



Motozumi Miwa  
President

# Staying on Top of Changes Amid Uncertainty

## Our View of the Business Environment

### Growing Need for Labor-saving Systems Around the World

Glory's business environment has changed significantly over the past few years, and that trend will continue. In Japan, financial institutions are expected to close, consolidate branches, and shift to specialized branches run by small teams of employees. We also anticipate accelerating trends toward self-service, business process rationalization, and fewer staff. Overseas, an increasing amount of financial institutions in Italy and China are switching to self-service operations in their branches, and demand for self-service systems is also likely to expand in Europe, the U.S., and other markets.

There are also signs that the demand for labor-saving systems in retail outlets is growing. In Japan, more and more retailers are responding to labor shortages and the diversification of payment methods by introducing coin and banknote recyclers for cashiers and ticket vending machines. We are also predicting further growth in demand for coin and banknote recyclers for self-checkout terminals, ticket

vending machines, and self-service hospital payment systems, with the aim of preventing infections due to close contact. In other countries, there is already demand for systems to improve the efficiency and rigor of back office cash handling processes. We also anticipate growth in demand for contactless payment services, leading to an uptrend in the installation of coin and banknote recyclers for cashiers.

Once the COVID-19 pandemic has been brought under control, changes in people's value systems and behavior patterns around the world are likely to be accompanied by accelerating trends toward the reduced use and handling of cash by financial institutions and retail outlets, such as through cashless and touchless transactions and streamlined work processes. The Glory Group will continue to adapt appropriately to these changes, while contributing to the realization of a safe and secure society by providing products and solutions to solve the needs of our customers.

## Overview of Business Operations in the Year Ended March 2020

### Lower Sales and Income Due to a Reactionary Decline from Earlier High-level Demand in the Financial Market

In 2018, we announced Long-Term Vision 2028, which defines our vision for Glory as a leading company that enables a confident world for a better tomorrow. The year ended March 2020 was the second year of the 2020 Medium-Term Management Plan, which represents our first step toward the realization of this vision. We dynamically expanded our business operations under three policies: build foundations for realizing sustainable business management, strengthen collaboration with various partners to solve social issues, and realize higher productivity and robust corporate constitution that directly generate outcome.

Our financial results show sales growth in all segments except the Financial Market. The

reaction from the large-scale demand for open teller systems and banknote recyclers for tellers from major financial institutions having run its course resulted in lower sales and income compared with the previous fiscal year. In Japan, labor shortages were reflected in higher sales of ticket vending machines and sales proceeds deposit machines in the Retail and Transportation Market. Overseas, sales to financial institutions were slower, but the need for more efficient and rigorous ways to manage cash resulted in increased sales to retail industry. The impact of the COVID-19 pandemic on our financial results was negligible because the problem emerged in the second half of the fourth quarter.

