2014 Medium-Term Management Plan
(FY2012–FY2014)
**Medium-Term Management Plan Overview**

**Long-Range Vision 2018**
- Create new value through "superb manufacturing technique" and pursue dreams for the future
- Seek sustained corporate growth together with society through CSR activities

**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: ¥180 billion
- Consolidated operating income: ¥18 billion
- Overseas sales ratio: 30% 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
  - Personnel Strategy
  - Capital and Financial Strategy

**Net sales by Segment (Billions of yen)**
- FY2014: Amusement - 29, Retail/Transportation - 50, Financial - 55, Overseas - 55, Other - 29, Total - 180

**Financial Performance**
- FY2014: Amusement - 29, Retail/Transportation - 50, Financial - 55, Overseas - 55, Total - 180
**Business Strategy**

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

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**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

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**Overseas Operations**

- **Business Strategy**
- **Strengthening of Management Functions**
- **FY2011** ¥34.5 billion
- **FY2014** ¥55.0 billion
  - **OEM**
  - **Asia**
  - **Europe**
  - **Americas**
By-Region Business 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
【Business Strategy】
Capture untapped markets and introduce new products

【Domestic Business Segments】

<Sales by segment>

Financial
Retail & Transportation
Amusement
Others

(Billions of yen)

**Business Strategy**

- Expand the open teller system market and open the non-cash sector
- Strengthen collaboration with systems manufacturers

**Cash sector: Capture new demand**
- Expand sales of open teller systems to the target markets
- Penetrate market through proposals for networking
- Develop next generation open teller systems

**Non-cash sector: Create business with new products**
- Expand business in the security sector
- Develop lobby/counter-related products

**Document processing sector: Challenge for third mainstay business**
- Develop software based on new recognition technology
- Expand sales of products for bank branches
- Expand document scanning services
Business Strategy

- Expand business domain through pursuit of user needs and increase profit

- Increase sales in the back-office systems market
  - Offer high value-added products to increase the efficiency of store operations
  - Create new users

- Expand business domain in the front-office systems market
  - Capture demand for new and replacement systems
Business Strategy

• Develop new systems products for pachinko parlors and create new amusement businesses

■ Strengthen the product line
  ○ Develop new systems products for pachinko parlors
  ○ Strengthen product development for large pachinko parlors

■ Create new amusement businesses
  ○ Wide-ranging search for amusement businesses
Business Strategy
• Create new vending machine businesses
• Penetrate markets and expand business domain
• Establish business in the non-cash sector

■ Vending machine market
  ○ Strengthen collaboration with cigarette companies
  ○ Enhance competitiveness and expand sales channel for ticket vending machines
  ○ Expand sales of “digital content” vending machines

■ Penetrate markets and expand business domain
  ○ Strengthen sales in the hospital market
  ○ Expand sales of self-checkout system for cafeteria

■ New businesses
  ○ Expand of electronic payment services business
  ○ Sales reinforcement in the biometric authentication field
  ○ Expand sales of speech privacy protection systems
  ○ Strengthen the data center business
Constitutional Strategy

Product Development Strategy
- Promote profitable product development
- Strengthen development of core technologies
- Pursue global cost competitiveness

Production and Procurement Strategy
- Strengthen functions of the mother factories
- Expand overseas production
- Reform the cost structure in domestic production

Quality Assurance Strategy
- Establish by-region and by-segment systems of quality assurance in overseas markets
Engagement in CSR Activities
• Discharge responsibility to society through core business
• Build a relationship of trust with society and strive to become a corporate
group trusted by stakeholders.

Group Structure
■ Strengthen corporate governance of the Group
■ Realign and strengthen Group structure in accordance with the growth
strategy

Personnel Strategy
■ Implement dynamic personnel management systems
■ Develop and utilize human resources (such as building a diverse workforce)

Capital and Finance Strategy
■ Improve capital efficiency and implement appropriate shareholder returns
  ○ Implement strategic investment plans
    (R&D investment, capital investment, M&A investment)
  ○ Appropriate shareholder returns
    Consolidated dividend on equity ratio (DOE): 1.8% or higher
    Consolidated dividend payout ratio: 25% or higher
**Development Investment (FY2012–FY2014)**

Research and development investment:
Avg. of ¥10.0 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.)

*2011 Medium-Term Management Plan (FY2009–FY2011 estimate)
Total capital investment: ¥19.6 billion
Performance Target

【Consolidated Operating Margin】

34.5% ➔ 55% ➔ 12.0%

【Sales by Segment】

FY2011 (Estimate)
- Others: 13
- Amusement: 24
- Retail & Transportation: 30
- Financial: 43.5
- Overseas: 34.5

FY2014 (Target)
- Others: 29
- Amusement: 32.5
- Retail & Transportation: 50
- Financial: 55
- Overseas: 13.5

FY2018 (Target)
- Others: 220
- Amusement
- Retail & Transportation
- Financial
- Overseas