The 2014 Medium-Term Management Plan (Revised)
Reason for Revision of the 2014 Medium-Term Management Plan

To account for the impact of the Talaris acquisition in July 2012 on GLORY Group’s business.

Fiscal year runs from April 1st to next March 31st
Changes to the 2014 Medium-Term Management Plan

Long-Range Vision 2018

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)

Previous Management Target (FY2014)
• ROE: 6.0% or higher

Revised Management Target (FY2014)
• ROE: 6.0% or higher

Performance Targets (FY2014)
• Consolidated net sales: ¥180 billion
• Consolidated operating income: ¥18 billion
• Overseas sales ratio: 30% or higher

Revised Performance Targets (FY2014)
• Consolidated net sales: ¥210 billion
• Consolidated operating income: ¥21 billion
• Overseas sales ratio: 40% or higher

Target Net Sales by Segment (FY2014)
(Billions of yen)

Basic Strategy
Business Strategy
• Overseas Business Strategy
• Domestic Business Strategy
• New Business Strategy

Constitutional Strategy
Corporate Management Strategy

Financial
Overseas
Retail /Transportation
Amusement
Others

Previous
Revised
2014 Medium-Term Management Plan Overview

**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

### Target Net Sales by Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>Target Net Sales (Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Others</td>
<td>14</td>
</tr>
<tr>
<td>Amusement</td>
<td>27</td>
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<tr>
<td>Retail/Transportation</td>
<td>32</td>
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<tr>
<td>Financial</td>
<td>47</td>
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<tr>
<td>Overseas</td>
<td>90</td>
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</table>

**FY2011**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Target Net Sales (Billions of yen)</th>
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<tr>
<td>Others</td>
<td>14</td>
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<tr>
<td>Amusement</td>
<td>24.8</td>
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<tr>
<td>Retail/Transportation</td>
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<tr>
<td>Financial</td>
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<td>Overseas</td>
<td>35.3</td>
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</table>

**FY2014 (Estimate)**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Target Net Sales (Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Others</td>
<td>14</td>
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<tr>
<td>Financial</td>
<td>47</td>
</tr>
<tr>
<td>Overseas</td>
<td>90</td>
</tr>
</tbody>
</table>

### Basic 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
- Personnel Strategy
- Capital and Financial Strategy
Business Strategy

Capture new markets and establish a profit-earning model in emerging economies

- Synergy creation through the early realization of “One GLORY”
- Global product expansion utilizing the direct sales and service network

Strengthening of Management Functions

- Develop a tripolar operating structure consisting of Europe, the Americas and Asia
- Expand direct sales and direct maintenance territories
- Strengthen sales through distributors

- Strengthen the direct sales and service network by building region specific operating structure
- Strengthen sales capability through system solutions enhancement
- Enhance cost competitiveness by streamlining development and production

Performance Target

<table>
<thead>
<tr>
<th></th>
<th>FY2011</th>
<th>FY2014</th>
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</thead>
<tbody>
<tr>
<td>OEM</td>
<td>35.3 billion</td>
<td>35.3 billion</td>
</tr>
<tr>
<td>Asia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Americas</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Fiscal year runs from April 1st to next March 31st
Medium-Term Management Plan

Overseas Operations

Previous

Sales Strategy

■ Europe
  ○ Strengthen solutions for bank branches
  ○ Expand sales in emerging countries
  ○ Strengthen retail market business

■ The Americas
  ○ Expand sales of banknote recyclers at major banks
  ○ Expand sales in emerging countries

■ Asia
  ○ Strengthen sales in key markets (China, India)
    ○ Expand sales in emerging countries (ASEAN etc.)
    ○ Strengthen price competitiveness

■ OEM
  ○ Expand collaboration with OEM partners
  ○ Develop new markets and collaborate with customers

Revised

□ Strengthen sales capability by leveraging Group's strengths
  ○ Strengthen branch solution sales targeting banks
  ○ Strengthen sales of banknote recyclers
  ○ Pursue global business development of systems for retail market
  ○ Strengthen sales to emerging economies focusing on the BRICS countries
  ○ Strengthen sales in Asia

□ Build region specific operating structure
  ○ Americas
  ○ Europe
  ○ Asia
  ○ OEM

Direct sales and service
Constitutional Strategy

*Additional items are indicated in red

Product Development Strategy

- Promote profitable product development
- Strengthen development of core technologies
- Pursue global cost competitiveness
- Improve efficiency thorough unified development themes across the Group

Production and Procurement Strategy

- Strengthen functions of the mother factories
- Expand overseas production and reform cost structure in domestic production
- Realize cost synergies through reorganization of manufacturing operations and global procurement

Quality Assurance Strategy

- Establish by-region and by-segment systems of quality assurance in overseas market
Investment Plan

Previous

Development Investment (FY2012–FY2014)

Research and development investment: Avg. of ¥10.0 billion per year
(Avg. percentage of consolidated net sales: 6.0%)

Research and development investment: Avg. of ¥11.5 billion per year
(Avg. percentage of consolidated net sales: 6.0%)

*2011 Medium-Term Management Plan
(FY2009–FY2011 estimate)

Research and development investment:
Avg. of ¥9.2 billion per year
(Avg. percentage of consolidated net sales: 6.6%)

Capital Investment (FY2012–FY2014)

Total capital investment: ¥25.5 billion
(Investment in new tooling, buildings, facilities and systems etc.)

Total capital investment: ¥27.0 billion
(Investment in new tooling, buildings, facilities and systems etc.)

*2011 Medium-Term Management Plan
(FY2009–FY2011 estimate)

Total capital investment: ¥19.6 billion

Revised
Performance Target

Consolidated Operating Margin

Billions of yen

Sales by Business Segment

Fiscal year runs from April 1st to next March 31st
Basic Policy
- A single, united GLORY from the perspective of customers

Brand Integration Policy
- Ultimately, unification of company names and corporate brands under the GLORY name

Current

Future

Integration
**Impact of Talaris Acquisition on the Consolidated Balance Sheet**

**Effect of Talaris acquisition**
- Goodwill amortization: 3.6 billion yen per year (19 years)
- Loans payable: 77 billion yen

<table>
<thead>
<tr>
<th>FY2011 (Billions of yen)</th>
<th>FY2012 2Q (Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td>133.6</td>
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<tr>
<td>Goodwill</td>
<td>3.0</td>
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<tr>
<td>Other Non-Current Assets</td>
<td>68.7</td>
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<tr>
<td>Total Non-Current Assets</td>
<td>71.7</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td>205.2</td>
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<tr>
<td>Loans Payable</td>
<td>11.0</td>
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<tr>
<td>Other Liabilities</td>
<td>40.9</td>
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<tr>
<td>Total Liabilities</td>
<td>51.9</td>
</tr>
<tr>
<td>Total Net Assets</td>
<td>153.3</td>
</tr>
<tr>
<td>Equity Capital</td>
<td>151.9</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td>205.2</td>
</tr>
</tbody>
</table>

<Compared with FY2011>
- Goodwill +¥60 billion
- Total Assets +¥89 billion
- Loans Payable +¥73.5 billion

Fiscal year runs from April 1st to next March 31st