## Progress under the 2020 Medium-Term Management Plan

### Growth Investment Targeted toward the Expansion of Overseas Business

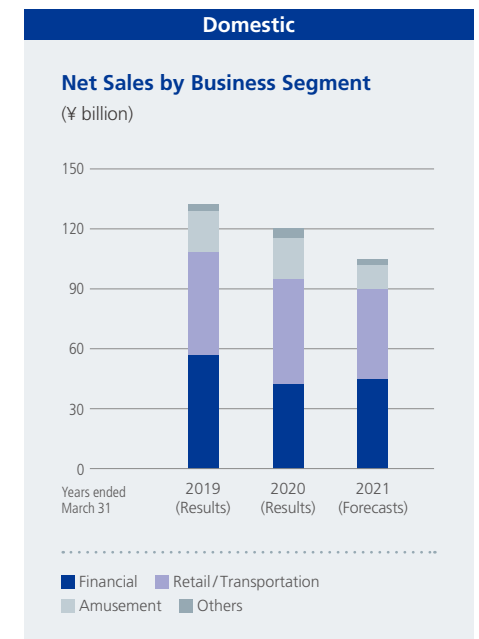
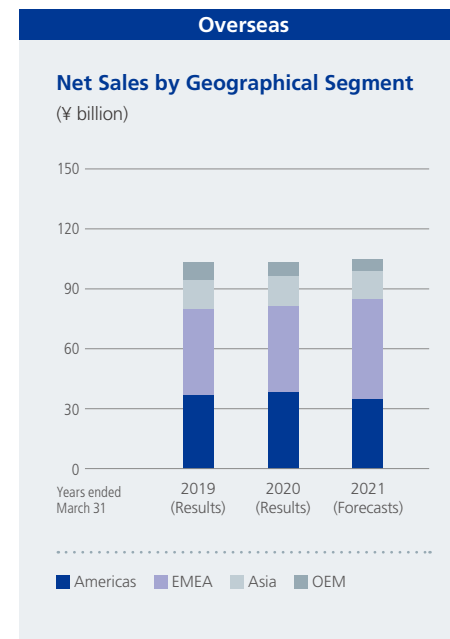
We were able to complete most of our planned initiatives in the year ended March 2020. We acquired the German company Cash Payment Solutions GmbH, which provides a cash settlement platform. We also invested in SOCASH PTE. LTD., a Singapore-based provider of cash out services. At a time when financial institutions are reducing the number of branches and ATMs, we aim to provide new social infrastructure in the

form of cash access points, while also increasing our sales of coin and banknote recyclers for cashiers. We also expanded and strengthened our direct sales and maintenance networks, including the acquisition of a sales and service provider in Mexico and the establishment of a local subsidiary in Austria.

Within Japan, our priority for the Financial Market was to capture replacement demand in

## Performance of the 2020 Medium-Term Management Plan

Years ended March 31	2019 (Results)	2020 (Results)	2021 (Forecasts)
Net Sales (¥ billion)	235.7	224.1	210.0
Operating Income (¥ billion)	20.5	17.9	6.0
Operating Margin	8.7%	8.0%	2.9%
ROE	6.5%	4.8%	1.3%
Exchange Rate	1USD=¥111 1EUR=¥128	1USD=¥109 1EUR=¥121	1USD=¥105 1EUR=¥120



