



President
Hirokazu Onoe

WITH THE SETUP COMPLETE, GET READY FOR SOME REAL GROWTH

GLORY is on the threshold of a new phase of growth—and success. Since the acquisition of Talaris, our overseas business has grown to match the scale of our domestic business. Yet, we see the major growth is still ahead, especially overseas. In the final stage of our Long-Range Vision 2018, we will develop finer nuance in our regional business approaches, appeal to new industries in Japan and originate future flagship products to better compete in the market.

BUSINESS OVERVIEW AND FINANCIAL RESULTS

For the year ended March 31, 2015, GLORY grew sales and income for the fifth straight year, driven by the Financial Market segment sales in Japan and by the Overseas Market segment sales, especially in the Americas.

In Japan, there was lingering impact of the consumption tax increase and weakening consumer spending, but the economy remained on a gradual recovery trend thanks to improvements in business earnings and employment. Overseas, despite a continuing recovery in the U.S. and a gradual recovery in Europe, the world economic situation remained generally uncertain, mainly because of economic slowdowns affecting emerging countries, including China.

The year ended March 2015 was the final year of the GLORY Group's 2014 Medium-Term Management Plan, and, in the current business environment, we dynamically implemented a range of measures to ensure the achievement of our targets under that plan. After a slow first half, business in the Financial Market segment recovered in the second half. Aided in part by the effects of a weaker yen, business remained generally positive throughout the Overseas Market segment, as well. As a result, we were able to record our fifth straight year of sales and income growth.

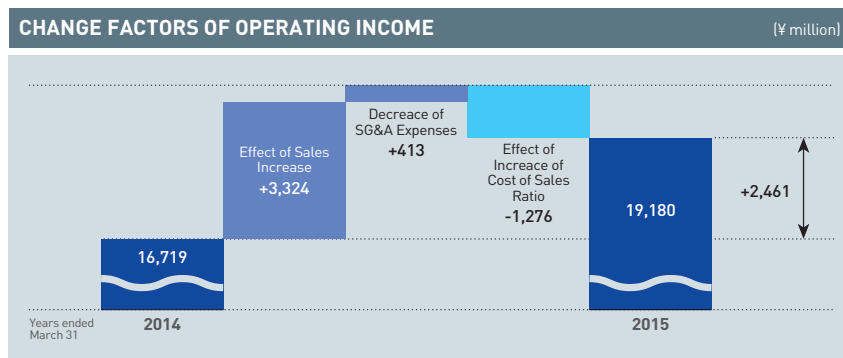
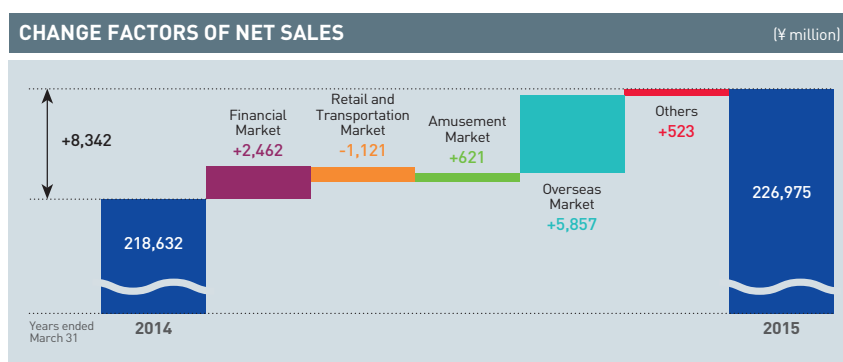
Looking at our results in finer detail, the Financial Market segment showed a healthy trend in sales of open teller systems, which are our flagship product. In particular, we made a successful start with the new standard

type product "WAVE Pro" (see Page 18), which was launched in November 2014. We also saw large demand for compact open teller systems for use in small- and medium-sized branches.

The Retail and Transportation Market segment was impacted by the consumption tax increase and other factors that motivated supermarkets and other retailers to postpone capital investment. This led to slower sales of coin and banknote recyclers for cashiers, which is a key product category.

The Amusement Market segment continued to experience challenging conditions, including a decline in the number of pachinko parlors (amusement halls) and intensifying market competition. However, GLORY was able to capture replacement demand in existing venues, and sales of key products, such as card systems, were strong.

