

# Consolidated Financial Results for the fiscal year ended March 31, 2015

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### Notes

1. Amounts are rounded down to the nearest million yen for calculating percentages of year-on-year changes and composition ratios.
2. The forward-looking statements such as operational forecasts contained in this document are based on the information currently available to the company and certain assumptions which the company regards as legitimate, and are not promises regarding the achievement of forecasts. Actual performance may differ greatly from these forecasts due to various present and future factors. The factors includes changes in the economic conditions in the company's principal markets, changes in demand for the company's products, fluctuations of exchange rates, and impacts of changes in various regulations, accounting principles and practices. Please also take note that forecasts in this document may change without prior notice unless required by laws.



# Consolidated Financial Results for FY2014

**Net sales**

Higher than FY2013 thanks to growth of sales in the four segments, except the retail and transportation market, and the weaker yen.

**Income**

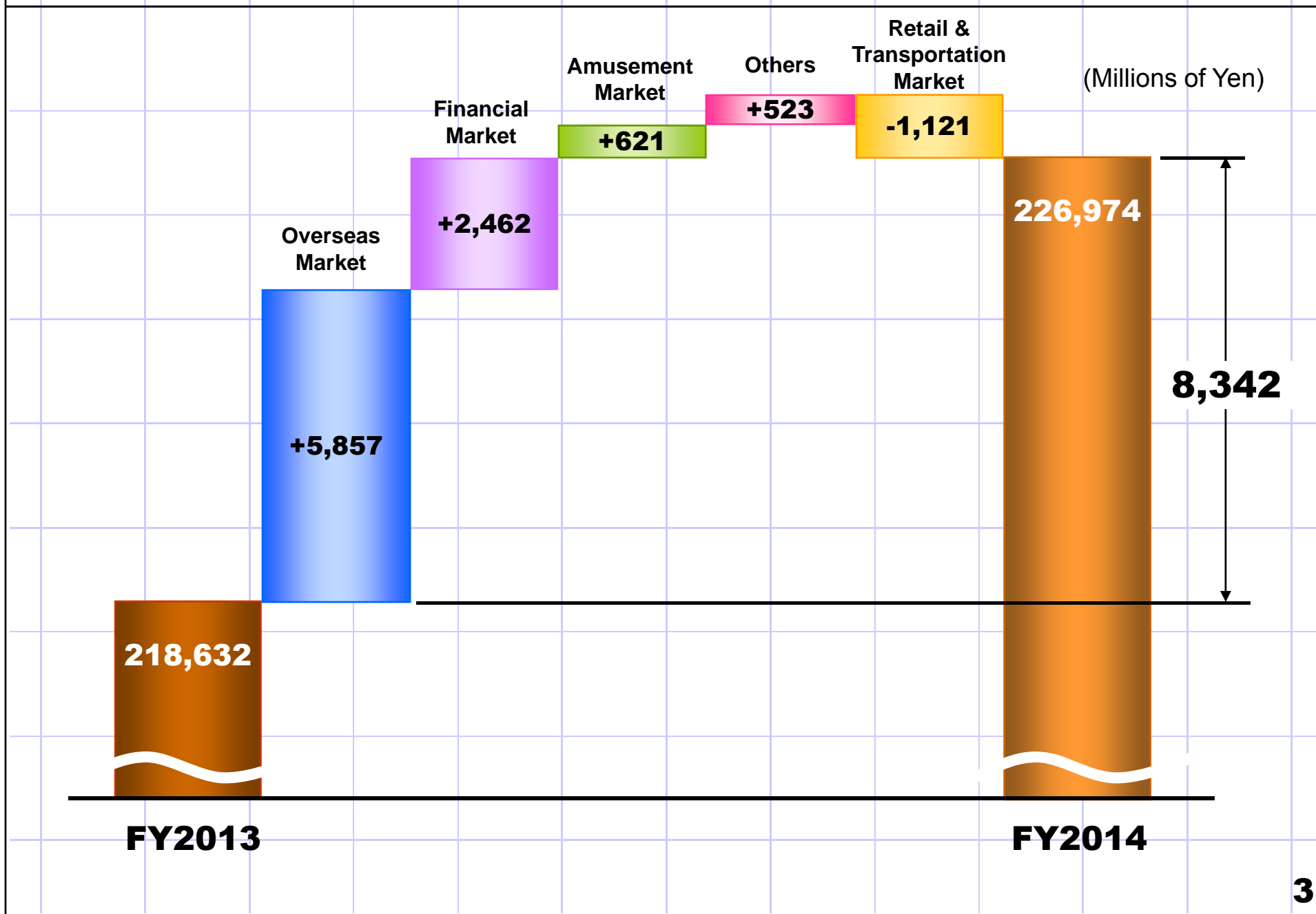
Higher than FY2013 thanks to growth of sales in the four segments, except the retail and transportation market, and declining SG&A expenses.

