

# Consolidated Financial Results for the fiscal year ended March 31, 2016

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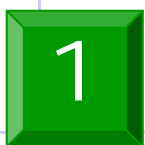
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# **Consolidated Financial Results for FY2015**

**Net sales**

Overall sales were higher than FY2014 thanks to growth of sales in Overseas, Financial and Retail & Transportation markets.

**Income**

Operating income increased year-on-year driven by sales increase in Overseas, Financial and Retail & Transportation markets.

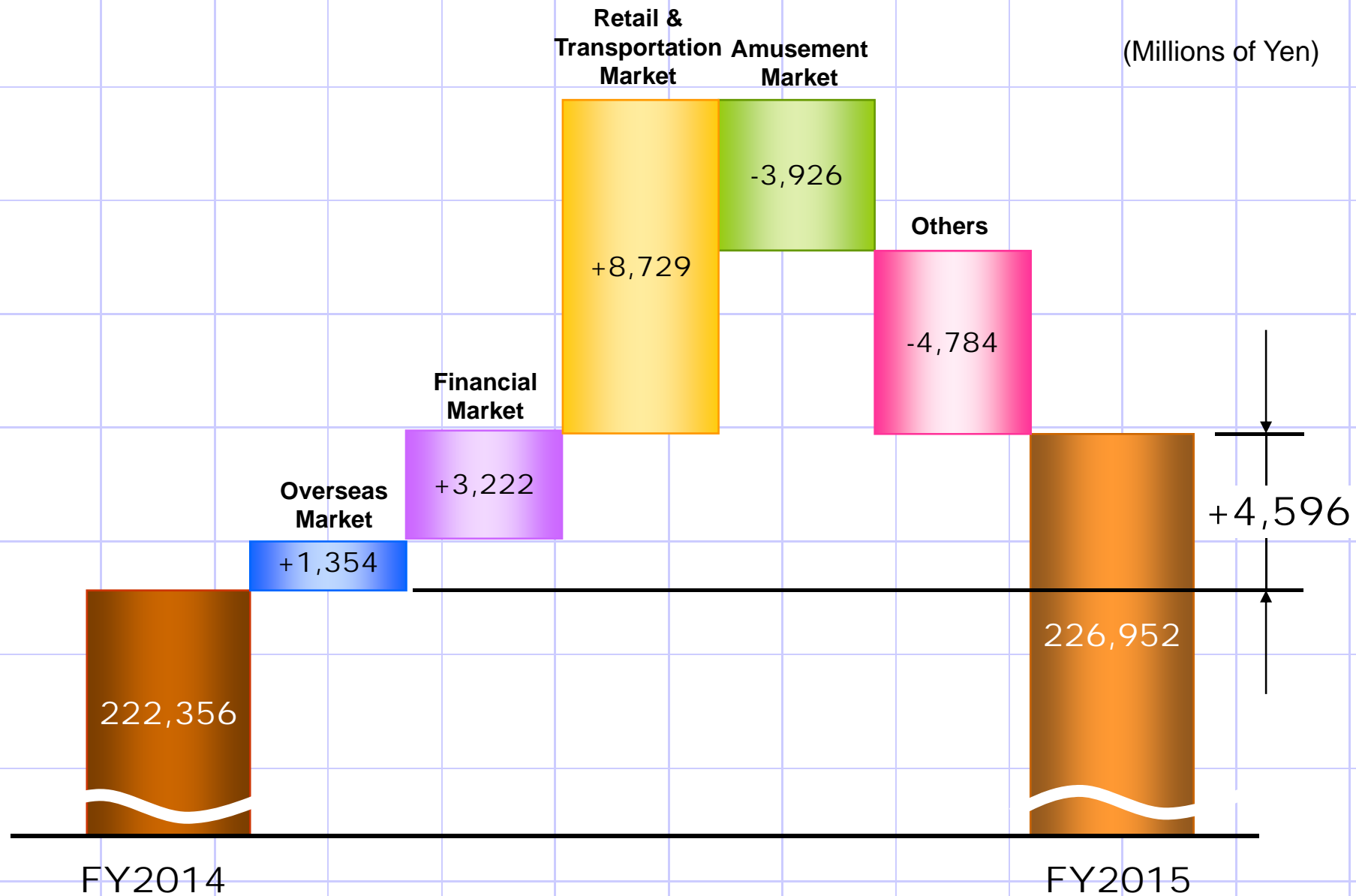
(Millions of yen)	FY2014		FY2015		Y-on-Y
	Full year	Ratio	Full year	Ratio	
Net Sales	222,356	100.0%	226,952	100.0%	+2.1%
Maintenance Services	63,205	28.4%	65,613	28.9%	+3.8%
Operating Income	18,693	8.4%	20,552	9.1%	+9.9%
Ordinary Income	22,211	10.0%	17,583	7.7%	-20.8%
Net Income Attributable to Owners of Parent	12,887	5.8%	8,829	3.9%	-31.5%
EBITDA *	33,981	15.3%	35,931	15.8%	+6.0%

