

OVERSEAS MARKET

COMPETING WITH REGION-SPECIFIC STRATEGIES

The approximately 1.46 million branches of financial institutions around the world vary widely in both size and type, but most have not installed money handling machines to the same extent as in Japan. In fact, Japan is probably one of the most advanced countries in the world in terms of bank mechanization, with machines and systems now able to manage most cash handling processes at branches, from cash deposits and withdrawal at counters, to overall branch cash inventory management.

Having led the money handling machine industry in Japan for many years, GLORY is now looking to overseas markets as a promising new opportunity to apply its accumulated technologies and expertise and capture new demand. Despite the increasing use of noncash settlement methods, such as credit cards and electronic money, indications point to an expansionary trend for cash in circulation worldwide. This means that the demand for money handling machines can also be expected to continuously increase.

GLORY's first advantage from the viewpoint of overseas business expansion is its technology. Our technology enables us to supply markets with high-quality products; recognition/identification technology that detects counterfeit currency, and mechatronics technology to accurately count banknotes and coins. Another important advantage for GLORY is our large product lineup, from single-function to high-spec products,

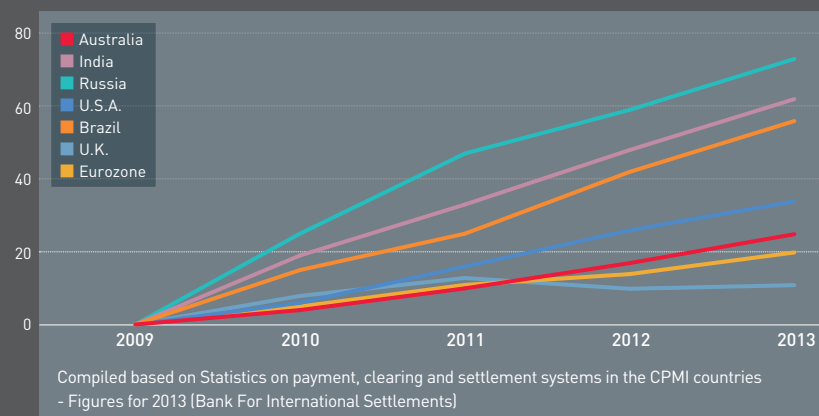
which allows us to meet a wide range of customer needs. Our competitiveness has been further enhanced by our ability to offer customers tailored solutions and maintenance services through our direct sales and service networks.

The types of money handling machines needed vary by country and region, and according to the type and size of financial institution. To respond, we are implementing a region-specific strategy based on exhaustive market analysis. In emerging countries with high-denomination/low value banknotes where paper currency use is high, we will market workflow-improving products, such as banknote recyclers. On the other hand, in developed countries, we will propose innovative, custom system solutions.



GROWTH RATE OF CURRENCY IN CIRCULATION (v.s. 2009, local currency basis)

(%)





Region-Specific Strategy: In Europe and the Americas, Expanding Sales of Products for Financial Institutions

Despite the growth of online banking in Europe and the Americas in recent years, branches still play an important role in the efforts of financial institutions to build customer relationships. Financial institutions increasingly need to provide comfortable and relaxing spaces in which they can foster closer communications with their customers. However, traditional-style teller counters in Europe and the Americas tend to be unsuitable for relaxed communication with customers because of the sense of

distance created by features designed to protect counter staff from robberies, such as security glass and high counters.

GLORY is helping to solve this problem by proposing new branch designs based on the introduction of banknote recyclers. With lower sections of the machines structured as safes, GLORY banknote recyclers provide their own security. This means that financial institutions can make their branch layouts more accessible, including the removal of physical barriers at the teller counter. Moreover, because counter tasks, such as the counting, storing, and dispensing of banknotes, are handled by the machines, staff are able to focus on customer engagement, including the proposal of services and products. GLORY responds to the specific needs of different financial institutions by proposing more open branch designs that combine security and efficiency with customer-oriented layouts.

GLORY also provides reliable maintenance services through its extensive maintenance networks in Europe and the Americas. Because money handling machines for financial institutions, such as banknote recyclers, are commonly installed in multiple branches, purchasers base their product selections not only on quality but also on the manufacturer's service network. Many financial institutions have acknowledged the effectiveness of GLORY's maintenance systems in ensuring the continued reliability of equipment after installation. This reputation has led to numerous additional sales opportunities.

We will continue our efforts to expand sales in Europe and the Americas even further by taking full advantage of our strengths, including our ability to propose solutions, our extensive networks, and our expanding range of banknote recyclers and other products.

