



Segment Information

# Efficiency and Security for Diverse Industries

Glory is global—the world is interconnected, and so are we. Glory responds—to the individuality of security needs of our customers, combining the specific elements of speed, efficiency, and reliability they need to secure their business and serve their customers fully. Glory is flexibly structured—our business segments are organized to help us focus our common technologies to accommodate regional, industry specific, and business-specific solutions.



## Overseas Market

Glory's main customers in this segment include financial institutions, retailers, cash-in-transit companies, and casinos. Our flagship products include banknote recyclers used by tellers to process deposits and disbursements over the counter in financial institution branches, banknote sorters used by financial institutions and cash-in-transit companies to eliminate counterfeit currency and sort banknotes, and CASHINFINITY™ cash management systems for retailers. We also supply banknote recycling modules for ATMs on an OEM basis.

### Market Environment and Operating Results

There were signs of a trend toward the installation of self-service systems by financial institutions and retailers, especially in Europe and the U.S., which sought to rationalize their branch operations and improve efficiency in response to labor shortages. Glory pursued regional strategies shaped by the characteristics of local markets. Our main priorities were the capture of replacement demand for banknote recyclers for tellers in the financial market, and the expansion of sales of coin and banknote recyclers in the retail industry.

In the U.S., sales to financial institutions of banknote recyclers for tellers were slow, but there was a strong trend in sales of coin and banknote recyclers for the retail industry.

In Europe, a slow trend in sales to financial institutions of banknote recyclers for tellers contrasted with steady sales of coin and banknote recyclers to users in retail industry.

In Asia, sales of banknote sorters to financial institutions in China were similar to the previous year's level, while OEM sales of banknote recycle units for ATMs were slow.

Net sales in this segment in the year ended March 2020 amounted to ¥103,621 million, a year-on-year increase of 0.3%. Operating income was 11.6% higher at ¥9,780 million, mainly because of an increase in software sales resulting from the introduction of redesigned banknotes in Europe, and growth in maintenance sales.

### Strategies and Initiatives Going Forward

Financial institutions, especially in Europe and the U.S., are increasingly shifting to self-service operations. We will continue to strengthen our marketing of related devices, such as banknote recyclers. In the retail industry, we aim to expand sales of coin and banknote recyclers and other products, focusing primarily on

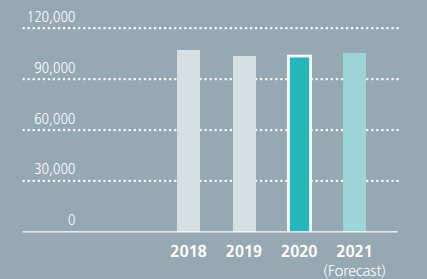
major world-leading retailers. In cooperation with the French company Acrelec Group S.A.S., which we acquired in April 2020, we will aim to generate early synergy benefits by targeting growth in sales of self-service kiosks, coin and banknote recyclers, and other products to restaurants, including quick service restaurants.

Contribution to  
Total Net Sales  
(Year ended March 31, 2020)

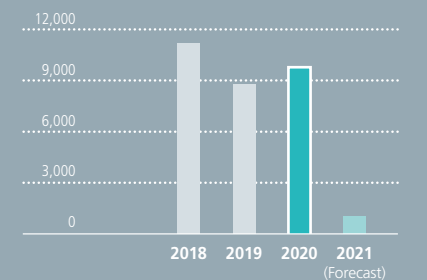
46.2%



Net Sales  
(Years ended March 31) (¥ million)



Operating Income  
(Years ended March 31) (¥ million)





Products for Financial Institutions

# Self-Service Products to Allow Branches to Operate With Reduced Staff



**TellerInfinity™**

Enhance proposals for branch solutions utilizing TellerInfinity operated by customers themselves