(Millions of yen)	FY2013		FY2014		Y-on-Y
		Ratio		Ratio	
Net Sales	<b>218,632</b>	100.0%	<b>226,974</b>	100.0%	<b>+3.8%</b>
Maintenance Services	<b>63,388</b>	29.0%	<b>64,569</b>	28.4%	<b>+1.9%</b>
Operating Income	<b>16,718</b>	7.6%	<b>19,179</b>	8.5%	<b>+14.7%</b>
Ordinary Income	<b>19,764</b>	9.0%	<b>22,606</b>	10.0%	<b>+14.4%</b>
Net Income	<b>9,939</b>	4.5%	<b>13,082</b>	5.8%	<b>+31.6%</b>
<b>EBITDA</b>	<b>31,135</b>	14.2%	<b>34,601</b>	15.2%	<b>+11.1%</b>

\*Exchange rate: US\$1 = ¥120, €1 = ¥146, £1 = ¥178

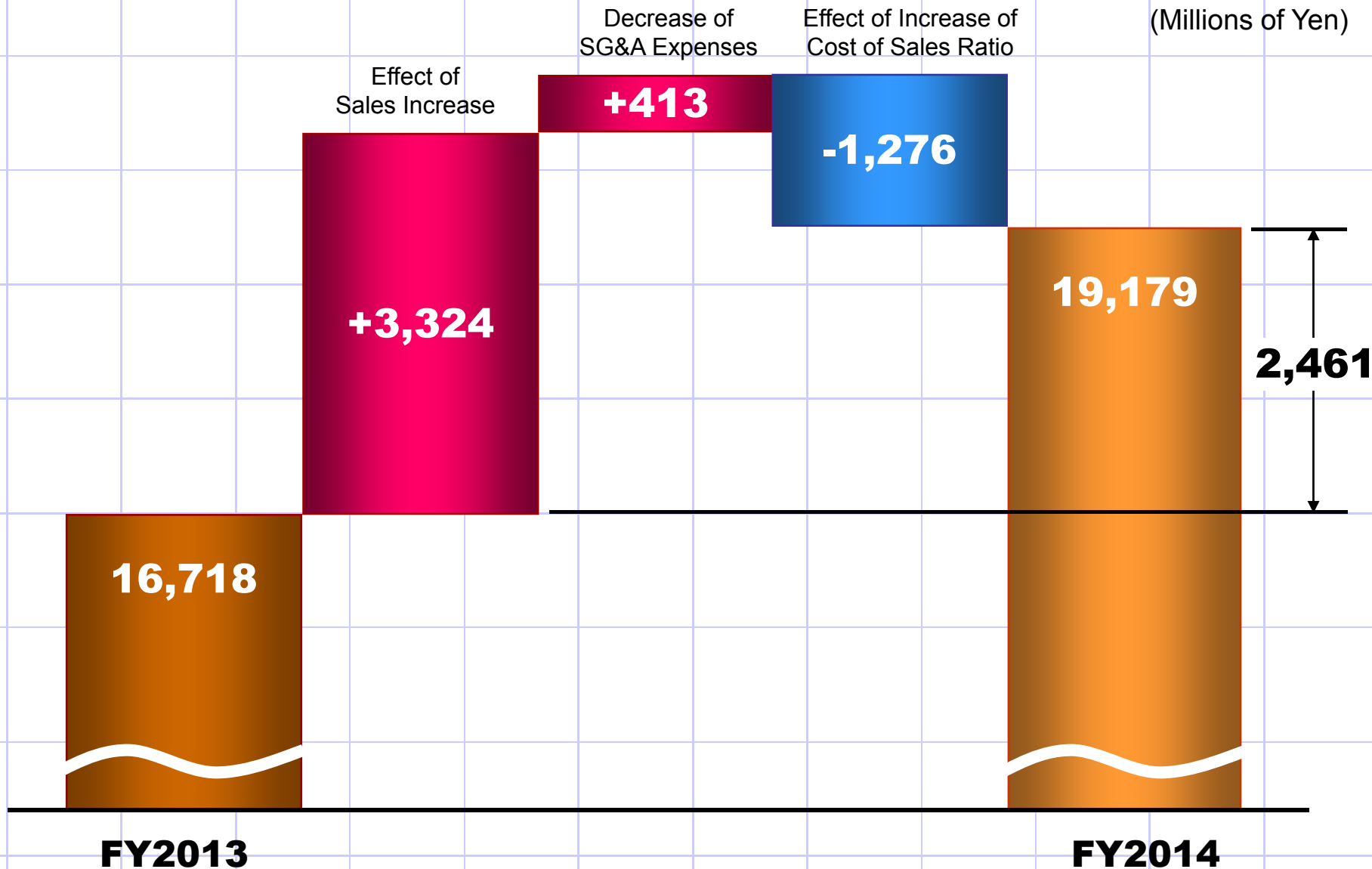
\*EBITDA=Operating income(loss) + Depreciation and amortization + Goodwill amortization

# Factors of Net Sales Change



# Factors of Operating Income Change

(Millions of Yen)










## **Details of Performance for FY2014**

## Sales &amp; Operating Income by Business Segment (Y-on-Y)

(Millions of Yen)

	Sales			Operating Income		
	FY2013	FY2014	Y-on-Y	FY2013	FY2014	Y-on-Y
 Overseas Market	103,002	<b>108,859</b>	<b>+5,857</b> +5.7 %	7,464	<b>8,542</b>	<b>+1,078</b> +14.4 %
 Financial Market	45,654	<b>48,116</b>	<b>+2,462</b> +5.4 %	4,031	<b>5,502</b>	<b>+1,471</b> +36.5 %
 Retail & Transportation Market	31,007	<b>29,886</b>	<b>-1,121</b> -3.6 %	3,516	<b>2,463</b>	<b>-1,053</b> -29.9 %
 Amusement Market	24,811	<b>25,432</b>	<b>+621</b> +2.5 %	1,948	<b>2,460</b>	<b>+512</b> +26.3 %
 Others	14,156	<b>14,679</b>	<b>+523</b> +3.7 %	-241	<b>210</b>	<b>+451</b> -
Total	218,632	<b>226,974</b>	<b>+8,342</b> +3.8 %	16,718	<b>19,179</b>	<b>+2,461</b> +14.7 %

## Strong sales of banknote recyclers

(Millions of Yen)

Although sales of “banknote deposit modules” for ATMs were sluggish, sales of this segment’s main product, “banknote recyclers,” were robust in the United States and Asia. Therefore, sales for the overall market were steady, with the added effect of the yen’s depreciation.

