

# SEGMENT INFORMATION

## AT A GLANCE



### OVERSEAS MARKET

### FINANCIAL MARKET

#### CONTRIBUTION TO TOTAL NET SALES



(Year ended March 31, 2016)

46.5%



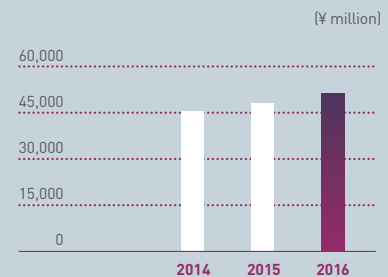
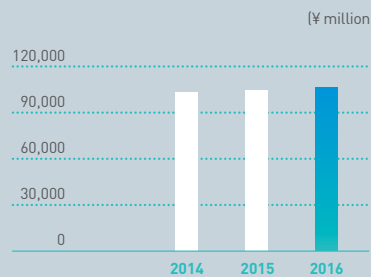
22.6%



#### NET SALES



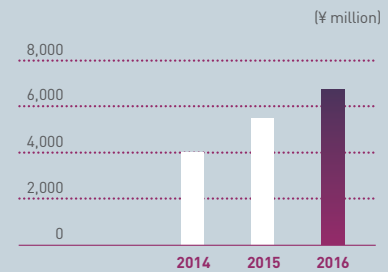
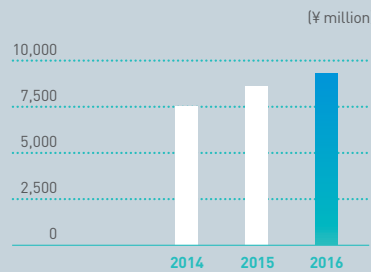
(Years ended March 31)



#### OPERATING INCOME



(Years ended March 31)



#### MAJOR CUSTOMERS



Financial institutions, cash-in-transit companies, retail stores, casinos and OEM clients.

Financial institutions and OEM clients in Japan.

#### MAIN PRODUCTS AND GOODS



Banknote recyclers for tellers, banknote sorters, banknote and check deposit modules for ATMs, banknote counters, coin and banknote recyclers, sales proceeds deposit machines, coin wrappers.

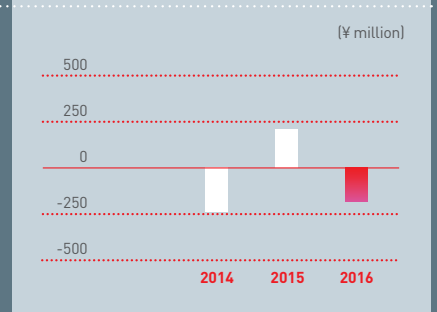
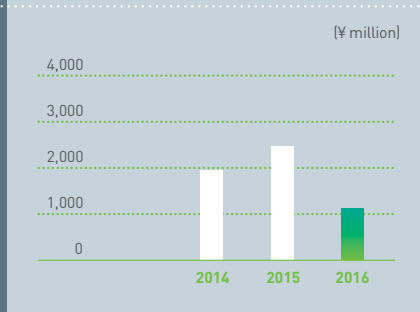
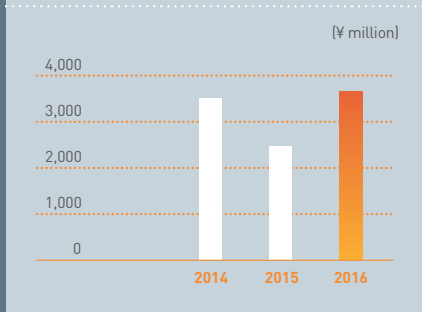
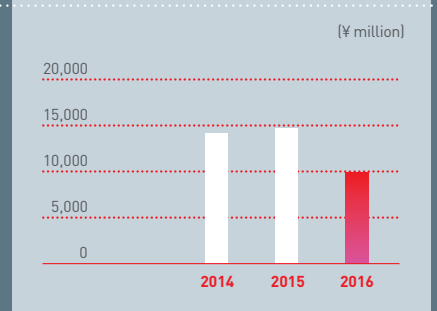
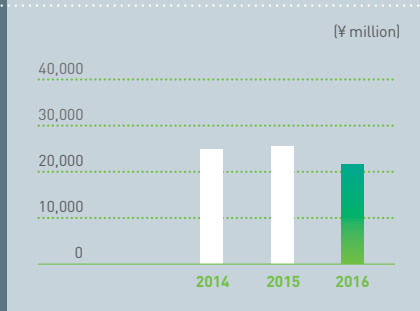
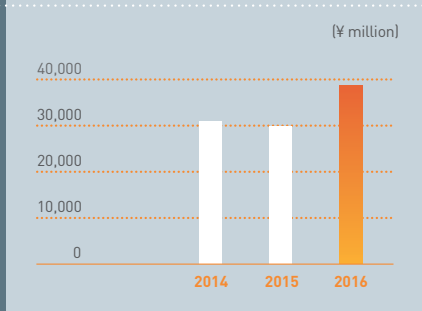
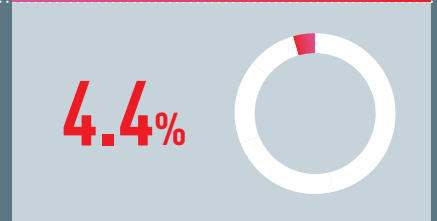
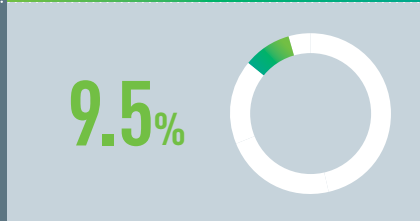
Open teller systems, coin and banknote recyclers for tellers, coin recycling modules for ATMs, multifunctional banknote changers, cash monitoring cabinets, security storage systems, key management systems.