Top Message

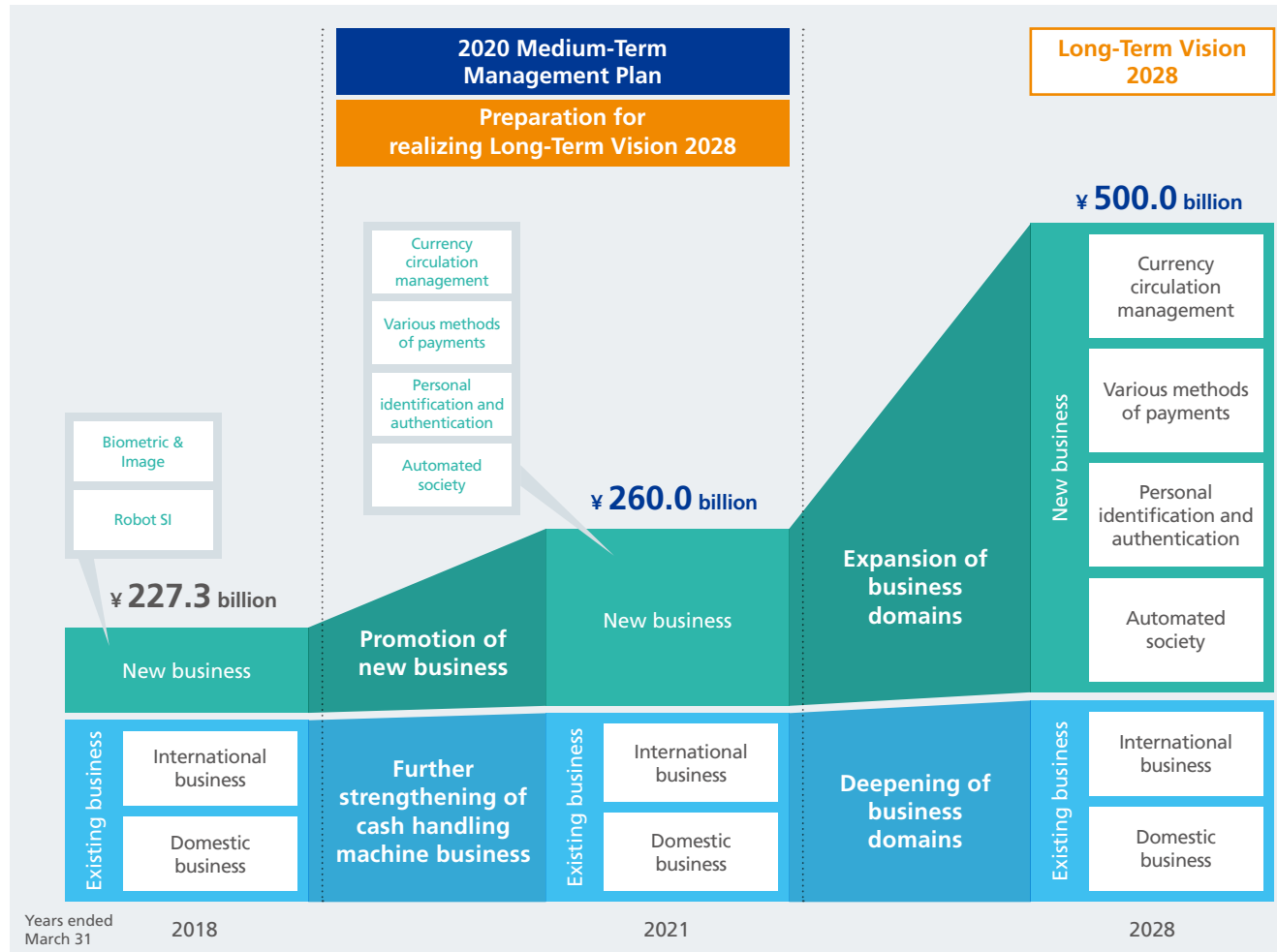
key product categories, such as open teller systems and coin and banknote recyclers for tellers. We also targeted increased sales of non-cash products, such as self-service tax and utilities bill payment stations and security storage

systems. In addition, we further enhanced our design proposal services in response to increasing demand for the introduction and expansion of the next-generation branch style concept. Within the Retail Market, we focused on marketing coin

and banknote recyclers for cashiers and ticket vending machines to meet increasing demand for self-service systems. In new business areas, we continued our efforts to create new solutions, including the development of personal

authentication platforms using biometric recognition technologies. We also expanded the robotic systems integration business.

Position of the 2020 Medium-Term Management Plan



Basic Policy of the 2020 Medium-Term Management Plan

<b>Policy 1</b> ..... <b>Existing Business</b>	<p><b>Build foundations for realizing sustainable business management</b></p> <ul style="list-style-type: none"> <li>● Overseas business Further growth of financial market and acceleration of retail business</li> <li>● Domestic business Promote solution proposals</li> </ul>
<b>Policy 2</b> ..... <b>New Business</b>	<p><b>Strengthen collaboration with various partners to solve social issues</b></p> <ul style="list-style-type: none"> <li>● Promote new business domains</li> <li>● Acquire new core technology</li> <li>● Proactive allocation of management resources for new business</li> </ul>
<b>Policy 3</b> ..... <b>Management Base</b>	<p><b>Realize higher productivity and robust corporate constitution that directly generate outcome</b></p> <ul style="list-style-type: none"> <li>● Work-style and operational reform to improve productivity</li> <li>● Organizational climate reform to realize open innovation</li> </ul>

## Priority Policies for the Year Ending March 2021

### Capturing New Demand in a Changing Environment

In the 2020 Medium-Term Management Plan, GLORY LTD. (the “Company”) set targets of sales of ¥260 billion and operating income of ¥25 billion for the year ending March 2021. However, because business activities are expected to be constrained due to the impact of COVID-19 infections, for the year ending March 2021 the Company forecasts sales of ¥210 billion, operating income of ¥6 billion, and net income attributable to owners of parent of ¥2.5 billion. Our Group will unite its strengths to achieve these performance targets and steadily implement the following measures.