### Outline of the Segment

Sales and maintenance services to financial institutions, cash-in-transit companies, retail stores, casinos, OEM clients and others in overseas.

### Main Products



Banknote recyclers for tellers <RBG series>



Banknote sorters <UW series>



Banknote deposit units for ATMs <UD series>

	FY2013	FY2014	Y-on-Y
Sales	103,002	108,859	+5,857 +5.7 %
Ratio to total net sales	47.1%	48.0%	+0.9 pt
Operating income	7,464	8,542	+1,078 +14.4 %
Ratio to total operating income	44.6%	44.5%	-0.1 pt
Operating margin	7.2%	7.8%	+0.6 pt



## Sales by Geographical Segment of Overseas Market

(Millions of Yen)

	FY2013	FY2014	Y-on-Y	FY2013	FY2014	Y-on-Y
				Fourth quarter	Fourth quarter	
Americas	30,157	36,674	+6,517 +21.6 %	11,082	12,329	+1,247 +11.3 %
Europe	41,053	41,394	+341 +0.8 %	11,468	12,438	+970 +8.5 %
Asia	21,012	22,356	+1,344 +6.4 %	10,421	7,538	-2,883 -27.7 %
China	12,736	11,904	-832 -6.5 %	7,103	6,466	-637 -9.0 %
Total direct sales	92,222	100,424	+8,202 +8.9 %	32,971	32,304	-667 -2.0 %
OEM	10,778	8,433	-2,345 -21.8 %	2,584	3,193	+609 +23.6 %
Total overseas sales	103,002	108,859	+5,857 +5.7 %	35,555	35,499	-56 -0.2 %

## Favorable sales of open teller system

(Millions of Yen)

Sales of main product in this segment “open teller systems” were favorable for the series overall, such as the standard models including a new model released in November 2014 and the compact model for small- and medium-sized financial outlets. Furthermore, sales of “multi-functional banknote changers” were strong due to capturing of demand for replacements.

### Outline of the Segment

Sales and maintenance services to financial institutions, OEM clients and others in Japan.

### Main Products



Open teller systems  
<WAVE series>



Coin and banknote  
recyclers for tellers  
<RB series>



Multi-functional  
banknote changers  
<EN series>

	FY2013	FY2014	Y-on-Y
Sales	45,654	48,116	+2,462 +5.4 %
Ratio to total net sales	20.9%	21.2%	+0.3 pt
Operating income	4,031	5,502	+1,471 +36.5 %
Ratio to total operating income	24.1%	28.7%	+4.6 pt
Operating margin	8.8%	11.4%	+2.6 pt

## Weak sales of coin and banknote recyclers for cashiers

(Millions of Yen)

Sales of “sales proceeds deposit machines” in the cash-in-transit market were strong but sales of this segment’s main product, “coin and banknote recyclers” for cashiers, were sluggish. Therefore, sales were at a similar level to the previous year for the overall market.

### Outline of the Segment

Sales and maintenance services to supermarkets, department stores, cash-in-transit companies, railroad companies and others in Japan.

### Main Products



Coin and banknote recyclers for cashiers <RT / RAD series>



Sales proceeds deposit machines <DS / DSS series>



Multi-functional cash management stations <DSR series>

	FY2013	FY2014	Y-on-Y
Sales	31,007	29,886	-1,121 -3.6 %
Ratio to total net sales	14.2%	13.2%	-1.0 pt
Operating income	3,516	2,463	-1,053 -29.9 %
Ratio to total operating income	21.0%	12.8%	-8.2 pt
Operating margin	11.3%	8.2%	-3.1 pt

## Robust sales of card systems

(Millions of Yen)

Although sales of “membership management systems” and “pachinko prize dispensing machines” were slow primarily due to a decline in new pachinko parlor openings, sales of this segment’s main products, such as “card systems,” were robust. Therefore, sales were largely unchanged year on year for the overall market.

### Outline of the Segment

Sales and maintenance services to amusement halls (pachinko parlors and others) in Japan.

### Main Products

#### Card systems



Management terminals



Pachinko ball counters



Prepaid card systems for pachinko parlors



	FY2013	FY2014	Y-on-Y
Sales	24,811	25,432	+621 +2.5 %
Ratio to total net sales	11.3%	11.2%	-0.1 pt
Operating income	1,948	2,460	+512 +26.3 %
Ratio to total operating income	11.7%	12.8%	+1.1 pt
Operating margin	7.9%	9.7%	+1.8 pt

## Higher sales of cigarette vending machines

(Millions of Yen)

Sales of cigarette vending machines were strong due to capturing of demand for replacement.