**Major functions**

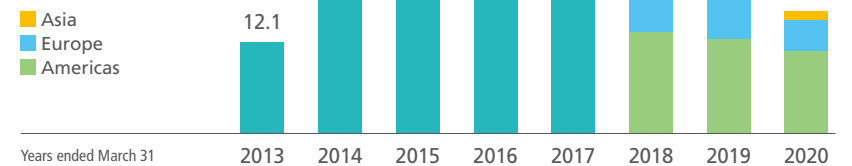
- Input/output of coins and banknotes
- Input/output of checks
- Internal/external money transfers
- Payment for utility and other bills



**Coin and banknote recyclers for tellers**  
Enhance proposals for branch solutions utilizing banknote recyclers for tellers

**Sales of coin and banknote recyclers for tellers**

(¥ billion)



Years ended March 31

Products for Retailers

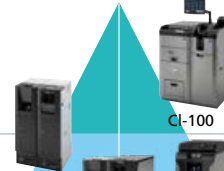
Thanks to the extensive lineup of CASHINFINITY series products, Glory can offer optimal cash management solutions to match the scale and format of any retail outlet. In addition to marketing of cash recyclers designed to improve the efficiency of back office cash management, we will also collaborate with Acrelec Group and the FinTech companies such as Cash Payment Solutions and SOCASH on the expansion of sales of coin and banknote recyclers for cashiers with enhanced self-service and automation capabilities. We will also explore various sales methods, such as rental and leasing.

## Creation of Synergies with Acquired Companies

**Sales expansion of retail products**  
< Wide product lineup >

**CASHINFINITY series**

Large-scale stores



Middle-scale stores



Small-scale stores



Front

Back office

**Building new business model**  
< Creation of early synergies >

**Acrelec (France)**

Servicing major brands including many of the largest quick service restaurant

- Expand sales by utilizing sales channels of Glory
- Create customer value by integrating with Glory's currency technology
- Realize new services through combined store management platform



**CPS (Germany)**

Development and provision of online cash settlement platform in Europe through POS registers in retail shops.



**SOCASH (Singapore)**

Development and provision of cash out service through POS registers in retail shops.







## Financial Market

Glory's main customers in this segment are financial institutions in Japan. Our flagship products include open teller systems, used to manage receipts and disbursements in branches, and coin and banknote recyclers for tellers to support banking processes. Other products include banknote changers installed in lobbies and other locations for use by customers. In addition to these flagship products, we also supply electronic data entry tablets that allow the paperless creation of forms, security storage systems for the storage and management of important forms and documents other than cash, and image scanners used to convert forms into digital data. We also supply OEM products to leading system manufacturers and other users.

### Market Environment and Operating Results

Financial institutions in Japan continue to prioritize improvements in the efficiency of branch operations. Glory sought to capture replacement demand in key product categories, including open teller systems and coin and banknote recyclers for tellers, while also working to expand sales of products for non-cash fields, such as self-service tax and utilities bill payment stations and security storage systems.

Sales of open teller systems and coin and banknote recyclers for tellers were slower because of the reaction from the large-scale demand having run its course. Sales of products for non-cash fields also slowed, in part because of the postponement of orders.

Total net sales in this segment were 25.4% lower year on year at ¥42,262 million.

Operating income declined by 51.0% to ¥3,314 million.

### Strategies and Initiatives Going Forward

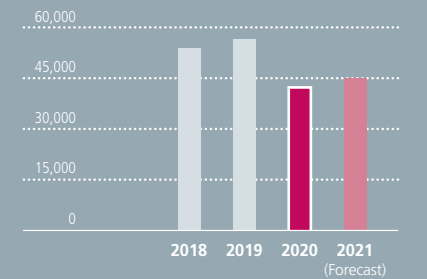
Within Japan, financial institutions are expected to accelerate innovations leading toward the creation of next-generation branches. Glory uses its accumulated expertise in the area of branch administration to offer next-generation branch concepts, while focusing on sales of products and services that reflect user needs. We will also target growth in sales of products for non-cash fields.

