

GLORY

GLORY LTD.



Annual Report 2018

For the year ended March 31, 2018



100

1918

A century of pioneering innovation moves forward

Over a 100-year period, a small company in Himeji, Japan that began as a small blacksmith shop with seven employees, has grown into a global company that delivers products and solutions to over 100 countries around the globe.

Glory's history is tightly interwoven with the challenges and successes of the founder's son Jusaku Onoe. He contributed the spirit of enthusiasm, forward vision, technological excellence, and universal teamwork that are the foundation of Glory as we know it today.

CONTENTS

Annual Report 2018

(Year ended March 31, 2018)

GLORY LTD. (the "Company") and its subsidiaries (together the "Group")

Forward-Looking Statements

Statements in this annual report, other than historical facts, are forward-looking statements based on management's assumptions and beliefs in light of the information currently available, and thus involve a certain element of risk and uncertainty. Actual events and results may differ materially from those anticipated in these statements.

Pioneer

Glory has amassed 100 years of innovation not by simply pursuing new trends, but by looking far ahead and working to develop the best long-term solutions for its customers. Our philosophy is to establish the highest technology and then apply it strategically to serve emerging needs, because better technology makes better solutions.

Product Lineup
Over

950
types

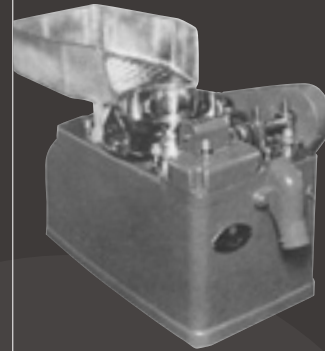
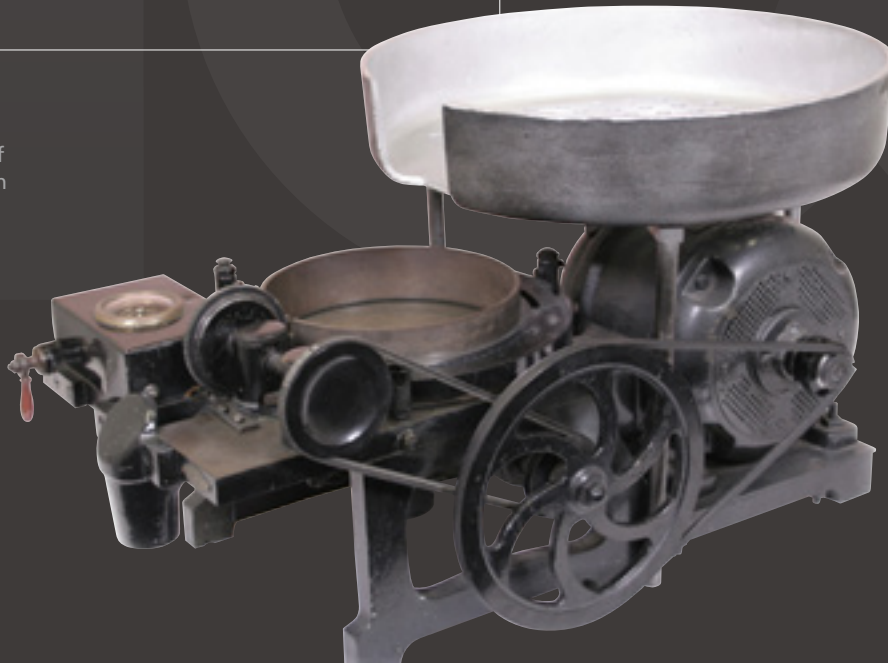
Identifiable Currencies
Over

690
currencies

Coin Counter—First in Japan

Glory's history as a manufacturer of cash handling machines began with this simple coin counter, which was delivered to the Japan Mint.

1950



1953



Coin Counter for Financial Institutions—First in Japan

Lighter and more compact than the first machine, this product was designed for easy installation on bank counters and soon became extremely popular, raising Glory's profile among financial institutions throughout Japan.

