



GLORY LTD. The 2017 Medium-Term Management Plan (FY2015-FY2017)



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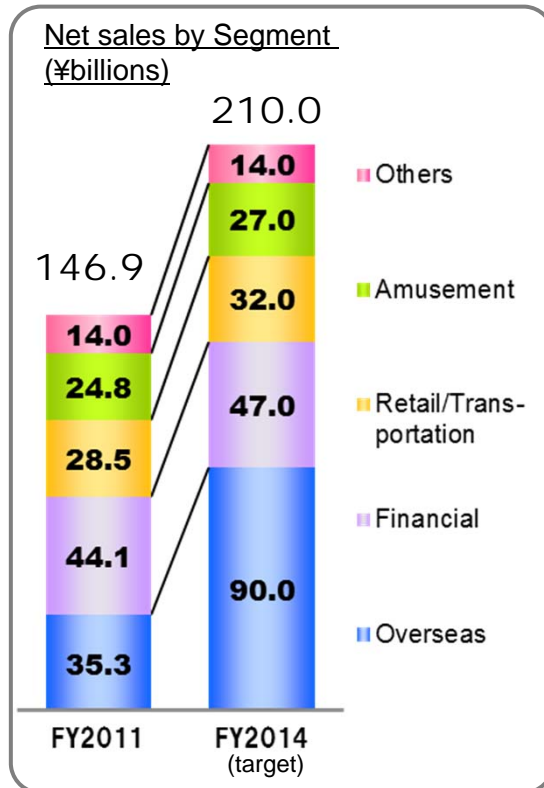
Review of The 2014 Medium-Term Management Plan (FY2012-FY2014)

A small, stylized globe icon is positioned to the left of the main title text. The background of the slide features flowing, wavy lines in shades of yellow and orange, creating a sense of movement and forward-looking vision.

Basic Policy

To achieve the Long-Range Vision 2018

- Implement a growth strategy and strengthen profitability
- Achieve an operating margin of 10% or higher (Fiscal 2014)



Management Target (FY2014)

- ROE: 6.0% or higher

Performance Targets (FY2014)

- Consolidated net sales: ¥210 billion
- Consolidated operating income: ¥21 billion
- Overseas sales ratio: 40% or higher

Basic Strategy

Business Strategy

- Overseas Business Strategy
- Domestic Business Strategy
- New Business Strategy

Constitutional Strategy

- Product Development Strategy
- Production and Procurement Strategy
- Quality Assurance Strategy

Corporate Management Strategy

- Group Structure Strategy
- Personnel Strategy
- Capital and Financial Strategy

*Targets figures for FY2014 are as of November 9, 2012.

Results of the 2014 Medium-Term Management Plan

Targets and results

	Target	Result	Assessment
Net Sales (¥bil.)	210.0	226.9	Achieved
Operating Income (¥bil.)	21.0	19.1	Not-achieved
Operating Margin	10%	8.5%	
Overseas Sales ratio	40% or higher	48.0%	Achieved
ROE	6.0% or higher	6.7%	Achieved

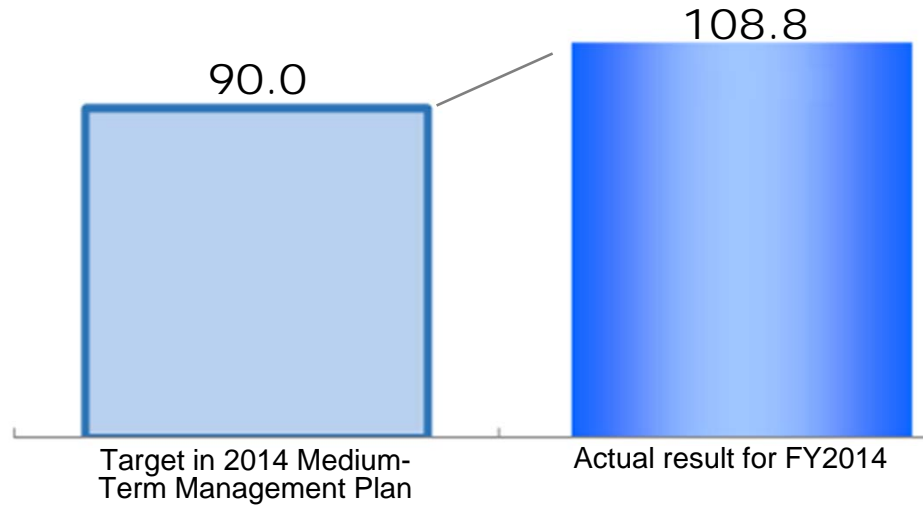
Basic strategies

Business Strategy (Overseas, Domestic, New business)	
Overseas	<ul style="list-style-type: none"> • Achievements: Organization/site integration with overseas subsidiaries • Challenges: Reinforcement of region specific product planning and development structures
Domestic	<ul style="list-style-type: none"> • Achievements: Expansion of sales to new customers • Challenges: Creation of new pillar in the business for future growth
New business	<ul style="list-style-type: none"> • Achievements: Expansion of sales of facial recognition systems • Challenges: Reinforcement of marketing and sales structures
Constitutional Strategy (Product development, Production/procurement, Quality assurance)	
<ul style="list-style-type: none"> • Achievements: Expansion of overseas production capacity • Challenges: Reinforcement of global capabilities in each function 	
Corporate Management Strategy (Group structure, Human resources, Financial management)	
<ul style="list-style-type: none"> • Achievements: Penetration of corporate philosophy across entire group • Challenges: Implementation of global management 	

Despite efforts to implement growth strategies and strengthen earning potential, profitability still needs to be improved.