Exchange rate	US\$	¥ 110	¥ 120
	Euro	¥ 140	¥ 134
	GBP	¥ 177	¥ 181

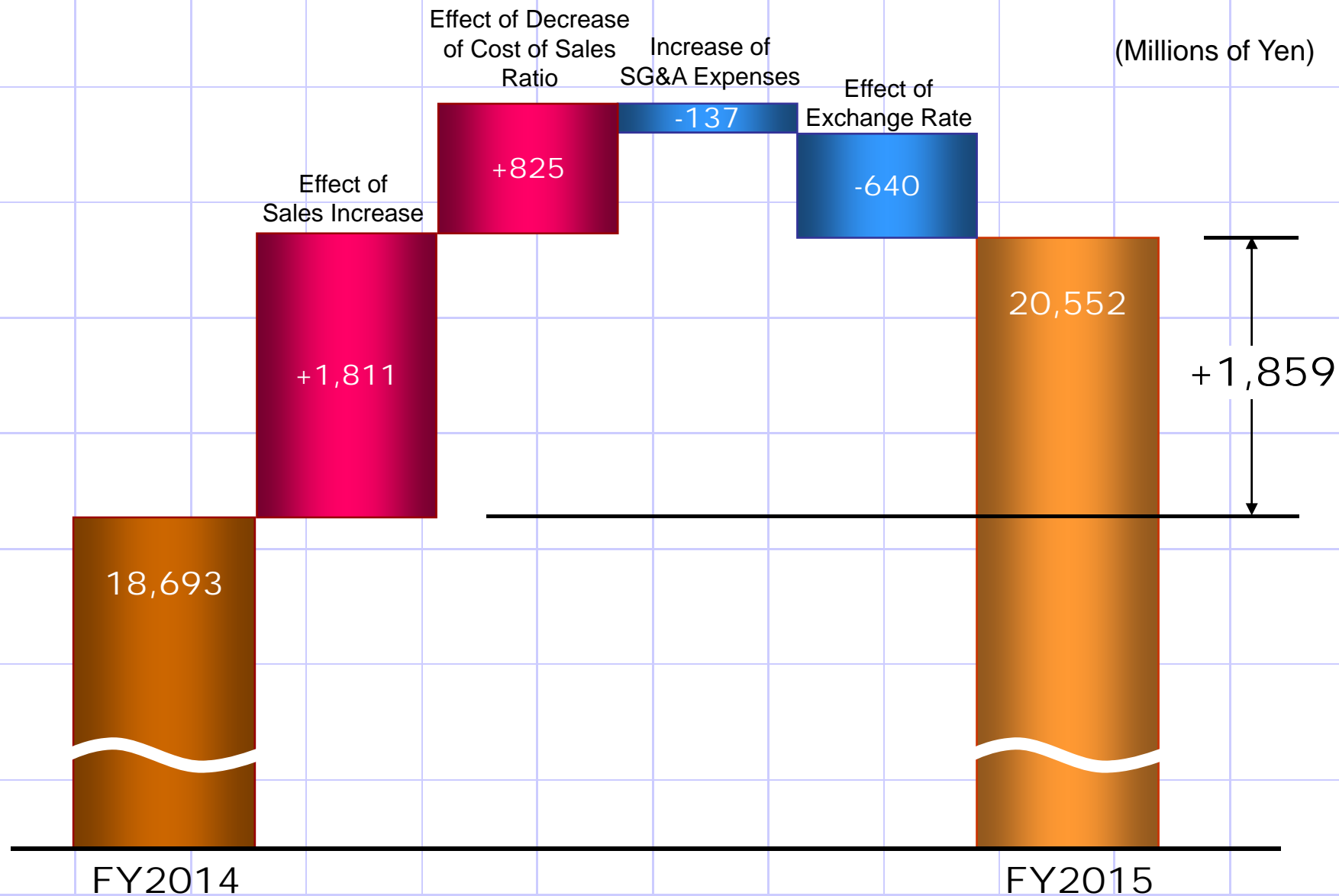
\*EBITDA=Operating income(loss) + Depreciation and amortization + Goodwill amortization

# Factors of Net Sales Change

(Millions of Yen)







# Factors of Operating Income Change



**2**

## **Details of Performance for FY2015**

(Millions of yen)	Net sales			Operating income		
	FY2014	FY2015	Y-on-Y	FY2014	FY2014	Y-on-Y
	Full year	Full year		Full year	Full year	
 Overseas Market	104,241	105,595	+1,354 +1.3 %	8,057	9,224	+1,167 +14.5 %
 Financial Market	48,116	51,338	+3,222 +6.7 %	5,502	6,741	+1,239 +22.5 %
 Retail & Transportation Market	29,886	38,615	+8,729 +29.2 %	2,463	3,657	+1,194 +48.5 %
 Amusement Market	25,432	21,506	-3,926 -15.4 %	2,460	1,112	-1,348 -54.8 %
 Others	14,679	9,895	-4,784 -32.6 %	210	-183	-393 - %
<b>Total</b>	<b>222,356</b>	<b>226,952</b>	<b>+4,596 +2.1 %</b>	<b>18,693</b>	<b>20,552</b>	<b>+1,859 +9.9 %</b>

## Strong sales of banknote recyclers

(Millions of Yen)

Although sales of “banknote sorters” were slow in Europe and Asia, sales of this segment’s main product, “banknote recyclers,” were strong in the Americas and Europe. In Europe, sales of “sales proceeds deposit machines” for the retail market were robust and sales for the market as a whole were maintained at the level of the previous fiscal year.

### 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>



Sales proceeds deposit machines <CI-100 series>

	FY2014	FY2015	Y-on-Y
Sales	104,241	105,595	+1,354 +1.3 %
Ratio to total net sales	46.9%	46.5%	-0.4 pt
Operating income	8,057	9,224	+1,167 +14.5 %
Ratio to total operating income	43.1%	44.9%	+1.8 pt
Operating margin	7.7%	8.7%	+1.0 pt



(Millions of yen)	FY2014	FY2015	Y-on-Y
Americas	34,092	37,692	+3,600 +10.6 %
Europe	40,853	42,857	+2,004 +4.9 %
Asia	20,884	15,910	-4,974 -23.8 %
China	10,570	7,724	-2,846 -26.9 %
Total direct sales	95,829	96,459	+630 +0.7 %
OEM	8,411	9,135	+724 +8.6 %
Total overseas sales	104,241	105,595	+1,354 +1.3 %

## Favorable sales of main products

(Millions of Yen)

For this segment's main product, "open teller systems," sales were strong for compact models for small- and medium-sized financial outlets, while sales of "key management systems" were also robust, driven by replacement demand.