1958



Cigarette Vending Machine—First in Japan

This was a simple machine designed to eject a cigarette pack after coins were inserted and lever pulled. Glory has also developed many types of vending machines for other items.



Banknote Strapping Machine—First in Japan

Able to strap one bundle in 3 seconds, this machine allowed financial institutions to automate the fundamental process of bundling banknotes. With a unique design reminiscent of a record player, the product's catchphrase was "Clean, Speedy, Beautiful."



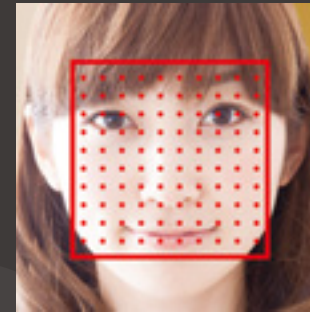
1974

1986



Open Teller System—First in Japan

This system provided a new method of teller operation without specialist staff. Today, this system is one of Glory's main products, and financial institutions in Japan regard it as essential to achievement of efficient and accurate operations.



Facial Recognition System

Even with changes in expression or age, this high-precision system quickly identified individual faces and recognized specific faces via facial comparison technology. This product attracted interest as a cutting edge method of personal identification. Glory takes pride in the precision of its comparison technology, which is top level in the industry.

2011

Cash Recycler for Overseas (CI-10)

This machine was created for overseas use employing cash recycler technology already widely used in Japan. By orienting the machine toward customers, it can be adapted to a self-payment system. This product now contributes greatly to efficiency and accuracy of cash register operations.



2003

Glory continues to look ahead, anticipating and developing new solutions the future will need.



Coin Recycler for Cashiers—First in Japan

Used in linkage with cash registers, this machine counts the amount of cash received and instantly dispenses the correct change. Capturing a need of retailers to improve the efficiency of cash register operations, this machine has been used in a wide variety of businesses in Japan, especially supermarkets, and along with our Banknote Recycler for Cashiers, has become one of Glory's main products.

1992



2017

Open Teller System (WAVE A50 Series)

The space-saving "WAVE A50 Series" has the same functions as the top model "WAVE Pro Series" system, but uses only 2/3 the amount of space*. This product serves as a solution to the needs of financial institutions looking to adopt small branches with few staff members.

*Comparison of WAVE Pro P32T and A52S.

Glory Today

Our strengths reflect the lessons of a century of challenge: maintain intellectual value by developing exclusive and original technologies; build human value by treasuring our talented and motivated employees around the world; and provide structural value by integrating our operations from top to bottom and supporting each customer as a team.

Serving Customers Over

100
countries

Group Employees Approx.

10,000
people

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.

2017

Glory robotic system integration business launched.

2018

The 100th anniversary



JAPAN

OVERSEAS

100 2018

We approach the future with our founder's striving spirit to enable a confident world for a better tomorrow

Today, Glory is a 10,000 member-strong global leader in secure cash management solutions spanning the financial, retail, transportation and gaming/amusement industries. Our employees join together across continents to deliver solutions that enhance efficiency, reduce operating costs and enable better banking or shopping experiences. Glory would not exist without the dreams, hard work, setbacks and triumphs that mark our journey of the past 100 years. Tomorrow, as today and yesterday, we will research and apply innovative technologies for the development of a more secure society.



2018 Performance Trends



Net Sales

2.1%

UP

Sales increased in every segment. Sales of banknote recyclers for tellers (RBG series) for financial institutions in the Americas and sales proceeds deposit machines (CI series) for the retail industry in Europe were especially strong.



Operating Income

3.7%

DOWN

Ineffective product mix for the domestic Financial Market resulted in a decrease. Overseas operating income ratio surpassed 50%.



Net Income Attributable to Owners of Parent

4.7%

DOWN

Decreased due to a rise in income taxes.



ROE

5.3%

The Group aims to steadily increase ROE to reach 8.0% through improving investment efficiency.



Overseas Sales Ratio

47.0%

Currently on par with sales in Japan.