Result: Vs Net Sales Target

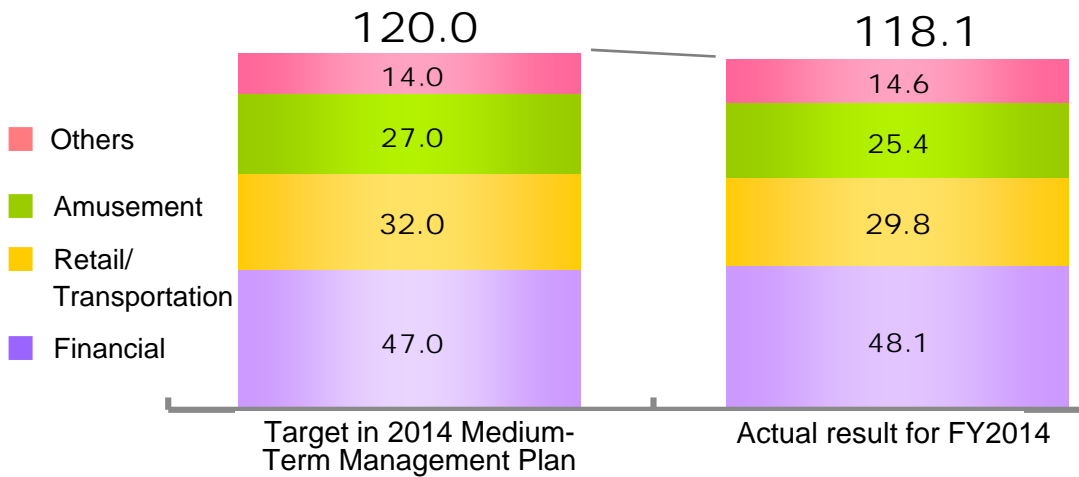
Overseas Net sales (¥billions)



(¥bil.)	Target	Actual	Achievement rate
Net sales	90.0	180.8	121 %

Sales expanded substantially thanks to business integration and the improvement of sales structures after the Talaris acquisition, as well as the implementation of region specific strategies. The weak yen also contributed.

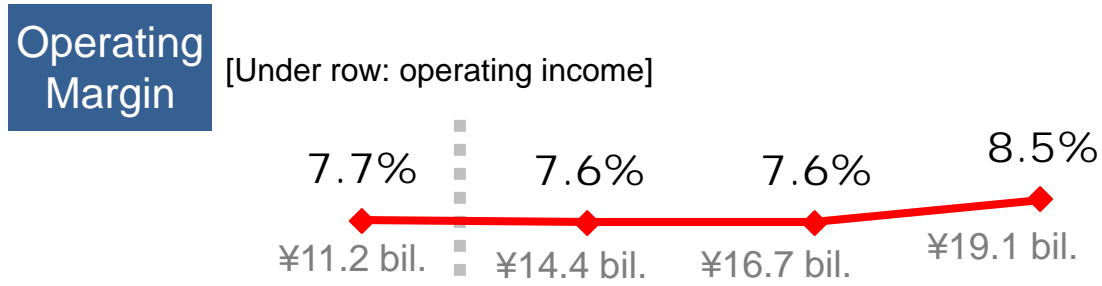
Domestic Net sales (¥billions)



(¥bil.)	Target	Actual	Achievement rate
Net sales	120.0	118.1	98 %

Despite securing of replacement demand and winning new orders through the development of new markets, overall sales were lower, in part because of the effects of the consumption tax increase.

Result: Vs FY2011 Result

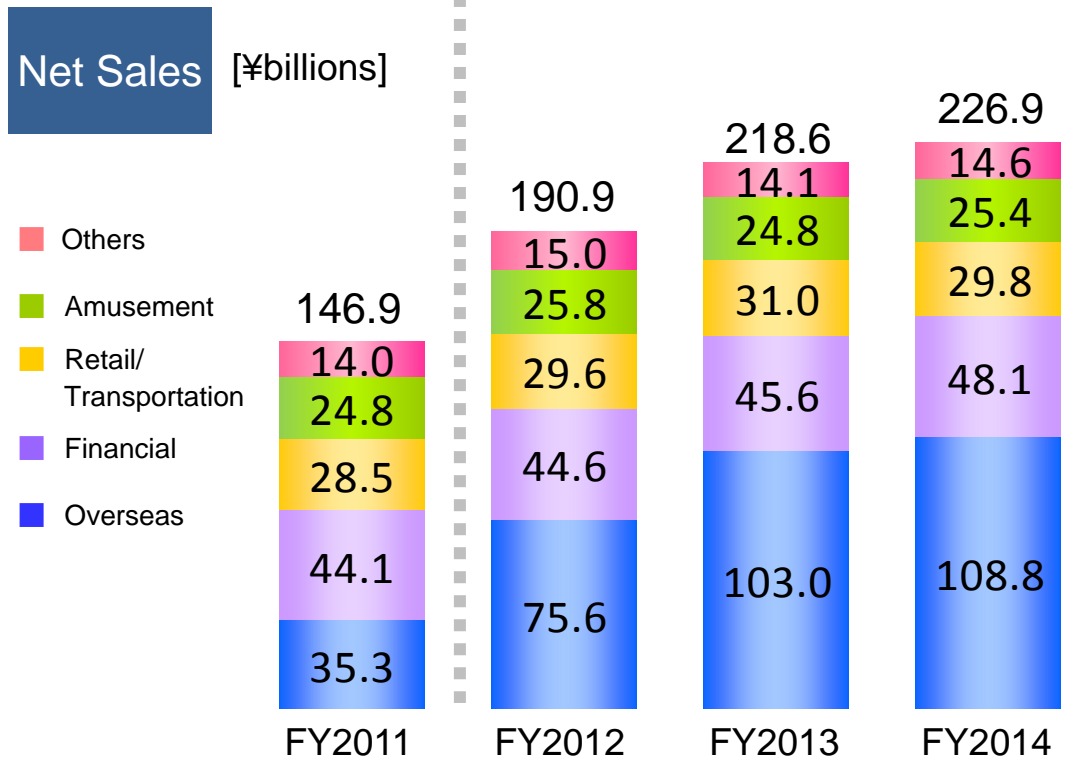


Vs FY2011 performance

Operating margin
+0.8pt.