BEFORE

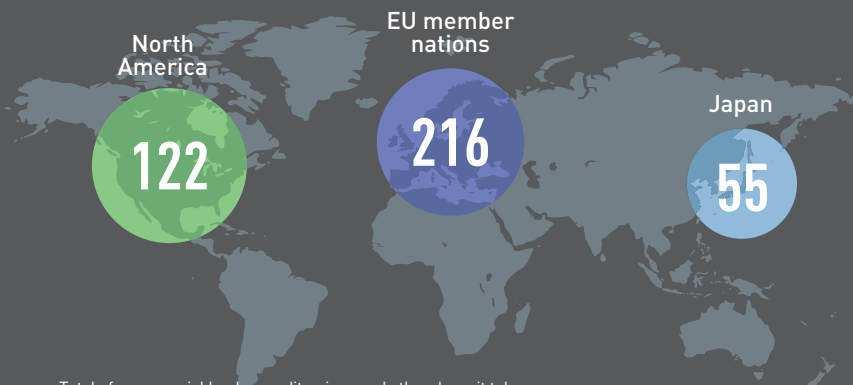


GLORY secure banknote recyclers enable accessible and more attractive branch designs.

AFTER

NUMBER OF FINANCIAL INSTITUTIONS
(Japan vs. other regions)

(Thousand)

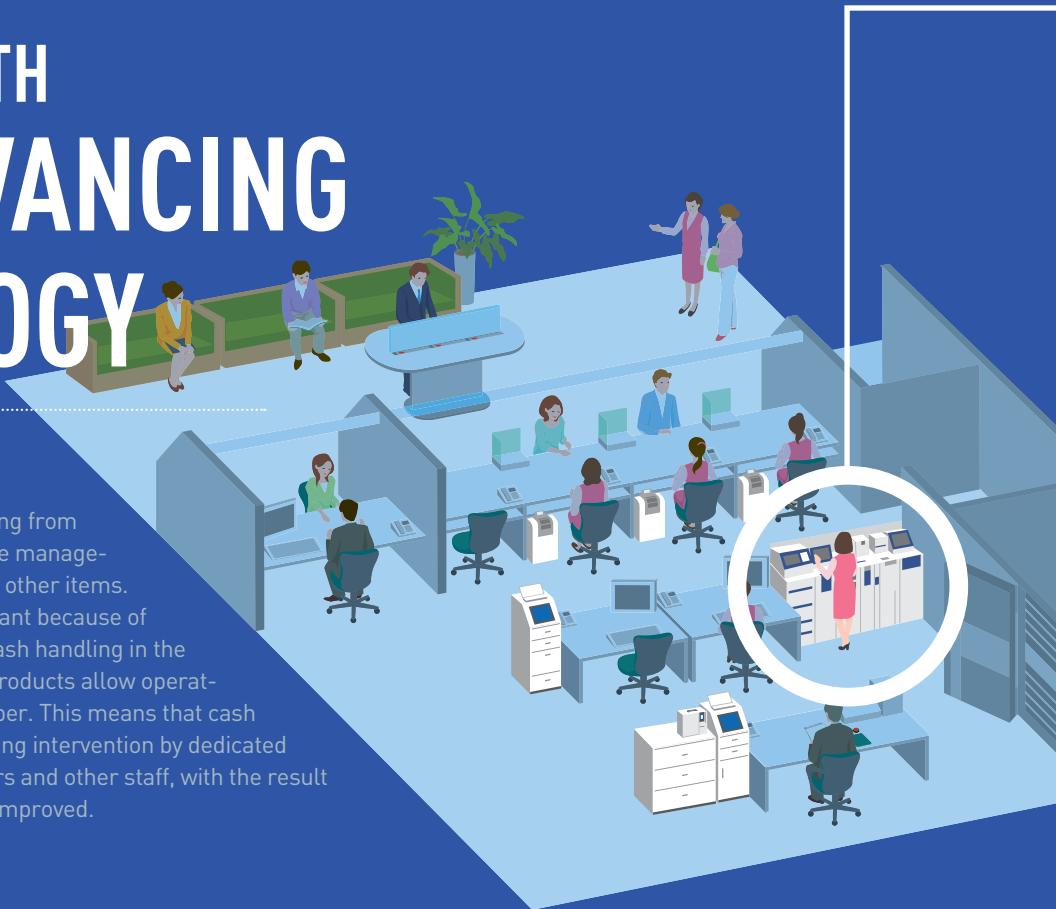


Total of commercial banks, credit unions and other deposit takers
(Source: IMF Financial Access Survey)

“WAVE” SERIES OF OPEN TELLER SYSTEMS

COMPETING WITH EVER-ADVANCING TECHNOLOGY

Japanese financial institutions are among the most automated in the world. In many branches, machines carry out tasks ranging from cash management at teller counters to the management of passbooks, certificates, keys, and other items. Open teller systems are especially important because of their central role in the management of cash handling in the branches of financial institutions. These products allow operating authority to be set for each staff member. This means that cash deposits or withdrawals previously requiring intervention by dedicated personnel can now be carried out by tellers and other staff, with the result that efficiency and greater rigor are both improved.