Cash Dividends per Share

¥82

Year-on-year increase of ¥2 for a ordinary dividend of ¥62. With the 100th anniversary commemorative dividend of ¥20, the total annual dividend was ¥82. Dividend payout ratio is at 52.6%.

Key Figures at a Glance

Consolidated Financial Highlights

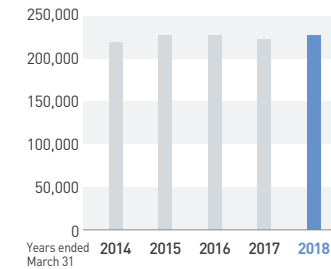
GLORY LTD. and consolidated subsidiaries, years ended March 31

For the year:	Millions of yen				Thousands of U.S. dollars*	
	2014	2015	2016	2017	2018	2018
Net sales	¥ 218,632	¥ 222,356	¥ 226,952	¥ 222,581	¥ 227,361	\$ 2,139,868
Operating income	16,718	18,693	20,552	20,365	19,615	184,611
Net income attributable to owners of parent	9,938	12,887	8,829	10,382	9,892	93,101
Capital expenditure	7,234	8,499	8,881	8,043	8,706	81,947
R&D expenses	13,174	12,869	12,590	13,965	14,119	132,884
Depreciation and amortization	9,281	10,350	10,327	9,469	9,450	88,941
At year-end:						
Total assets	¥ 340,943	¥ 346,613	¥ 321,672	¥ 312,821	¥ 302,953	\$ 2,851,322
Total equity	190,804	204,544	198,287	191,443	192,165	1,808,611
Interest-bearing debt	75,687	64,982	51,556	50,412	37,188	350,012
Per share data:						
	Yen				U.S. dollars	
Net income	¥ 151.31	¥ 196.19	¥ 134.38	¥ 160.35	¥ 155.96	\$ 1.47
Dividend (annual)	49.00	54.00	56.00	60.00	82.00	0.77

*The U.S. dollar amounts are converted, for convenience only, at the rate of ¥106.25=US\$1, the approximate exchange rate at March 31, 2018.

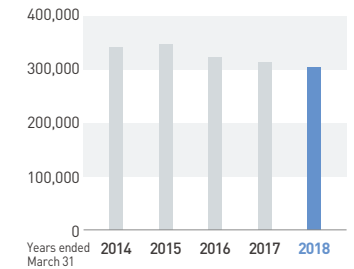
Net Sales

(¥ million)



Total Assets

(¥ million)



Operating Income/ Operating Margin

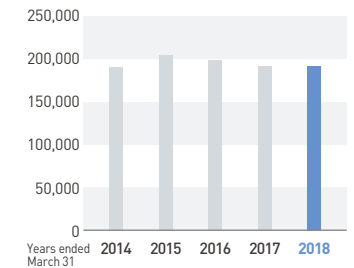
(¥ million)

(%)



Total Equity

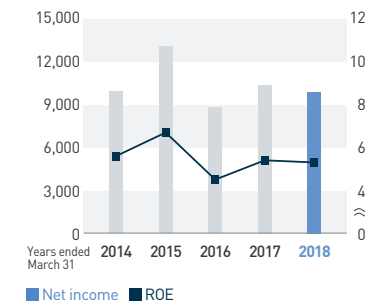
(¥ million)



Net Income Attributable to Owners of Parent/ROE

(¥ million)

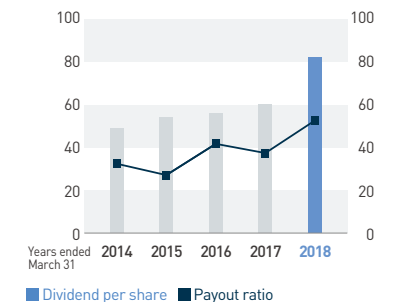
(%)



Cash Dividends/Payout Ratio

(¥)

(%)