In the Overseas Market segment, our sales in North America benefited from strong sales of banknote recyclers for tellers as financial institutions responded to the sustained economic recovery by moving ahead with capital investment. In Asia, particularly in India, there was significant growth in sales of banknote sorters, which are used to detect counterfeits and sort banknotes for fitness.



RETROSPECTIVE ANALYSIS OF THE 2014 MEDIUM-TERM MANAGEMENT PLAN

Overseas business activities have expanded dramatically, but we still have work to do in terms of profitability.



The 2014 Plan covered a three-year period from the year ended March 31, 2013. We implemented a range of measures based on our basic strategies—the Business Strategy, the Constitutional Strategy, and the Corporate Management Strategy—as the first step towards achieving our Long-Range Vision 2018.

From the perspective of our Business Strategy, the Japanese market remains our main earning foundation. To fulfill this role, we aggressively marketed our products to customer sectors in Japan where they had previously not been introduced. The Financial Market segment expanded sales of compact open teller systems for small- and medium-sized branches, while the Retail and Transportation Market segment increased sales of coin and banknote recyclers for cashiers to restaurant chains, specialty stores and other retail outlets. We also worked to deepen our penetration of existing markets. For example, we promoted

sales of products for non-cash operations in financial institutions, such as new electronic data entry tablets that allows financial slips to be created via a touch panel. The Amusement Market segment worked to capture new demand by launching the EXSIM Pachinko Parlor Total System, which uses cloud computing technology.

On the other hand, the Business Strategy designates our overseas business as a key growth driver. One of our top priorities under the 2014 Plan was the early creation and maximization of synergies arising from the acquisition of Talaris in 2012. We worked to achieve this goal by integrating the activities of Talaris and GLORY. By fully utilizing the sales and service network of Talaris, one of its greatest strengths, and by implementing regional strategies, we were able to capture large orders and achieve other significant benefits, including sales expansion in regions where we had not previously been involved. Due to the positive ef-

fects of this integration, net sales of the Overseas Market segment increased from a pre-acquisition ¥35 billion to ¥108 billion post acquisition, and from 24% of total net sales to 48%—thereby raising the scale of our overseas business to a level on par with our domestic business.

Initiatives based on our Constitutional Strategy focused on the improvement of our competitiveness in the global market. To reinforce product development, we worked to strengthen our core technologies and improve development efficiency by developing platform technologies. We also integrated our development themes with those of Talaris and completed the restructuring of our development organization. In the area of production, we began to realize cost synergies deriving from the initiation of joint procurement of parts with Talaris.

Under our Corporate Management Strategy, we implemented measures targeted toward the establishment of robust management infrastructure to support our Business Strategy and Constitutional Strategy. One measure was the revision of our corporate philosophy structure from a CSR perspective to more clearly express our core commitment to CSR activities. For GLORY, CSR activities represent the realization of our corporate philosophy, and we believe that we can fulfill our responsibilities to society by putting our corporate philosophy into practice in our business activities. Through this review of our corporate philosophy structure, we ensured that our corporate philosophy could

be shared across the entire GLORY Group, so that individual employees would be guided by CSR awareness in their work activities.

We also believe that human resource diversity is vital to sustainable corporate growth. One of our initiatives to promote diversity was the establishment of the GLORY Women's College, which provides in-house courses for female employees. GLORY still has only a limited number of female executives,

and, under the 2014 Plan, we worked to foster future candidates for executive positions by raising awareness among female employees and encouraging them to continue working actively with a strong sense of motivation toward their tasks.

Performance indicators show that we were unable to achieve our target operating margin of 10% due to factors that included intensifying market competition in Japan and overseas,

and cost increases caused by the rapid depreciation of the yen. However, we did achieve our goal of net sales of ¥210 billion, and we have realized the expansion of our business scale, and the reinforcement of our corporate fundamentals, having made steady progress towards the realization of the Long-Range Vision.