Growth rate
Domestic business
+5.8%
(Average annual +1.9%)

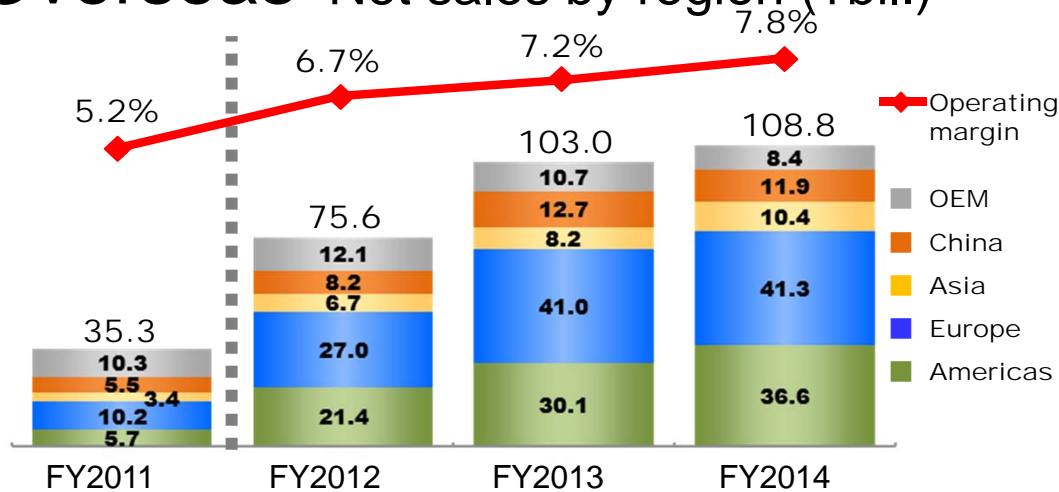
Overseas business
+208.3%
(Average annual +45.5%)



Result: Vs FY2011 Result



Overseas Net sales by region (¥bil.)



- OEM | OEM sales to ATM manufacturers declined, in part due to changing market environment

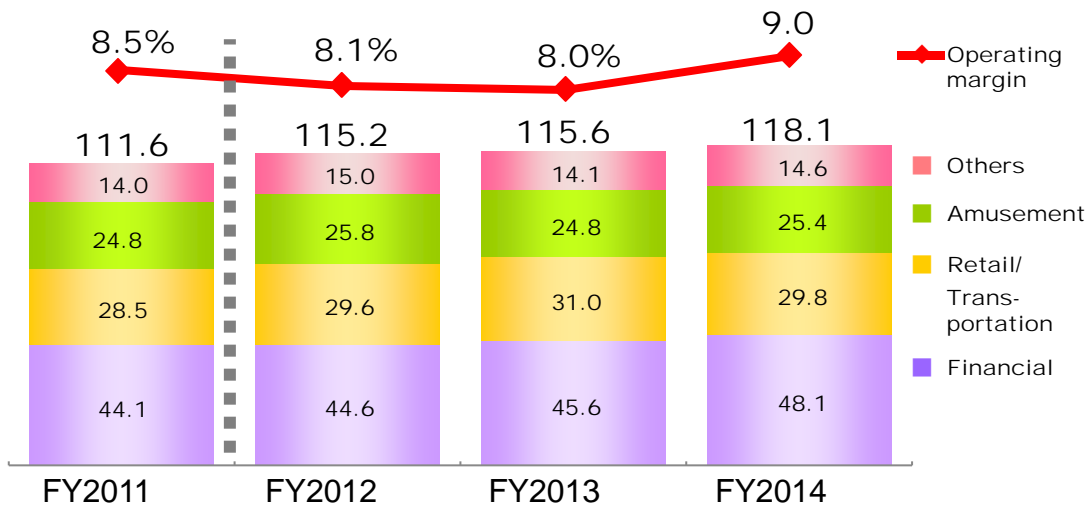
- China | Sales increased due to capturing of demand, but growth slowed due to changes in market environment

- Asia | Sales of banknote sorters and other products increased

- Europe | Major deals were concluded
Sales in retail market expanded

- Americas | Sales of key products increased

Domestic Net sales by segment (¥bil.)



- Financial | Sales of key products increased

- Retail/Transportation | Sales of key products increased, but trends affected by consumption tax increase

- Amusement | Sales of key products increased



The 2017 Medium-Term Management Plan (FY2015-FY2017)