Glory's
100 Year Heritage

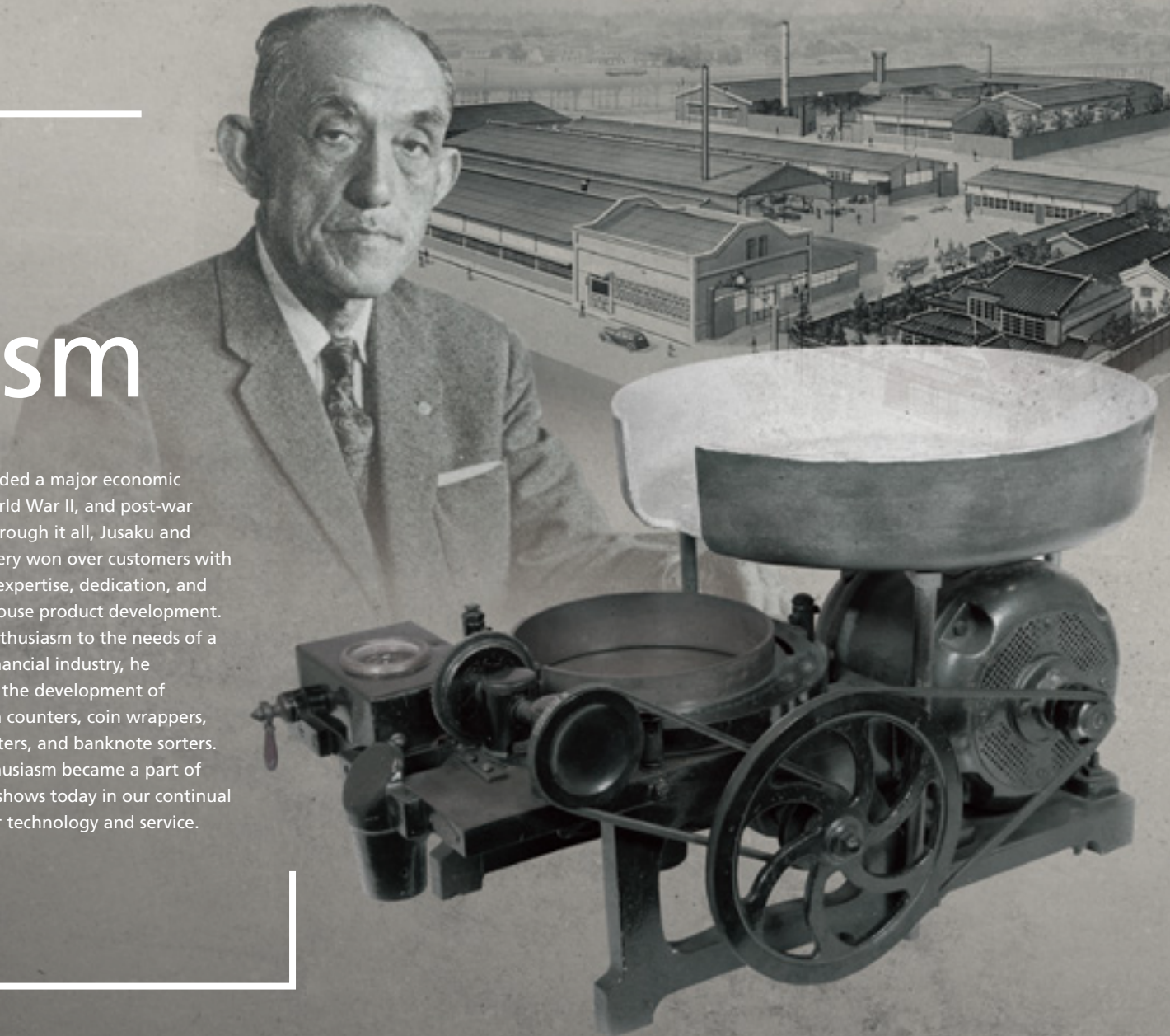
100

» Enthusiasm

The ailing third son of Sakubei Onoe was not the founder of the seven-employee blacksmith shop in Himeji, Japan, but Jusaku Onoe became the man most responsible for transforming his father's small company into the GLORY LTD. we know today. In doing so, he established by example a corporate spirit of enthusiasm for hard work, technical striving and close service that are ingrained in Glory's DNA.

