GLORY Group
2023 Medium-Term Management Plan
(FY2021 ~ FY2023)
Review of 2020 Medium-Term Management Plan
(FY2018 ~ FY2020)
## Review of 2020 Medium-Term Management Plan

[Performance targets not achieved due to the spread of COVID-19]

- Domestic: Sales targets achieved for financial and retail & transportation markets, underpinned by brisk performance of maintenance services and the expanding needs for contact-free, self-service machines.
- Overseas: Sales targets not achieved due to prolonged business negotiations and COVID-19.
- New businesses: Business bases developed to prepare for growth.

### Performance Summary

<table>
<thead>
<tr>
<th></th>
<th>FY2018 (Results)</th>
<th>FY2019 (Results)</th>
<th>FY2020 Targets</th>
<th>Differences (¥billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong> (¥billion)</td>
<td>235.7</td>
<td>224.1</td>
<td>217.4</td>
<td>260.0</td>
</tr>
<tr>
<td><strong>Operating Income</strong> (¥billion)</td>
<td>20.5</td>
<td>17.9</td>
<td>14.2</td>
<td>25.0</td>
</tr>
<tr>
<td><strong>Operating Margin</strong> (%)</td>
<td>8.7</td>
<td>8.0</td>
<td>6.5</td>
<td>9.6 by 3.1pt</td>
</tr>
<tr>
<td><strong>ROE</strong> (%)</td>
<td>6.5</td>
<td>4.8</td>
<td>3.2</td>
<td>8.0 by 4.8pt</td>
</tr>
</tbody>
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### Exchange Rates

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<thead>
<tr>
<th>Exchange Rate</th>
<th>1USD</th>
<th>1EUR</th>
<th>1USD</th>
<th>1EUR</th>
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<tbody>
<tr>
<td>1USD</td>
<td>¥ 111</td>
<td>¥ 128</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1EUR</td>
<td>¥ 109</td>
<td>¥ 121</td>
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</table>

### Differences

- **Net sales**: ¥42.6 billion
- **Operating Income**: ¥10.8 billion
- **Operating Margin**: 3.1pt
- **ROE**: 4.8pt

- **2018 Results**: FY2018 (¥110 billion), FY2019 (¥120 billion), FY2020 (¥106 billion)
- **2019 Results**: FY2018 (¥121 billion), FY2019 (¥124 billion), FY2020 (¥109 billion)
- **2020 Targets**: FY2018 (¥110 billion), FY2019 (¥120 billion), FY2020 (¥124 billion)
- **2020 Results**: FY2018 (¥110 billion), FY2019 (¥120 billion), FY2020 (¥124 billion)

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- Domestic: Sales targets achieved for financial and retail & transportation markets, underpinned by brisk performance of maintenance services and the expanding needs for contact-free, self-service machines.
- Overseas: Sales targets not achieved due to prolonged business negotiations and COVID-19.
- New businesses: Business bases developed to prepare for growth.
## Review of Business Strategy

### Domestic Business

Respond to the market changes flexibly and promote solution proposals  
- Realization of next generation branch style, expansion of "non-cash" business sector -

<table>
<thead>
<tr>
<th>Regions</th>
<th>Key Measures</th>
<th>Review</th>
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</thead>
</table>
| Financial | • Expand sales of products that realize next generation branch style  
• Expand main financial product sales | - Expanded the self-service product line, etc. in line with customers’ visions for “next-generation stores”  
- Acquired large demand for main products, including WAVE and RB  
- Increased sales from maintenance services owing to system modifications required for the scheduled issuance of new 500-yen coins |
| Retail | • Expand sales of products for self check-out such as Coin and banknote recyclers for cashiers & Ticket vending machines  
• Expand “non-cash” business sector (electronic settlement, voucher processing, biometric authentication) | - Took advantage of the expanding needs for contact-free, self-service machines to expand sales of automated machines, including coin and banknote recyclers for cashiers and ticket vending machines  
- Launched the settlement fee business and automatic post-care medical payment processing |
| Amusement | • Increase profitability by strengthen solution proposal | - Sales decreased as capital expenditure was curbed due to COVID-19 |

### Overseas Business

Further growth of financial market by expanding business of self-operation machines & acceleration of retail business

