

OUR BUSINESS IS VALUE

GLORY has embarked on a new phase of growth sustained by delivery of clear and unique value. Following the acquisition of Talaris, our overseas business is on the same scale as our domestic business—with high potential for substantial new growth. In the final stage of our Long-Range Vision, we are developing strong new markets and relationships around the world, broadening our customer base in Japan, originating future flagship products, and honoring employee diversity and cooperation.

President
Hirokazu Onoe



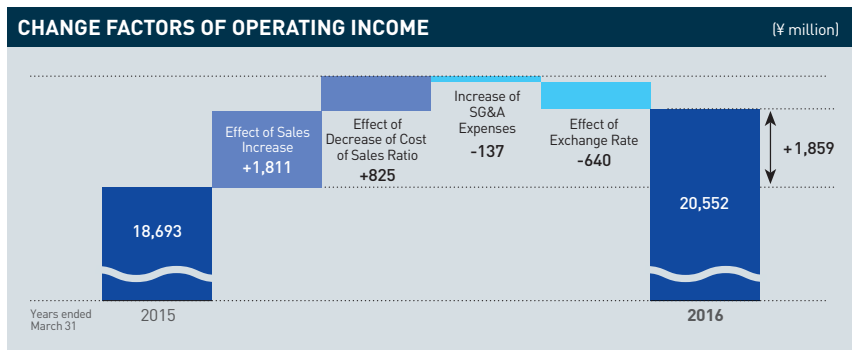
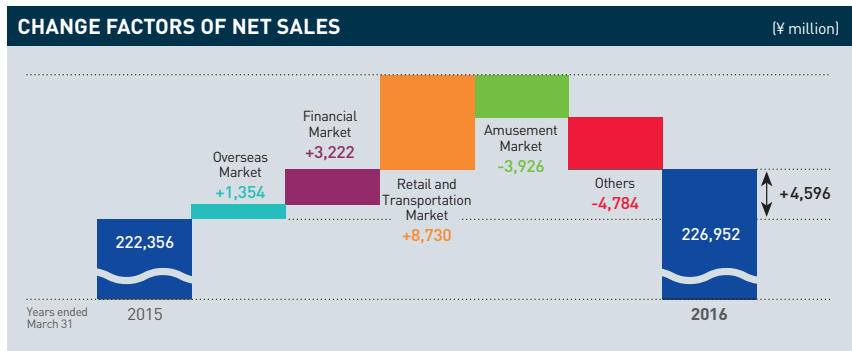
BUSINESS OVERVIEW AND FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 2016

Our business performance was driven by sales in the Financial Market segment and the Retail and Transportation Market segment in Japan and by sales in the Overseas Market segment, especially North America and Europe.

The year ended March 2016 was the first year of the GLORY Group's 2017 Medium-Term Management Plan, which covers a three-year period starting in April 2015. Under the plan, we actively implemented a range of measures based on the basic policy of realizing business growth through "customer-oriented superb manufacturing" and enhance profitability to achieve the Long-Range Vision 2018. As a result of these efforts, both net sales and operating income increased year on year in the year ended March 2016, marking our sixth straight year of sales and income growth.

Segment results in Japan show that the Financial Market segment and Retail and Transportation Market segment were the biggest drivers of our business performance. In the Financial Market segment, new orders for compact-type open teller systems used in small and medium-sized branches helped to expand overall sales of the systems. In the Retail and Transportation Market segment, there was significant growth in sales of coin and banknote recyclers for cashiers resulting from the capturing of large orders. This contrasted with slower sales of card systems in the Amusement Market segment due to the effects of constrained capital expenditure in pachinko parlors (amusement halls).

In our Overseas Market segment, despite a sales slowdown in China and other emerging countries, expanding sales in Europe and North America lifted the overall performance. Aggressive capital investment by financial institutions in Europe and North America resulted in higher sales of banknote recyclers for tellers. In Europe, there was a dramatic increase in sales of the CASHINFINITY™ cash management system for retailers. However, increased market competition in China resulted in slower sales of banknote sorters for the market in Asia.



TOP MESSAGE



PRIORITY POLICIES FOR THE YEAR ENDING MARCH 2017

We are pursuing three strategies for business growth and improved profitability.

The year ending March 2017 is the second year of the 2017 Medium-Term Management Plan. We will continue to target business growth and improved

profitability under our Business Strategy, Constitutional Strategy and Corporate Management Strategy.

Under our Business Strategy, we will strengthen our marketing capabilities in Japan at the front-line level, including our branches and sales offices. We will also work steadily to develop replacement demand and new customers for our flagship products, including open teller systems and coin and banknote recyclers for cashiers. We will also create new business models and next-generation flagship products, including products based on our original biometric identification technology, and electronic payment services.

Overseas, we will actively build markets in Europe and North America, which offer greater growth potential. Specifically, we will build on initiatives started in the last year to successfully close sales of banknote recyclers for tellers, and will drive the expansion of our business domain by actively marketing our CASHINFINITY™ cash management systems for retailers. In Asia, we will continue to expand our direct sales and service networks, while building relationships with new customers. We also aim to accelerate our growth in overseas markets under a strategy based on continuing mergers and acquisitions, similar to the acquisitions of the New Zealand-based distributor Advanced Transaction Systems in November 2015, and the U.S. company REV Ventures LLC, a developer of cash handling software, in April 2016.