At Kokuei Machinery Manufacturing, the shop his father had established to repair electric light bulb manufacturing machinery, he discovered a great joy and satisfaction in making things. His enthusiasm guided the company through a series of strategic expansions and severe

crises that included a major economic depression, World War II, and post-war devastation. Through it all, Jusaku and Kokuei Machinery won over customers with their technical expertise, dedication, and innovative in-house product development. Applying his enthusiasm to the needs of a re-emerging financial industry, he successively led the development of pioneering coin counters, coin wrappers, banknote counters, and banknote sorters. His tireless enthusiasm became a part of Glory's DNA. It shows today in our continual drive for higher technology and service.





Hirokazu Onoe
President

Building Momentum the Glory Way—

**By developing new technologies and
creating new business fields**

Momentum is defined as the product of mass and velocity. For the last 100 years, Glory has been meeting market needs with new products at an ever-growing pace. We are driven by a striving spirit that propels us forward to overcome the uncertainties of the future again, and again, and again. That spirit urges us to look far down the road and constantly research new technology based on what we see ahead. In other words, we maintain our momentum by creating products for tomorrow as much as for today—with our own style of innovation, teamwork, and service.



Since our founding in 1918, and under ever-changing market environments, we have been producing a number of innovative products through continually improving our technology. This process is in our company DNA and has been passed down through the generations since our founding. An innovative spirit is also incorporated into our corporate philosophy: “We will contribute to the development of a more secure society through a striving spirit and cooperative efforts.” Our products have become widely used in more than a hundred countries around the world, and are contributing to improving efficiency and accuracy in various business environments.

In March 2018, we celebrated the 100th anniversary of our foundation and unveiled the Long-Term Vision 2028, which will guide our journey through the first decade of the next 100 years. But, first, I would like to review the business plan that just closed and share the lessons we have learned from it.

Results from the 2017 Medium-Term Management Plan

During the three-year 2017 Medium-Term Management Plan, which started in April 2015, the Glory Group proactively implemented strategies in three distinct areas: Business, Constitutional, and Corporate Management, aimed at realizing business growth and enhancing profitability.

Through the hard work of Glory employees around the world we saw a realization of close global teamwork between regional marketing and sales and direct engineering support from Japan, with everyone working to create ideal solutions for our customers. With this trans-global teamwork, we were able to implement regional strategies matched to the

characteristics of local markets. For example, in the United States, we steadily captured the replacement demand for banknote recyclers for tellers at financial institutions, and in Europe, we successfully grew sales of sales proceeds deposit machines and other products for the retail industry in various countries. We also expanded our sales and service network through strategic acquisitions.

In the Japan market, we targeted sales growth by working to win replacement demand at financial institutions for the main products such as open teller systems and coin and banknote recyclers for tellers, and by introducing to convenience stores coin and

Performance Targets and Results of the 2017 Midium-Term Management Plan

	Targets	Results	Ratio
Net Sales (¥ billion)	260.0	227.3	87%
Operating Income (¥ billion)	28.0	19.6	70%
Operating Margin	10.8%	8.6%	-2.2pt
Overseas Sales Ratio	50% or higher	47.0%	-3.0pt
ROE	8.0%	5.3%	-2.7pt
Exchange Rate	1USD=¥120 1EUR=¥130 1GBP=¥175	1USD=¥111 1EUR=¥130 1GBP=¥147	

Top Message

banknote recyclers for cashiers.

The Company matured its emerging technology theme of facial recognition and entered the robotic system integration business. With the latter, we are supporting the creation of systems for automated lines using collaborative robots by exploiting the production technology and know-how we have cultivated in-house. (For more details, see page 29.) And, we also protected our bottom line by improving production and development efficiency by promoting automating of production and platform development for technologies.

