



## 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

Financial institutions and retailers, especially in North America and Europe, responded to rising labor costs, the shift to digital technology, and other factors by working to reduce operating costs through efficiency improvements and the rationalization of branch operations.

In the year ended March 2019, Glory's business operations in this environment were based on regional strategies shaped by the characteristics of local markets. Our main goals were to capture replacement demand for banknote recyclers for tellers in the financial institutions of each country, and to expand sales of CASHINFINITY cash management systems for retailers.

In the Americas, sales of banknote recyclers for tellers in financial institutions were slow, while prolonged sales negotiations and other factors pushed down sales of CASHINFINITY.

In Europe, replacement demand from

financial institutions drove steady sales of banknote recyclers for tellers. However, sales of CASHINFINITY were somewhat slower.

In Asia, strong product sales to financial institutions in Indonesia and India contrasted with slower sales to Chinese financial institutions. OEM sales benefited from steady sales of banknote recycling modules for ATMs, but sales of banknote and check deposit modules for ATMs weakened.

As a result of these trends, net sales for this segment in the year ended March 2019 declined by 3.3% to ¥103,287 million. Operating income was 21.5% lower at ¥8,761 million, in part because of deterioration in the product mix.

### Strategies and Initiatives Going Forward

We will continue to market banknote recyclers for tellers and other products to financial institutions to take advantage of

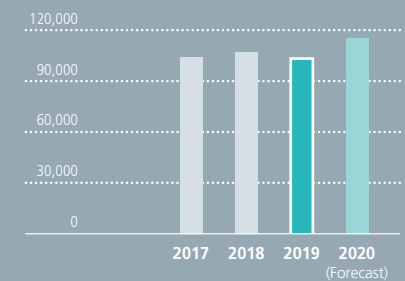
an accelerating shift toward self-operation systems, especially in the Americas and Europe. In the retail industry, we will work to enhance our marketing capabilities and expand sales by targeting major retailers in the United States and elsewhere. We will also pursue dynamic M&A strategies and other initiatives with the aim of accelerating the growth of our overseas business operations.

Contribution to  
Total Net Sales  
(Year ended March 31, 2019)

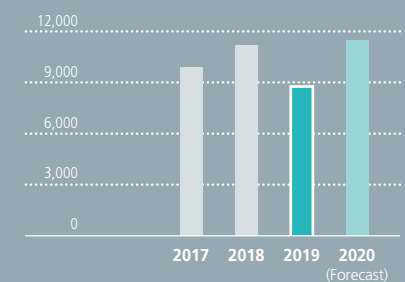
43.8%



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



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





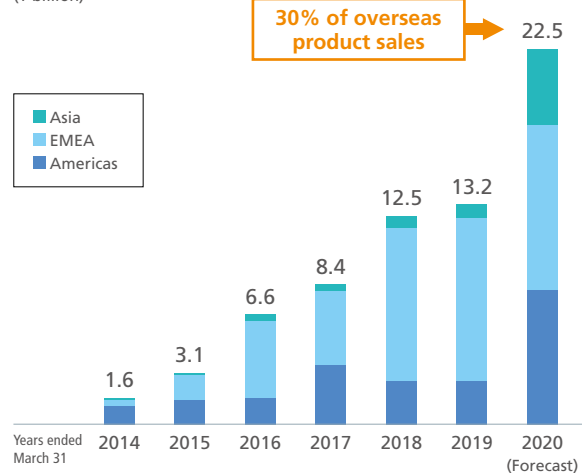
## New Model in the CASHINFINITY™ Series — Suitable for Various Store Formats, from Big Retailers to Small, Individual Businesses

Marketing for the CI-5, the small cash recycling system developed by Glory, began in earnest in 2019. By expanding our product lineup, we are able to offer optimized cash handling solutions to suit the scale and type of retail operations.

