Deep Connections Drive Our Ingenuity

Over 100 years ago, Glory had a vision of partnering with customers to help them cope with change. By building upon each interaction, we have grown into a global company that delivers products and solutions for the financial, retail, security, and high-tech manufacturing sectors in over 100 countries around the world.

Our legacy is tightly interwoven with the challenges and achievements of our customers and the society we serve. As we all move forward, Glory brings competitive talent, technological excellence, innovative perspective, and enthusiasm to each relationship and endeavor.

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Serving Society through Innovation and Communication

For over a century, Glory has been able to thrive by maintaining intellectual value with exclusive and original technologies, building human value by treasuring our employees, and providing structural value by integrating our operations and communicating with each customer as a member of our team.

Net Results in FY2018

¥235.7 billion

Overseas Sales Ratio

44%

(¥ billion)

JAPAN

OVERSEAS

1918
Kokuei Machinery Manufacturing (now GLORY LTD.) founded in Himeji, Japan as a repair factory for light bulb manufacturing machines.

1944
Kokuei Machinery Manufacturing becomes an incorporated company.

1957
Sales and after-service functions of Kokuei Machinery separated as an independent company, Kokuei Shoji Co., Ltd.

1969
Kokuei Shoji Co., Ltd. renamed as GLORY SHOJI CO., LTD.

1971
Kokuei Machinery Manufacturing Co., Ltd. renamed as GLORY LTD.

1982
GLORY (U.S.A.) INC. (now Glory Global Solutions Inc.) established in California as the first overseas subsidiary for sales and service.

1983
Glory stock listed on the Second Section of the Osaka Securities Exchange.

1991
GLORY GmbH (now Glory Global Solutions (Germany) GmbH) established in Germany to control European operations.

1994
GLORY (PHILIPPINES), INC. established as the company's first overseas manufacturing subsidiary.

2000
Glory stock listed on the First Section of the Osaka Securities Exchange and the First Section of the Tokyo Stock Exchange.

2003
GLORY Denshi Kogyo (Suzhou) Ltd., a manufacturing subsidiary, established in Suzhou, China.

2006
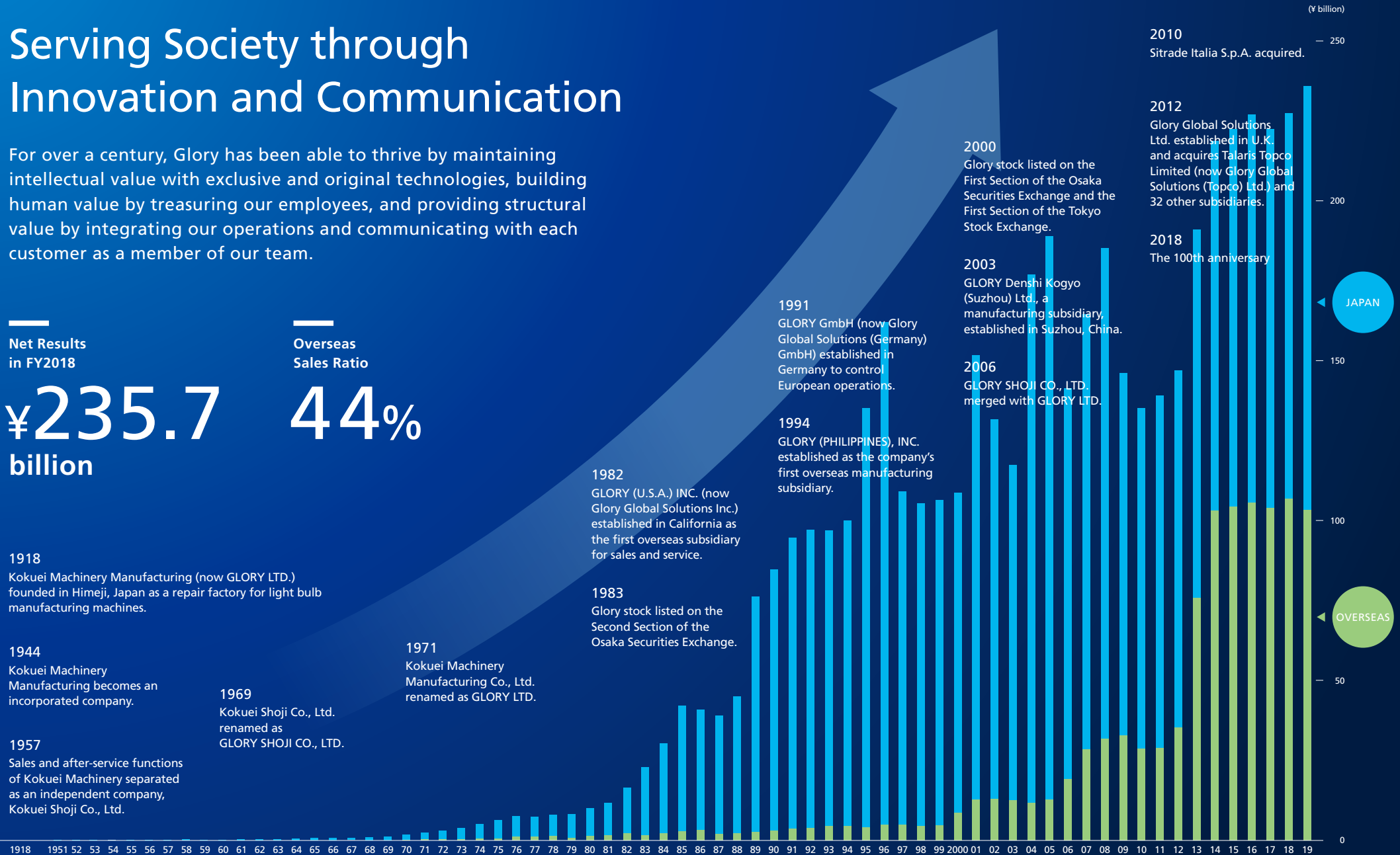GLORY SHOJI CO., LTD. merged with GLORY LTD.