### Outline of the Segment

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



Key management systems <KBS series>

### Main Products



Open teller systems <WAVE series>



Coin and banknote recyclers for tellers <RB series>



Multi-functional banknote changers <EN series>

	FY2014	FY2015	Y-on-Y
Sales	48,116	51,338	+3,222 +6.7 %
Ratio to total net sales	21.6%	22.6%	+1.0 pt
Operating income	5,502	6,741	+1,239 +22.5 %
Ratio to total operating income	29.4%	32.8%	+3.4 pt
Operating margin	11.4%	13.1%	+1.7 pt

## Strong sales of coin and banknote recyclers for cashiers (Millions of Yen)

Sales of “coin and banknote recyclers” for cashiers, the main product in this segment, were strong. Moreover, sales of “sales proceeds deposit machines” for the retail market and “sales proceeds deposit machines” for the cash-in-transit market were robust due to our capturing of replacement demand.

### 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>



Sales proceeds deposit machines <DS series>

	FY2014	FY2015	Y-on-Y
Sales	29,886	38,615	+8,729 +29.2 %
Ratio to total net sales	13.4%	17.0%	+3.6 pt
Operating income	2,463	3,657	+1,194 +48.5 %
Ratio to total operating income	13.2%	17.8%	+4.6 pt
Operating margin	8.2%	9.5%	+1.3 pt

## Weak sales of card systems

(Millions of Yen)

Sales of this segment's main products such as "card systems" were sluggish, mainly reflecting constraint toward investment in pachinko parlors.

### Outline of the Segment

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

### Main Products

#### Card systems



	FY2014	FY2015	Y-on-Y
Sales	25,432	21,506	-3,926 -15.4 %
Ratio to total net sales	11.4%	9.5%	-1.9 pt
Operating income	2,460	1,112	-1,348 -54.8 %
Ratio to total operating income	13.2%	5.4%	-7.8 pt
Operating margin	9.7%	5.2%	-4.5 pt

# Weak sales of non-core products

(Millions of Yen)

While sales of “medical payment kiosks” were strong, “cigarette vending machines” sales were weak due to reaction of replacement demand in FY2014. Sales of other non-core products were also weak.

Note: The “ticket vending machine”, which had been classified under “others” until FY2014, is now reported under “retail and transportation market”.

### Outline of the Segment

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

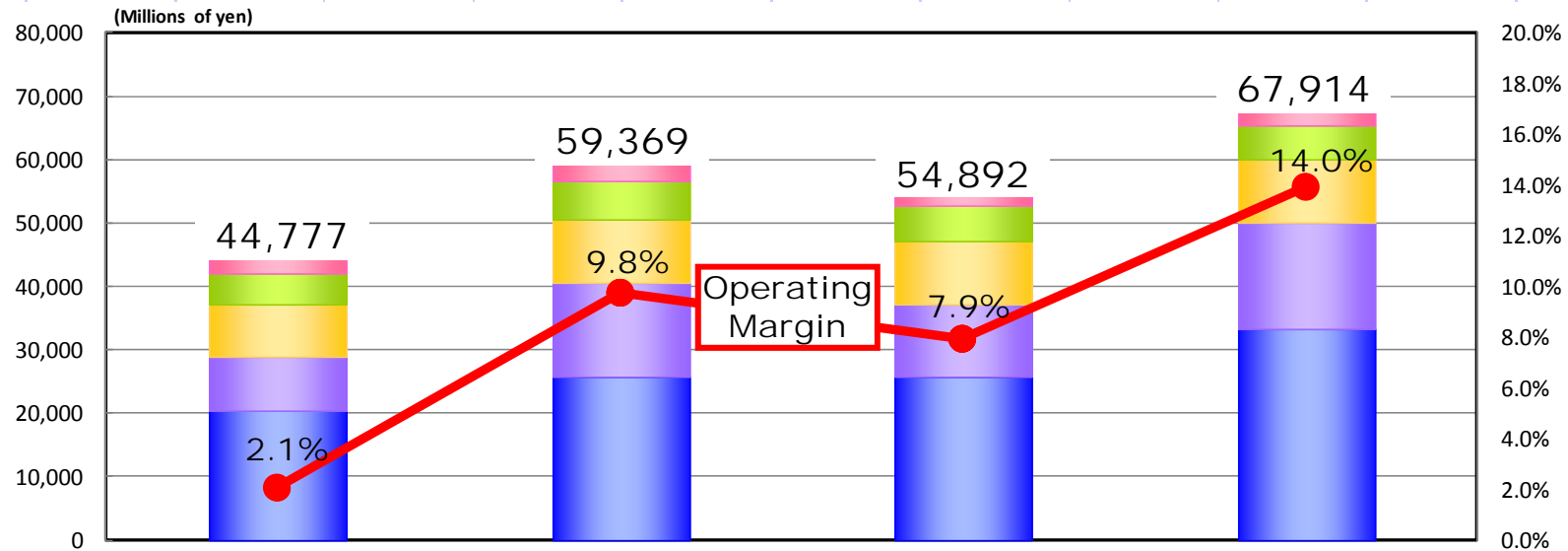
### Main Products








	FY2014	FY2015	Y-on-Y
Sales	14,679	9,895	-4,784 -32.6 %
Ratio to total net sales	6.6%	4.4%	-2.2 pt
Operating income	210	-183	-393 - %
Ratio to total operating income	1.1%	-	- pt
Operating margin	1.4%	-	- pt