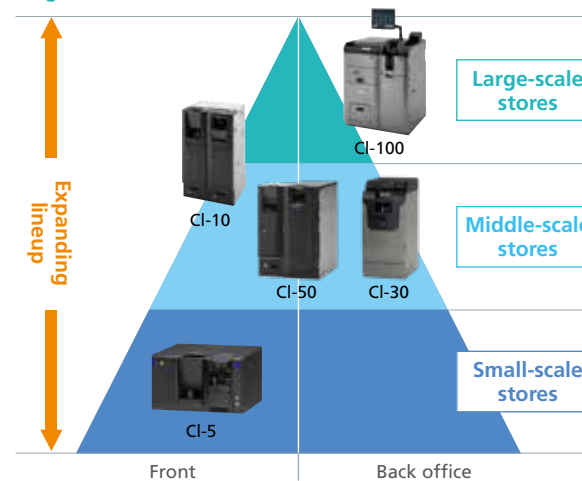
Glory will explore a variety of potential marketing approaches, including rental and leasing arrangements, with the aim of further expanding sales of products in its CASHINFINITY series.

### Sales trend of retail products (CI series)

(¥ billion)



### Target stores



### Case Study

## CI-5 in Italy



### Antonio Gaeta

CASHINFINITY Product Manager  
Sitrade Italia S.p.A.

Italy has many small retailers, such as bars, tobacco shops, and cafés. These outlets need to process numerous small cash transactions, and because of the time required for manual processing of these transactions, queues tend to form at the cash registers. For this reason, we selected Italy as the first country in which to market the CI-5 as an answer to the need for improved efficiency in the cash management processes of small retailers.

CI-5 systems were recently installed by the My Chef café chain to receive cash and make change for items rung up by staff at the counter. These self-service systems have been welcomed as a hygienic and efficient way to handle transactions.

We will continue to respond to growing market needs by proposing solutions based on CASHINFINITY technology for a variety of retail outlets.



A My Chef café chain outlet in Italy



## 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.

The financial market is our main market segment in Japan. We have built market shares of 60% or higher for our core products.

### Market Environment and Operating Results

Financial institutions responded to challenges in their business environment by targeting further improvements in the efficiency and rigor of branch operations. Our priority in this environment was the expansion of sales of open teller systems and coin and banknote recyclers for tellers. We achieved strong sales in these product categories by capturing replacement demand from financial institutions. In the non-cash category, we recorded excellent sales of security storage systems.

Net sales in this segment amounted to ¥56,636 million, a year on year increase of 4.9%. Operating income was 67.3% higher at ¥6,764 million.

### Strategies and Initiatives Going Forward

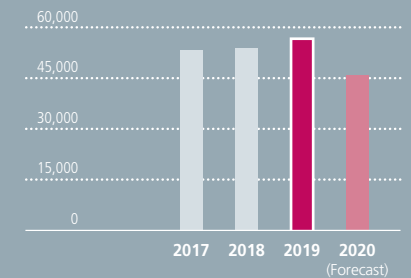
Financial institutions in Japan are reviewing the role of branches as they adopt new channels for interaction with customers, such as Internet banking. We expect this trend to result in accelerating innovation toward the development of next-generation branches. We aim to expand our sales by using Glory's accumulated expertise in the area of branch operations to propose new concepts for these next-generation branches and create products and services to meet new needs.

Contribution to  
Total Net Sales  
(Year ended March 31, 2019)

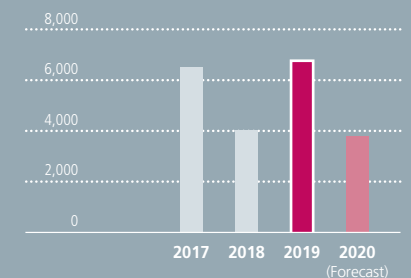
24.0%



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.

## Segment Information



## 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

In the Retail and Transportation Market, we are responding to the increasing demand for mechanization solutions, specifically for the alleviation of labor shortages and finding more efficient ways to handle complex cash management processes. In the year ended March 2019, Glory worked in this environment to expand sales of coin and banknote recyclers for cashiers for use in convenience stores and other outlets.

In addition to the introduction of coin and banknote recyclers for cashiers in convenience stores, we also made strong progress toward the development of new customers, such as specialty retailers. Sales of sales deposit machines to cash-in-transit companies were also strong thanks to our success in capturing replacement demand for these products.