→ **Open Teller Systems**
—The Market Environment and GLORY’s Strategy

GLORY led the industry in developing Japan’s first open teller system in 1986. We have maintained our market leadership ever since by continually launching enhanced models with new technologies and functions. The market share for the WAVE series is currently over 70%. However, it is estimated that less than one-half of the approximately 55,000 financial institution branches in Japan have installed open teller systems, which means that there is ample scope for further market development by GLORY. Particularly, few open teller systems have been installed by institutions with mainly small- and medium-sized branches. Recognizing the strong potential of this customer category, GLORY launched

a compact open teller system in 2009. While providing the same functions as a standard type, this compact system is ideal for smaller branches because it requires only one-half as much space. We are now actively marketing these systems with the aim of finding new customers that we have not previously

developed. As to those customer categories where open teller systems are already common, such as major banks, our marketing goal is to capture replacement demand effectively through strategies that include the launch of new products.

OPEN TELLER SYSTEM ADOPTION RATE (%)



WAVE Pro

NEW OPEN TELLER SYSTEM LAUNCHED

In November 2014, we launched our fifth-generation open teller system, the "WAVE Pro."

The improvement of operating efficiency is an increasingly important priority for financial institutions in Japan. GLORY has responded to this need by developing its own unique technologies, including systems to manage cash inventories of unfit banknotes and unfit coins, as well as technology for the automatic

verification of new clean banknotes, which was previously believed to be technically impossible. GLORY has also focused on the improvement of usability, even for first-time users, including the adoption of a large touch panel display to guide recovery instructions if an error occurs. We aim to effectively capture replacement demand and develop new customers by strongly promoting the WAVE Pro.

Features of the WAVE Pro

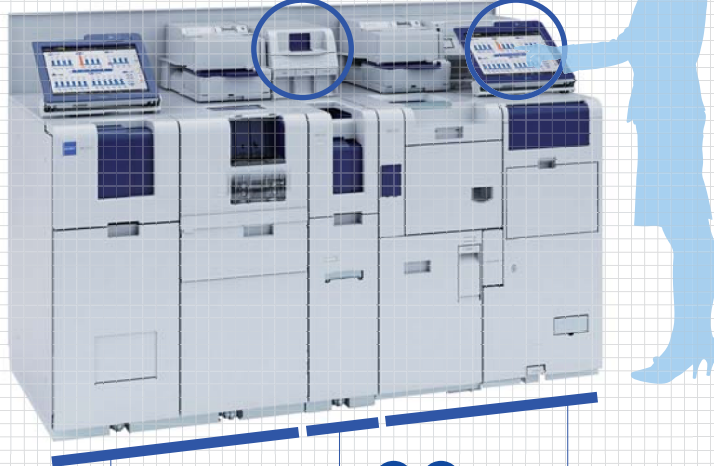
Unfit coin and commemorative coin handling unit

01

Commemorative coin deposit



Operating terminal



Banknote handling unit



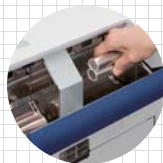
Strapped banknote dispensing

New clean banknote, unfit banknote and bill/check handling unit



Check and bill deposit

Coin handling unit



Wrapped coin dispensing

01

Use of an optical image processing capability to manage unfit banknotes and unfit coins

Digitized image data allows automated cash inventory management of unfit banknotes and unfit coins, as well as old currency and commemorative coins.



An optically processed image of an unfit banknote

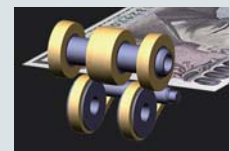
02

Automatic verification of new clean banknotes

The automatic verification recalculates the amount of cash in the machine and checks it against the data. Conventional models also had this capability, but bank staff had to verify new clean banknotes* by hand because of the possibility that the banknotes would be soiled by dirt on the rollers when the currency was transported through the machine.

The WAVE Pro is an industry-first system of its type with the ability to verify automatically new clean banknotes, thanks to a newly designed banknote transport technology in which there is no contact between the rollers.

*In Japan, new clean banknotes are preferred when people give monetary gifts such as for weddings and birthdays.



Newly designed banknote transport technology