However, sales of ticket vending machines, medical payment kiosks, and ballot sorters for handwritten ballots were weak compared with the previous term due to an adverse reaction to large demand in FY2013.

### Outline of the Segment

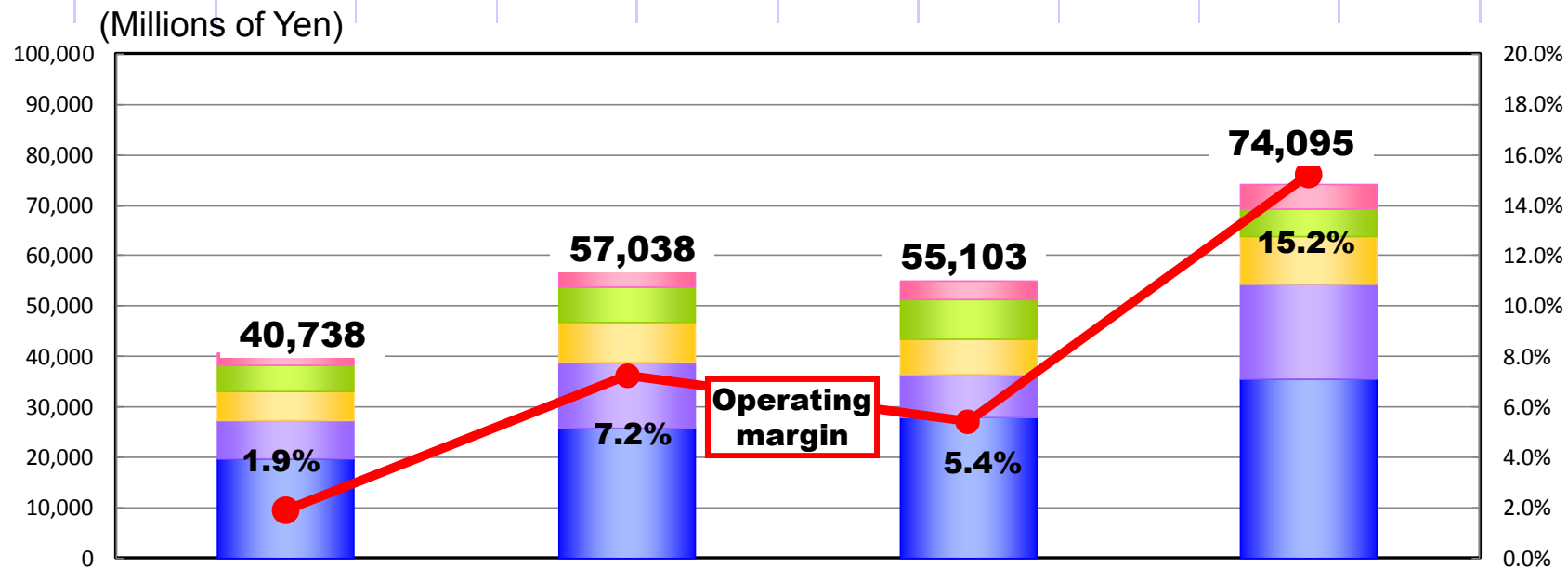
Sales and maintenance services to tobacco shops, tobacco companies, hospitals, local governments, general companies and others in Japan.

### Main Products



	FY2013	FY2014	Y-on-Y
Sales	14,156	14,679	+523 +3.7 %
Ratio to total net sales	6.5%	6.5%	0.0 pt
Operating income	-241	210	+451 - %
Ratio to total operating income	-	1.1%	- pt
Operating margin	-	-	- pt






# Quarterly Sales & Operating Income by Business Segment



	Q1		Q2		Q3		Q4		Full year	
	Sales	Operating Income	Sales	Operating Income	Sales	Operating Income	Sales	Operating Income	Sales	Operating Income
Overseas Market	19,651	147	25,885	1,156	27,824	1,402	35,499	5,837	108,859	8,542
Financial Market	7,719	38	12,951	1,482	8,730	-55	18,716	4,037	48,116	5,502
Retail & Transportation Market	5,730	343	7,831	695	6,741	427	9,584	998	29,886	2,463
Amusement Market	5,042	470	7,156	741	7,906	1,149	5,328	100	25,432	2,460
Others	2,594	-215	3,216	52	3,902	63	4,967	310	14,679	210
<b>Total</b>	<b>40,738</b>	<b>784</b>	<b>57,038</b>	<b>4,127</b>	<b>55,103</b>	<b>2,984</b>	<b>74,095</b>	<b>11,284</b>	<b>226,974</b>	<b>19,179</b>

## Sales & Operating Income by Business Segment (Vs. forecast)

(Millions of Yen)