We are very proud of these qualitative advancements and the One Glory teammates around the world who contributed to them. We are concretely positioned to realize our future goals. On the other hand, we recognize that we did not fully achieve our quantitative objectives within the 2017 Medium-Term Management Plan. Net sales amounted to ¥227,361 million, consisting of ¥159,683 million for merchandise and finished goods, and ¥67,677 million for maintenance services. This

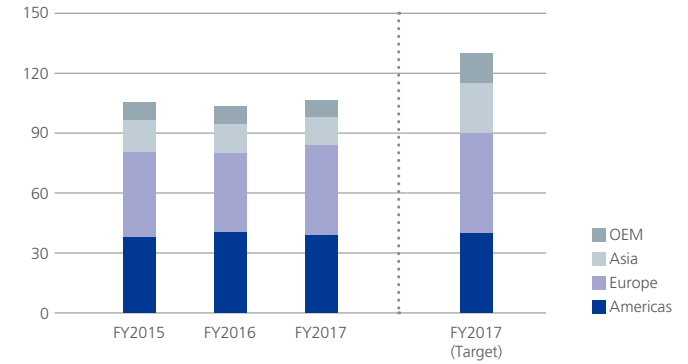
total is equivalent to 87% of our ¥260,000 million target. Operating income reached ¥19,615 million, which was 70% of the ¥28,000 million target.

A key reason why our results fell short of our targets was the fact that our forecasts were predicated on sales expansion driven by economic growth in emerging countries, especially the BRICs. Unfortunately, economic growth failed to reach the anticipated level, and we were unable to adapt flexibly enough to this change by adjusting our product mixes and marketing strategies. Another factor was changes in the domestic Amusement Market, including the tightening of regulations governing amusement machines.

Achieving flexibility in the face of rapid and unexpected change is a key feature of the new plan.

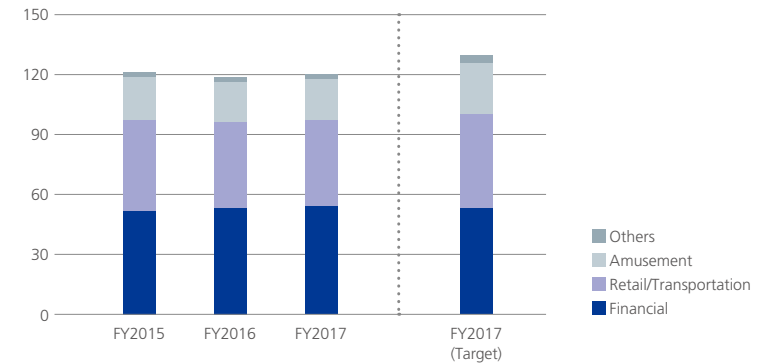
Overseas

Net Sales by Geographical Segment
(¥ billion)



Domestic

Net Sales by Business Segment
(¥ billion)



Anticipated global trends over the next 10 years

We predict that the economies of emerging markets, such as India and China, will achieve levels of development comparable to Western economies. This means the amount of currency in circulation, especially in these emerging markets, will continue to increase. We are therefore predicting expanded business opportunities for cash handling machines

centered on these same markets. At the same time, we are projecting that the development of diversified payment methods, such as electronic money and virtual currencies, will lead to demand for payment systems that are more secure and seamless. Another area in which demand is likely to expand is advanced identity verification and authentication

technology. This reflects the threat of data leaks and identity theft, and growing public awareness of the need for stronger security.

Demographic aging and population decline are meanwhile expected to become increasingly serious issues in Japan. As one of the first countries in the world to deal with such an aged population, Japan will lead other

countries in responding to these problems. Glory technologies, including our security and authentication systems and robotic system integration utilizing humanoid robots, incorporate elements that make them ideal for resolving these societal issues.

A look at the 2020 Medium-Term Management Plan incorporating lessons and our Long-Term Vision 2028

The 2020 Medium-Term Management Plan for the three-year period from April 2018 through the year ending March 31, 2021 (FY2020) is positioned as a preparation for realization of the Long-Term Vision 2028.