**2** Details of Performance

# Quarterly Sales & Operating Income by Business Segment



(Millions of yen)	Q1		Q2		Q3		Q4		Full year	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Overseas Market	20,402	-936	25,782	1,827	25,918	1,689	33,493	6,644	105,595	9,224
Financial Market	8,569	571	14,867	2,330	11,324	1,358	16,578	2,482	51,338	6,741
Retail & Transportation Market	8,438	1,094	10,041	1,105	10,071	918	10,065	540	38,615	3,657
Amusement Market	4,677	325	6,069	522	5,508	361	5,252	-96	21,506	1,112
Others	2,689	-130	2,610	16	2,070	21	2,526	-90	9,895	-183
<b>Total</b>	<b>44,777</b>	<b>924</b>	<b>59,369</b>	<b>5,801</b>	<b>54,892</b>	<b>4,347</b>	<b>67,914</b>	<b>9,480</b>	<b>226,952</b>	<b>20,552</b>

(Millions of yen)	FY2015					
	Net sales		Increase/ Decrease	Net sales		Increase/ Decrease
	Forecasts	Results		Forecasts	Results	
 Overseas Market	108,000	105,595	-2,405 -2.2 %	7,500	9,224	+1,724 +23.0 %
 Financial Market	51,500	51,338	-162 -0.3 %	7,000	6,741	-259 -3.7 %
 Retail & Transportation Market	37,000	38,615	+1,615 +4.4 %	3,900	3,657	-243 -6.2 %
 Amusement Market	22,000	21,506	-494 -2.2 %	1,600	1,112	-488 -30.5 %
 Others	11,500	9,895	-1,605 -14.0 %	0	-183	-183 - %
<b>Total</b>	<b>230,000</b>	<b>226,952</b>	<b>-3,048</b> <b>-1.3 %</b>	<b>20,000</b>	<b>20,552</b>	<b>+552</b> <b>+2.8 %</b>

\*The forecast was announced on February 5, 2016.

# Capital Expenditures etc.

(Millions of yen)	FY2014	FY2015	Y-on-Y	Quarterly trend														
Capital expenditures	8,499	8,881	+382 +4.5 %	<table border="1"> <tr> <td>FY14 (Q2)</td> <td>FY14 (Q3)</td> <td>FY14 (Q4)</td> <td>FY15 (Q1)</td> <td>FY15 (Q2)</td> <td>FY15 (Q3)</td> <td>FY15 (Q4)</td> </tr> <tr> <td>2,597</td> <td>2,160</td> <td>2,560</td> <td>1,537</td> <td>3,316</td> <td>1,300</td> <td>2,728</td> </tr> </table>	FY14 (Q2)	FY14 (Q3)	FY14 (Q4)	FY15 (Q1)	FY15 (Q2)	FY15 (Q3)	FY15 (Q4)	2,597	2,160	2,560	1,537	3,316	1,300	2,728
FY14 (Q2)	FY14 (Q3)	FY14 (Q4)	FY15 (Q1)	FY15 (Q2)	FY15 (Q3)	FY15 (Q4)												
2,597	2,160	2,560	1,537	3,316	1,300	2,728												
Depreciation and amortization	10,350	10,327	-23 -0.2 %	<table border="1"> <tr> <td>FY14 (Q2)</td> <td>FY14 (Q3)</td> <td>FY14 (Q4)</td> <td>FY15 (Q1)</td> <td>FY15 (Q2)</td> <td>FY15 (Q3)</td> <td>FY15 (Q4)</td> </tr> <tr> <td>2,405</td> <td>2,645</td> <td>2,670</td> <td>2,395</td> <td>2,566</td> <td>2,803</td> <td>2,563</td> </tr> </table>	FY14 (Q2)	FY14 (Q3)	FY14 (Q4)	FY15 (Q1)	FY15 (Q2)	FY15 (Q3)	FY15 (Q4)	2,405	2,645	2,670	2,395	2,566	2,803	2,563
FY14 (Q2)	FY14 (Q3)	FY14 (Q4)	FY15 (Q1)	FY15 (Q2)	FY15 (Q3)	FY15 (Q4)												
2,405	2,645	2,670	2,395	2,566	2,803	2,563												
R&D investment	12,869	12,590	-279 -2.2 %	<table border="1"> <tr> <td>FY14 (Q2)</td> <td>FY14 (Q3)</td> <td>FY14 (Q4)</td> <td>FY15 (Q1)</td> <td>FY15 (Q2)</td> <td>FY15 (Q3)</td> <td>FY15 (Q4)</td> </tr> <tr> <td>3,481</td> <td>2,962</td> <td>2,670</td> <td>3,003</td> <td>3,849</td> <td>2,566</td> <td>3,172</td> </tr> </table>	FY14 (Q2)	FY14 (Q3)	FY14 (Q4)	FY15 (Q1)	FY15 (Q2)	FY15 (Q3)	FY15 (Q4)	3,481	2,962	2,670	3,003	3,849	2,566	3,172
FY14 (Q2)	FY14 (Q3)	FY14 (Q4)	FY15 (Q1)	FY15 (Q2)	FY15 (Q3)	FY15 (Q4)												
3,481	2,962	2,670	3,003	3,849	2,566	3,172												



(Millions of yen)	FY2014		FY2015		Y-on-Y
	Full year	Ratio	Full year	Ratio	
Net sales	222,356	100.0%	226,952	100.0%	+4,596
Cost of sales	134,757	60.6%	137,357	60.5%	+2,600
Selling, general and administrative expenses	68,905	31.0%	69,042	30.4%	+137
Operating income	18,693	8.4%	20,552	9.1%	+1,859
Non-operating income	4,656	2.1%	1,397	0.6%	-3,259
Non-operating expenses	1,139	0.5%	4,366	1.9%	+3,227
Ordinary income	22,211	10.0%	17,583	7.7%	-4,628
Extraordinary income	340	0.2%	299	0.1%	-41
Extraordinary loss	375	0.2%	115	0.1%	-260
Income before income taxes and minority interests	22,176	10.0%	17,766	7.8%	-4,410
Income taxes	8,340	3.8%	7,670	3.4%	-670
Net Income	13,835	6.2%	10,096	4.4%	-3,739
Net income attributable to owners of parent	12,887	5.8%	8,829	3.9%	-4,058