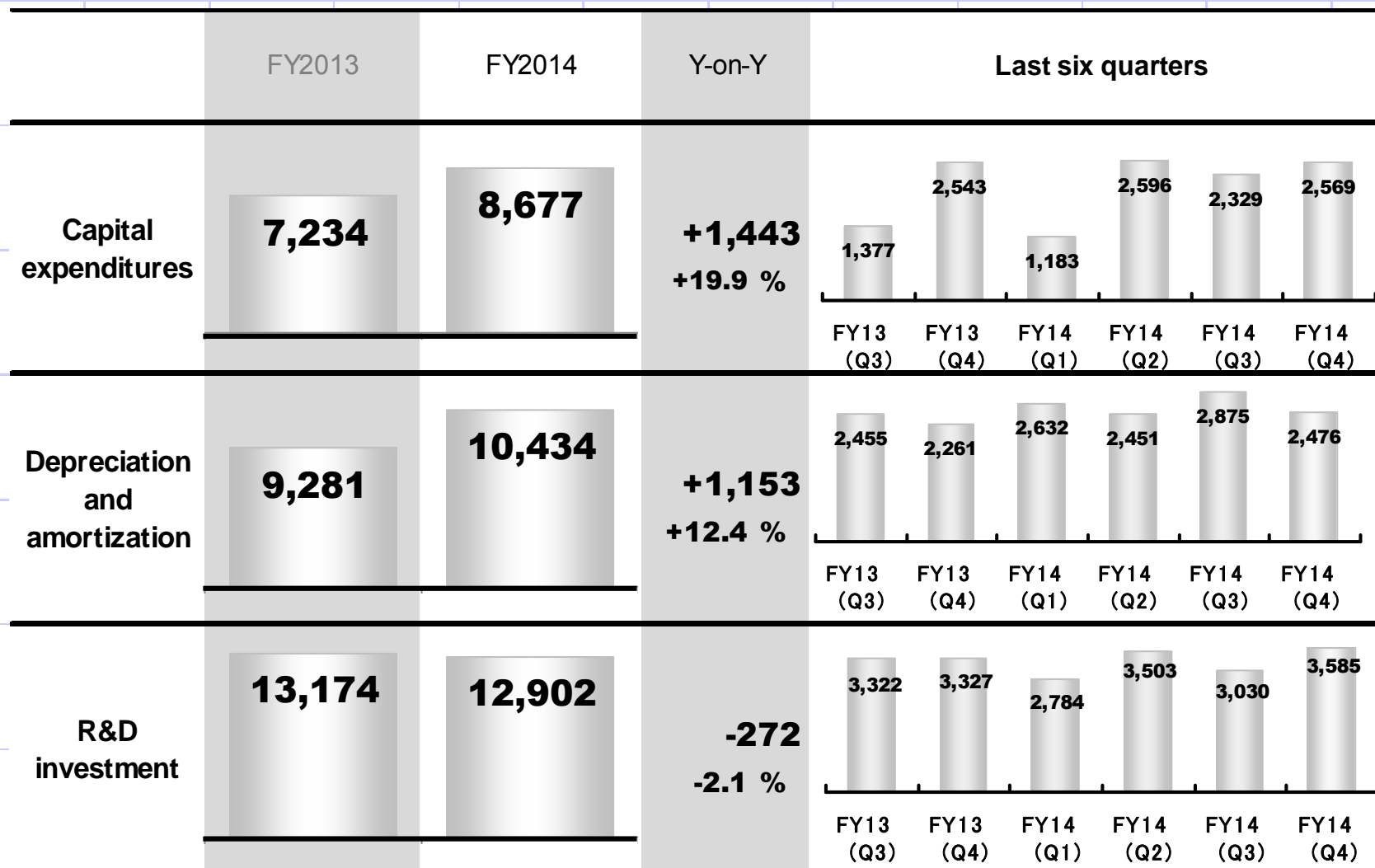
		FY2014					
		Sales		Difference	Operating Income		Difference
		Forecast	Result		Forecast	Result	
	Overseas Market	108,500	108,859	+359 +0.3 %	7,600	8,542	+942 +12.4 %
	Financial Market	48,000	48,116	+116 +0.2 %	5,000	5,502	+502 +10.0 %
	Retail & Transportation Market	29,500	29,886	+386 +1.3 %	2,600	2,463	-137 -5.3 %
	Amusement Market	25,500	25,432	-68 -0.3 %	2,700	2,460	-240 -8.9 %
	Others	13,500	14,679	+1,179 +8.7 %	100	210	+110 +110.0 %
	Total	225,000	226,974	+1,974 +0.9 %	18,000	19,179	+1,179 +6.6 %

\*The forecast was announced on February 5, 2015.

# Capital Expenditures etc.



(Millions of Yen)





(Millions of Yen)

	FY2013		FY2014		Y-on-Y
		Ratio		Ratio	
Net sales	218,632	100.0%	226,974	100.0%	+8,342
Cost of sales	131,512	60.2%	137,806	60.7%	+6,294
Selling, general and administrative expenses	70,401	32.2%	69,988	30.8%	-413
Operating income	16,718	7.6%	19,179	8.4%	+2,461
Non-operating income	4,264	2.0%	4,672	2.1%	+408
Non-operating expenses	1,218	0.6%	1,246	0.5%	+28
Ordinary income	19,764	9.0%	22,606	10.0%	+2,842
Extraordinary income	76	0.0%	327	0.1%	+251
Extraordinary loss	1,836	0.8%	375	0.2%	-1,461
Income before income taxes and minority interests	18,004	8.2%	22,558	9.9%	+4,554
Income taxes	7,307	3.3%	8,486	3.7%	+1,179
Income before minority interests	10,696	4.9%	14,072	6.2%	+3,376
Net income	9,939	4.5%	13,082	5.8%	+3,143

Foreign exchange gains  
**2,716**  
(FY2013: 2,866)

Loss on liquidation of business  
**0**  
(FY2013: 1,520)