Contribution to  
Total Net Sales  
(Year ended March 31, 2020)

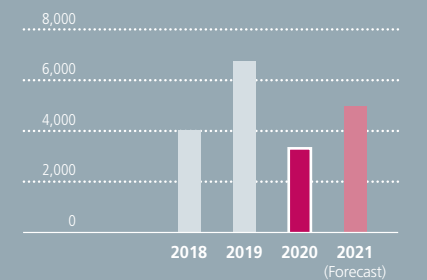
18.9%



Net Sales  
(Years ended March 31) (¥ million)



Operating Income  
(Years ended March 31) (¥ million)





# “EvolBranch” Concept – A 10-year Scenario for the Evolution of Japanese Financial Institutions

Glory has started to offer the “EvolBranch” concept as a specific scenario for the evolution of branches of financial institutions in Japan over the next 10 years. Through this concept, we aim to help financial institutions develop next-generation branches and further improve the efficiency of their banking operations, resulting in higher earnings for financial institutions and enhanced convenience for their customers.



**EvolBranch**  
The logo is the combined image of analogue and digital technologies.

## Three-step Proposal for Branch Optimization

### Step 1

### Smart Branch

(Branch image 1 to 3 years from now)

We will reconstruct branch networks, review customer traffic flow, reduce back office tasks, and strengthen operations by categorizing a branch into four types. We will also consider daily visitor numbers and site characteristics.

Types	Large Branches	Medium Branches	Small Branches	Automated Branches
Branch Category	Regional main branch, Full-service branch	Small transactions	Personal consultation	Self-service



A concierge is arranged for large and medium branches in order to understand the purpose of the customer’s visit and to provide appropriate guidance.



Install open teller systems and security storage systems to achieve branches with no tellers or vault. Also go paperless by adopting multi-document scanners to transmit business transactions to a centralized location.

### Step 2

### Digital Branch

(Branch image 6 years from now)

We will reduce office space, expand the lobby area, remove counters, and install a booth to perform various transactions while communicating with customers. Additionally, we will transform branches to enable business transactions and consultations.

### Step 3

### IoT Branch

(Branch image 10 years from now)

We will create an unmanned branch with the latest technologies. Robots provide customer guidance, while AI provides consultations for asset management.



## Retail and Transportation Market

Glory's main customers in this segment are supermarkets and cash-in-transit companies. Our main products for this market include coin and banknote recyclers for cashiers, which help to ensure rigorous cash management while also reducing checkout waiting times in supermarkets and other retailers, and sales proceeds deposit machines, which are used to manage proceeds in department stores and shopping malls.

Glory also supplies a range of products for railroad companies, including cash recyclers, which count and deposit cash received and dispense change at ticket counters, and coin-operated lockers.

### Market Environment and Operating Results

Solutions for labor shortages and adaptation to diversified payment methods were key priorities for companies in the Retail and Transportation Market in the year ended March 2020. Glory responded to this situation by marketing banknote recyclers and ticket vending machines to meet the growing demand for self-service systems. Sales of banknote recyclers for cashiers were slower in the wake of large-scale orders in the previous year, but there were strong trends in sales of ticket vending machines and sales proceeds deposit machines for use in the cash-in-transit market. Total net sales in this segment increased by 1.0% over the previous year's figure to ¥52,487 million, and operating income by 12.7% to ¥5,198 million.

### Strategies and Initiatives Going Forward

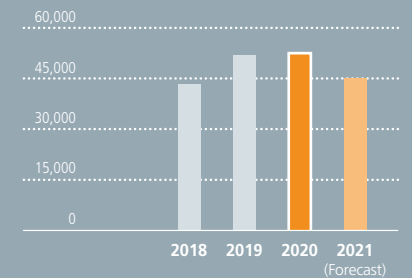
The spread of COVID-19 infections is expected to lead to further growth in demand for self-service banknote recyclers, ticket vending machines, medical payment kiosks, and other self-service systems. We will further expand our marketing of products and services in these areas. Another priority will be the expansion of the potential user base for banknote recyclers through the development of customers in new business categories and customers, in addition to our existing customer base.