Foreign exchange losses  
3,395  
(FY2014: Foreign exchange gains 2,710)

Tax burden rate 43.2%  
(FY2014: 37.6%)

Net Income	13,835	6.2%	10,096	4.4%	-3,739
Valuation difference on available-for-sale securities	666		-828		-1,494
Foreign currency translation adjustment	1,618		-7,678		-9,296
Remeasurements of defined benefit plans	2,632		-5,102		-7,734
Total other comprehensive income	4,917	2.2%	-13,608	-6.0%	-18,525
Comprehensive income	18,753	8.4%	-3,512	-1.5%	-22,265

Sum of two items  
-12,780  
(FY2014: 4,250)

(Millions of yen)	As of March 31, 2015	As of March 31, 2016	Increase/Decrease		As of March 31, 2015	As of March 31, 2016	Increase/Decrease
Cash, deposits and Securities	66,776	+68,553	+1,777	Notes and accounts payable-trade	21,366	+18,971	-2,395
Notes and accounts receivable-trade	55,648	+50,671	-4,977	Short-term loans payable	29,445	+26,309	(2) -3,136
Inventories	41,630	+43,368	+1,738	Other	40,563	+36,339	-4,224
Other	10,600	+9,219	-1,381	<b>Total current</b>	91,374	+81,619	-9,755
<b>Current assets</b>	174,654	171,811	-2,843	Long-term loans payable	32,835	+22,629	(2) -10,206
Property, plant and equipment	35,509	+35,832	+323	Other	17,859	+19,137	+1,278
Customer relationships	31,935	+27,344	-4,591	<b>Noncurrent liabilities</b>	50,694	+41,766	-8,928
Goodwill	74,790	+63,796	(1) -10,994	<b>Total liabilities</b>	142,069	+123,385	-18,684
Other	6,411	+6,180	-231	Capital stock	12,892	+12,892	0
Intangible assets	113,136	+97,320	-15,816	Retained earnings	145,165	+151,653	+6,488
Other	23,312	+16,707	-6,605	Other	46,487	+33,742	-12,745
<b>Total noncurrent assets</b>	171,958	149,860	-22,098	<b>Total net assets</b>	204,544	+198,287	-6,257
<b>Total assets</b>	346,613	321,672	-24,941	<b>Total liabilities and net assets</b>	346,613	321,672	-24,941

<b>ROE</b>	6.6%	4.5%	-2.1%
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(1) Amortization of customer relationships and goodwill progressed

(2) Loans continued to decline

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

(Millions of yen)	FY2014	FY2015	Increase/ Decrease
Cash flows from operating activities	21,106	28,142	+7,036
Cash flows from investing activities	-3,425	-7,714	-4,289
Free cash flows	17,681	20,428	+2,747
Cash flows from financing activities	-15,749	-16,844	-1,095
Effect of exchange rate change on cash and cash equivalents	1,261	-1,644	-2,905
Net increase (decrease) in cash and cash equivalents	3,193	1,938	-1,255
Cash and cash equivalents at end of period	64,222	67,133	+2,911

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

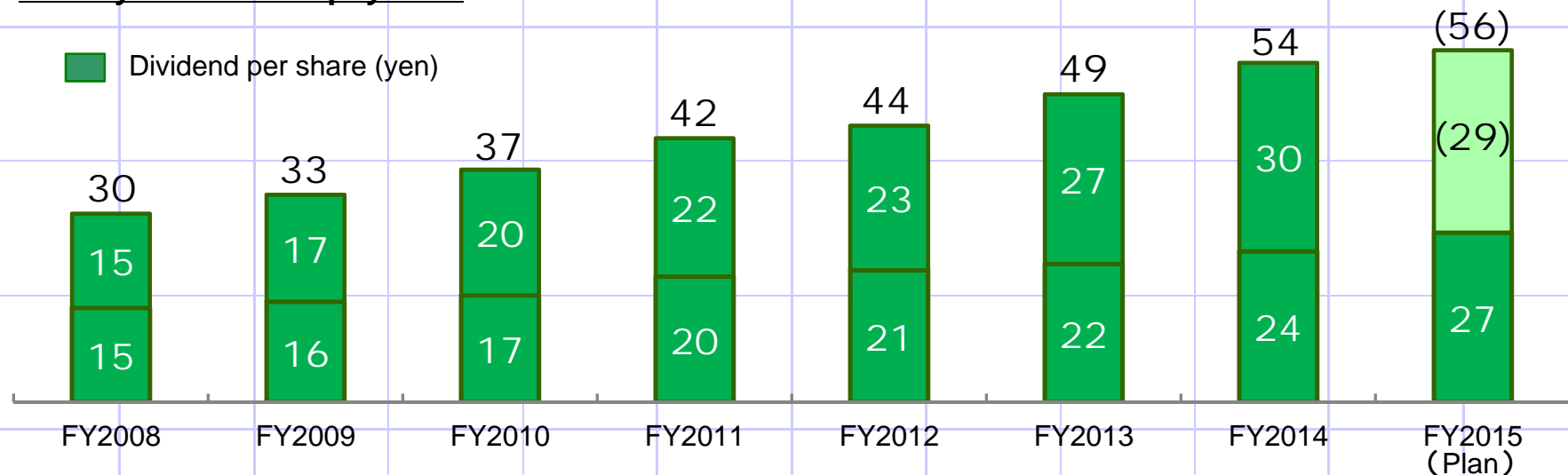
## Basic policy on profit distribution

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 set a dividend payout ratio of 30% or higher on a consolidated basis.

