY (U.S.A.) INC. (now Glory Global Solutions Inc.)	Apr. 2017	Director & Senior Managing Executive Officer (to present)
Apr. 2012	Senior Executive Officer of the Company; Executive General Manager, Production Headquarters		
Apr. 2013	Chairman of the Board of GLORY Denshi Kogyo (Suzhou) Ltd.		

Shigetoshi Mabuchi Director

Apr. 1982	Joined GLORY Shoji Co., Ltd. (now the Company)	Apr. 2014	Managing Executive Officer
Apr. 2005	General Manager, Business Planning Office, Business Planning Div. of GLORY Shoji Co., Ltd.	Jun. 2014	Director & Managing Executive Officer
Apr. 2009	Senior General Manager, Maintenance Business Div., Maintenance Headquarters of the Company	Apr. 2017	Director & Senior Managing Executive Officer (to present)
Jun. 2010	Executive Officer		
Apr. 2012	Senior Executive Officer; Executive General Manager, Service Headquarters (to present)		

Kaname Kotani Director

Jun. 1987	Joined the Company	Jun. 2014	Director & Senior Executive Officer
Jun. 2010	Senior General Manager, Development Div., Money Handling System Business Headquarters	Apr. 2015	Director & Managing Executive Officer
Apr. 2011	Deputy Executive General Manager, Development Headquarters	Apr. 2016	Responsible for information security (to present)
Apr. 2012	Executive Officer	Apr. 2017	Director & Senior Managing Executive Officer (to present)
Apr. 2013	Senior Executive Officer; Executive General Manager, Development Headquarters (to present), Responsible for Intellectual Property Dept. (to present)	Apr. 2018	Responsible for new businesses (to present)

Akihiro Harada Director

Mar. 1985	Joined the Company	Apr. 2015	Executive General Manager, International Business Headquarters
Apr. 2003	General Manager, Production Engineering Dept., Himeji Factory, Banking System & Equipment Div.	Jun. 2015	Director & Senior Executive Officer
Jan. 2006	President of GLORY (PHILIPPINES), INC.	Apr. 2017	Director & Managing Executive Officer
Apr. 2009	General Manager, Management Planning Dept., Corporate Strategy Div. of the Company	Apr. 2018	Executive General Manager, International Business Company Unit (to present)
Apr. 2012	Executive Officer; Project Leader, International Business Integration Project Management Office	Apr. 2020	Director & Senior Managing Executive Officer (to present)
Jul. 2012	Director of Glory Global Solutions Ltd.		
Apr. 2014	Senior Executive Officer of the Company; Responsible for manufacturing, procurement and quality assurance at group companies of Glory Global Solutions Ltd.		

Significant concurrent positions

Chairman of the Board & Chief Executive Officer of Glory Global Solutions Ltd.
Chairman of the Board of Sitrade Italia S.p.A.

Joji Iki Outside Director

Independent Director

Apr. 1977	Joined Kawasaki Heavy Industries, Ltd. ("KHI")	Apr. 2016	Representative Director & Senior Executive Vice President; Assistant to the President, in charge of Technology and Sales department and in charge of Ship & Offshore Structure Company
Nov. 2002	Senior Manager, Aero-Dynamic Machinery Department, Machinery Division, Gas Turbine & Machinery Company	Apr. 2017	Director of KHI
Apr. 2009	Executive Officer; General Manager, Machinery Division, Gas Turbine & Machinery Company	Jun. 2017	Outside Director of the Company (to present)
Apr. 2012	Managing Executive Officer; President, Gas Turbine & Machinery Company		
Jun. 2012	Representative Director & Senior Vice President		
Apr. 2015	Representative Director & Senior Executive Vice President; Assistant to the President, in charge of Technology, Sales and Procurement department		