The second and final step toward achieving the Long-Range Vision 2018

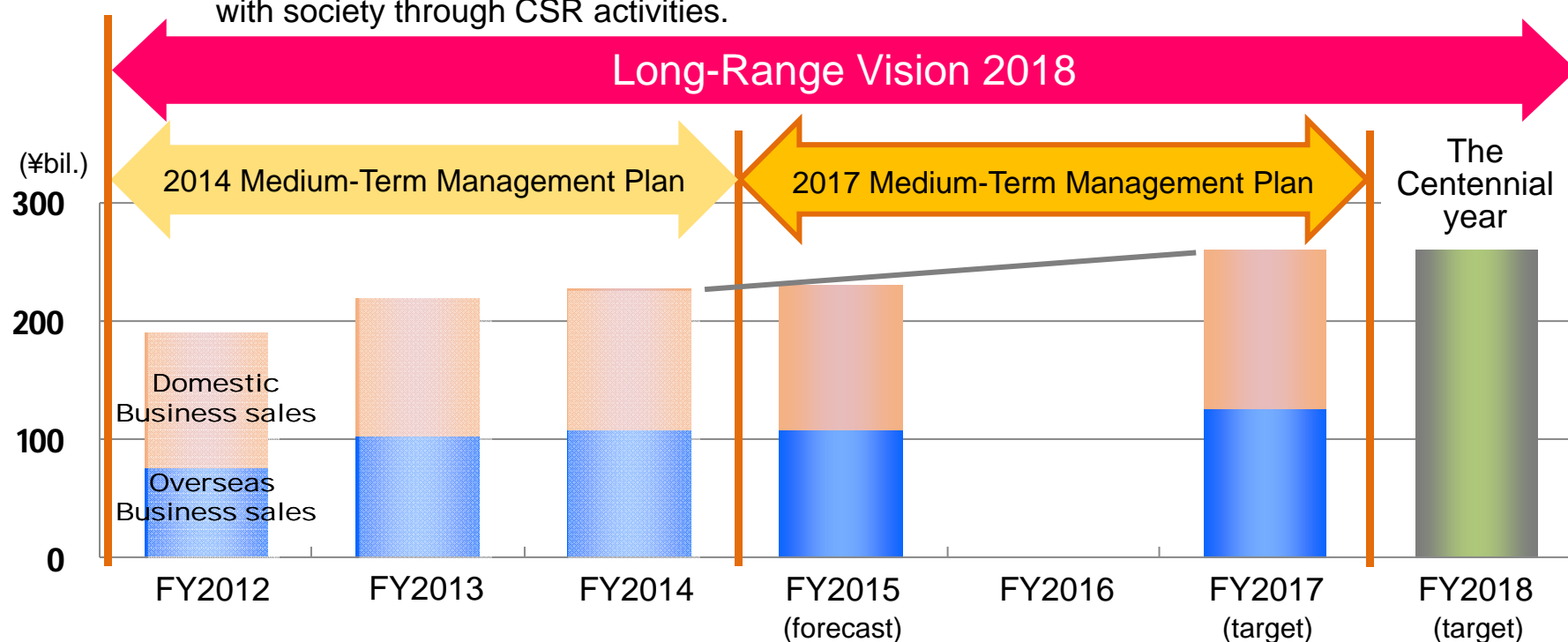
Long-Range Vision 2018

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.

Performance Target

- Net Sales ¥260 bil.
- Operating Margin 12 %



Business Environment

Overseas

Developed countries

- Improving operating efficiency in bank branches and retail outlets

Emerging economies

- Increasing currency in circulation due to economic growth

Overseas markets in general

- Escalating price competition

Domestic

Financial institutions

- Increasing efforts to strengthen management infrastructure

Retailing, food services

- Diversification of settlement methods

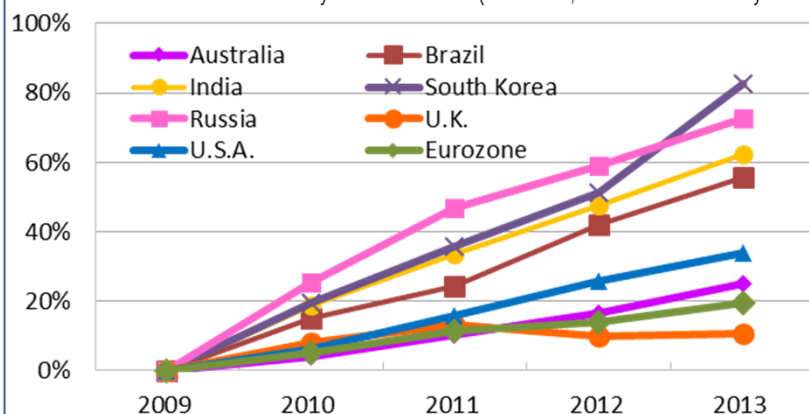
Overall domestic market

- Consumption tax rise planned

Amount of currencies in circulation

- Expanding in both advanced and emerging countries

Growth rate of currency in circulation (vs 2009, on local currency basis)

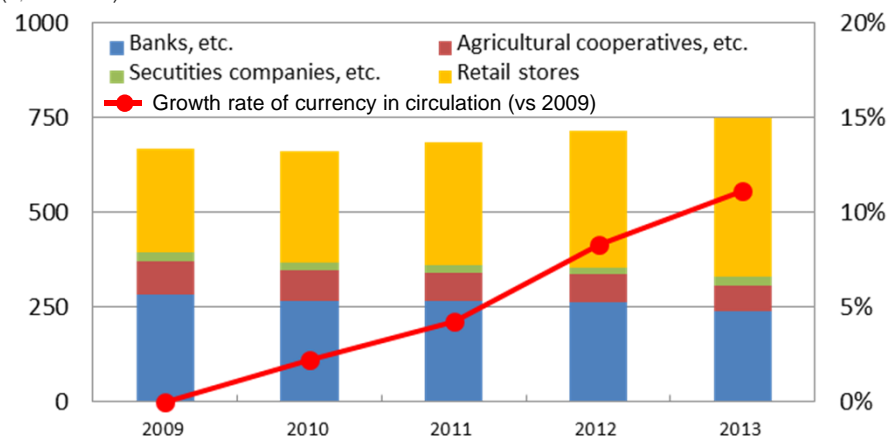


Compiled based on *Statistics on payment, clearing and settlement systems in the CPMI countries - Figures for 2013* (Bank For International Settlements)

Number of money processing systems in use (excluding ATMs)

- Increasing trend

(1,000 units)



Compiled based on data prepared by the Japan Vending Machines Manufacturers Association, and *Flow of Funds Statistics* (Bank of Japan)

2017 Medium-Term Management Plan

Performance
Targets

Net Sales : ¥260bil.