Income before minority interests	10,696	4.9%	14,072	6.2%	+3,376
Valuation difference on available-for-sale	212		666		+454
Foreign currency translation adjustment	14,872		1,382		-13,490
Remeasurements of defined benefit plans	-		2,632		-
Total other comprehensive income	15,085	6.9%	4,681	2.1%	-10,404
Comprehensive income	25,781	11.8%	18,753	8.3%	-7,028

Foreign currency translation adjustment  
**1,382**  
(FY2013: 14,872)

(Millions of Yen)

	FY2013	FY2014	Y-on-Y		FY2013	FY2014	Y-on-Y
Cash, deposits and Securities	64,614	66,776	+2,162	Notes and accounts payable-trade	22,244	21,366	-878
Notes and accounts receivable-trade	48,240	55,648	+7,408	Short-term loans payable	36,822	29,445	(2) -7,377
Inventories	40,832	41,630	+798	Other	37,679	40,563	+2,884
Other	11,609	10,600	-1,009	Total current liabilities	96,745	91,374	-5,371
<b>Current assets</b>	<b>165,295</b>	<b>174,654</b>	<b>+9,359</b>	Long-term loans payable	36,241	32,835	(2) -3,406
Property, plant and equipment	35,046	35,509	+463	Other	17,151	17,859	+708
Customer relationships	32,497	31,935	(1) -562	Total non-current liabilities	53,392	50,694	-2,698
Goodwill	77,780	74,790	-2,990	Total liabilities	150,138	142,069	-8,069
Other	7,122	6,410	-712	Capital stock	12,892	12,892	0
Intangible assets	117,400	113,136	-4,264	Retained earnings	137,038	145,590	+8,552
Other	23,201	23,312	+111	Other	40,874	46,062	+5,188
<b>Total non-current assets</b>	<b>175,648</b>	<b>171,958</b>	<b>-3,690</b>	Total net assets	190,804	204,544	+13,740
<b>Total assets</b>	<b>340,943</b>	<b>346,613</b>	<b>5,670</b>	Total liabilities and net assets	340,943	346,613	+5,670

ROE

5.6%

6.7%

+1.1pt

(1) Amortization of customer relationships and goodwill progressed

(2) Loans continued to decline

Free cash flow increased reflecting higher cash flow from operating and investing activities.

(Millions of Yen)

	<b>FY2013</b>	<b>FY2014</b>	<b>Y-on-Y</b>
Net cash provided by operating activities	<b>17,623</b>	<b>21,171</b>	<b>+3,548</b>
Net cash used in investing activities	<b>-4,770</b>	<b>-3,485</b>	<b>+1,285</b>
Free cash flow	<b>12,853</b>	<b>17,686</b>	<b>+4,833</b>
Net cash used in financing activities	<b>-18,708</b>	<b>-15,749</b>	<b>+2,959</b>
Effect of exchange rate change on cash and cash equivalents	<b>3,570</b>	<b>1,257</b>	<b>-2,313</b>
Net increase (decrease) in cash and cash equivalents	<b>-2,285</b>	<b>3,193</b>	<b>+5,478</b>
Cash and cash equivalents at end of period	<b>61,029</b>	<b>64,222</b>	<b>+3,193</b>

\* Free cash flow = Net cash provided by (used in) operating activities  
+ Net cash provided by (used in) investing activities

