

Hirokazu Onoe
President



NOT ONLY
BETTER
TECHNOLOGY,
BETTER
SOLUTIONS

Historically, GLORY has not pursued innovations merely because they were new. Our innovations aim to deliver better solutions to our customers and society. This focus on solutions has led to our uncommonly broad scope of services. We have found that an end-to-end solution for cash handling and management is the best solution—and customers around the world agree. That is the source of our success. Innovative solutions please customers, instill pride and enthusiasm in all of us on the GLORY team, and provide investors and stakeholders with the positive results they deserve.

BUSINESS OVERVIEW FOR THE YEAR ENDED MARCH 2017

Strong sales to the retail sector by our Overseas Market segment resulted in higher revenues and income on a local currency basis.

The year under review covers the second year of the 2017 Medium-Term Management Plan. Our core policy under that plan calls for the realization of our Long-Range Vision 2018 by achieving business growth and improved profitability through “customer-oriented superb manufacturing”. Our consolidated financial results show that net sales and operating income were lower year on year in terms of yen, but higher year on year if the exchange rate effect is excluded.

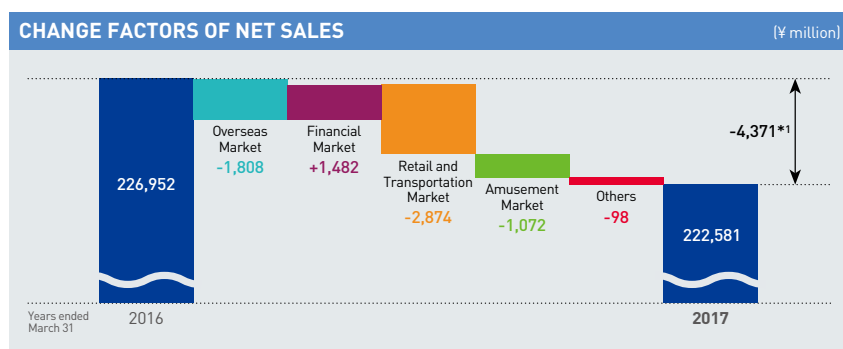
Segment data for the Overseas Market segment show increased sales in the retail sector in Europe and North America. This reflects the success of proactive marketing of the CASHINFINITY™ cash management systems for retailers. Sales of flagship products to the financial sector, including banknote recyclers for tellers, and OEM sales of our new banknote recycling modules for ATMs also contributed to our results, and overall market trends were strong in local currency terms.

Within Japan, despite concerns about the effect of Japan’s negative interest rates on the Financial Market, we recorded strong sales of compact open teller systems and coin and banknote recyclers for tellers, which are key products. Contributing factors included

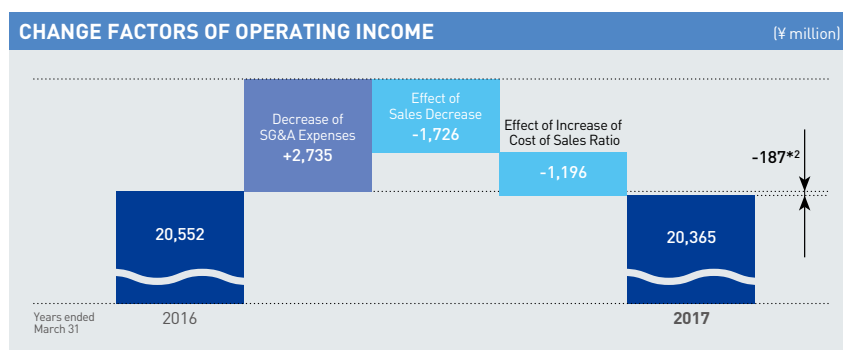
major orders and the capture of replacement demand. In the Retail and Transportation Market, sales of our mainstay coin and banknote recyclers for cashiers were slower due to a reactionary downswing following major orders in the previous year. In the Amusement Market, a continuing reduction in capital

expenditure by pachinko parlor operators resulted in slower sales of our card systems, which are our mainstay products in this area.

See the segment information pages (p22–) for details about the market environment and financial results in the year ended March 2017.



*1 Net sales would have increased by about ¥14.2 billion (+6.3%) year-on-year if exchange rate effects (about -¥18.6 billion) were excluded.



*2 Operating income would have increased by about ¥1.7 billion (+8.2%) year-on-year if exchange rate effects (about -¥1.9 billion) were excluded.