Contribution to  
Total Net Sales  
(Year ended March 31, 2020)

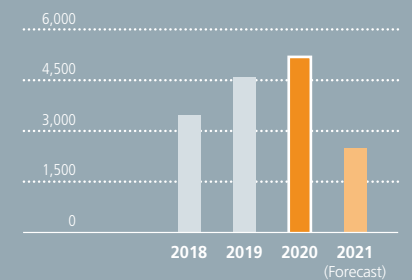
23.4%



Net Sales  
(Years ended March 31) (¥ million)



Operating Income  
(Years ended March 31) (¥ million)





RETAIL AND  
TRANSPORTATION MARKET  
TOPICS

## Products to Support Self-service and Automated Payment Systems

### For Retailers

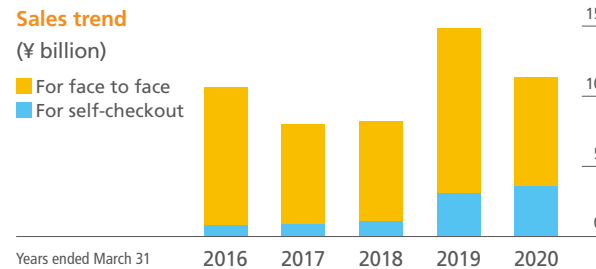
#### Coin and Banknote Recyclers for Self-checkout Terminals

Self-service payment systems based on Glory products help to reduce cash register waiting times in supermarkets, restaurants, bars, and specialty stores.



Sales trend  
(¥ billion)

■ For face to face  
■ For self-checkout

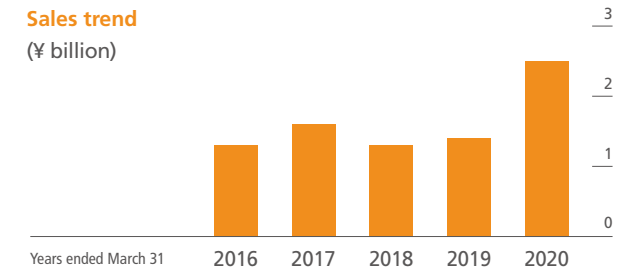


#### Ticket Vending Machines

Glory products are used to create self-service ordering and payment systems in restaurants, bars, and leisure facilities.



Sales trend  
(¥ billion)



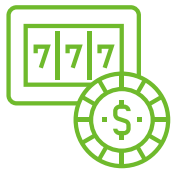
### For Medical Institutions

#### Medical Payment Kiosks

Glory supplies self-service payment systems for hospitals, pharmacies, and related facilities. We also propose solutions based on combinations of the products with our automatic post-care payment processing "Zero Waiting Time." This system allows patients to pay the doctor visit fee without waiting at the clinic for the bill.



\*This system utilizes the interfaces of medical payment kiosks and medical accounting systems. The patient's credit card details and other information are registered using a medical payment kiosk, allowing payments to be processed after treatment.



## Amusement Market

Glory's main customers in this segment are amusement halls (pachinko parlors). Our core products are peripheral equipment other than actual amusement machines, including pachinko ball/token dispensers and counters, pachinko prize dispensing machines, control computers, and pachinko card systems used to control sales in amusement facilities.

### Market Environment and Operating Results

In the amusement sector, a growing range of leisure activities and lower numbers of players are reflected in a decline in the number of pachinko parlors. Another fact leading to a gradual worsening of the business environment for pachinko parlor operators is the amendment of the Act on Control and Improvement of Amusement Businesses, requiring operators to install machines with a reduced gambling element. In the year ended March 2020, we responded to this situation through marketing efforts targeting card systems, which are Glory's main products in this segment, and peripheral equipment, such as pachinko prize dispensing machines.

Sales were slower in some product categories, such as card systems. However, there was a strong trend in sales of parlor equipment, especially smoking booths, which are being installed in pachinko parlors under the revised Health Promotion Act.