### RETAIL AND TRANSPORTATION MARKET

### AMUSEMENT MARKET

### OTHERS



Supermarkets, department stores, cash-in-transit companies and railroad companies in Japan.

Amusement halls (pachinko parlors) in Japan.

Tobacco shops, tobacco companies, hospitals, local governments and general companies in Japan.

Coin and banknote recyclers for cashiers, sales proceeds deposit machines, multifunctional banknote changers, cash recyclers for gas stations, coin-operated lockers, ticket vending machines.

Card systems for pachinko parlors, banknote conveyor systems, pachinko prize dispensing machines, pachinko ball counters for individual pachinko machines, membership management systems for pachinko parlors, pachinko ball/token counters.

Cigarette vending machines\*<sup>2</sup>, banknote recycling modules for horse race ticket vending machines\*<sup>1</sup>, medical payment kiosks\*<sup>2</sup>, RFID self-checkout systems for cafeterias\*<sup>2</sup>, ballot sorters for handwritten ballots\*<sup>2</sup>.

From the year ending March 2017, the following products will be reclassified as below:  
 \*1. Banknote recycling modules for horse race ticket vending machines: from "Others" to "Financial market"  
 \*2. Cigarette vending machines, medical payment kiosks, RFID self-checkout systems for cafeterias, ballot sorters for handwritten ballots: from "Others" to "Retail and transportation market"

# OVERSEAS MARKET



The main customers in this business segment are primarily financial institutions, retail stores, cash-in-transit companies, and casinos. The major products are banknote recyclers for tellers at financial institutions, banknote sorters for use at financial institutions and cash-in-transit companies, and banknote deposit modules for ATMs, which are sold as OEM products. In recent years, there has been an increase in sales of cash recycling systems in the retail market.

## Market Environment and Operating Results

In the Americas, a steady recovery in the U.S. economy provided impetus for continuing investment in equipment and facilities at North American financial institutions. GLORY increased sales to financial institutions by winning large orders for banknote recyclers for tellers and by securing maintenance agreements.

In Europe, mainly in eurozone countries experiencing gradual economic recovery, we increased sales by capturing replacement orders for banknote recyclers for tellers at financial institutions, and by strengthening the sales structure to win large orders for CASHINFINITY™ cash management systems for retailers.

In Asia, we developed new customers in Singapore and Indonesia thanks to strengthening of sales channels, and captured replacement demand for banknote recyclers for tellers in financial institutions in Australia. However, changes in the market environment in China and India, which account for a high proportion of sales in the region, led to weak sales of banknote sorters, our main product in these markets. Consequently, overall sales in Asia declined.