Economic conditions in Japan and overseas are likely to remain harsh in the next fiscal year due to the impact of the global COVID-19 pandemic. We also anticipate a variety of social changes, including the increased use of labor-saving systems and a shift away from face-to-face business in order to prevent infection. In overseas financial markets, we will respond to this situation by promoting sales of self-service banknote recyclers and multifunction lobby self-service systems to financial institutions. In the overseas retail market, we will expand sales of CASHINFINITY™ cash recycling systems for tellers, especially to major global retailers. In April 2020, we acquired Acrelec Group S.A.S., a French company specializing in the manufacture and sales of self-service kiosks. By combining Acrelec Group’s non-cash solutions with Glory’s products and solutions, we will be able to create self-order systems for both cash and cashless operations. We will move quickly to achieve

major benefits by collaborating in a wide range of industries, including with global quick service restaurants, which are Acrelec’s major customers.

The goal for our Financial Market segment in Japan is the expansion of sales of products and solutions for use in creating next-generation branches through further rationalization of branch operations. For our Retail and Transportation Market segment in Japan, we anticipate increased demand for self-service products because of the combined impact of existing labor shortages and the emerging need for contactless systems in supermarkets and other retail outlets, and in hospitals. We aim to use these trends as an opportunity to expand sales of coin and banknote recyclers for cashiers, ticket vending machines, medical payment kiosks, and other products. Also, as the introduction of tablet POS registers continues to expand in retail outlets, we will focus on the development of a wider customer base for coin and banknote recyclers for cashiers through the development of relationships with new business categories and customers.

In new business areas, we look forward to expanding business opportunities for our robotic system integration business because of accelerating efforts to reduce labor requirements through the use of robots in production operations for pharmaceuticals, food, cosmetics, and other products. We are determined to achieve further business expansion by capturing demand created by these environmental changes.

“ We see the increased demand for self-service products due to labor shortages and a need for contactless systems. ”





“Under the new structure, we will work to strengthen supervisory functions and enhance decision-making processes.”

### Improving Corporate Value

## Promotion of ESG Management

The Glory Group aims to contribute to the creation of a sustainable society. To achieve that, we need to respond to social expectations in a number of areas, including the adoption of management systems based on environmental, social, and governance (ESG) perspectives, and the contribution to the solution of international issues through the achievement of the Sustainable Development Goals (SDGs). In 2018, we identified key CSR priorities, which we are now targeting through initiatives linked to the SDGs. In recent years, there has been increasing interest in recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). In this context, Glory recognizes climate change as a vital management issue that we need to

address in every country, region, and industry in which we are involved. We will continue to work proactively under the 2020 Medium-Term Management Plan.

In June 2020, Glory transitioned from a Company with Audit & Supervisory Board to a Company with Audit & Supervisory Committee. Under this new structure, we will work to strengthen the supervisory functions of the Board of Directors while further enhancing the speed and efficiency of our decision-making processes. We will also make further improvements to our corporate governance systems. We will continue to implement ESG management policies with the aim of achieving sustainable improvement in the corporate value of the Glory Group.

## Shareholder Returns

The dividend for the year ended March 2020 has been increased by ¥2 over the previous fiscal year to ¥66 per share. We regard shareholder returns as an important management priority. Our basic policy on profit distribution is to pay stable dividends while maintaining the financial resources needed for future business initiatives, and our target dividend payout ratio is 30% or higher. In accordance with policy, we have set the dividend for the year ended March 2020 at ¥66 per share. We plan to set the dividend for

the year ending March 2021 at ¥60 per share, a decrease of ¥6.

The Glory Group will continue to work toward further improvement of its corporate value by fulfilling its mission as a provider of social infrastructure, including cash handling equipment and services. We look forward to the continuing support and guidance of our stakeholders.

President *Motozumi Miwa*

### Trend of Annual Dividend and Payout Ratio