2010
Sitrade Italia S.p.A. acquired.

2012
Glory Global Solutions Ltd. established in U.K. and acquires Talaris Topco Limited (now Glory Global Solutions (Topco) Ltd.) and 32 other subsidiaries.

2018
The 100th anniversary

1918 1951 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 2000 01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19

250 200 150 100 50 0

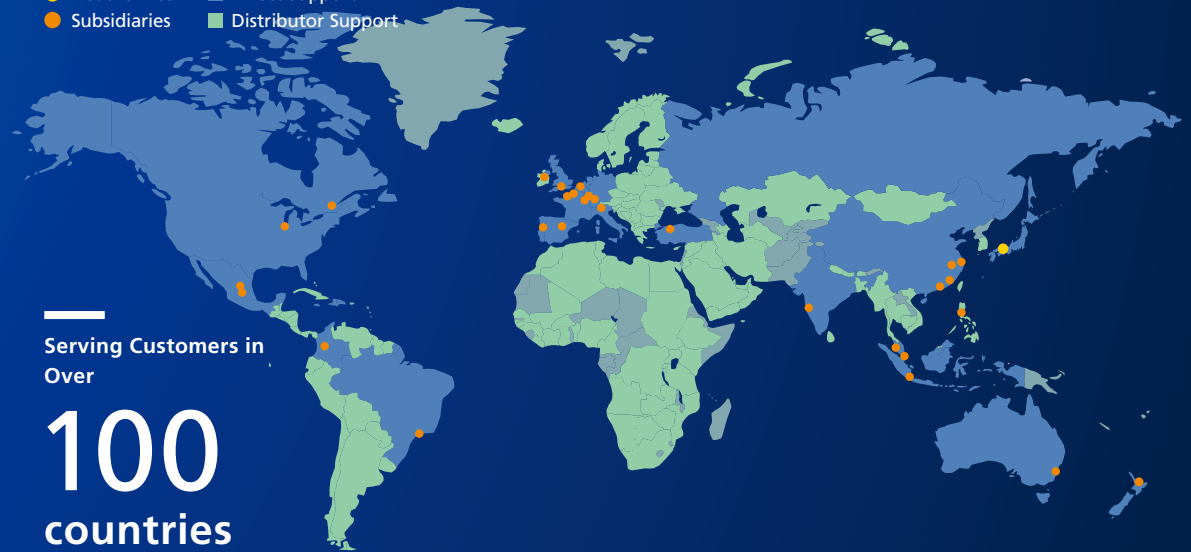# Delivering a Positive Impact through Collaboration

At Glory we strive to have our innovative solutions translate into greater confidence in business interactions. We reach these solutions as a unified team interacting in real time across borders, cultures, and perspectives.

Group Employees Approx.

10,000
people

Glory's Comprehensive Group Structure

- PLANNING
- DEVELOPMENT
- PROCUREMENT
- PRODUCTION
- SALES
- MAINTENANCE

🟡 Head Office 🟧 Subsidiaries ⬛ Direct Support 🟩 Distributor Support

Serving Customers in Over

100
countries

At the core of our business are the people and the connections that make possible our vision of enabling a confident world. By nurturing the interactions between people at our bases around the world, we are able to expand both our products and solutions in over 100 countries in order to provide for the needs of our customers at a local level. Through our innovation, we are helping business owners create a more secure and profitable business, which can continue to support its consumers, offer job stability to its employees, and achieve continuous financial growth.