	Interim	Year-end (plan)	Annual (plan)
Dividend per share	¥27	¥29	¥56 (Dividend payout ratio 41.7%)

Year-end dividend to be proposed to the 70th Ordinary General Meeting of Shareholders scheduled for June 24, 2016.

## History of dividend payment



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# Business Plan for FY2016

### Overseas market

Americas...U.S. financial institutions are planning on substantial capital expenditures to preserve and strengthen their competitive positions.

Europe ...Capital expenditures are strong at financial institutions and retail industries, mainly in the eurozone.

Asia ... Competition with local manufacturers was fierce in China. Negotiations for new orders are growing due to the higher volume of banknotes in circulation.

OEM ...Demand is increasing for ATMs equipped with banknote recycling units.

### Financial market

The start of negative interest rates has made the outlook for financial institutions' capital expenditures uncertain.

### Retail and transportation market

Retailers are increasing capital expenditures to attract more customers and strengthen selling capability.

### Amusement market

Pachinko parlor operators are cautious about capital expenditures because of the uncertain environment in Japan for this business.

### Others

Demand is increasing for security-related products and services.

## Overseas market

- Capture large orders steadily (“coin and banknote recycler for tellers”)
- Expand sales in retail market (“cash management systems”)
- Strengthen M&A strategy

## Financial market

Capture replacement demand of open teller systems

## Retail and transportation market

Capture replacement demand and open up new market of “coin and banknote recyclers for cashiers”

## Amusement market

Increase sales of “card systems”

## Others

Increase sales of “face recognition systems”

## October 2015

### Acquired New Zealand's provider of cash handling solutions

Glory Global Solutions (Australia) Pty. Ltd. has acquired 100% of the issued share capital of Advanced Transaction Systems, a New Zealand's provider of cash handling solutions to both the retail and banking industries.



**New Bank Notes are Coming**

Check if your Cash Machine should be upgraded

0800 172 342

[Click Here](#)

[contact@atsltd.co.nz](mailto:contact@atsltd.co.nz)

## April 2016

### Acquired U.S. based Software Developer

Glory Global Solutions Inc., USA has acquired 100% of the issued share capital of REV Ventures LLC, a leader in creating secure self-service and kiosk transaction software.





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# Financial Forecast for FY2016

## Net sales

Higher sales due to estimated sales increase in Overseas, Financial and Retail & Transportation Markets.