Sales of OEM products increased as higher demand in the U.S. for ATMs that accept deposits of both banknotes and checks led to an increase in sales of banknote and check deposit modules for ATMs.

As a result of these factors, net sales in the Overseas Market segment increased 1.3% year on year to ¥105,596 million. Operating income was ¥9,225 million, rising 14.5% thanks to product mix improvement and cost reduction activities.

## Strategies and Initiatives Going Forward

We will implement strategies to suit each region's circumstances based on analysis of market trends. In Europe and the Americas, we will pursue further sales expansion by upgrading and expanding the line of products for financial institutions and also focus on business expansion in the retail market. In Asia, we aim to increase earnings by expanding our direct sales and service networks. Our focus in the OEM category will be on increasing sales of new products. We will also strengthen the M&A strategy to further accelerate growth in our overseas business.

Banknote recycler for tellers

<RBG-100>



Banknote sorter

<UW-500>





# FINANCIAL MARKET

In Japan, financial institutions are our main customers. Key products include open teller systems, coin and banknote recyclers for tellers and money changers for bank lobbies. Besides these main products, there are security storage systems designed to store and manage business forms and other important non-cash items, as well as image scanners used to digitize business documents. Some GLORY products are also provided as OEM products to large system makers. The Financial Market segment is GLORY's largest business segment in Japan, where our main products have captured a market share approaching 70%.

## Market Environment and Operating Results

Financial institutions in Japan are stepping up efforts to strengthen their operating structures, such as extending branch business hours, opening various types of branches, and expanding their business areas. Under this situation, GLORY focused on winning orders to meet replacement demand for key products, developing new customers, and promoting the non-cash sector products.

Sales of compact open teller systems for use in small and medium-sized branches increased substantially, and sales of standard-size open teller systems developed favorably as well.

Sales of the electronic data entry tablet that enables customers to create forms using a touch panel, a non-cash sector product, increased at mega-banks and other institutions implementing customer service and operational efficiency improvements at their branches.

Net sales in the Financial Market segment increased by 6.7% year on year to ¥51,339 million. Operating income was 22.5% higher at ¥6,741 million.

## Strategies and Initiatives Going Forward

Although it is unclear what impact the introduction of negative interest rates will have on equipment and facilities investment at financial institutions, a proactive attitude about investment to increase earnings is expected to continue. GLORY will further efforts to capture replacement demand for our flagship products, develop new customers and to increase sales of products in the non-cash sector.

Compact open teller system  
<WAVE C30>



Open teller system  
<WAVE Pro>



Electronic data entry tablet





## RETAIL AND TRANSPORTATION MARKET

GLORY's main customers in this business segment are supermarkets and cash-in-transit companies. The key products include coin and banknote recyclers for cashiers at supermarkets, restaurants, and specialty stores, and sales proceeds deposit machines used to manage sales proceeds at department stores and shopping malls. GLORY also supplies railroad companies with cash recyclers, which count and deposit money received and dispense change at ticket counters, and coin-operated lockers.

### Market Environment and Operating Results

Rapid changes are occurring in the Japanese retail industry, as chains pursue mergers and partnerships to boost competitiveness and close unprofitable outlets to improve earnings. At a time of increasing worker shortages, retailers are implementing efficiency improvements in store operations, and demand for automation is increasing.

In this environment, GLORY sought to capture replacement demand and develop new customers for coin and banknote recyclers for cashiers and sales proceeds deposit machines as tools for improving the efficiency and rigor of currency handling. Sales of coin and banknote recyclers for cashiers increased substantially as a result of success in capturing replacement demand from major supermarkets and progress in developing new customers, including restaurants and specialty stores. Efforts to capture replacement demand for sales proceeds deposit machines by promoting new products also led to capturing of replacement demand at supermarkets and new customer development.

As a result, net sales in the Retail and Transportation Market segment increased by 29.2% year on year to ¥38,616 million, and operating income rose by 48.4% to ¥3,657 million.