<table>
<thead>
<tr>
<th>Regions</th>
<th>Key Measures</th>
<th>Review</th>
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</thead>
</table>
| Americas | (Financial) Wider use of banknote recycler for tellers and cultivation of “Self” market  
(Retail) Reinforce sales to back-office market and entry to front market | (Financial)  
U.S.: Business negotiations for new/replacement demand prolonged due to COVID-19  
Europe: Sales of self-service machines expanded despite sluggish TCR sales due to COVID-19 |
| EMEA | (Retail) Sales in the front market expanded on the back of increased need for self-service machines |
| Asia | (Financial) Expand sales of banknote recycler for tellers in main countries  
(Retail) Investment in potentially high-growth countries | (Financial)  
TCR sales slow in Singapore, China, and other key markets due to COVID-19  
(Retail) Retail sales expanded in Singapore, Australia, and other key markets |
Review of Business Strategy

【Total amount of strategic investments】FY2018-FY2019 : Approx.¥44.5 billion

1）Expanded and strengthened direct sales & maintenance network （Approx. ¥10 billion）
- Increased ownership ratio of Sitrade to 75%
- Acquired CTS Solutions, a distributor

(Italy)

2）Strengthened retail market （Approx. ¥32 billion）

<table>
<thead>
<tr>
<th>Acquisition /Alliance</th>
<th>Company</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acreelec Group S.A.S</td>
<td>ACRELEC</td>
<td>¥24.2 billion</td>
</tr>
<tr>
<td>viafintech</td>
<td>viafintech GmbH</td>
<td>Not available</td>
</tr>
<tr>
<td>SOCASH PTE. LTD</td>
<td>SOCASH</td>
<td>Not available</td>
</tr>
<tr>
<td>FueTreK</td>
<td>FueTreK</td>
<td>Not available</td>
</tr>
<tr>
<td>AdInte</td>
<td>AdInte</td>
<td>Not available</td>
</tr>
</tbody>
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3）Promoted new business domain （Approx. ¥3.5 billion）
- Added value to core businesses (short-/long-term)
- Created a new business model (mid-/long-term)
- Promoted automation (short-/mid-term)

2023 GLORY Group

BIC
Business Innovation
Center

Robot

Synergies

- Expansion of sales of Coin and banknote recyclers for cashiers to largest quick service restaurant
- Expansion of sales by utilizing sales channels of both Acrelec & Glory
- Realize new services through combined Glory’s technology & Etc.

Solutions

- Store management platform
- Non-cash payment
- Customer experience

- Expansion of cash access points
- Providing a cash payment platform for e-commerce

- Utilizing voice recognition technology
- Provision of CRM

- Provision of analyses & recommendations concerning the improvement of customer service & business flows in retail stores
- Provision of solution services based on the use of data analytics technology combining AdInte’s data & data from Glory’s products.

Etc.

- Customer and store analysis and proposal for new services
- Improving the ability to attract customers by providing various ordering methods to restaurants

- Expansion of sales of Coin and banknote recyclers for cashiers & Banknote recyclers.
- Expansion of customer base
- Realization of low-cost cash cycle

- Provision various payment methods
- Provision a high-quality personal authentication system by combining image recognition technology and voice recognition technology

- Provision of analyses & recommendations concerning the improvement of customer service & business flows in retail stores
- Provision of solution services based on the use of data analytics technology combining AdInte’s data & data from Glory’s products.

Etc.

- Attracting customers of retail & hospitality industry through data collection & analysis
- Web targeting ads

- Improving the ability to attract customers by providing various ordering methods to restaurants

Etc.
2023 Medium-Term Management Plan
(FY2021 ~ FY2023)
Build stable revenue base by maintaining/expanding sales, and by innovating business processes

New business domain: Expand and commercialize new business domain

Growth together: Make core and new business domains grow together
Direction of Growth Strategy

Aim at continuous growth and business expansion by core and new businesses powering growth together

**New business**
Challenge to new domain utilizing technology and know-how that cultivated in core business domain

**Extension from core business domain**
Extension to business domain with high affinity for core business

**Expansion of core business**
Expanding business by expanding markets and extension of lineup

**IoT of products**

- Robot business
- Online cash settlement platform
- Digital banking platform
- Digital service
- Kiosk business
- Pickup locker

**Development of retail market**

- Expansion of market in emerging countries
- Expansion of front / lobby market

**Shift of business model**

- Confidence in currency circulation
- Biometric and image-recognition businesses (medical/nursing)
- Biometric and image-recognition businesses (security)
- Next-generation store solution
- Electronic settlement business
- Automatic post-care medical payment processing “Zero waiting time”

**Core business domain**

- TCR
- WAVE
- CI

**New business domain**

- BioCheck・BioPay (personal identification platform / empty-handed settlement service)
- Biometric and image-recognition businesses (security)
- DMP business
- Business support app for store staff

**Red letters**: non-cash products/services
**Black letters**: cash-related products/services
Core and New businesses powering growth together

- Accelerate business growth to develop “next generation”
- Maximize core business profits by innovation
- Establish management base to support sustainable growth
- Contribute to the sustainable growth of society and promote measures to improve corporate value