Junji Uchida Outside Director

Independent Director

Apr. 1974	Joined NIPPON STEEL CORPORATION ("NSC")	Jul. 2010	Managing Director (Member of the Board); Director, Flat Products Division Project Leader, India Continuous Annealing and Processing Line Project
Jun. 2005	Director (Member of the Board); Director, Construction Products Division Director, Pipe & Tube Division	Apr. 2011	Managing Director (Member of the Board); Project Leader, Shanghai-Baoshan Cold-rolled & Coated Sheet Products Project
Jun. 2006	Director (under the Executive Management system); Director, Construction Products Division Director, Pipe & Tube Division	Apr. 2012	Director (Member of the Board) of NSC Adviser of OSAKA STEEL CO., LTD. ("OSAKA STEEL")
Apr. 2007	Director (under the Executive Management system); Director, Plate Division	Jun. 2012	Representative Director and President of OSAKA STEEL
Apr. 2009	Managing Director (under the Executive Management system); Director, Flat Products Division	Jun. 2017	Director and Senior Advisor of OSAKA STEEL
Jun. 2009	Managing Director (Member of the Board); Director, Flat Products Division	Jun. 2018	Senior Advisor of OSAKA STEEL
		Jun. 2019	Outside Director of the Company (to present)

Corporate Governance

Board of Directors (As of June 26, 2020)

Toru Fujita Director (Audit & Supervisory Committee Member)

Sep. 1988 Joined the Company
 Apr. 2011 General Manager, Accounting Dept., Business Managing Div.
 Apr. 2012 General Manager, Accounting Dept., Business Managing Headquarters
 Jun. 2014 Audit & Supervisory Board ("A&SB") Member, GLORY Products Ltd.
 Jun. 2017 Standing A&SB Member of the Company
 Jun. 2020 Director (Audit & Supervisory Committee Member) (to present),
 A&SB Member, GLORY NASCA Ltd. (to present),
 A&SB Member, Hokkaido GLORY Co., Ltd. (to present)

Significant concurrent positions

A&SB Member, GLORY NASCA Ltd.,
 A&SB Member, Hokkaido GLORY Co., Ltd.

Satoshi Hamada Outside Director (Audit & Supervisory Committee Member)

Independent Director

Apr. 1976 Joined Chuo Audit Corporation
 Aug. 1981 Joined Asahi & Co. (now KPMG AZSA LLC)
 Nov. 1981 Registered as certified public accountant
 Sep. 1984 President, Satoshi Hamada Accounting Office (to present)
 Sep. 2014 Representative, Hamada Certified Tax Accountant Office (to present)
 Jun. 2015 Outside A&SB Member of the Company
 Jun. 2020 Director (Audit & Supervisory Committee Member) (to present)

Significant concurrent positions

President, Satoshi Hamada Accounting Office
 Representative, Hamada Certified Tax Accountant Office
 Outside Director, NISHIMATSUYA CHAIN Co., Ltd.
 External Director (Audit & Supervisory Committee Member),
 WDB Holdings Co., Ltd.

Keiichi Kato Outside Director (Audit & Supervisory Committee Member)

Independent Director

Oct. 2003 Registered as Attorney-at-law
 Joined Harima Law Office
 Jan. 2009 Attorney-at-law and Partner, Harima Law Office (to present)
 Jun. 2018 Outside Corporate Auditor, Sanyo Color Works Ltd. (to present)
 Jun. 2019 Outside A&SB Member of the Company
 Jun. 2020 Director (Audit & Supervisory Committee Member) (to present)

Significant concurrent positions

Attorney-at-law and Partner, Harima Law Office
 Outside Corporate Auditor, Sanyo Color Works Ltd.

Executive Officers

Senior Managing Executive Officer

Hideo Onoe
Shigetoshi Mabuchi
Kaname Kotani
Akihiro Harada

Managing Executive Officer

Katsunori Yamamoto

Senior Executive Officer

Tokuya Shimizu
Hirofumi Kameyama
Hideto Tanaka
Tsutomu Iwata
Masashi Michishita
Toshihiko Kayama
Yoshihiro Takada
Tetsuya Bogaki
Chris T. Reagan
Vincent Nakache

Executive Officer

Makoto Ueda
Taneyoshi Ebashi
Masato Ishida
Hiroshi Uemura
Yoshifumi Kawabata
Yoshihiro Oota
Satoko Fujii
Yukihiro Fujikawa
Nobuo Nakaoka
Ben Thorpe

Messages from Independent Outside Directors

We believe that our outside directors must be independent from Glory. Specifically, they are required to meet not only the conditions stipulated in the Companies Act and the rules of the Tokyo Stock Exchange, but also our own, more stringent criteria. For details concerning the independence requirements for Glory's independent outside directors, please refer to our Corporate Governance Guidelines.