# Dividend for FY2014



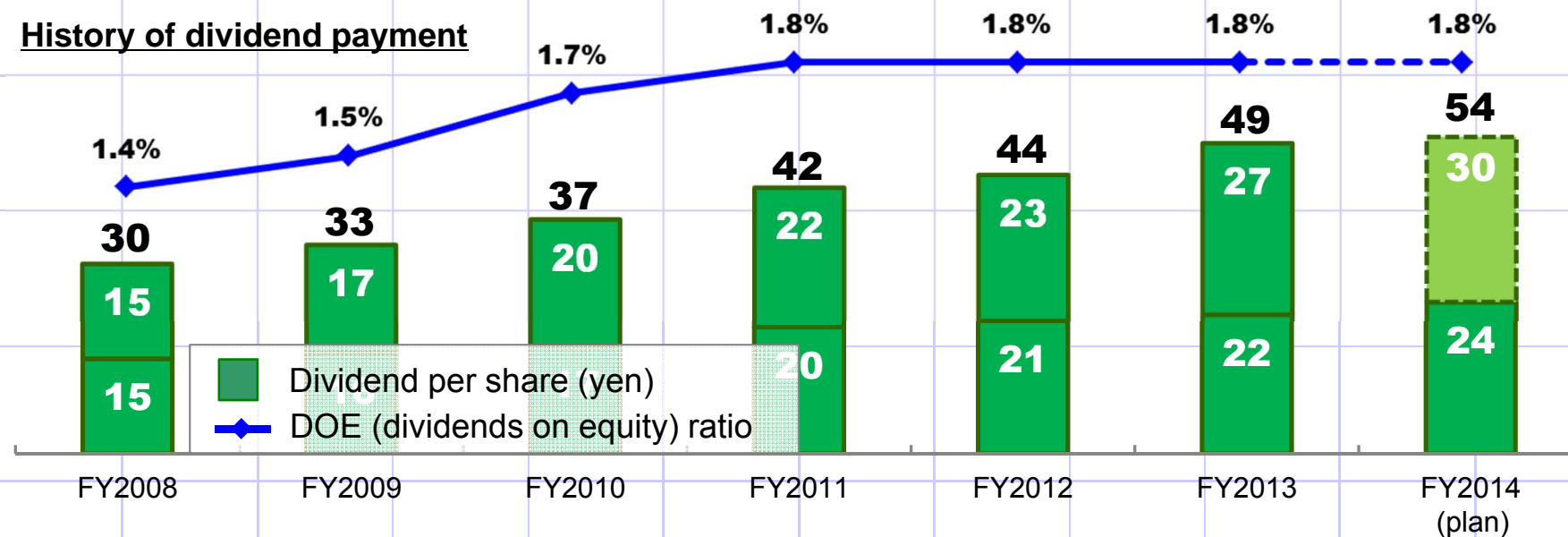
## Basic policy on profit distribution

GLORY considers the return of profits to shareholders to be an important management task and retains a policy to continue stable dividends while striving to maintain and enhance sound financial standing in preparation for future business growth. GLORY has been employing the target of attaining a dividend payout ratio of 25% or higher and a DOE (dividends on equity) ratio of at least 1.8%, both on a consolidated basis.

Dividend per share FY2014	Interim	Year-end (plan)	Annual (plan)
	¥24	¥30	¥54 (Dividend payout ratio 27.1%)

Year-end dividend to be proposed to the 69th Ordinary General Meeting of Shareholders scheduled for June 26, 2015.

## History of dividend payment



**3**

# **Financial Forecast for FY2015**

**Net sales**

Projected to be higher, underpinned by steadily rising domestic sales.


**Income**

Expected to be higher, reflecting increasing sales of main products, cost reduction activities and other factors.

(Millions of yen)	FY2014		FY2015		Y-on-Y
		Ratio		Ratio	
Net Sales	<b>226,974</b>	100.0%	<b>230,000</b>	100.0%	<b>+1.3%</b>
Maintenance Services	<b>64,569</b>	28.4%	<b>65,000</b>	28.3%	<b>+0.7%</b>
Operating Income	<b>19,179</b>	8.5%	<b>20,000</b>	8.7%	<b>+4.3%</b>
Ordinary Income	<b>22,606</b>	10.0%	<b>20,000</b>	8.7%	<b>-11.5%</b>
Net Income attributable to owners of parent	<b>13,082</b>	5.8%	<b>11,500</b>	5.0%	<b>-12.1%</b>

Exchange rate: US\$1 = ¥120 €1 = ¥130 £1 = ¥175

(Millions of Yen)

	Sales			Operating Income		
	FY2014	FY2015 (forecast)	Y-on-Y	FY2014	FY2015 (forecast)	Y-on-Y
 Overseas Market	108,859	109,000	+141 +0.1 %	8,542	8,700	+158 +1.8 %
 Financial Market	48,116	50,000	+1,884 +3.9 %	5,502	5,900	+398 +7.2 %
 Retail & Transportation Market	29,886	33,000	+3,114 +10.4 %	2,463	2,900	+437 +17.7 %
 Amusement Market	25,432	25,000	-432 -1.7 %	2,460	2,400	-60 -2.4 %
 Others	14,679	13,000	-1,679 -11.4 %	210	100	-110 -52.4 %
Total	226,974	230,000	+3,026 +1.3 %	19,179	20,000	+821 +4.3 %

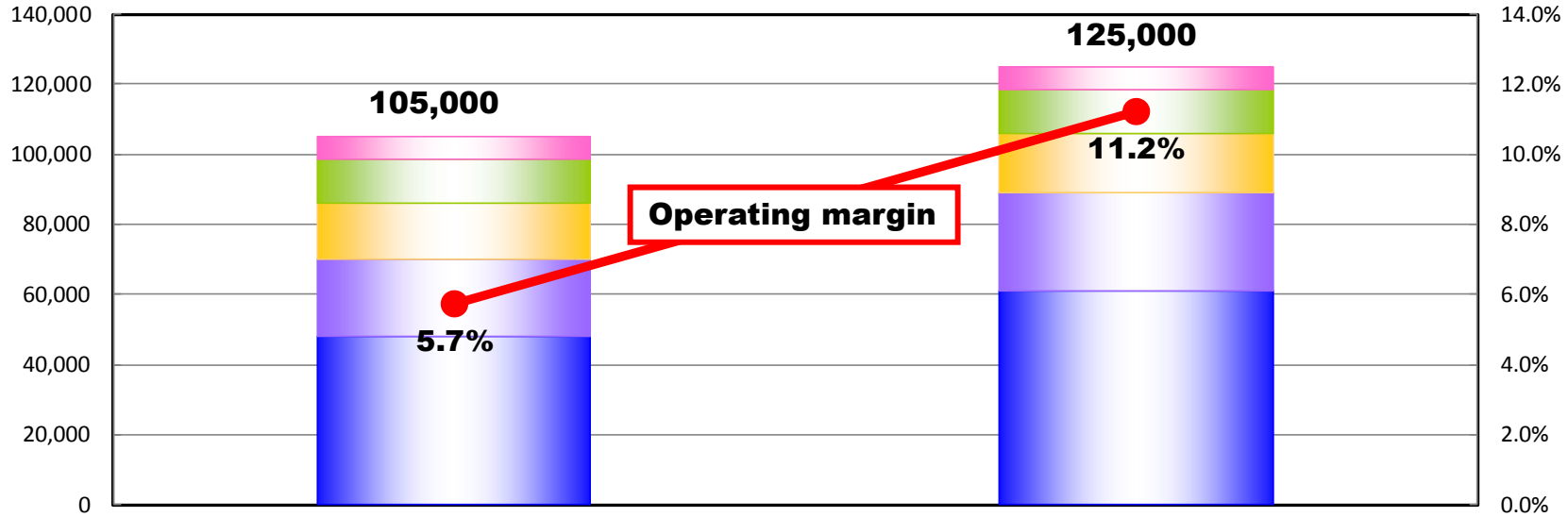
[Classification change from FY2015]

"Retail and transportation market" includes "ticket vending machine", which has previously been classified in "others."