### Strategies and Initiatives Going Forward

Aimed at sales expansion, we will implement product development and marketing strategies tailored to the type of business of our customers. Our focus with regard to coin and banknote recyclers for cashiers will be to capture replacement demand from existing customers, especially supermarkets, and develop new customers in sectors where these products have yet to be widely introduced. The strategy for sales proceeds deposit machines will focus on selling new products and working to capture replacement demand by strengthening sales activities in collaboration with cash-in-transit companies.

Coin and banknote recycler for cashiers  
<RT-300/RAD-300>



Sales proceeds deposit machine  
<DSS-500>





# AMUSEMENT MARKET



Our main customers in this business segment are amusement halls (pachinko parlors\*). Core products in this market are peripherals of game machines such as pachinko and pachislot; specifically, card systems comprising pachinko ball/token dispensers and counters for individual machines and computers for in-store sales management, as well as pachinko prize dispensing machines and membership management systems.

## Market Environment and Operating Results

The amusement industry is experiencing a downtrend in the number of customers due to factors including diversification of leisure activities and lack of interest in pachinko among young people. Although the number of pachinko parlors continues to decrease, the number of game machines per establishment is increasing, and so is the size of pachinko parlors.

Replacement demand for peripheral equipment plummeted during the second half of the year ended March 2016 as many pachinko parlor operators postponed renovations involving replacement of game machines and new pachinko parlor openings, in part because of game machine regulations.

Although GLORY sought to increase sales of card systems, a key product in this market, in this difficult environment, pachinko parlor operators remained cautious about equipment and facilities investment, and sales were weak.

As a result, net sales decreased by 15.4% year on year to ¥21,506 million, and operating income fell by 54.8% to ¥1,112 million.

\* Pachinko parlors are casino-like recreation facilities unique to Japan. People go to pachinko parlors to amuse themselves by playing two types of game machines: pachinko and pachislot machines. Pachinko machines resemble vertical pinball machines and pachislot machines are like casino slot machines. Pachinko and pachislot are Japan's most famous popular pastimes, and the player population is approximately 12 million.

## Strategies and Initiatives Going Forward

We will implement initiatives to increase market share for our main products and create new products. We will seek to increase sales of key products by winning large orders and developing new customers through closer collaboration among GLORY Group companies. At the same time, we will strengthen the new product planning and development structure.

Pachinko ball dispenser and counter

<JCP-210>



Pachinko prize dispensing machine

<JK-300>



# OTHERS



“Others” consists of the products not covered by GLORY’s four reportable segments. Some examples are cigarette vending machines, medical payment kiosks for hospitals, self-checkout systems for cafeterias and election-related products such as ballot sorters for handwritten ballots. New businesses, such as facial recognition, are also included in this category.

## Market Environment and Operating Results

Sales of medical payment kiosks for hospitals increased due to rising replacement demand as a result of factors including mandatory issuance of itemized treatment statements in case of adoption of automated payment systems.

Sales of card-related products remained at the prior-year level despite efforts to capture replacement demand for employee cafeteria self-checkout systems that accept e-money and to increase sales of electronic money settlement terminals for retail outlets.

Sales of cigarette vending machines fell sharply in a reaction to high replacement demand by cigarette manufacturers in the previous year.

Sales of ballot sorters to government offices decreased year on year because of an adverse effect from the large number of orders received in the previous year.

In the new area of face recognition systems, we continued to develop new customers, such as supermarkets, financial institutions, and healthcare facilities, and sales increased as a result of efforts to further boost sales

of key products in this area.

As a result of these developments, net sales decreased by 32.6% year on year to ¥9,895 million, and operating loss was ¥183 million.

## Strategies and Initiatives Going Forward

Heightened awareness of security has fueled an uptrend in sales of face recognition systems. We will undertake rapid expansion of this business by winning large orders and developing new customers.

Note:  
The Company has changed the classifications for main products in the reportable segments beginning in the year ending March 2017. Future strategies and initiatives described above reflect the revised classifications.  
For details on the product segment changes, please see “AT A GLANCE” [Page19].

Self-checkout system for cafeterias  
**<PSA-110>**

Ballot sorter for handwritten ballots  
**<GTS-1000>**

Cigarette vending machine  
**<TNR-K54>**