<https://corporate.glory-global.com/groupinfo/governance/>

Director career summaries are on page 31.



Joji Iki

Outside Director
Nomination Advisory Committee Chair
Compensation Advisory Committee Member

In recent years, I have heard various views about the positioning of the Board of Directors and the role of outside directors during discussions about corporate governance. I believe that the mission of an outside director is to supervise the performance of business operations from an independent and objective perspective and support the proposal and implementation of management strategies.

Observance of laws and regulations, the establishment of internal control systems, and the achievement of consistent compliance are all fundamental requirements for the survival of a company. That is why it is so important to ensure comprehensive supervision. We also need to be aware that the level of compliance required will change in step with social change around the world.

Over the past few years, there have been

significant changes in the markets resulting from social change and the evolution of a cashless society due to the use of the IoT. The Glory Group needs to modify its business operations flexibly in line with these changes. The formulation and implementation of management strategies are extremely important from this perspective, because Glory has shifted from an environment in which it could look forward to a certain level of organic growth, to one in which it needs to pioneer products and markets through its own efforts and start up new businesses and new markets.

I believe that outside directors have a responsibility to provide robust advice and support to the executive organization as they work to formulate and implement new group management strategies, including product development for new businesses and markets, market development, and M&A. Participants in the Glory Group's Board of Directors engage in lively discussions, sometimes using IT tools. I look forward to playing a continuing role in the efforts to speed up management decision-making and ensure that everyone can express their views freely and frankly.

The COVID-19 pandemic that emerged in the early months of 2020 is having an enormous impact on the world, including Japan. Despite this, I am determined to work even harder to ensure the sustainable growth of the Glory Group and the achievement of further improvement in its medium- to long-term corporate value.



Junji Uchida

Outside Director
Compensation Advisory Committee Chair
Nomination Advisory Committee Member

As someone with a background in the steel industry, I have built up wide-ranging experience in business and management in a field that is different from Glory's business domain. My career has given me a real understanding of the importance of continuous efforts to enhance corporate value through structural reforms designed to improve competitiveness, as well as through global initiatives, such as overseas expansion. I have learned through my day-to-day work that people and frontline operations are the lifeblood of any company, and that the trust of customers is an asset.

In addition to the powerful product range that it has built up over the years, Glory's emergence as a leading company in its industry also reflects its dynamic expansion into overseas markets. However, a company cannot adapt to the large and rapid market

changes that are now occurring simply by continuing with its existing business activities. Instead it will need to take up new challenges in innovative business areas.

As an outside director, my task in this context is to work on behalf of stakeholders, including shareholders, to further energize management, and to provide an outside perspective that contributes to the fair and appropriate implementation of business operations.

In this fiscal year, Glory made the transition to a new structure as a Company with Audit & Supervisory Committee. As a listed company, Glory is constantly working to strengthen and enhance its governance through progressive initiatives, and this latest change will significantly improve the transparency of its management structure. The Board of Directors can be expected to discuss a variety of themes that will have important implications for Glory's future growth, including innovation in existing business areas, expansion of overseas operations, and expansion into new business areas. Glory's value as a company will also depend on its response to the impact of the COVID-19 pandemic.

I have the greatest respect for the corporate culture developed by Glory, and a sense of anticipation about the role that I can play in contributing to its next growth phase.



Satoshi Hamada

Outside Director and
Audit & Supervisory Committee Member

I believe that the role of an outside director is to identify deviations from the Company's basic policies or management strategies and to ascertain whether business risks are being kept within reasonable limits by monitoring the performance of day-to-day business operations by executive directors. I aim to use my past experience as an accounting auditor in several audit corporation and as an outside director in other listed companies to provide appropriate input concerning matters that cannot be assessed or decided solely through internal processes.

Glory's business environment is being transformed by the diversification of payment methods due to the emergence of the cashless society and advances in AI, the IoT, and other technologies. The fundamental management challenge for Glory is to ensure sustainable growth and improvement in its

corporate value over the medium- to long-term future, by further evolving its existing business in its core area of cash handling, and to develop new business domains. One way to achieve these goals might be business restructuring through opportune M&A anywhere around the world. I believe that when M&A or other projects are proposed in Board of Directors meetings, there is a need for oversight from the perspectives of corporate profitability and capital efficiency to ensure that there will be no adverse impact on the interests of stakeholders, including shareholders, or corporate value. During my five years as an outside Audit & Supervisory Board member for Glory, I have deepened my understanding of the Glory Group's business activities and management. I will work to ensure that the expectations of shareholders and investors are fulfilled by further integrating and enhancing the knowledge that I have gained in the past.