As a result, net sales in this segment were 20.3% higher year on year at ¥51,985 million.

Operating income increased by 32.7% to ¥4,611 million.

### Strategies and Initiatives Going Forward

We anticipate that retailers will continue to invest in equipment and facilities in order to compensate for labor shortages, streamline cash handling operations, and adapt to non-cash payment methods. Our strategy in this environment will be to expand the use of our coin and banknote recyclers, not only by focusing on our existing customer base, but also by developing new business areas and cultivating new customers. We will also target sales growth in non-cash business areas, such as electronic payment systems for credit cards, electronic money and debit cards, and electronic payment services.



### TOPICS

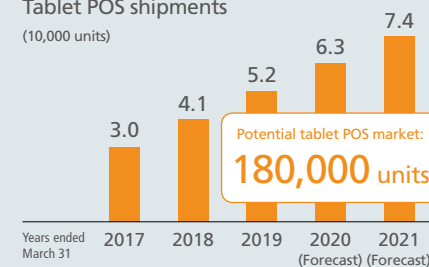


### Increasing Our Presence in the Tablet POS Market

An increasing number of restaurants and other small retail outlets are adopting tablet POS registers. We expect this trend to continue in the future because these systems are much easier to install compared to the conventional POS cash register systems. We aim to improve settlement efficiency by integrating tablet POS checkout systems with our coin and banknote recyclers for cashiers.

### Tablet POS shipments

(10,000 units)



Contribution to Total Net Sales  
(Year ended March 31, 2019)

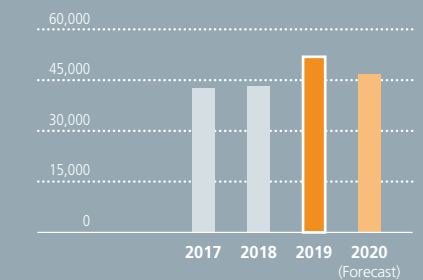
22.1%



### Net Sales

(Years ended March 31)

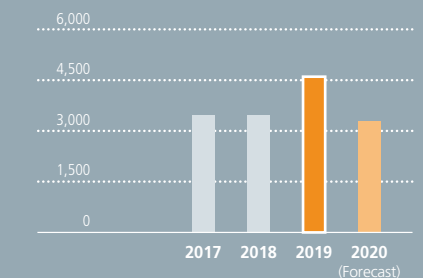
(¥ million)



### Operating Income

(Years ended March 31)

(¥ million)



## Segment Information



# Amusement Market

Glory's main customers in this segment are amusement hall (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

A key trend in the Amusement Market is a decline in the number of pachinko parlors because of the diversification of leisure activities, a shrinking player population, and other trends. Another factor that is having a negative impact on the business environment for pachinko parlors is the amendment of the Act on Control and Improvement of Amusement Businesses, etc., which now requires operators to install pachinko machines with a reduced gambling element. In the year ended March 2019, Glory continued its efforts to expand sales of its card systems—which is one of its major products for this sector—prize dispensers, and other peripheral equipment used in pachinko parlors.

Replacement demand was reflected in firm sales of card systems, and sales of pachinko prize dispensing machines were also strong. However, sales of ball/token counters were slower.

Net sales in this segment were 0.3% lower year on year at ¥20,511 million, while

operating income increased by 47.2% to ¥1,959 million.

## Strategies and Initiatives Going Forward

We will continue to work steadily toward our key goals for this segment, including closer collaboration with group companies and partner companies, and the timely release of new products. We also aim to expand sales

by proposing better solutions that improve the efficiency of amusement facilities through combinations of multiple products and services, including our flagship range of card systems. We will also continue to monitor moves by 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, with revenues of ¥20.4 trillion, and 9.0 million players. (Source: White Paper on Leisure Industry 2018 Japan Productivity Center.)