Our Group structure is a full circle with the ability to integrate all stages of manufacturing from product planning to maintenance within the Group. Each time we listen to business owners and create solutions in different regions, we are able to rely on our "spirit of continuous development" to plan, create, and maintain products that satisfy customers. We strive to meet their diverse needs through strong technical development conducted from their perspective.

Combining a solid business foundation with a passion for solving customer needs will ensure that Glory can provide the best solutions while maintaining the resources to address customers' future concerns.

Discovering New Value through Relationships

Since our founding, partnerships still remain the core of our value creation story—both internally, through close cooperation among sales, development, and production, and externally, as we search for solutions to broad social issues and specific customer needs.

Input (FY2018)

Diverse Human Resources

- Total number of Group employees: 9,674
- Percentage of overseas employees: 39.6%
- Percentage of female managers: 1.39%

Relationship Assets

- Strong customer base
- Open innovation with business partners

Top-level R&D Capabilities

- R&D bases: 11 factories in 7 countries
- R&D investment: ¥13 billion
- Core technologies: Recognition/ identification and mechatronics
- Number of patents (including overseas): 2,053

Optimal Production

- Production bases: 7 facilities in 3 countries

Environmental Preservation

- Smaller environmental footprint
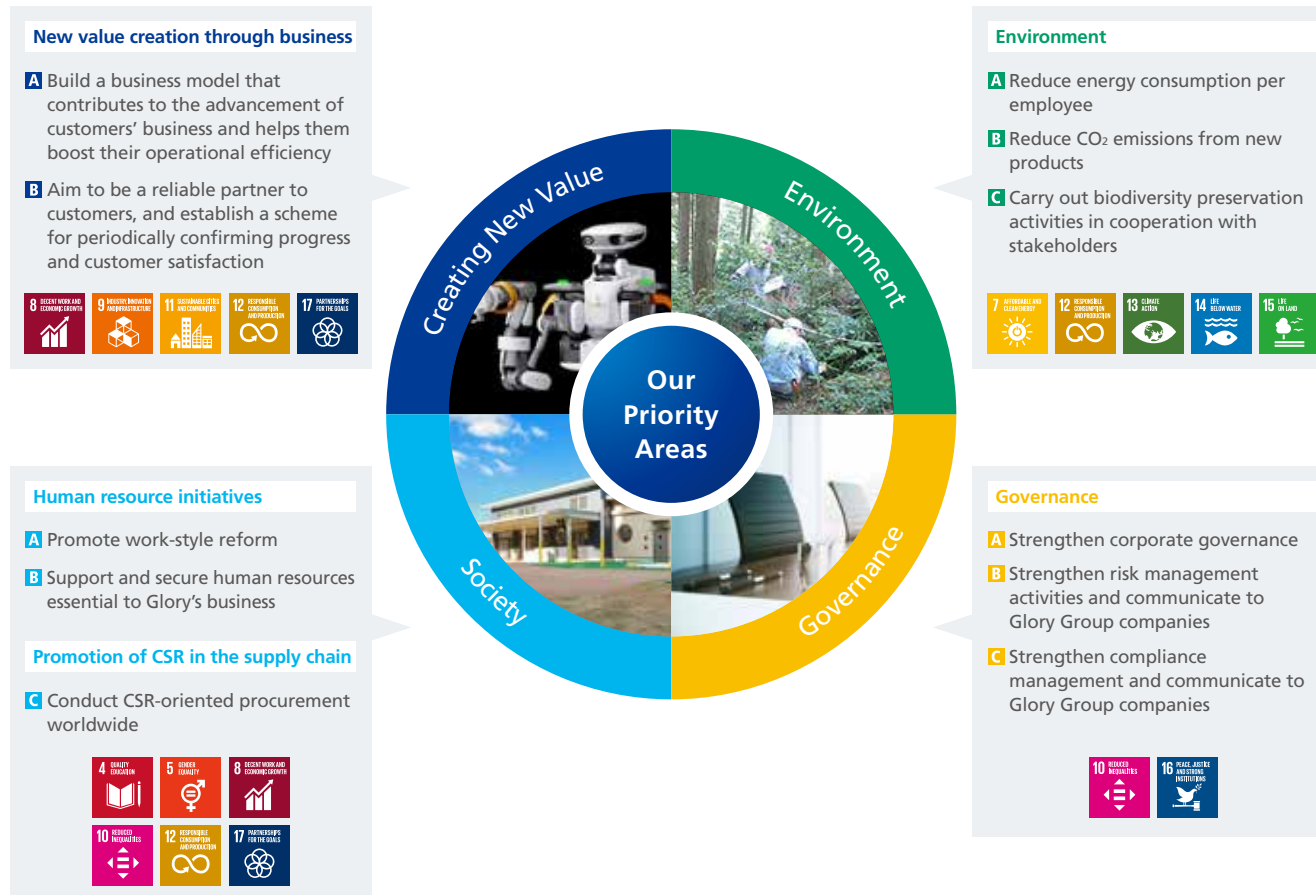
Sound Financial Base