Keiichi Kato

Outside Director and
Audit & Supervisory Committee Member

Glory has restructured itself as a Company with Audit & Supervisory Committee. This change is expected to strengthen the supervisory functions of the Board of Directors, while also enhancing the speed and efficiency of management decision-making. It will further reinforce our corporate governance systems.

Under this new structure, I will combine my position as an outside director with my new role as a member of the Audit & Supervisory Committee. I will also audit and supervise the performance of duties by directors from my independent perspective as someone outside of the Company.

The knowledge and experience gained through my many years of work as an attorney, the intuition I developed for management through my experience as an outside corporate auditor for another company, and my position as an outside

Audit & Supervisory Board member for the Glory Group have all helped me to form a deeper understanding of the Glory Group's business and management.

As an outside director, I will work with increased determination to meet the expectations of shareholders and investors by participating in the decision-making processes of the Board of Directors, and by further deepening my knowledge so that I can help Glory to achieve sustainable growth and improvement in its medium- to long-term corporate value by providing effective advice about management policies and improvements to management systems.

Many factors are driving far-reaching changes in the Glory Group's business environment, including the emergence of the cashless society and the diversification of payment methods, as well as country-specific risks overseas where the Company has established operations. However, Glory's management creed includes the following statement: "Through a spirit of continuous development, we will provide products and services our customers can rely on." I believe that by working under this philosophy Glory can adapt to these changes and achieve continuing growth and success by creating products that society needs and taking up the challenge of technological innovation.

Corporate Governance

Glory's corporate philosophy guides its efforts to continuously improve corporate value through sound and efficient business management, so that the Company can exist in harmony with society and earn the trust and support of all stakeholders. None of this can be achieved without a firm commitment to the continuing improvement of corporate governance. Glory will continue its efforts to strengthen the supervisory and executive functions of management, accelerate decision-making, ensure transparency and objectivity, and enhance compliance management to further increase our corporate value.

Corporate Governance Guidelines



Glory's basic policy on corporate governance is set out in the Corporate Governance Guidelines.