Concept

Basic Policy

Management Base

Sustainability Policy

Business Strategy

Performance Targets

FY2023

<table>
<thead>
<tr>
<th>Net sales</th>
<th>Operating income</th>
<th>ROE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before amortization of goodwill</td>
<td></td>
<td></td>
</tr>
<tr>
<td>After amortization of goodwill</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Net sales**
  - New business domain: ¥300 billion
  - After amortization of goodwill: ¥40 billion

- **Operating income**
  - Before amortization of goodwill: ¥35 billion
  - After amortization of goodwill: ¥30 billion

- **ROE**
  - Before amortization of goodwill: 12.0% or more
  - After amortization of goodwill: 9.5% or more

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12.0% or more

¥300 billion

¥35 billion

¥30 billion

9.5% or more
## Basic Policy / Key Initiatives

### Business Strategy

#### I. Accelerate Business growth to develop "next generation"
- Expand business domain having a high affinity with core business domain (kiosk services, data management platform <DMP>, electronic settlement, etc.)
- Improve profits in biometric/image recognition business and robot business by utilizing the sales channels of domestic business

#### II. Maximize core business profits by innovation
- Provide the product/service lines that cater to the need for contact-free, self-services devices
- Release the latest-model products, including teller cash recyclers (TCRs) and coin and banknote recyclers for cashiers
- Seize the replacement demand to coincide with new banknotes issue in Japan

#### III. Establish management base to support sustainable growth
- Enhance cash-generating ability to support growth investment and fulfilling shareholder returns
- Promote DX for speedy management decisions such as by introducing a new ERP system
- Improve employee engagement

### Management base

### Sustainability Policy

- Contribute to the sustainable growth of society and promote measures to improve corporate value
- Reduce CO2 emissions by 15% (vs. fiscal 2013) to contribute to decarbonized society
- Respect human rights and diversity
- Strengthen corporate governance

### Main products/services

- Coin and banknote recyclers for cashiers
- Open teller systems
- GLR-series
Performance Target by Business Segment

**Operating margin**
- **Domestic business** (vs FY2020)
  - **FY2020**: 6.5%
  - **FY2023 (Target)**: 10.0%
  - **Change**: +3.5pt.
- **Overseas business** (vs FY2020)
  - **FY2020**: 104.7
  - **FY2023 (Target)**: 150.0
  - **Change**: +43.3%

**Net sales** (¥billion)
- **Domestic business** (vs FY2020)
  - **FY2020**: 112.7
  - **FY2023 (Target)**: 150.0
  - **Change**: +33.1%
- **Overseas business** (vs FY2020)
  - **FY2020**: 217.4
  - **FY2023 (Target)**: 300.0
  - **Change**: +43.3%

**Operating margin (vs FY2020)**
- **Domestic business**: 6.5%
- **Overseas business**: +43.3%
**Overseas Business Strategy**

**Expanding Beyond Cash!!**

**Sales by geographical segment (¥billion)**

- New business domain
- OEM
- Asia
- EMEA
- Americas

<table>
<thead>
<tr>
<th>FY2020(Results)</th>
<th>FY2023(Target)</th>
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<tbody>
<tr>
<td>New business domain</td>
<td>150.0</td>
</tr>
<tr>
<td>New business domain</td>
<td>32.0</td>
</tr>
<tr>
<td>New business domain</td>
<td>5.0</td>
</tr>
<tr>
<td>New business domain</td>
<td>16.0</td>
</tr>
<tr>
<td>New business domain</td>
<td>47.0</td>
</tr>
<tr>
<td>New business domain</td>
<td>50.0</td>
</tr>
<tr>
<td>104.7</td>
<td>33.6</td>
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**[Retail] Key Initiatives**
- Expand sales of coin and banknote recyclers for cashiers capturing needs for self-services machines
- Enhance global expansion of back-office products
- Boost CI Series sales through integration with kiosks and digital services (UBIQULAR)

**[Financial] Key Initiatives**
- Expand sales of the latest model of TCRs
- Strengthen sales of self-service products/services (G200 Series, Teller Infinity, etc.)