Operating Income: ¥28bil.

Overseas Sales ratio: 50%

Management
Target

ROE : 8%

[Exchange rate assumptions]
1USD=¥120, 1EUR=¥130, 1GBP=¥175

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
Focus	Enhance profitability by expanding business size/area Overseas Business Domestic Business	Provide timely products and services meeting market needs Product Development Production/Procurement Quality Assurance	Reinforce group management infrastructure Group Governance Human Resources Capital/Financing Information System

Overseas Business Strategy

Basic Strategy Enhance profitability by expanding business size/area

- Execute region-specific strategies based on exhaustive market analysis
- Expand direct sales/maintenance network aiming for revenue growth
- Explore and promote new businesses leveraging technologies accumulated in the domestic market

Strategies for Key Regions

Americas

Increase sales of products for financial institution branches
Expand business in retail market

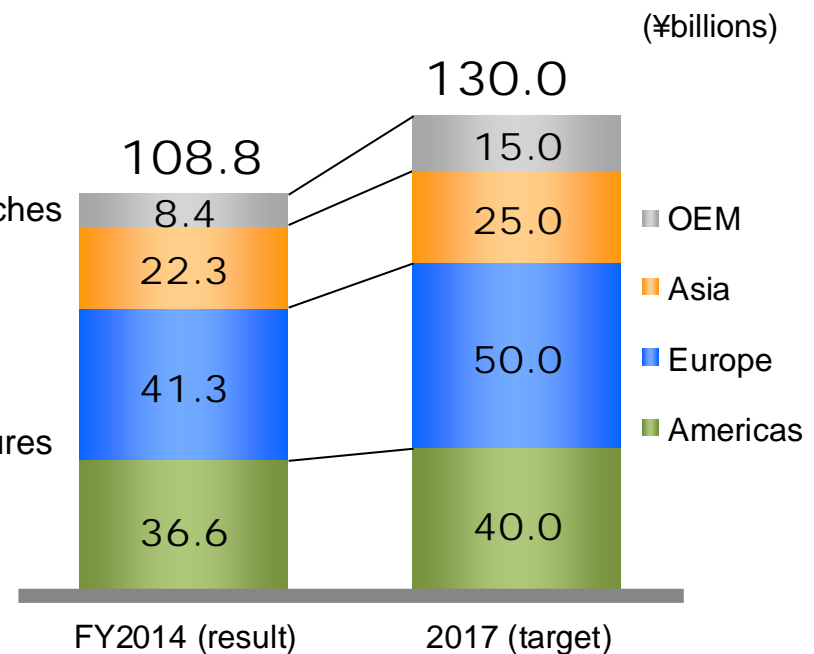
Asia

Reinforce direct sales and maintenance service structures

OEM

Expand sales of new products

Europe



Domestic Business Strategy



Basic Strategy Enhance profitability by expanding business size/area

- Strengthen sales force
- Expand business by enhancing ability to meet market needs

Main Strategies by Segment

Financial

Expand sales of key products and security-related products

Retail/Transportation

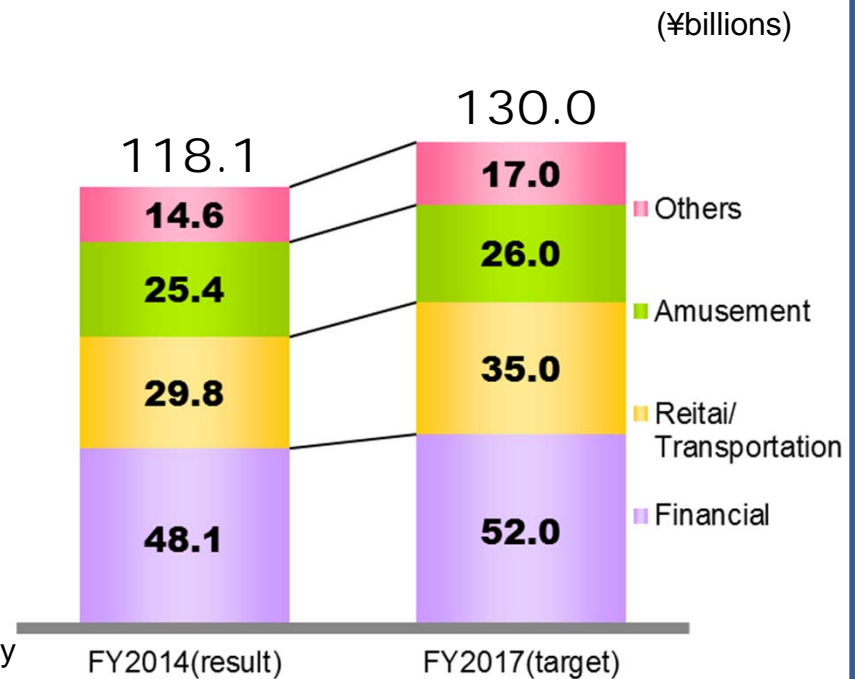
Implement product planning and sales strategies to expand business in specific industries

Amusement

Expand market shares of key products and create new products

Others

Promptly commercialize biometric authentication technology



Constitutional Strategy

Basic Strategy Provide timely products and services meeting market needs

Product Development Strategy

- Enhance development capabilities of core technologies
- Reinforce product development structure for overseas markets

Production/Procurement Strategy

- Establish global production system
- Promote global procurement

Quality Assurance Strategy

- Strengthen quality assurance function for overseas market

Corporate Management Strategy

Basic Strategy

Reinforce group management infrastructure

Group Governance Strategy

- Promote management adhering to the corporate philosophy
- Enhance management capability on a global level