<https://corporate.glory-global.com/files/user/ir/Guidelines20200626.pdf>

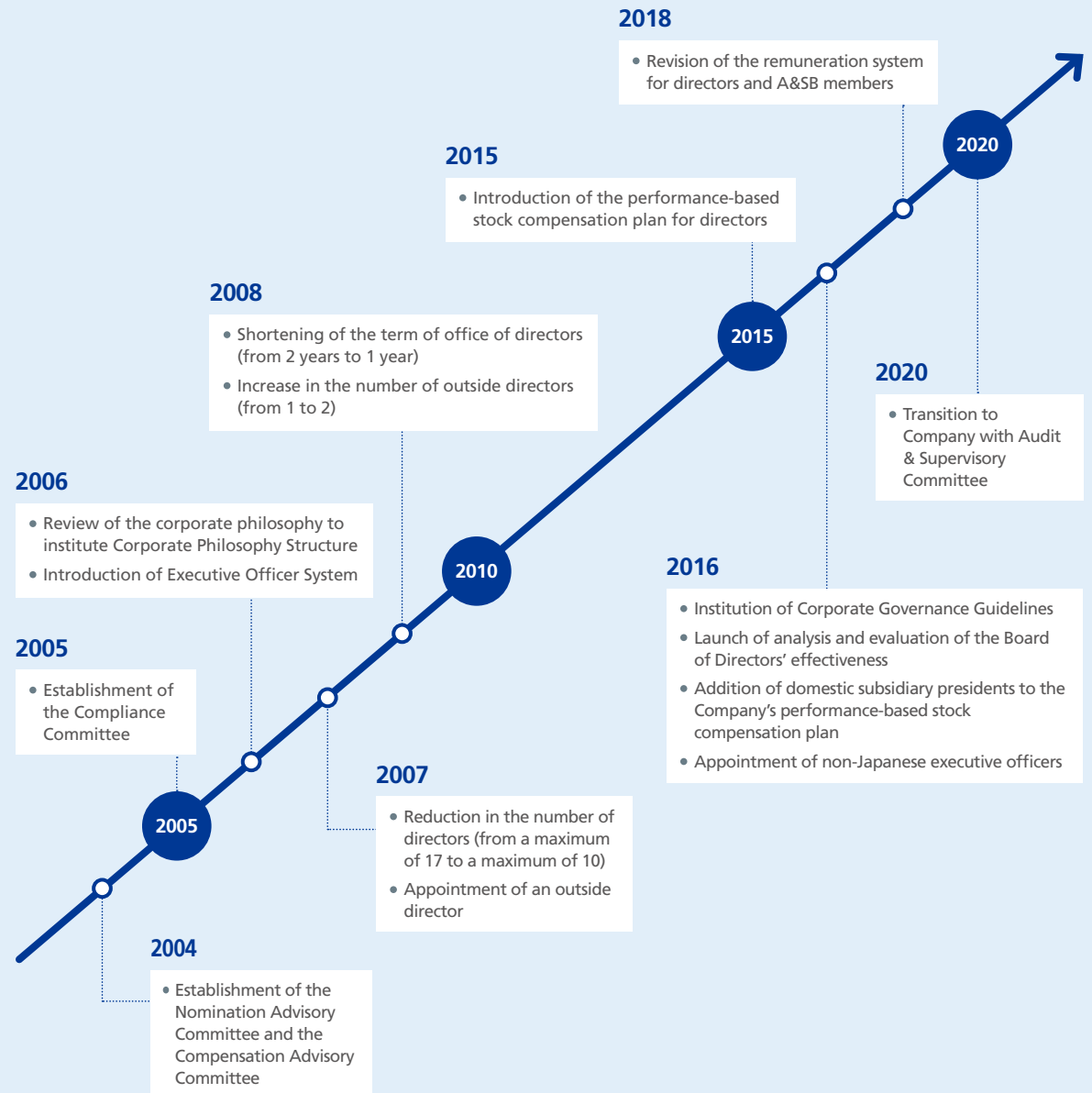
Corporate Governance Report



For more information on our corporate governance code initiatives, see "Corporate Governance Report."

<https://corporate.glory-global.com/files/user/ir/CGReport2020.pdf>

Glory Corporate Governance Chronology



Corporate Governance Structure

Adopted a New Governance Structure

As the Glory Group's business environment changes rapidly, the Company adopted a "Company with Audit & Supervisory Committee" governance structure on June 26, 2020, in order to accelerate and improve the efficiency of decision-making on important management issues and strengthen the supervisory functions of management.

Balance of Inside and Outside Directors (As of March 31, 2020)

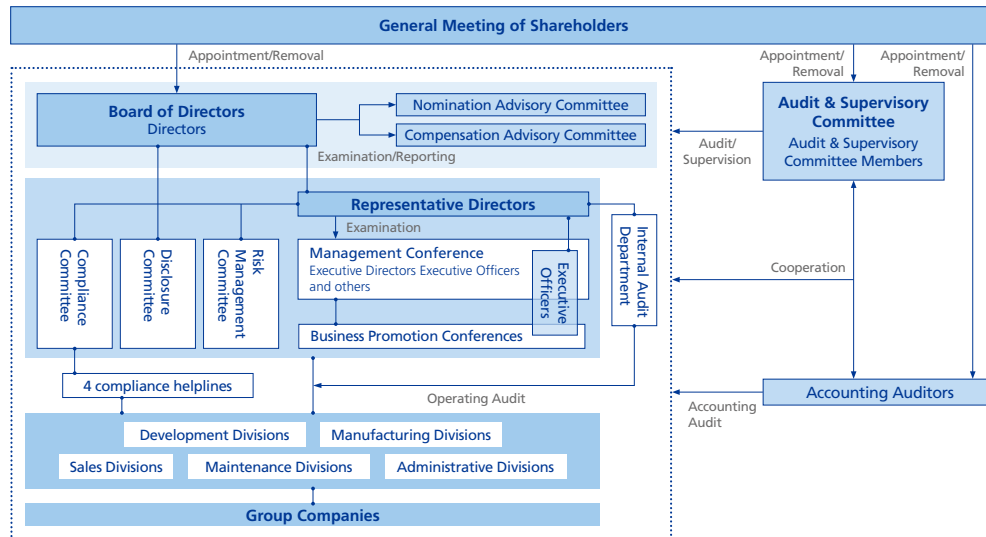
Directors Who are not Audit & Supervisory Committee Members	Total	8 directors (Including 2 outside directors)
	Term of Office	1 year
Directors Who are Audit & Supervisory Committee Members	Total	3 directors (Including 2 outside directors)
	Term of Office	2 years
Total Number of Directors	Total	11 directors
	Percentage of Outside Directors	36.4%