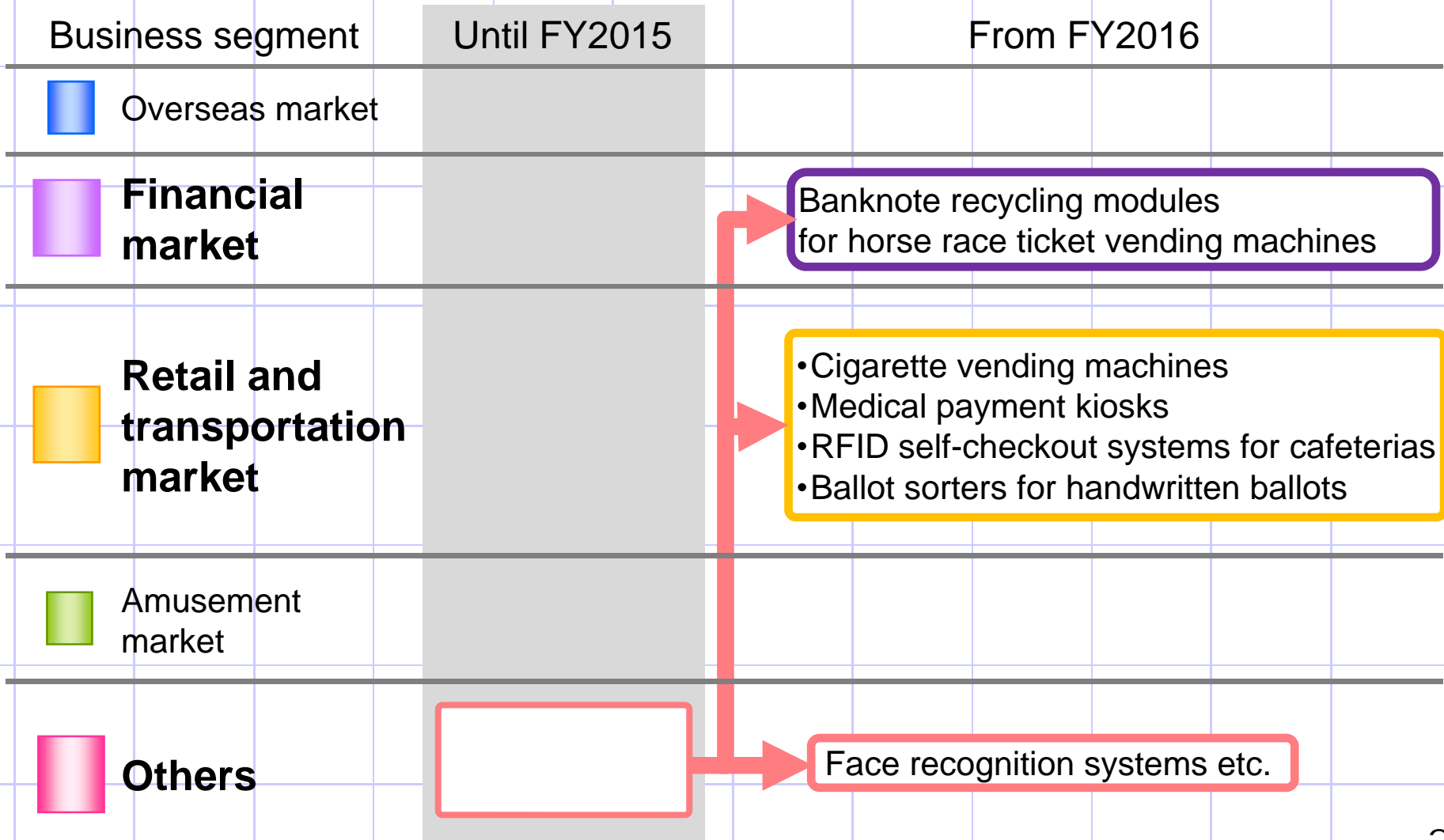
## Income






On par with the FY2015 anticipating impact of exchange rate fluctuation and change in product mix, despite continuing cost reducing measures.

(Millions of yen)	FY2015		FY2016		Y-on-Y
	Full year	Ratio	Full year	Ratio	
Net Sales	226,952	100.0%	230,000	100.0%	+1.3%
Maintenance Services	65,613	28.9%	65,000	28.3%	-0.9%
Operating Income	20,552	9.1%	20,500	8.9%	-0.3%
Ordinary Income	17,583	7.7%	19,500	8.5%	+10.9%
Net Income Attributable to Owners of Parent	8,829	3.9%	10,500	4.6%	+18.9%
Exchange rate	US\$	¥ 120	¥ 110		
	Euro	¥ 134	¥ 125		
	GBP	¥ 181	¥ 160		

\*Exchange rate for FY2016 are assumption rates.

## Reclassification of business segments for main products

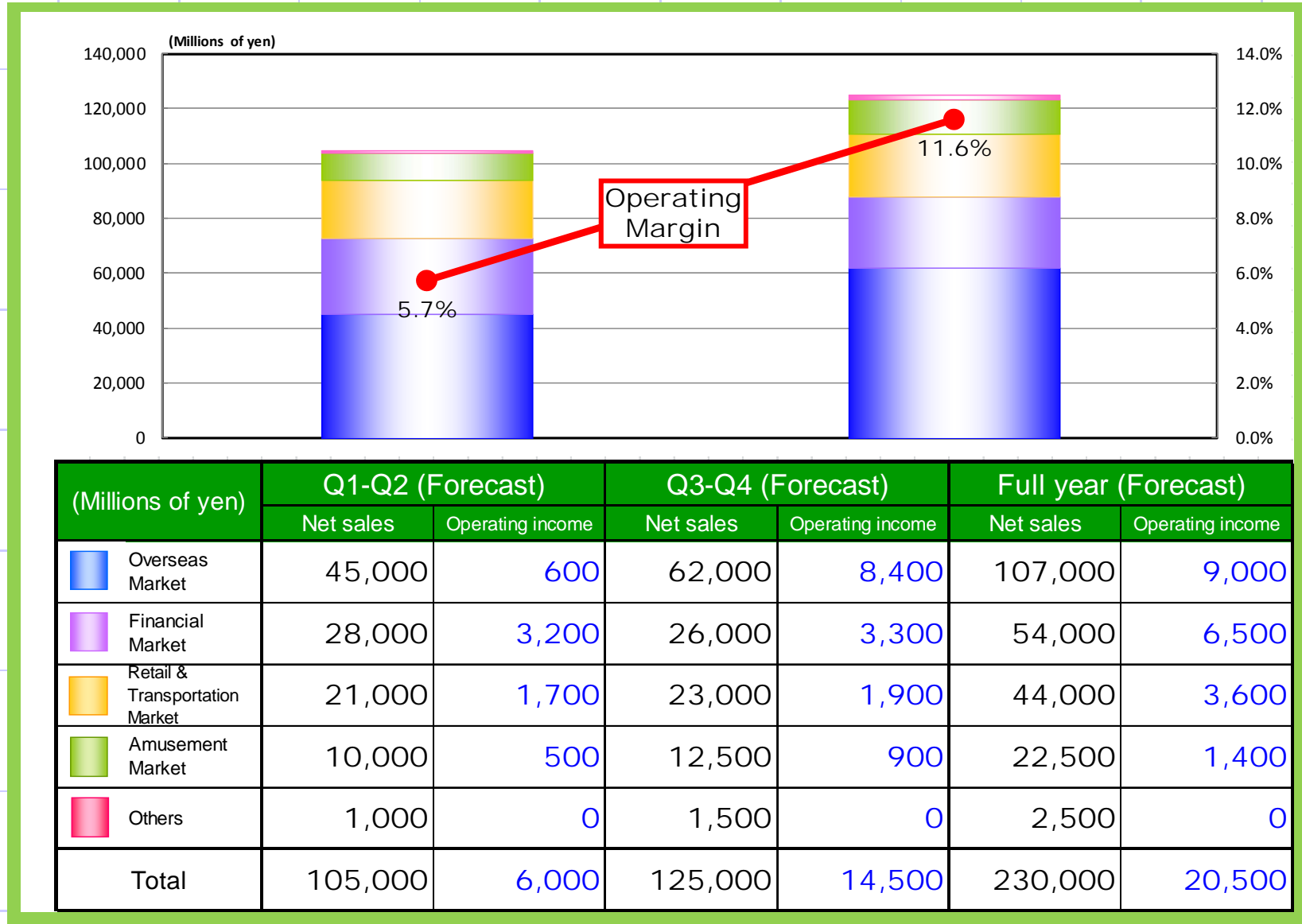


(Millions of yen)	Sales			Operating Income		
	FY2015	FY2016 (forecast)	Y-on-Y	FY2015	FY2016 (forecast)	Y-on-Y
 Overseas Market	105,595	107,000	+1,405 +1.3 %	9,224	9,000	-224 -2.4 %
 Financial * Market	51,819	54,000	+2,181 +4.2 %	6,773	6,500	-273 -4.0 %
 Retail & * Transportation Market	45,531	44,000	-1,531 -3.4 %	3,764	3,600	-164 -4.4 %
 Amusement Market	21,506	22,500	+994 +4.6 %	1,112	1,400	+288 +25.9 %
 Others *	2,498	2,500	+2 +0.1 %	-322	0	+322 - %
Total	226,952	230,000	+3,048 +1.3 %	20,552	20,500	-52 -0.3 %