The Long-Term Vision foresees transforming Glory into a company that enables a confident world. At the operational level, in response to overarching megatrends, we plan to extend our cash technology leadership into solutions that incorporate new, non-cash payment methods, as well as extend capabilities to track and manage cash through its complete lifecycle. Further, we will expand into new business domains centered on robotics that can work in harmony with humans and superior solutions for personal identification and authentication. In order to achieve this, we will both pursue advances based on Glory's core technologies of recognition/identification and mechatronics, which are unmatched by corporate peers, and put effort into the acquisition of data analytics technology for the analysis and utilization of many and varied forms of data. In addition, we will actively collaborate with other companies and pursue open innovation.

As the first stage of these achievements, the 2020 Medium-Term Management Plan is formed around three basic policies. For existing business, we will fundamentally reinforce our capacity to sustain this business at a robust level, underscored by strengthening our abilities to respond to changes in the market environment and customer needs, and review profit structures.

For new business, we recently established

Business Domains



Forecast for the year ending March 31, 2019

For the first year of the 2020 Medium-Term Management Plan, the year ending March 2019, the Group forecasts consolidated business results as follows: In view of a further expansion of sales to retail industry in the overseas business and the promotion of solution proposals in response to the market changes in the domestic business, the Group

anticipates net sales of ¥240,000 million (up 5.6% year on year), operating income of ¥20,000 million (limited to 2.0% up because of strategic investment) and net income attributable to owners of parent of ¥12,000 million (up 21.3% year on year). The forecast uses exchange rate assumptions of 1USD=¥110, 1EURO=¥130.

Net Sales and Operating Income by Business Segment

(¥ million)

Years ended March 31	Sales		Operating Income	
	2018	2019 (forecast)	2018	2019 (forecast)
Overseas Market	106,758	113,000	11,167	11,000
Financial Market	53,970	57,000	4,043	6,500
Retail & Transportation Market	43,216	50,000	3,476	4,000
Amusement Market	20,570	17,500	1,331	500
Others	2,845	2,500	-403	-2,000
Total	227,361	240,000	19,615	20,000

Commitment to stable returns to shareholders

We regard the return of profits to shareholders to be an important management task. Our basic policy in regard to distribution of profits is to continue stable dividends while striving to maintain and enhance sound financial standing in preparation for future business growth. We have set the target of attaining a dividend payout ratio of 30% or higher on a consolidated basis.

With regard to the acquisition of treasury shares, we will consider an appropriate response after having taken into overall account future business development, investment plans, the level of retained earnings, and performance trends. We will leverage the acquired treasury shares for investment in future growth, such as M&As, and for flexible capital policy.

In line with this policy, we have increased the dividend for the year ended March 2018 by ¥22 to ¥82 per share, comprising an ordinary dividend increase of ¥2 and a special 100th

anniversary commemorative dividend of ¥20. For the next financial year, we plan to set the annual dividend at ¥62 per share.

Between November 8, 2017 and December 22, 2017, we bought back 1,434,800 shares valued at a total of about ¥6 billion. We will continue to maximize shareholder returns by improving our capital efficiency and implementing a flexible capital policy.