Characteristics of a Company with Audit & Supervisory Committee

- The Board of Directors can delegate important business execution decisions to the directors. By narrowing down the Board of Directors' agenda and securing time for discussion, we can enhance deliberations on important matters.
- Directors who are Audit & Supervisory Committee members hold voting rights in the Board of Directors. The majority of the Audit & Supervisory Committee, which is composed of Directors who are Audit & Supervisory Committee members, are outside directors.
- The Audit & Supervisory Committee, including its two outside directors, is expected to play a role in auditing and is involved in the appointment and dismissal of directors as well as the decisions concerning remuneration for directors. This further strengthens supervisory functions. In addition, four members of the Board of Directors (11 members in total) are outside directors, which will lead to the strengthening of governance functions.

Corporate Governance Framework

Corporate Governance System (As of June 26, 2020)



Glory believes that it is effective for its corporate management to have a governance structure that will achieve accelerated and streamlined decision-making with regard to important management issues and also strengthen the supervisory functions of management. Under such belief, the Company has adopted a "Company with Audit & Supervisory Committee" governance structure so that decisions regarding the execution of important operations are flexibly delegated to directors. It also introduces an executive officer system to enable speedy and efficient business management. In addition, the Company is working to improve the transparency and objectivity of decision-making with regard to important matters of management by enhancing both the supervisory functions of

the Board of Directors, which includes four outside directors, and the audit and supervisory functions of the Audit & Supervisory Committee as well as by establishing committees such as the Nomination Advisory Committee and Compensation Advisory Committee. The governance structure is outlined below.

Analysis and Evaluation on Effectiveness of the Board of Directors

From the year ended March 31, 2016, the Company has annually analyzed and evaluated the effectiveness of its Board of Directors based on its Corporate Governance Guidelines. A summary of the results is published on the Company's website.



<https://corporate.glory-global.com/groupinfo/governance/evaluation>

Remuneration for Directors

Remuneration Structure

Executive Directors

Remuneration for executive directors consists of fixed compensation ("Fixed Compensation"), bonuses linked to short-term business performance ("Bonuses"), and stock compensation ("Stock Compensation"). The proportion of performance-based compensation is determined in stages according to rank. Details of each type of compensation are as follows:

- Fixed Compensation is determined according to the position and responsibilities of the person concerned;
- The ratio between the base amount of cash compensation (Fixed Compensation and Bonuses) and that of Stock Compensation is set approximately at 80% and 20% respectively;

- The ratio between the base amount of Fixed Compensation and that of performance-based compensation (Bonuses and Stock Compensation) is set approximately at 50% for each for the president. For other directors, the ratios are determined proportionately to the ratio for the president, according to the responsibilities, the general level of compensation and other factors;
- The target indicators for Bonuses are consolidated net sales and operating income from among the performance targets in the 2020 Medium-Term Management Plan. The amounts to be paid will be determined according to the degree of achievement toward those targets using a factor between zero times (if achievement degree is less than 60%) and two times (if achievement degree is 140% or more) a predetermined amount; and
- The target indicators for Stock Compensation are consolidated ROE and the operating margin from among the performance targets in the 2020 Medium-Term Management Plan. The number of shares to be allotted will be determined according to a number of points calculated by multiplying the basic number of points by a factor between zero times (if achievement degree is less than 90%) and two times (if achievement degree is 140% or more), depending on rank.
- No retirement benefits are paid to directors.

Outside Directors

Remuneration for outside directors who mainly fulfill management supervisory functions consists only of monthly Fixed Compensation.

Directors Who are Audit & Supervisory Committee Members

Remuneration for Audit & Supervisory Committee members who mainly fulfill auditing and supervisory functions consists only of monthly Fixed Compensation.