LONG-RANGE VISION 2018

BASIC POLICY

- Create new value through “superb manufacturing technique” and pursue dreams for the future
- Seek sustained corporate growth together with society through CSR activities

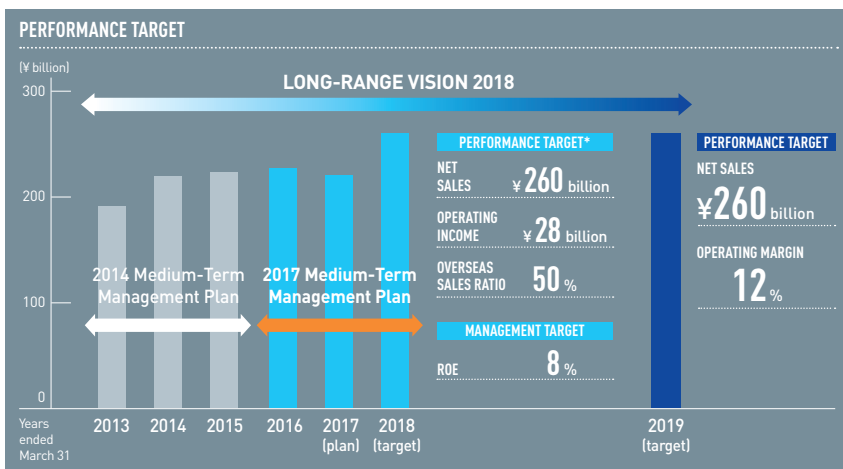
2017 MEDIUM-TERM MANAGEMENT PLAN

BASIC POLICY

Realize business growth through “customer-oriented superb manufacturing” and enhance profitability to achieve the Long-Range Vision 2018

BASIC STRATEGY

BUSINESS STRATEGY	CONSTITUTIONAL STRATEGY	CORPORATE MANAGEMENT STRATEGY
<p>Enhance profitability by expanding business size/area</p> <ul style="list-style-type: none"> • Domestic Business • Overseas Business 	<p>Provide timely products and services meeting market needs</p> <ul style="list-style-type: none"> • Product Development • Production/Procurement • Quality Assurance 	<p>Reinforce group management infrastructure</p> <ul style="list-style-type: none"> • Group Governance • Human Resource • Capital/Financing • Information System



*Performance targets (consolidated basis) are for the final year of the Plan assumed exchange rate of 1USD=¥120, 1EUR=¥130 and 1GBP=¥175.

Our goal under the Constitutional Strategy is to build a high level of our competitiveness in global markets. We will achieve this by strengthening our group-level development organization to support the timely introduction of products and services that match market needs, and by establishing a global production structure.

Under the Corporate Management Strategy, amid the continuing business expansion of the GLORY Group, we will work to improve our corporate value through enhancement of group governance, strengthening of our human resources by promoting diversity, and upgrading of our information infrastructure.

We will continue to implement the strategies described above in the year

ending March 2017, the second year under the 2017 Medium-Term Management Plan. Our consolidated financial targets are net sales of ¥220 billion, operating income of ¥19.0 billion, and net income attributable to owners of the parent of ¥8.0 billion.

NET SALES BY BUSINESS SEGMENT				
(¥ million)				
Years ended March 31	Sales		Operating Income	
	2016	2017 (forecast)	2016	2017 (forecast)
Overseas Market	105,596	100,000	9,225	8,200
Financial Market	51,820	54,000	6,773	6,500
Retail and Transportation Market	45,531	44,000	3,764	3,600
Amusement Market	21,506	20,000	1,112	900
Others	2,499	2,000	-322	-200
Total	226,952	220,000	20,552	19,000

Note: The Company has changed the classifications for main products in the reportable segments beginning in the year ending March 2017. Above figures are based on the segment classifications after the change. (For detail on the product segment changes, please see "AT A GLANCE" (Page 19) in the Segment Information section.)

DIVIDEND INCREASE OF ¥2 TO ¥56 PER SHARE

We consider the return of profits to shareholders to be an important management task and maintain a policy to continue stable dividends while striving to uphold and enhance a sound financial standing in preparation for future business growth. Under that policy, we aim to maintain a consolidated dividend payout ratio of 30% or higher. With regard to the future acquisition of treasury shares, the Company will consider an appropriate response after having taken into overall account future business development, investment plans, the level of retained earnings, and performance trends. We will use shares acquired for investment in future growth, including M&A, and to achieve flexibility in our capital policy.

In line with this policy, we paid a dividend of ¥56 per share for the year

ended March 2016, a year-on-year increase of ¥2. In the next fiscal year, we plan to pay a dividend of ¥60 yen. Also, between August 5, 2016 and January 31, 2017, we plan to acquire our own shares up to a limit of 2 million shares or ¥6 billion, both as a way of improving capital efficiency and maintaining a flexible capital policy, and also as part of our returns to shareholders.

We look forward to the continuing support of our stakeholders.

August 2016

President

Hirokazu Onoe.