Contribution to  
Total Net Sales  
(Year ended March 31, 2019)

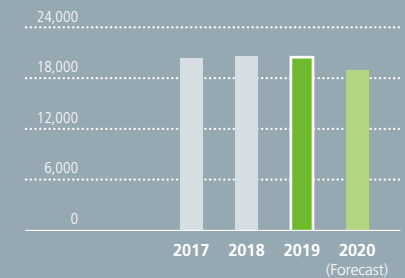
8.7%



### Net Sales

(Years ended March 31)

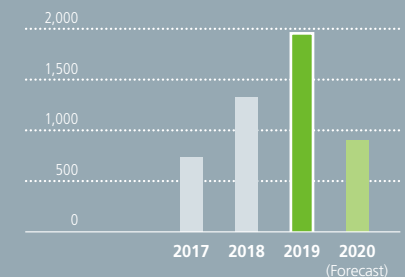
(¥ million)



### Operating Income

(Years ended March 31)

(¥ million)





## Segment Information



## 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 undertook various initiatives toward the creation of new solutions in the personal identification and authentication business, including the establishment of a capital and business alliance with FueTrek Co., Ltd. In the robotic system integration business, we responded to the need for production line automation, especially for manufacturers of cosmetics, pharmaceuticals, and food.

Net sales in this segment increased by 17.4% year on year to ¥3,341 million. There was an operating loss of ¥1,521 million, compared with an operating loss of ¥403 million in the previous fiscal year.

### Strategies and Initiatives Going Forward

In the personal identification and authentication business, we will aim to achieve early commercialization by combining the technologies and expertise of Glory and FueTrek. Our strategy for the robotic system integration business calls for expansion of sales channels through collaboration with other companies, so that we develop new customers by capturing opportunities for sales negotiations.

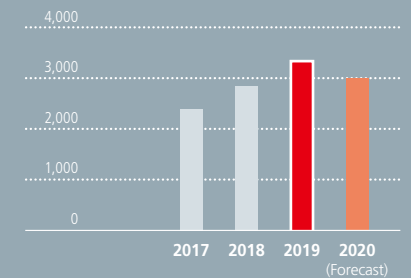
We will continue to invest strategically in the creation of new businesses and the expansion of our business areas, while also focusing on the acquisition of data analytics technology as a new core technology.

Contribution to  
Total Net Sales  
(Year ended March 31, 2019)

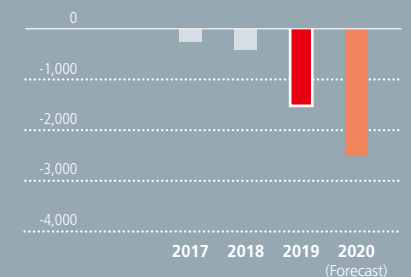
1.4%



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



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





01

## Personal Identification and Authentication Business



**G**lory was ranked third in the “Resolution of Tokyo Residents’ Needs” category of the Tokyo Financial Awards\*<sup>1</sup> with a proposal for a customer verification platform designed to improve the efficiency of verification processes in financial institutions and retail stores.

Based on a smartphone application, the system would combine facial recognition and speech recognition\*<sup>2</sup> to enhance the accuracy of online personal identification. This would allow customers to carry out address changes and other processes without visiting a branch. As a first step toward the creation of this service, Glory is working to develop a biometric payment system. With biometric payment, customers will be able to make payments by using the application to verify their facial images and voices, which will be pre-registered on the platform. We plan to conduct a trial of the system during fiscal 2019 in employee welfare facilities within the Glory complex.



\*1 Tokyo Financial Awards

The Tokyo Metropolitan Government established this award program as part of its efforts to develop Tokyo as an international financial center. Awards are given to financial companies in recognition of the development and provision of innovative financial products and services that help to solve problems affecting Tokyo residents and meet their needs, and also in recognition of efforts to promote ESG investment.

\*2 The speech recognition technology was developed by FueTrek Co., Ltd.

02

## Robotic System Integration Business



NEXTAGE\*<sup>1</sup> and duAro2\*<sup>2</sup> assembling, packing, and sealing boxes

**S**ince April 2017, we have been working to establish a robotic system integration business based on Glory’s own production technology. The system, which we call “Automation Smart Robot for Future” (ASROF), encompasses automated production lines, peripheral equipment, and after sales service. Our main focus at present is product picking and packaging, and we are supplying a variety of related solutions.

\*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.