Amount of Remuneration for Directors and A&SB Members, and Number of Eligible Persons for the Year Ended March 2020

Category	Amount of Remuneration (Million yen)	Amount of Remuneration by Category (Million yen)			Number of Eligible Persons
		Fixed Compensation	Performance-based Bonuses	Performance-based Stock Compensation	
Directors (Excluding Outside Directors)	192	108	73	11	6
A&SB Members (Excluding Outside A&SB Members)	36	36	—	—	2
Outside Officers	38	38	—	—	6
(Outside Directors)	(24)	(24)	(—)	(—)	(3)
(Outside A&SB Members)	(14)	(14)	(—)	(—)	(3)

Notes:

1. Data shown is before the adoption of the "Company with Audit & Supervisory Committee" governance structure.
2. The amounts paid to Directors do not include employee salary portions for Directors who have concurrent responsibilities as employees.
3. The amount of stock compensation is reserved as a provision for performance-based stock compensation for the year ended March 2020.

Dialogue with Shareholders and Investors

Glory proactively arranges opportunities for dialogue with shareholders and investors to deepen their understanding of the Company.

At meetings with institutional investors and analysts, we actively engage in dialogue on various topics, including shareholder returns and capital policies, as well as our management strategy, business models, and medium- to long-term management plan. In the year ended March 2020, we held meetings with approximately 300 companies.

In terms of information disclosure, we voluntarily hold financial results briefings and conference calls and include supplementary

explanation to further clarify performance by segment and by area. We also extend invitations to IR events such as factory tours and exhibitions so participants can see our work themselves and gain a clearer understanding of our management strategy and business operations.

In addition, we co-host briefings with securities companies to provide individual shareholders and investors with a clear description of our business activities and communicate additional information through shareholder newsletters and our corporate website.

Main Achievements in Dialogues (Year Ended March 31, 2020)

Number of attendees at the 73th Ordinary General Meeting of Shareholders

Approx.
280

Number of meetings with institutional investors and securities analysts

Approx.
300

Number of participants at Company briefings for individual investors (total of seven meetings)

Approx.
380

Risk Information

Since the year ended March 31, 2019, the Glory Group (“the Group”) has had a group-wide risk management system in place, with the Risk Management Committee playing a central role in setting up priority areas and strengthening countermeasures, as well as a system for reporting related information to the Board of Directors. The forward-looking statements made below are based on judgments made by the Group as of the date of the Annual Securities Report submission, and business-related and other risks are not limited to those described in the table to the right.

Business Environment

■ Impact of COVID-19 and other infectious diseases

Since many of the products and services handled by the Group are provided to financial institutions, retail stores, railway companies, and other businesses that are required to continue operating even during an emergency, the impact of the spread of infectious diseases is considered to be limited in the event that the situation returns to normal within a short period of time.

However, since the fourth quarter of the fiscal year under review, the spread of COVID-19 infection has continued on a global scale, and has had an impact on the Group's business activities.

In terms of sales activities, restrictions on negotiations with customers have become a major impediment to active sales activities. While the containment of COVID-19 spread is not yet predicted, this lack of clarity in future has led customers to be less motivated to invest and the decline in demand, resulting in the uncertainty in the future business development of the Group.

In production activities, overseas plants that were forced to temporarily suspend their operations have now resumed their near-normal operations. However, the risk persists mainly in Asia regarding delays in deliveries of raw materials, parts, and other supplies from suppliers.

Thus, should the spread of the infection continue for a prolonged period of time, resulting in plant shutdowns, restrictions on the procurement of certain raw materials and parts, prolonged

restraints on sales activities, or unexpectedly significant changes in customers' interest in investment, the business operation of the Group may be adversely affected, which could have impact on the Group's stable revenue and financial position.

Under these circumstances, the Company has established the COVID-19 Response Task Force in January 2020 which is chaired by the President & Representative Director. The Company is working to share information and assess the impact of the spread of COVID-19 mainly through the task force. In addition, effective countermeasures are discussed and planned at the Management Committee, the Board of Directors and other key management meetings to minimize the impact of the outbreak.