Net sales in this segment increased by 1.2%

year on year to ¥20,753 million. Operating income was 2.0% higher at ¥1,998 million.

### Strategies and Initiatives Going Forward

We will continue to work steadily toward closer collaboration with Group companies and partner companies, and the timely release of new products. We will also target further

sales growth by strengthening our capacity to propose solutions based on the use of our various products and services to improve the operating efficiency of amusement facilities. These efforts will focus in particular on card systems, which are our flagship products in this segment. At the same time, we will continue to monitor the activities of the government and related organizations.

### Pachinko Parlors



Pachinko parlors are casino-like recreation facilities unique to Japan. People go to pachinko parlors to amuse themselves by playing two types of game machines: "pachinko" and "pachislot." Pachinko machines resemble vertical pinball machines and pachislot machines are like casino slot machines.

As one of Japan's flagship leisure industries, pachinko and pachislot claims a major share of the country's leisure market. This market accounts for roughly 30% of the leisure market, revenues of ¥20.7 trillion,\* and 9.5 million players\*.

\*Source: White Paper on Leisure Industry 2019 Japan Productivity Center

Contribution to  
Total Net Sales  
(Year ended March 31, 2020)

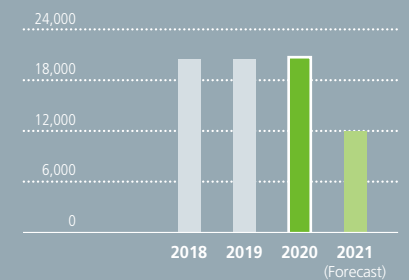
9.3%



### Net Sales

(Years ended March 31)

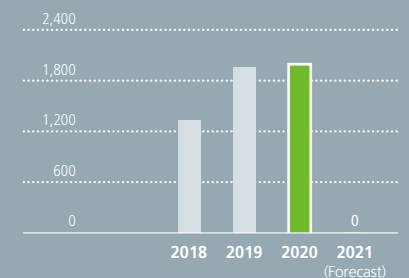
(¥ million)



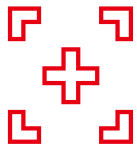
### Operating Income

(Years ended March 31)

(¥ million)







## Others

This segment consists of products not included in Glory's four reportable segments, as well as business activities relating to the creation of new business under Glory's Long-Term Vision 2028.

### Market Environment and Operating Results

We have devoted considerable effort to the creation of new solutions, including the development of personal authentication platforms based on biometric recognition technology, and the expansion of the scope of Glory's robotic system integration business.

Net sales in this segment in the year ended March 2020 reached 51.0% of the previous year's level at ¥5,045 million, and there was an operating loss of ¥2,364 million, compared with a loss of ¥1,521 million in the previous year.

### Strategies and Initiatives Going Forward

In the area of personal authentication, we are currently trialing a biometric payment service based on facial features and voice characteristics. We are working toward the early commercialization of this technology, which is tune with today's emphasis on touchless and contactless processes. We are also marketing a new walk-through facial recognition system that can recognize people even when they are wearing masks.

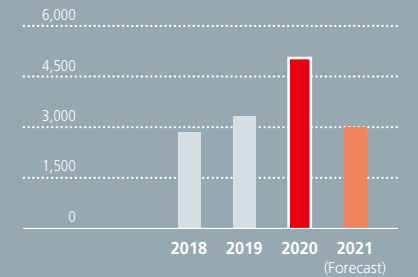
Our recognition and identification technology is also used in our robotic integration business. We will step up our marketing in this area in anticipation of accelerating moves toward the reduced use of human workers in production operations with the aim of enhancing security and safety. Other priorities include the acquisition of data analytics expertise as a new core technology, as well as strategic investment in new business creation and expansion of our business areas.