Human Resource Strategy

- Cultivate and utilize human resources for global business expansion
- Promote diversity of human resources

Capital/Financing Strategy

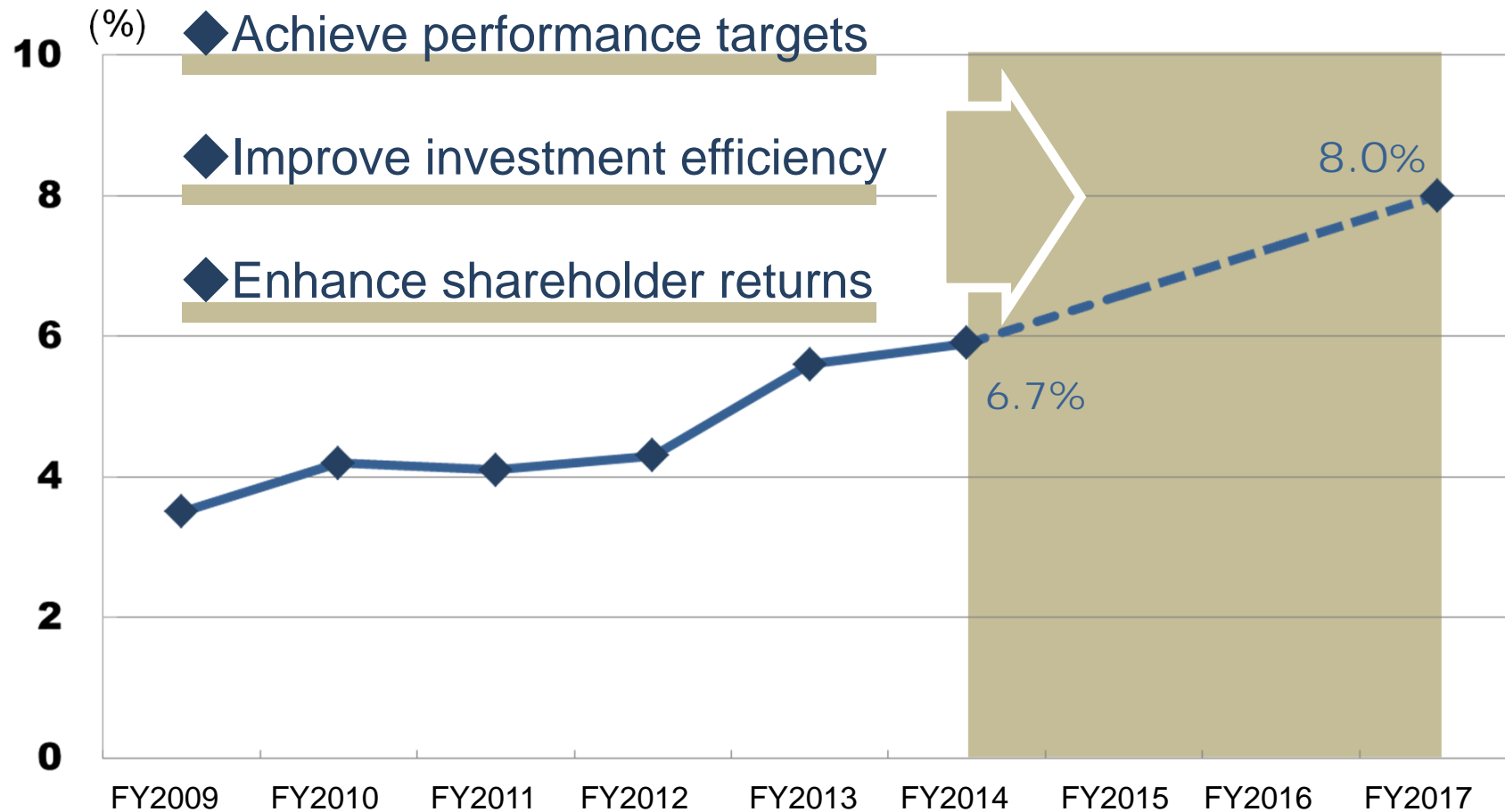
- Maintain stable dividend payouts
- Improve capital efficiency

Information System Strategy

- Establish information platform underpinning business activities
- Enhance information security system

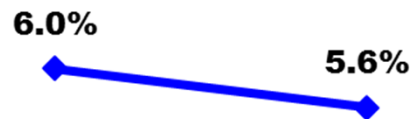
To Improve Capital Efficiency

Aim to achieve ROE, a key management indicator, of 8% by FY2017.



R&D investment

Efficient R&D investment for business growth



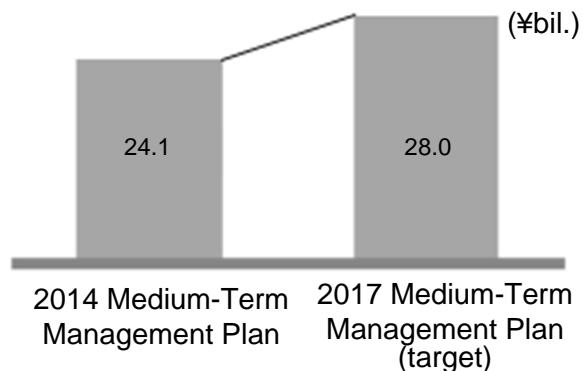
R&D investment ratio to net sales (3-year target) :
5.6% or less

2014 Medium-Term Management Plan 2017 Medium-Term Management Plan (target)

(Reference)
2014 Medium-Term Management Plan result:
¥38.1 billion (3 years)
(Ratio to net sales: 6.0%)