PRIORITY POLICIES FOR THE YEAR ENDING MARCH 2018

We will focus the total resources of the GLORY Group toward the full realization of the 2017 Medium-Term Management Plan.

The year ending March 2018 is the final year of the 2017 Medium-Term Management Plan. It is also a milestone year in which we will mark the 100th anniversary of the founding of GLORY. The entire GLORY organization is committed to strategies designed

to drive business growth and improve our earning potential.

I will begin by speaking about the Business Strategy outlined in our plan. There are still many regions served by our Overseas Market segment where cash management and payment

tasks have not yet been mechanized, and we believe that there is strong potential for sales of GLORY products designed to optimize the efficiency and accuracy of these tasks. Because market environments and needs vary widely, the GLORY Group is working

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

2017 MEDIUM-TERM MANAGEMENT PLAN

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

- Domestic Business
- Overseas Business

CONSTITUTIONAL STRATEGY

Provide timely products and services meeting market needs

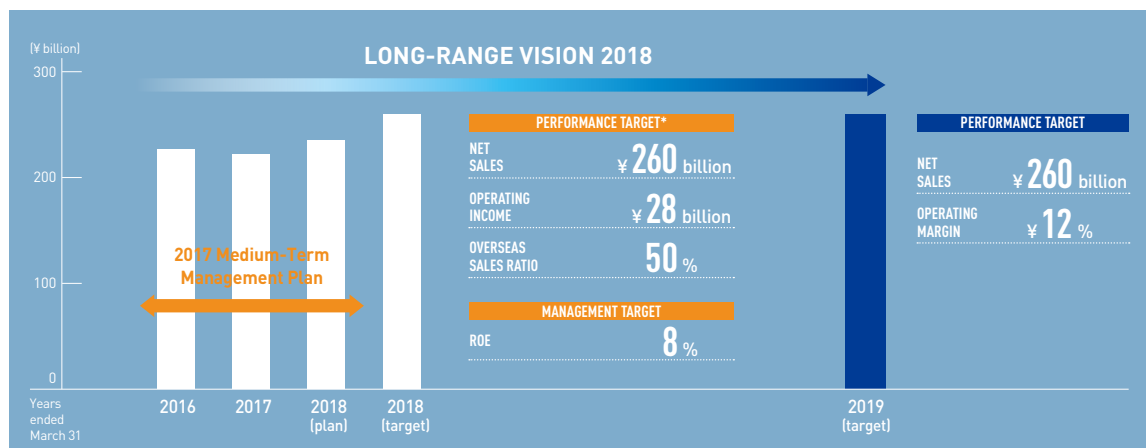
- Product Development
- Production/Procurement
- Quality Assurance

CORPORATE MANAGEMENT STRATEGY

Reinforce group management infrastructure

- Group Governance
- Human Resource
- Capital/Financing
- Information System

PERFORMANCE TARGET



*Performance targets (consolidated basis) are for the final year of the Plan assumed exchange rate of 1USD=¥120, 1EUR=¥130 and 1GBP=¥175.



Because market environments and needs vary widely, the GLORY Group is working to expand sales in each region around the world by implementing regional strategies based on specific market analyses.

to expand sales in each region around the world by implementing regional strategies based on specific market analyses. In the financial sector, we are further strengthening our promotion of banknote recyclers for tellers in Europe and North America, while in China, we will continue to accelerate the introduction of these products. In the retail sector, thanks to expansion of our sales network through the acquisition of Talaris Topco Limited in 2012, together with the reinforcement of our marketing organization and the broadening of our product lineup, there has been a rapid increase in our sales in regions throughout the world. We will continue to strengthen our marketing organization, while intensifying our solution marketing activities to introduce the CASHINFINITY™ retail cash management systems to customers. Our goal is to accelerate the emergence of distribution markets as a core area for our overseas business operations. In the OEM area, we will continue our efforts to expand sales of our new banknote recycling modules for ATMs.