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**Kiosk market growth potential**

*Five-year average growth ratio: 14% or higher (current as of 2018)*

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**USD**
- ¥106(Result)
- ¥110(Plan)

**EUR**
- ¥124(Result)
- ¥120(Plan)

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**Overseas Business Strategy**

**Expanding Beyond Cash!!**

**Sales by geographical segment (¥billion)**

- New business domain
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**Kiosk market growth potential**

*Five-year average growth ratio: 14% or higher (current as of 2018)*

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**USD**
- ¥106(Result)
- ¥110(Plan)

**EUR**
- ¥124(Result)
- ¥120(Plan)
Create added values and expand business domain centering on current customers

**Sales by business segment (¥billion)**

- **New business domain**
  - 0.8
  - 18.0
  - 57.0

- **Others**
  - 40

- **Amusement**
  - 150.0

- **Retail**
  - 112.7

- **Financial**
  - 48.7

**Key Initiatives**

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2020 (Results)</th>
<th>FY2023 (Target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail / Transport</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amusement</td>
<td></td>
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</tbody>
</table>

**Core business domain**

- **DMP** business
  - By combining IoT products and DMP, support promotion of DX at financial institutions, retailers, restaurants, etc.

<table>
<thead>
<tr>
<th>Core business domain</th>
<th>FY2020 (Results)</th>
<th>FY2023 (Target)</th>
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</table>

**Domestic Business Strategy**

- **Response to the issuance of new banknotes**
  - Fulfill the corporate mission of supporting social infrastructure
  - Seize replacement demand from the issuance of new banknotes

- **New business domain**

  - Strengthen solutions to self-service machines for next-generation stores
  - Create added value by introducing IoT technology to products utilizing B-LINK* (*Promote visualization of branches of financial institutions utilizing cloud-based services)

- **Retail / Transportation**
  - Expand sales of self-service machines catering to the market needs for contact-free, self-service operations
  - Expand the product line and make inroads into untapped markets by introducing new business models

- **Amusement**
  - Strengthen sales of products that support amusement machines reducing gambling elements

- **Electronic settlement business**
  - Expand sales of the settlement fee business and automatic post-care medical payment processing

- **Biometric/image recognition business**
  - Expand to new domains (healthcare, long-term care, railway, logistics, etc.) that utilizes biometric/image recognition technology

- **Robot business**
  - Provide total solutions by tapping into the customer base gained through the core business

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*DMP (Data Management Platform)*

A platform to utilize AI beacon of AdInite with which we have capital and business alliance, to conjugate, divide, and normalize various data of our own and from outside, and preserve and manage it.
New business domain

Performance Targets

New business domain ¥40.0 billion

Domestic
- Biometric/image recognition recognition businesses
- Electronic settlement business
- Robot business
- DMP business

Extension from core business domain

Overseas
- Kiosk business (Acrelec)
- Provide cash infrastructure in place of ATMs (viacash, etc.)
- Expand sales of new digital service solution using cloud service (UBIQULAR)

Extension from core business domain

Core business domain ¥260 billion

New business domain ¥40 billion
Capital and Financial Strategies / Investment Plan

- Adoption of IFRS assumed
- Enhance cash-generating ability to support growth investment and fulfilling shareholder returns

Measure (1) Maintain credit rating: A(R&I)
- Equity ratio: 50% or more
- D/E ratio: 0.6 or less
- Upper limit of procurement: 50 billion yen

Measure (2) Dividend policy
- Realize stable dividends
- Payout ratio before goodwill amortization of 30% or more (average in a period)

Measure (3) Flexible return policy
- Based on CF in consideration of balance with growth investment

Measure (4) Strategic investment
- Set roughly in the scale of actual results of 2020 Medium-Term Plan to be adjusted depending on the case

Measure (5) Capital expenditures
- Set roughly in the scale of actual results of 2020 Medium-Term Plan

Strategic investment for core and new business domains (including M&A)

- **Strategic Investment** (3 years total) ¥45.0 billion
  - 2020Mid-Term Plan 3 years total: ¥45.5 billion

Capital expenditure

- **Capital expenditure** (3 years total) ¥30.0 billion
  - 2020Mid-Term Plan 3 years total: ¥28.7 billion

R&D investment

- **R&D Investment** (3 years total) ¥45.0 billion
  - 2020Mid-Term Plan 3 years total: ¥41.9 billion
Shareholder Returns

【Change of Shareholder Return Policy】

Reason
・Change to payout ratio before goodwill amortization based on IFRS
・Continue stable dividends throughout the 2023 Medium-Term Management Plan period

Target
・Payout ratio before goodwill amortization of 30% or higher

(three fiscal years average during the 2023MTP period*)

* Total dividends paid over the three years / Three fiscal years total of "Net income attributable to owners of parent + Goodwill amortization"

Trend of annual dividend and payout ratio

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<tr>
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<td>52.6</td>
<td>32.2</td>
<td>44.5</td>
<td>66.0</td>
<td>66.0</td>
<td>(68)</td>
<td>(68)</td>
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Dividend payout ratio (%)
Annual dividend per share (Yen)

100th Anniversary Commemorative Dividend

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