2017 MEDIUM-TERM MANAGEMENT PLAN

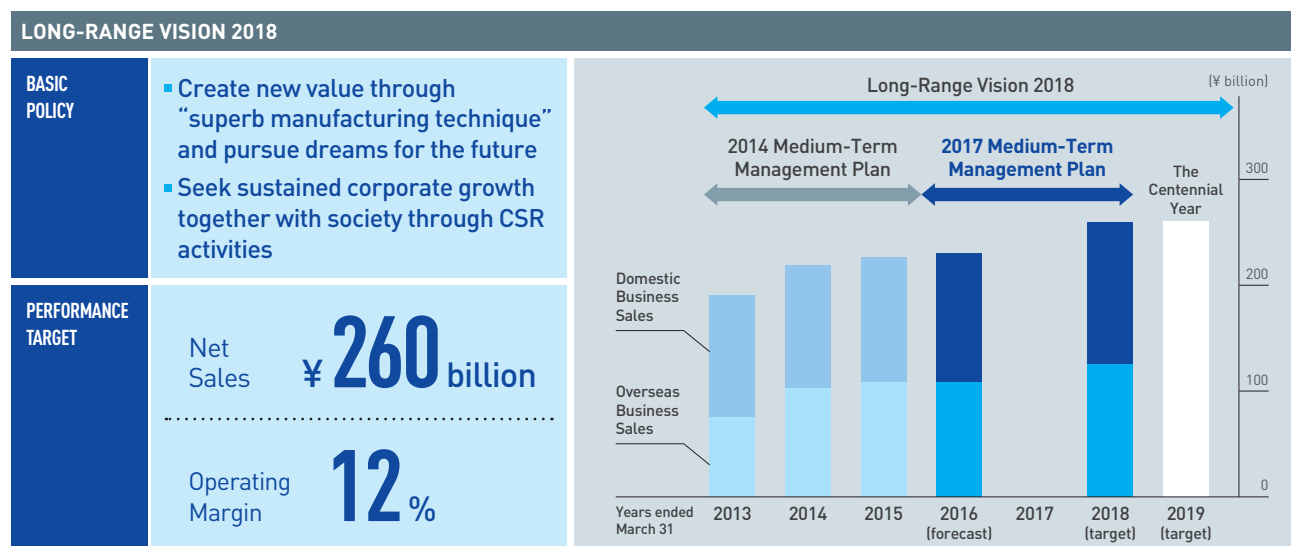
We aim to realize our Long-Range Vision 2018 through business growth and improvement of profitability.

In April 2015 we launched the 2017 Medium-Term Management Plan as our final three-year step toward the realization of the Long-Range Vision 2018. Based on our achievements under the 2014 Plan, and by taking up the challenges identified under that plan,

we will move forward to "realization of business growth through 'customer-oriented superb manufacturing' and enhancement of profitability to achieve the Long-Range Vision 2018."

Under our Business Strategy, we will target sales expansion in our

domestic business by strengthening the front-line marketing capabilities of every branch and sales office. We will also develop business models that reflect market needs and focus on the creation of future flagship products. In our overseas business activities, we will strongly promote region-specific strategies based on exhaustive market analyses, and we will utilize technologies accumulated through our domes-



TOP MESSAGE

tic business activities. We will also strive to expand our overseas business activities into new areas, such as retail markets, and to deepen our penetration of the financial market.

Our Constitutional Strategy calls for improvement of our cost competitiveness to allow timely supply of products and services that match market needs. To that end, we aim to further strengthen our development organiza-

tion and optimize global production and procurement.

Under our Corporate Management Strategy, we will continually strengthen our group governance structures. Another priority will be improving capital efficiency, as stated below. Further, we will focus on training and deployment of human resources capable of supporting our efforts to achieve global business expansion.



2017 MEDIUM-TERM MANAGEMENT PLAN				
PERFORMANCE TARGET	Net Sales ¥ 260 billion	Operating Income ¥ 28 billion	Overseas Sales Ratio 50 %	MANAGEMENT TARGET ROE 8 %
BASIC POLICY	Realize business growth through “customer-oriented superb manufacturing” and enhance profitability to achieve the Long-Range Vision 2018			
BASIC STRATEGY	BUSINESS STRATEGY Enhance profitability by expanding business size/area	CONSTITUTIONAL STRATEGY Provide timely products and services meeting market needs	CORPORATE MANAGEMENT STRATEGY Reinforce group management infrastructure	
FOCUS	<ul style="list-style-type: none"> Domestic Business Overseas Business 	<ul style="list-style-type: none"> Product Development Production/Procurement Quality Assurance 	<ul style="list-style-type: none"> Group Governance Human Resource Capital/Financing Information System 	

Note: Performance targets are for the final year of the 2017 Plan, assuming exchange rates of 1USD=¥120, 1EUR=¥130 and 1GBP=¥175.