- Net assets: ¥192.1billion
- Credit rating: A

Value Creation Process

1 Finding and analyzing social issues

2 Implementing and prioritizing the corporate philosophy and Long-Term Vision 2028

3
a. Pursuing further development of the core technologies
b. Promoting open innovation
c. Constructing a competitive business model
d. Improve market penetration for existing businesses

4 Developing and then delivering products and solutions

5 Extending business to new markets

ESG Initiatives

Corporate Philosophy

Output

Existing Business

- Financial Market
- Retail and Transportation Market
- Amusement Market
- Overseas Market

New Business

- Personal identification and authentication
- Various methods of payment
- Automated society
- Currency circulation management

Outcome (FY2018)

Social Value

- Secure society
- Cash technology Solutions
- Various methods of payment
- Automated society

Economic Value

- Net sales: ¥235.7 billion
- Operating income: ¥20.5 billion
- ROE: 6.5%
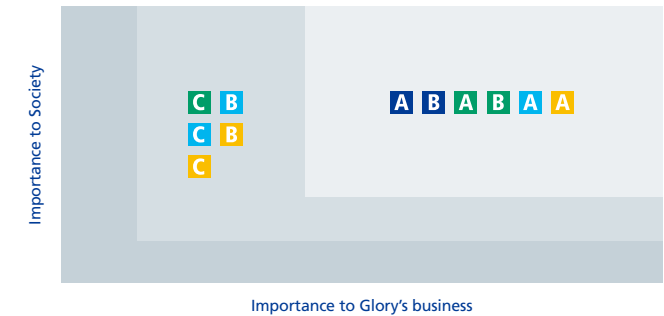- Free cash flow: ¥12.9 billion

Committing to Material Issues and the SDGs

We strive to take action on important societal challenges by building solutions for stakeholders in light of a much broader group of needs defined by the 17 Sustainable Development Goals (SDGs) set by the United Nations in 2015. We want our solutions to provide comprehensive and positive contributions to the realization of sustainable society.

Material Issues Identified at Glory

New value creation through business

A Build a business model that contributes to the advancement of customers' business and helps them boost their operational efficiency

B Aim to be a reliable partner to customers, and establish a scheme for periodically confirming progress and customer satisfaction

Human resource initiatives

A Promote work-style reform

B Support and secure human resources essential to Glory's business

Promotion of CSR in the supply chain

C Conduct CSR-oriented procurement worldwide

Environment

A Reduce energy consumption per employee

B Reduce CO_2 emissions from new products

C Carry out biodiversity preservation activities in cooperation with stakeholders

Governance

A Strengthen corporate governance

B Strengthen risk management activities and communicate to Glory Group companies

C Strengthen compliance management and communicate to Glory Group companies

Our Priority Areas

Creating New Value · Environment · Governance · Society

Materiality Matrix

Importance to Society

Importance to Glory's business

Process for Identifying Material Issues

STEP 1

Find and Extract CSR Issues

Based on international standards such as the Global Reporting Initiative (GRI) guidelines and ISO 26000, the social impact in all stages of the value chain (planning, development, procurement, manufacturing, sales, maintenance, others) were assessed, and CSR issues were found and selected.

STEP 2

Assess the Materiality of CSR Issues from the Standpoint of Both Glory and Its Stakeholders

A questionnaire was administered in both the business and corporate departments to assess materiality. Responders ranked the priority of CSR issues from the two standpoints of "materiality in businesses" and "level of impact on stakeholders".

STEP 3

Experts Assess Validity

Two outside experts assessed the validity of materiality. Based on these assessment results, a materiality map was created and issues were sorted out.

STEP 4

Identifying Material Issues

Based on the materiality map, 11 items considered material issues at Glory were chosen and these were classified into five priority CSR themes. Following approval from management, these were identified as material issues.