■ Rapid development of cashless economy

While its mainstay business remains in the cash handling machine sector, in order to mitigate the risks inherent in this core business, the Group is also aggressively investing in the non-cash business sector. Should the cashless economy develop drastically and globally in a short time before the Group's non-cash businesses matures, the performance of the Group may be adversely affected.

■ Overseas business conditions

The Group's overseas business activities are wide-ranging, including sales and maintenance of products, and overseas production and procurement. Should the political and/or economic situation rapidly change or the protectionist trade policies expand in countries or regions where the Group operates, or if foreign exchange markets were to fluctuate beyond the anticipated scope, major issues may arise in sales and other activities and the performance of the Group may be adversely affected.

■ Laws and regulations of countries and regions where the Group operates

The Group is subject to business authorizations, import and export regulations, as well as various laws and regulations in the countries and regions where the Group operates. Should these laws and

regulations be revised or repealed, or if new public regulations were to be established, or if any other special factors influencing the market environment were to arise, the performance of the Group may be adversely affected.

■ High level of reliance on the financial industry sector

The composition of the Group's sales is highly dependent on the domestic and overseas financial institutions. While the Group is endeavoring to develop new products in response to the global shift to next-generation store styles in order to provide products that meet the customers' needs, should it become necessary for the financial institutions to cut their capital investments due to their major operational or financial problems, the performance of the Group may be adversely affected.

■ Intensified competition

Should the competition intensify in the business areas in which the Group operates, leading to the competitors' launch of new competitive products and services, aggressive sales activities such as significant price reductions, and/or the shift of demand to lower-priced products, the performance of the Group may be adversely affected.

■ Strategic investments

The Group is proactively allocating its management resources so as to expand its existing businesses and create new businesses, with the aim of continuously improving its corporate value over the medium to long term. As a result, the amounts of goodwill and customer relationships as of March 31, 2020 stood at ¥43,246 million and ¥17,968 million, respectively, accounting for 14.0% and 5.8% of total consolidated assets, respectively. These intangible assets are subject to impairment assessment when their expected results are not achieved due to changes in the business environment, related impairment loss be recorded. Should such circumstances occur, the performance of the Group may be adversely affected.

■ Procurement of parts and materials

While the Group strives for stable procurement of parts and materials by purchasing from multiple suppliers and diversifying procurement locations, certain parts and materials may be procured from a single supplier on a temporary basis due to their specialty. In addition, there may be difficulties in procurement due to natural disasters or accidents that cause suppliers to suspend or interrupt their production activities. Should such unforeseen events occur impacting the production of the Group, the performance of the Group may be adversely affected.

■ Recruitment and development of human resources

As the Group operates its businesses globally, it has employees with a wide variety of nationalities, values, and expertise. The Group's medium- to long-term growth is highly dependent on these human resources, and securing and training talented employees at the right time is indispensable for the sustainable growth of the Group. Thus, if the Group were unable to recruit and train personnel who are well suited to the characteristics and growth stage of each Group company or who are capable of working in development, production, sales, maintenance, management, and other areas as planned over the medium to long term, the performance of the Group may be adversely affected.

Business Operation

■ R&D investment

The Group is an R&D-based enterprise and continues to invest in R&D aggressively. However, depending on the R&D themes, the development period could be longer, and the costs higher, than initially planned. If such circumstances were to occur, the performance of the Group may be adversely affected.

■ Intellectual property rights

The Group constantly conducts research on the products of other companies, in order to prevent infringements by the Group's products on material intellectual property rights of third parties, as well as those by third parties' products on the Group's intellectual property rights. However, it is difficult for an R&D-based corporate group like the Group to completely avoid the occurrence of intellectual property infringement issues. If such circumstances were to occur, the performance of the Group may be adversely affected.

Environment

■ Climate change

The Group recognizes climate change as a key issue for the Group, which operates globally, and is endeavoring to develop environmentally friendly products, taking into account the policies and legal requirements for climate change and the demands of the market. Thus, should these requirements become more stringent than anticipated, leading to increased costs, lost sales opportunities, or a decline in corporate value due to damage to corporate brands, the performance of the Group may be adversely affected. In addition, if extreme weather events such as typhoons and torrential rains, which have been on the rise in recent years due to climate change, or large-scale natural disasters such as earthquakes were to occur, the Group's business activities may be limited and the performance of the Group may be adversely affected.