# Sales & Operating Income Forecast by Business Segment (Half Year)



(Millions of Yen)



	FY2015 Q1-Q2 (forecast)		FY2015 Q3-Q4 (forecast)		Full year (forecast)	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Overseas Market	<b>48,000</b>	<b>1,600</b>	<b>61,000</b>	<b>7,100</b>	<b>109,000</b>	<b>8,700</b>
Financial Market	<b>22,000</b>	<b>1,850</b>	<b>28,000</b>	<b>4,050</b>	<b>50,000</b>	<b>5,900</b>
Retail & Transportation Market	<b>16,000</b>	<b>1,400</b>	<b>17,000</b>	<b>1,500</b>	<b>33,000</b>	<b>2,900</b>
Amusement Market	<b>12,500</b>	<b>1,100</b>	<b>12,500</b>	<b>1,300</b>	<b>25,000</b>	<b>2,400</b>
Others	<b>6,500</b>	<b>50</b>	<b>6,500</b>	<b>50</b>	<b>13,000</b>	<b>100</b>
<b>Total</b>	<b>105,000</b>	<b>6,000</b>	<b>125,000</b>	<b>14,000</b>	<b>230,000</b>	<b>20,000</b>



(Millions of Yen)

	<b>FY2014</b>	<b>FY2015 (forecast)</b>	<b>Y-on-Y</b>
Americas	36,674	<b>36,500</b>	<b>-174</b> -0.5 %
Europe	41,394	<b>42,000</b>	<b>+606</b> +1.5 %
Asia	22,356	<b>22,000</b>	<b>-356</b> -1.6 %
China	11,904	<b>12,000</b>	<b>+96</b> +0.8 %
Total direct sales	100,424	<b>100,500</b>	<b>+76</b> +0.1 %
OEM	8,433	<b>8,500</b>	<b>67</b> +0.8 %
Total overseas sales	108,859	<b>109,000</b>	<b>+141</b> +0.1 %

# Capital Expenditures etc.

(Millions of Yen)





# **FY2014 Other Information**

## Desktop banknote sorter with strapping <UHS-10>

Released in July 2014



## Self-exchange machine <ENC-100>

Released in July 2014



# Open teller system <WAVE Pro>

Released in November 2014



## [Main features]

1. Manages drafts, checks, unfit banknotes and unfit coins utilizing an optical image processing capability - an industry first.
2. Realizes the conventionally difficult function of automatic verification for the balance of new clean banknotes by a newly designed currency transport mechanism - an industry first.
3. Adopts touch panel display and newly designed structural layout.

## Banknote, coin and gift-certificate depositing machine <DS-N700>

Scheduled to be released in 2015 Summer  
Announced in March 2015



Accepts both gift-certificate and cash – Industry First  
Accurate and efficient operations realized by completely automating of sales transaction

Can read serial numbers of gift-certificates



Texts



MICR



Bar codes

## LT Series multi-locking system -adopted for trial operations of Rakuten Box service

Announced in June 2014

### Installation sites

- Osaka Municipal Subway
- Nishi-Nippon Railroad

**Rakuten Box service** allows products ordered on the internet e-commerce site “Rakuten Market” to be picked up from specialized delivery lockers utilizing LT series.



The Rakuten Box at Namba station of Osaka Municipal Subway

## Trial operation of specialized delivery lockers at supermarket stores

(Started in April 2015)

### Installation sites

Life Corporation LIFE supermarket

In addition to receiving home delivery, goods purchased via the internet (LIFE Net Supermarket) can be received at specialized delivery lockers installed in LIFE supermarket stores.



Delivery lockers at the store



## GLORY's facial recognition system- adopted by Huis Ten Bosch's "Henna-Hotel"

Announced in January 2015



The "Henna-Hotel" is scheduled to be open in Nagasaki, in mid-July, 2015

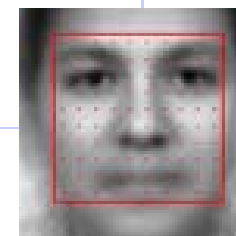
### Face recognition makes keyless entry a reality

Room door opens when the guest looks at the camera installed in front of the guest room. The keyless hotel room entry system using face recognition technology was developed based on GLORY's experience in designing entry and exit control systems for offices and condominiums.

#### [Glory's Facial Recognition System]

GLORY's facial recognition system, based on its unique algorithm analysis, has the industry's highest level of face recognition accuracy.

The system judges if the facial image of a person captured by the camera matches that of the same person pre-registered in the system, based on the algorithm analysis utilizing the "average face" obtained from several thousands of men and women of all ages.



"Average face" generated by computer