IMPROVING CAPITAL EFFICIENCY

We aim to enhance our corporate value, which has been built on a foundation of good relationships with all stakeholders. One of our specific goals is the improvement of ROE. Under the 2017 Plan, we will work toward

an ROE of 8% as part of our efforts to achieve further improvement in our capital efficiency. Specifically, we will target growth in net income through the achievement of our performance targets under the 2017 Plan. We also

aim to improve the total asset turnover ratio through efficient investment in business growth, and to enhance shareholder returns.

OUTLOOK FOR THE YEAR ENDING MARCH 31, 2016

We will target profitability improvement by focusing on further enhancement of our corporate fundamentals.

In the year ending March 2016, we expect the Japanese economy to remain on a basic recovery trend, reflecting improvements in employment, incomes, and other areas. There are some areas of concern in overseas markets, including the tapering of monetary easing in the United States, political and economic instability in Europe, and slower economic growth in China and other emerging countries. However, we expect the world economy as a whole to follow a gradual recovery trend.

In this environment, throughout the first year of the 2017 Plan,

we will work steadily under the aforementioned strategies toward the Plan's goals. We will also further strengthen our corporate structure to improve profitability and seek to capture replacement demand in all

of our markets. Our consolidated financial forecasts for the year ending March 31, 2016 are net sales of ¥230 billion, operating income of ¥20 billion, and net income attributable to owners of parent* of ¥11.5 billion.

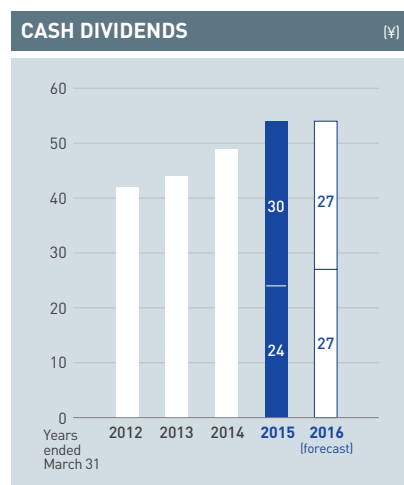
* As a result of changes to the "Accounting Standard for Business Combinations" and other standards, the item that was referred to as "net income" in the year ended March 31 2015 will be referred from the year ending March 31, 2016 onwards as "net income attributable to owners of parent."

NET SALES BY BUSINESS SEGMENT			
(¥ million)			
Years ended March 31	2015	2016 (forecast)	Year on Year (%)
Overseas Market	108,859	109,000	+0.1
Financial Market	48,117	51,500	+7.0
Retail and Transportation Market	29,886	34,500	+15.4
Amusement Market	25,433	22,000	-13.5
Others	14,680	13,000	-11.4
Total	226,975	230,000	+1.3

*Forecast for the year ending March 31, 2016, as of August 5, 2015.

DIVIDENDS

We consider shareholder returns to be an important management priority and have a basic policy of continuously pro-



viding stable dividends while maintaining and enhancing our financial position in preparation for future growth. We aim to maintain a minimum dividend of 1.8% of our consolidated equity capital and a consolidated payout ratio of 25% or higher. In line with this policy, we paid a year-end dividend of ¥30 per share, ¥5 higher than the original forecast. Together with the ¥24 interim dividend, this brought the total dividend to ¥54 per share, which is ¥5 higher than the previous year's figure.

For the fiscal year ending March 31, 2016, adhering to the above basic policy, we have revised the target indicator to focus on the dividend payout ratio and lifted the target to 30% or

higher on a consolidated basis. The purpose of these changes is to enhance shareholder returns by strengthening the linkage to financial performance. On this basis, we plan to pay a dividend of ¥54 per share, consisting of interim and year-end dividends of ¥27 each, in the year ending March 31, 2016.

We look forward to the continuing support of our shareholders and investors.

August 2015

President

Hirokazu Onoe.