Capital investment

Investment targeted toward the improvement of competitive strength



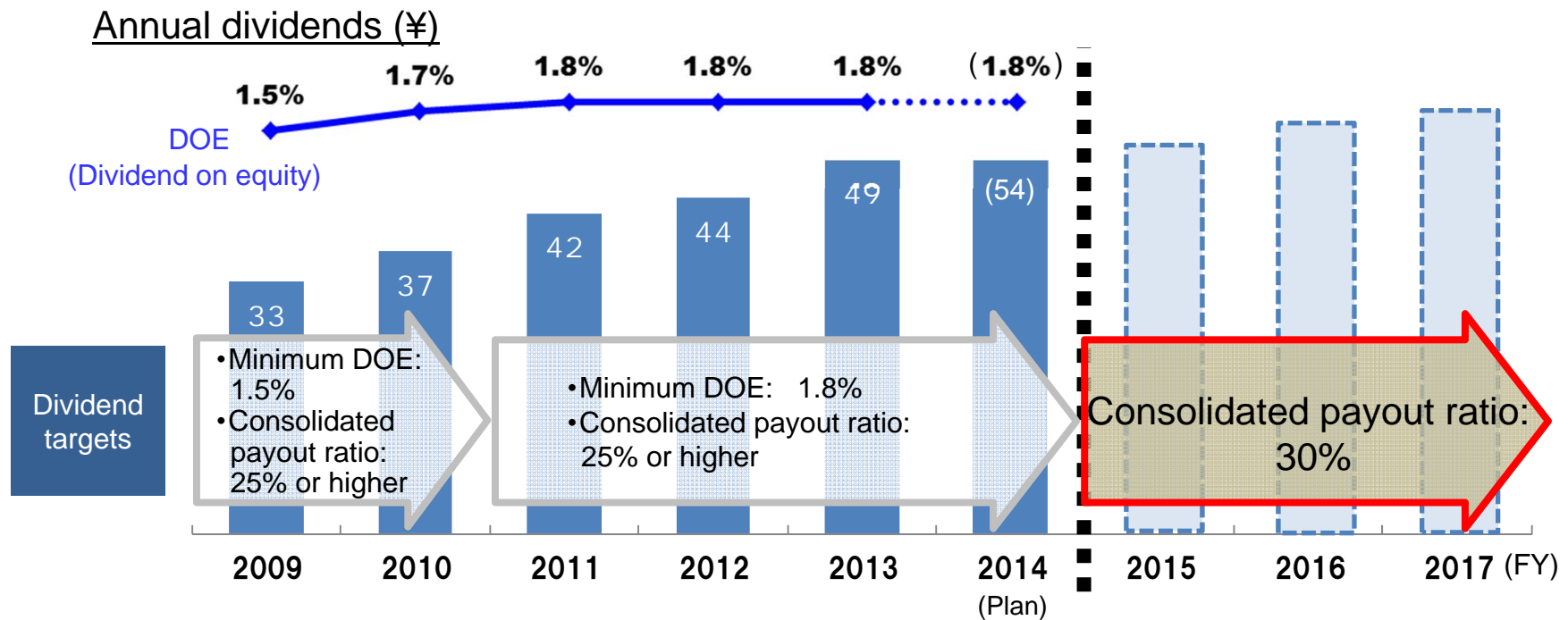
¥28 billion (3-year target)
(excluding investment for M&A)

(Reference)
2014 Medium-Term Management Plan result:
¥24.1 billion (3 years)

Policy on Shareholder Returns

Basic policy on shareholder dividends

GLORY LTD. (the "Company") 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. The Company has been employing the target of attaining a dividend payout ratio of 25% or higher and a DOE (dividends on equity) ratio of at least 1.8%, both on a consolidated basis. Adhering to the above basic policy, **the Company has revised the target indicator to focus on payout ratio and increased the target to 30% or higher on a consolidated basis.**

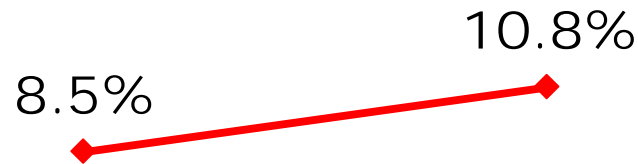


Share repurchase

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.