Next, I will address our business in Japan. In the Financial Market seg-

NET SALES BY BUSINESS SEGMENT			¥ million	
Years ended March 31	Sales		Operating Income	
	2017	2018 (forecast)	2017	2018 (forecast)
Overseas Market	103,788	113,000	9,901	10,800
Financial Market	53,302	53,000	6,510	4,900
Retail and Transportation Market	42,657	44,000	3,469	4,000
Amusement Market	20,434	22,000	737	1,800
Others	2,400	3,000	-252	-500
Total	222,581	235,000	20,365	21,000

ment, we are working steadily to capture replacement demand for products sold at the time Japan introduced its new banknotes in 2004. We are also pushing to expand sales of products other than cash handling machines, such as electronic data entry tablets and security storage systems, by recommending them alongside cash handling machine sales proposals. In the Retail and Transportation Market segment, we are trying to capture replacement demand for coin and banknote recyclers for cashiers, especially for use in supermarkets, while also developing new customers in business areas with low installation rates, such as specialty stores and restaurants. Supermarket chains are

increasingly switching to semi-self service checkout, in which shoppers process their own payments, as a way of improving store operating efficiency and overcoming labor shortages. To achieve further sales growth, we are expanding our proposal marketing of coin and banknote recyclers designed for this type of checkout.

The main focus under our plan's Constitutional Strategy is to provide timely products and services meeting market needs. Among our strategies for product development, we are strengthening our product development organization and enhancing our capacity to develop new technologies for next-generation products. Because of the rapid expansion of overseas

TOP MESSAGE

markets and the spread of system products, our most urgent priorities are to reinforce our recognition/identification technology for a wide range of national currencies, and to improve our abilities to develop end-to-end systems. We are therefore strengthening our technological capabilities in accordance with individual world market needs. Our priority strategy in relation to production and procurement is the further improvement of cost competitiveness, including the use of our distribution center in the Netherlands, which was established to

reduce lead times and costs.

Under the plan's Corporate Management Strategy, our priority is to reinforce our group management infrastructure. From a governance perspective, we are implementing group management policies based on our corporate philosophy, while also strengthening our management capabilities. We are also working to build a corporate governance structure that will provide the basis for management systems that are capable of responding quickly to global competition. At the human resource management lev-

el, we will train and deploy people who are capable of supporting the global expansion of our business operations. We will also promote diversity and create an environment for our future as a company in which a wide variety of people can succeed and contribute.

By steadily implementing these policies throughout the following year, we aim to achieve consolidated net sales of ¥235 billion, consolidated operating income of ¥21 billion, and net income attributable to owners of the parent of ¥13 billion.

NEW BUSINESS INITIATIVES

We will respond to labor shortage needs with robotics.

Labor shortages have become a problem affecting the whole of Japanese society in recent years. We have responded to this situation by moving into a new business area as a contract developer of automatic production lines to meet manufacturers' labor-saving needs. Since 2011, we have been creating production lines at our plant in Saitama, Japan in which human workers and robots work collaboratively to produce coin and banknote recyclers for cashiers. We will use this production technology to provide total packages that include the creation of automatic robot-based production lines, together with the development

of peripheral equipment, and the provision of after-sales service. We will help companies to reduce their labor requirements and ensure reliable quality, especially in industries that require detailed manual work, such as food, pharmaceutical, and cosmetics manufacturing. We aim to achieve sales of ¥1 billion or higher by the year ending March 2021.

NEXTAGE

The "NEXTAGE," recipient of manufacturing industry awards, is a humanoid robot developed by KAWADA ROBOTICS CORPORATION, Inc. It brings us closer to the ideal automated assembly line by being able to work together, side-by-side with humans.



<http://corporate.glory-global.com/groupinfo/movie/index.html?mid=47&cat=newsrelease>

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SHAREHOLDER RETURNS

We will continue to provide stable returns to shareholders.

We regard the return of profits to shareholders as an important management priority. Our basic policy is to ensure dividend stability while maintaining and enhancing our financial structure to support future business growth. On a consolidated basis, we aim to maintain a dividend payout ratio of 30% or higher.

We will make appropriate decisions about acquisition of treasury shares on the basis of comprehensive assessments that take into account future business development and investment plans, the level of retained earnings, and performance trends. Shares acquired in this way will be used to support future growth investment, including mergers and acquisitions, as well as a flexible capital policy.

In line with this policy, we have in-

creased the dividend for the year ended March 2017 by ¥4 to ¥60 per share. We plan to increase the dividend for the next financial year by a further ¥2 to ¥62 per share.

Between August and November 2016, we bought back 1,774,000 shares valued at a total of ¥5,999,952,000. We will continue to maximize shareholder returns by improving our capital efficiency and implementing a flexible capital policy.

We look forward to the continuing support and cooperation of our stakeholders.

President

Hirokazu Onoe.

CASH DIVIDENDS / PAYOUT RATIO