STEP 5

Associated with SDGs

Associated identified material issues with SDGs.

CSR Material Issues

Category	Priority CSR Themes	Material Issues	Targets for Fiscal Year 2018	Results for Fiscal Year 2018	Targets for Fiscal Year 2019	Linkage to SDGs
Creating new value	New value creation through business	• Build a business model that contributes to the advancement of customers' business and helps them boost their operational efficiency	• Build solutions using diverse data	• Planning of an identity verification authorization platform through the combination of facial recognition and voice recognition • Development of a prescription input support system based on optical character reading (OCR) technology for insurance pharmacies • Participation in "S Coin" trial	• Build solutions using diverse data	8, 9, 11, 12
		• Aim to be a reliable partner to customers, and establish a scheme for periodically confirming progress and customer satisfaction	• Select model customers and periodically review	• Selection of "model customers," quarterly review meetings (July, September, November, March)	• Select model customers and periodically review	8, 12, 17
Environment	Environmental protection	• Reduce energy consumption per employee	• Reduce energy consumption per employee by 1% (base year: fiscal year 2010)	• Annual average energy consumption per employee reduced by 2.2% (base year :fiscal year 2010)	• Reduce energy consumption per employee by 1% (base year: fiscal year 2010)	13
		• Reduce CO_2 emissions from new products	• Improve energy efficiency of newly developed products by at least 15% compared to previous models	• Average reduction of 16.1% (targets achieved for 14 out of 32 models, which were approved as G-Eco products)	• Improve energy efficiency of newly developed products by at least 15% compared to previous models	7, 12, 13
		• Carry out biodiversity preservation activities in cooperation with stakeholders	• Carry out 100% of activities planned for this fiscal year	• 100% achievement ratio for yearly plans Himeji: Glory Yumesaki Forest - Forest conservation activity (83 participants, including 16 from three suppliers) - Nature experience event for families (94 participants including nine from one customer) Kanto area: Kamikawa in Hachioji, Tokyo (designated greenery conservation area) - Forest conservation activity (54 participants, including three from one supplier) Arakawa riverside in Tokyo - Riverside clean-up project (28 participants)	• Carry out 100% of activities planned for this fiscal year	14, 15
Society	Human resource initiatives	• Promote work-style reform	• Implement and verity new ways of working • Boost operational efficiency	• Trial implementation of teleworking (mobile work, working at home) • Consideration of flextime, preparations for trial implementation • Introduction of new system to reduce the administrative burden of travel expenses and reimbursements	• Implement and verify new ways of working	5, 8, 10
		• Support and secure human resources essential to Glory's business	• Offer job-level-specific training and support candidates who can lead the company in the future	• Implementation of Glory Business College training for future executives (total of five programs)	• Offer job-level-specific training and support candidates who can lead the company in the future	4, 5, 8, 10
	Promotion of CSR in the supply chain	• Conduct CSR-oriented procurement worldwide	• Continue to use the CSR voluntary checklist, and work to improve assessment score	• Implementation of survey using the CSR voluntary checklist (452 primary suppliers), feedback to companies that responded (approximately 96% response rate) • Implementation of survey by GLORY Products Ltd. using the CSR voluntary checklist (95 primary suppliers), feedback to companies that responded (100% response rate) • Preparation for implementation of CSR voluntary checklist survey at overseas sites	• Continue to use the CSR voluntary checklist, and work to improve assessment scores • Spread activities to overseas sites	8, 10, 12, 17
Governance	Strengthening of governance	• Strengthen corporate governance	• Conduct activities in line with the Corporate Governance Guidelines	• Amendment of Corporate Governance Guidelines • Revision of remuneration system for directors (improvement of linkage with performance) • Analysis and assessment of the effectiveness of the Board of Directors, implementation of improvements	• Conduct activities in line with the Corporate Governance Guidelines	16
		• Strengthen risk management activities and communicate to Glory Group companies	• Conduct risk management from a global perspective and communicate activities to Glory Group companies	• Risk assessment using a standard Group assessment method • Implementation of countermeasures against significant risks	• Conduct risk management from a global perspective and communicate activities to Glory Group companies	16
		• Strengthen compliance management and communicate to Glory group companies	• Conduct job-level-specific compliance education, and strengthen collaboration with Glory Group companies	• Implementation of compliance education (e-learning) for Glory and Group companies in Japan (attendance: 100%) • Formulation and implementation of compliance improvement plan for group companies in Japan • Introduction of measures to strengthen harassment prevention, extension of the measures to group companies in Japan	• Conduct job-level-specific compliance education, and strengthen collaboration with Glory Group companies	10, 16