Contribution to  
Total Net Sales  
(Year ended March 31, 2020)

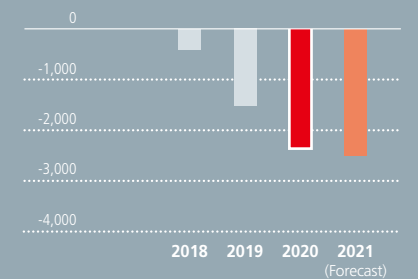
2.2%



Net Sales  
(Years ended March 31) (¥ million)



Operating Income  
(Years ended March 31) (¥ million)



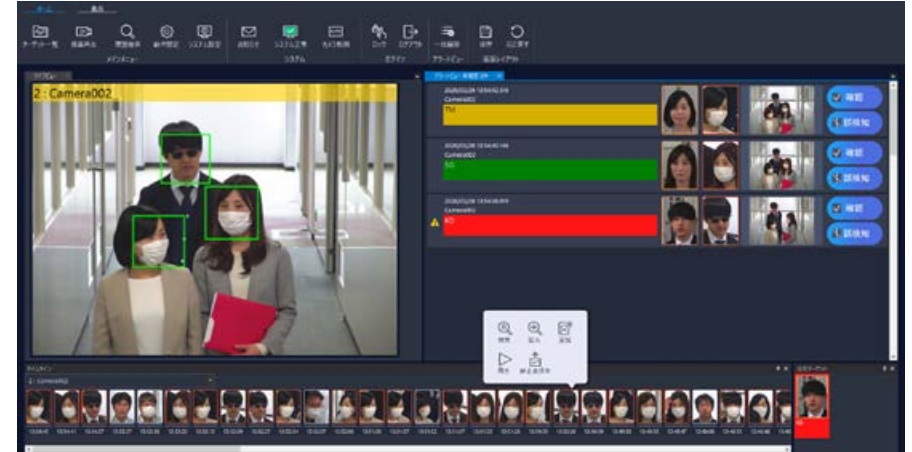
OTHERS  
TOPICS

01/

## New Facial Recognition Engine



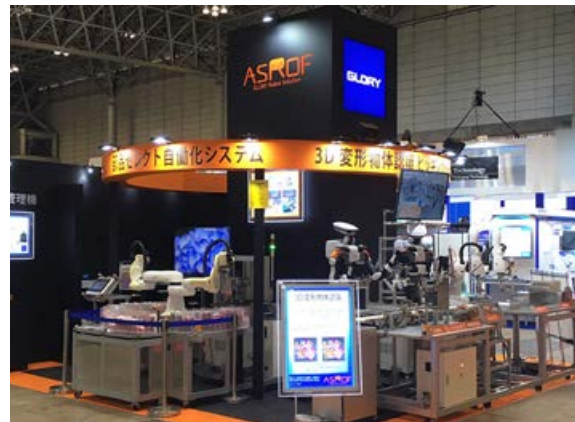
**G**lory has developed a new facial recognition engine capable of recognizing stored facial data with high accuracy even when the subjects are wearing masks or sunglasses. By using a deep learning method, we have achieved a 10-fold improvement in the accuracy with which this system can recognize individual characteristics, such as the shape of the eyes, the temples, the forehead, or bridge of the nose. In June 2020, we commenced marketing of a walk-through recognition system incorporating this engine.



In-action snapshot of Glory's walk-through facial recognition system

02/

## Robotic System Integration Business



NEXTAGE\*1 and duAro2\*2 assembling, packing, and sealing boxes

**S**ince April 2017, we have been working toward the establishment of a robotic system integration business capable of providing total solutions encompassing all stages from the creation of automated production lines and the installation of peripheral facilities to after-service. We call this system "ASROF" (Automation Smart Robot for Future).

We are currently proposing solutions that focus on product picking and packaging. Key targets include companies in the cosmetics, pharmaceutical, and food industries.

\*1 "NEXTAGE" is a humanoid robot developed by Kawada Robotics Corporation, Inc.

\*2 "duAro2" is a dual-arm collaborative SCARA robot developed by Kawasaki Heavy Industries, Ltd.