\*Adopting new product classification

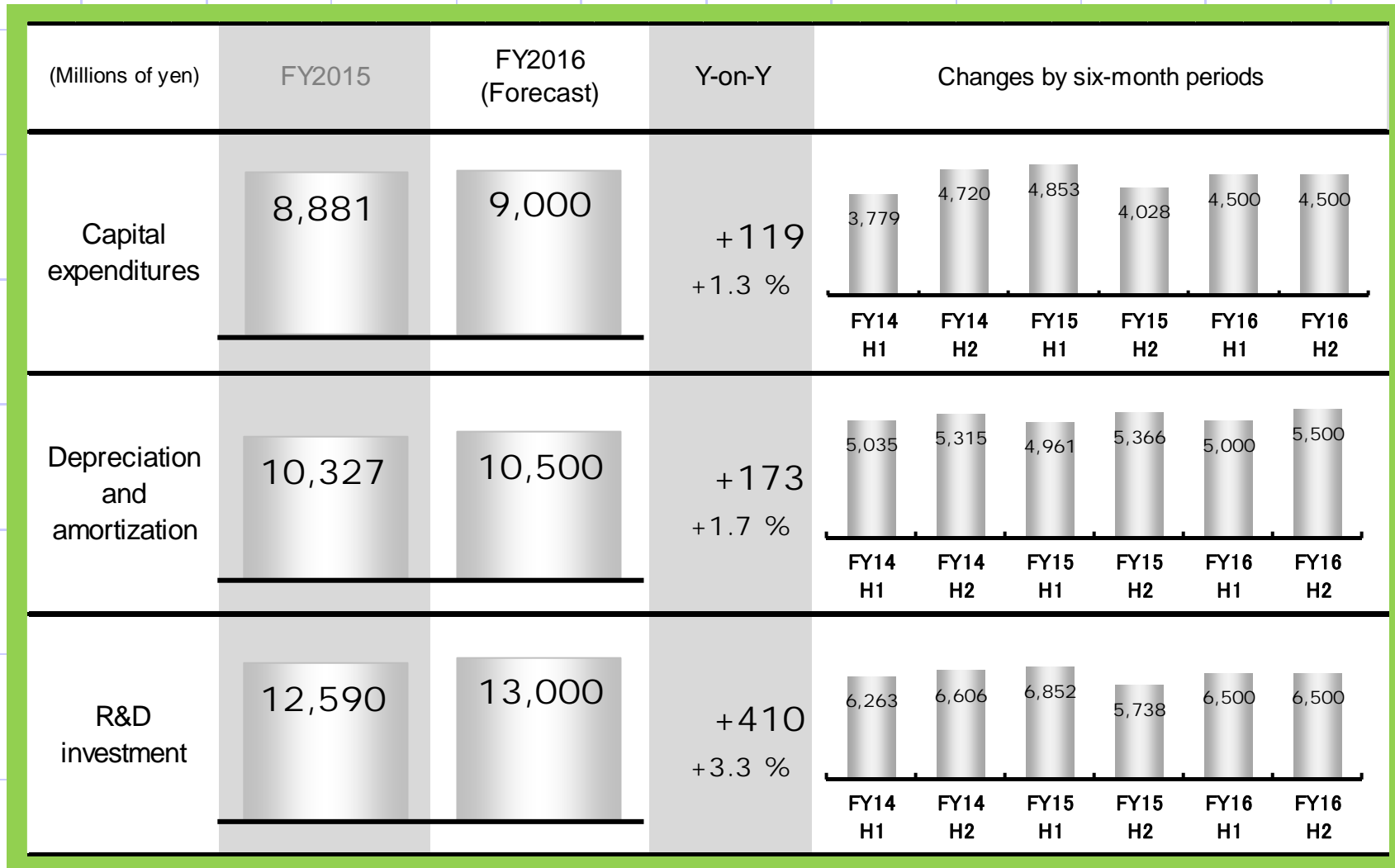
**4 Financial Forecast for FY2016**

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



\*Adopting new product classification

(Millions of yen)	FY2015	FY2016	Y-on-Y
	Results	Forecasts	
Americas	37,692	38,500	+808 +2.1 %
Europe	42,857	43,500	+643 +1.5 %
Asia	15,910	16,000	+90 +0.6 %
China	7,724	7,500	-224 -2.9 %
Total direct sales	96,459	98,000	+1,541 +1.6 %
OEM	9,135	9,000	-135 -1.5 %
Total overseas sales	105,595	107,000	+1,405 +1.3 %



## <Notes>

1. 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.

2. Revenue and expense accounts of consolidated foreign subsidiaries were previously translated into Japanese yen at the "current exchange rate". From the first quarter of FY2015, the translation method has been changed to the one using the "average exchange rate" which change has been applied retrospectively. In this material, the financial figures for FY2014 are based on the "average exchange rate".

3. From the first quarter of FY2015, "Net income" is presented as "Net income attributable to owners of parent".

4. Amounts are rounded down to the nearest million yen for calculating percentages of year-on-year changes and composition ratios.