Target by Segment

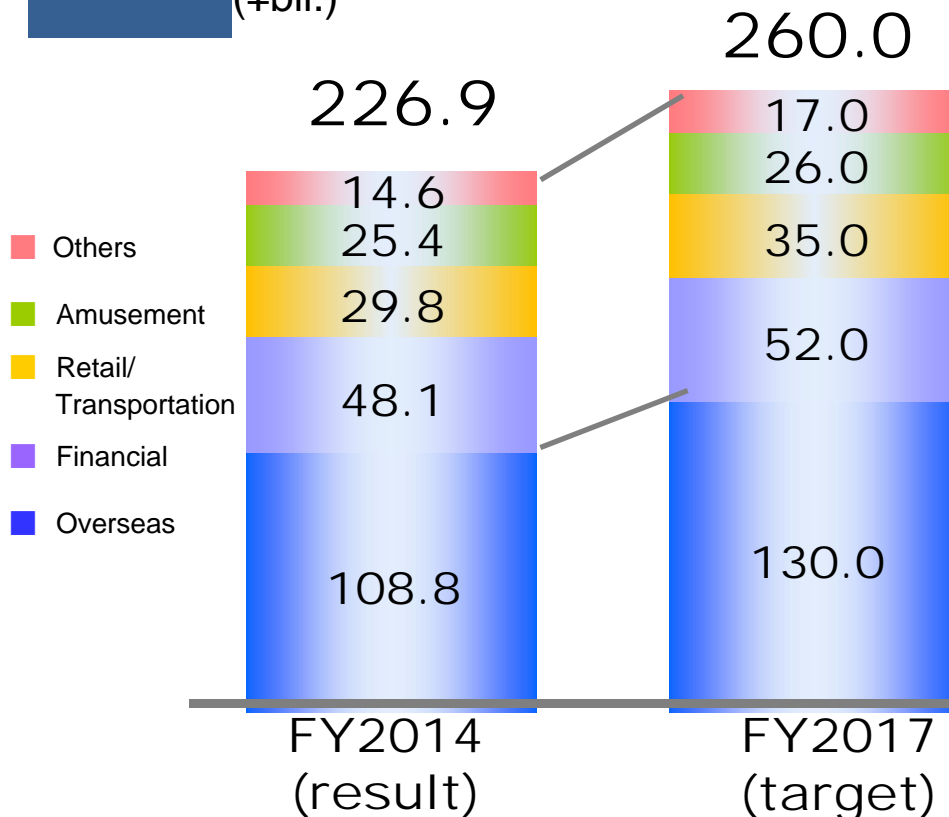
Operating Margin



Operating Margin

+2.3pt.

Net Sales (¥bil.)



Growth rate

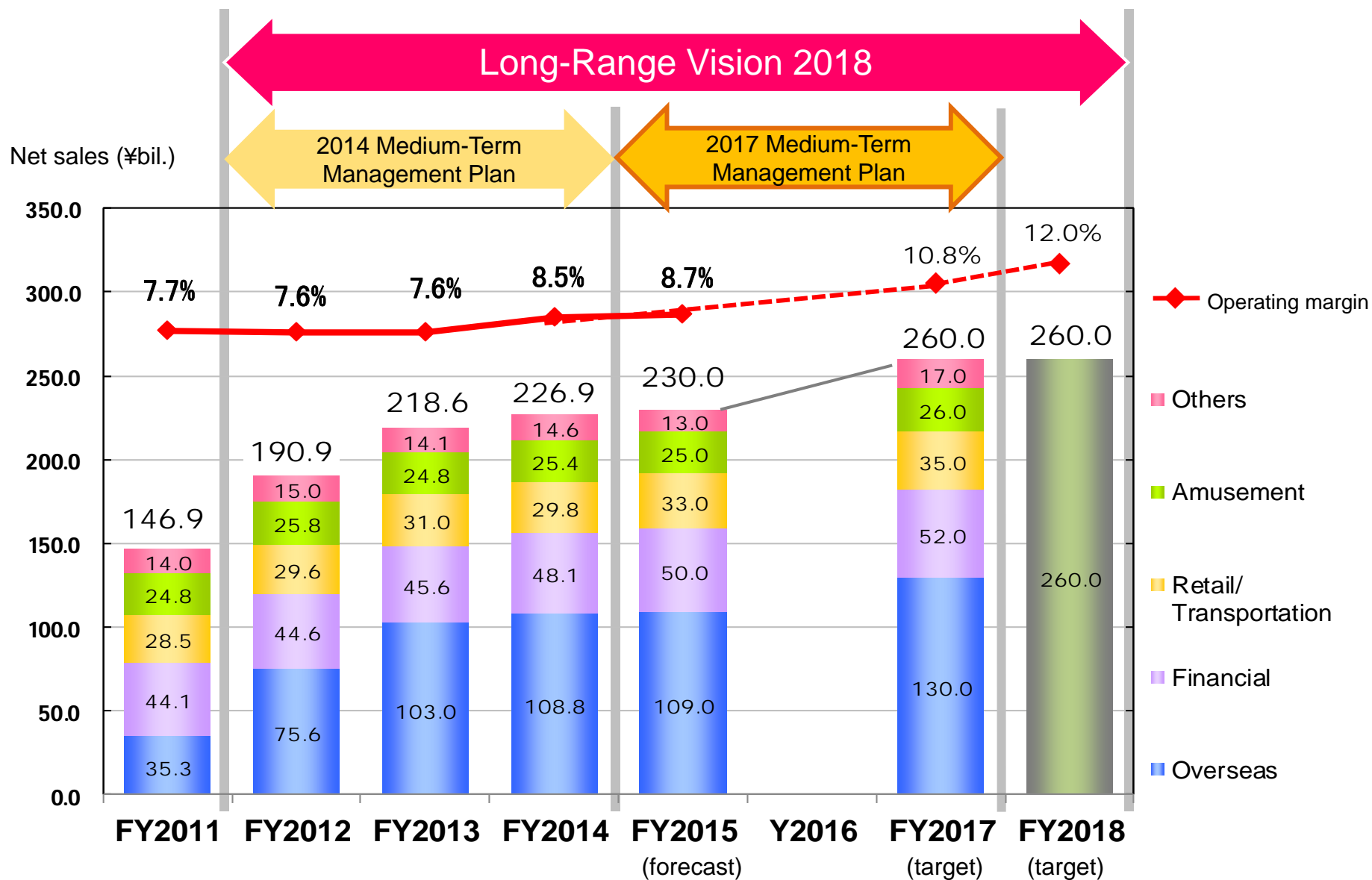
Domestic Business

+10.1%
(Average annual +3.2%)

Overseas Business

+19.4%
(Average annual +6.1%)

Sales & Operating Margin Trend by Segment





We Secure the Future

思いをかなえる 技術で見つめる 確かな未来

Caution Concerning Forward-Looking Statements

Information about business performance and targets and other forward-looking statements contained in this document are based on information currently available to GLORY LTD. and specific assumptions that were deemed to be reasonable, and we do not offer any guarantee that actual outcomes will be as indicated in such information and statements. Readers should be aware that various factors could cause actual business results to differ significantly from these statements.