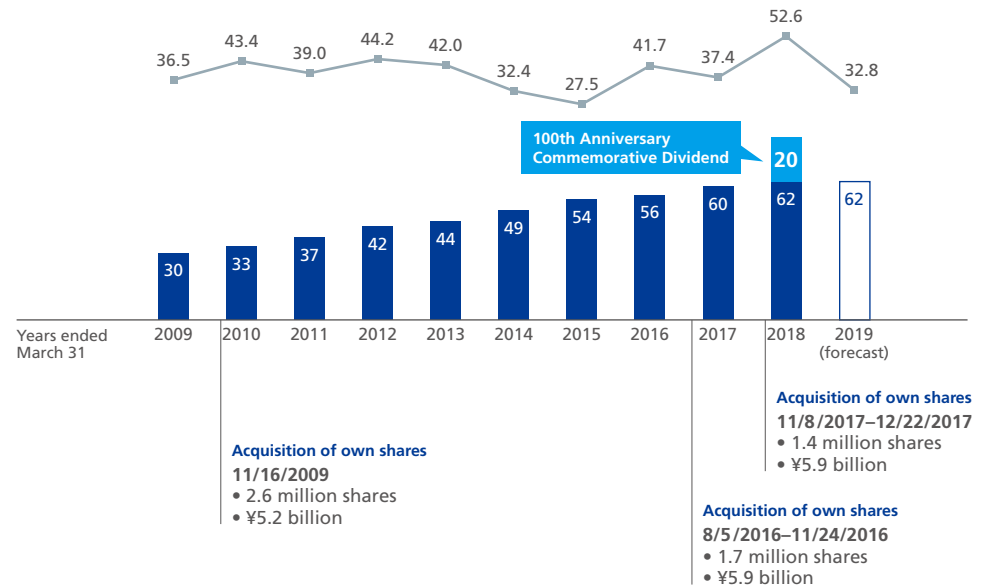
We look forward to the continuing support and cooperation of our stakeholders as we embark on our next 100 years. For Glory, momentum does not mean relying on the same products and services year after year. Instead, our striving spirit drives our momentum. It is in our DNA, and it will carry us forward into a second century working for a more secure society.

August 2018

President *Hirokazu Onoe.*

Trend of Annual Dividend and Payout Ratio

■ Dividend payout ratio (%)
■ Annual dividend per share (Yen)



Glory's
100 Year Heritage

100

» Forward Vision

Jusaku Onoe knew where he wanted the company to go, and he showed his team members how anticipating changes ahead for the client created better, longer-serving solutions, and loyal customers. As his company struggled in the post-war economy, Jusaku and Kokuei Machinery (which became GLORY LTD.) were commissioned by the Ministry of Finance Mint to produce a coin counter, as the mint prepared to introduce new coins to post-war Japan. Jusaku observed, "It is not marketable yet, but financial institutions are sure to need it." His foresight proved accurate.

By 1952, the new coins entered wide circulation, but it was generally believed

that bank tellers could not easily handle the troublesome coins. Few banks could accept coins, so merchants were also reluctant. The company was positioned perfectly, with a fast, reliable and accurate counter priced more than 75% below the competing imported counters. Orders began to flow in, and Glory's history was changed forever. Since then, Glory management and employees seek to understand where the changes today will take us tomorrow.



Special Feature: Executive Officer Interview



Satoko Fujii

Executive Officer
Senior General Manager,
Business Innovation Center

Learning to Sell Ideas

By creating new business domains,
we are moving closer to the realization
of the Long-Term Vision 2028.

New businesses will be the key to the achievement of the Long-Term Vision 2028. Established in 2018, the Business Innovation Center is responsible for two of the four new business domains identified in the Long-Term Vision 2028: the provision of various methods of payment, and personal identification and authentication. We interviewed the newly appointed head of the Business Innovation Center, Satoko Fujii, about the Center's mission and approaches to innovation, and about her commitment to these tasks.



Accelerating the pace of innovation by actively and effectively using digital technology

You joined Glory in February 2017.

What was your previous career?

Before joining Glory, I had worked for two foreign-owned IT companies for over 30 years. At first, I was involved in consulting and proposing innovative solutions, not only IT but also business process mainly for financial service delivery channels. The last three years before I joined Glory, I was in charge of strategic business alliances with several global partners, being responsible for their strategy building and business results in Japan. I also had experience developing equipment collaboratively with Glory when clients started up new business operations.

Your shift from one of the world's leading IT companies to Glory, which is a manufacturer, seems like major career change. What led you make that decision?

In my previous work, I had opportunities to see many successful examples of digital innovation by global companies. I became

aware that the pace of change in Japanese companies was slow compared with overseas companies, which are achieving rapid innovation in their management and business operations through the use of digital technology. I became concerned that the very existence of Japanese industries could be jeopardized, and I began to consider how companies could begin to break out of this situation. I felt that I needed to be more involved at the heart of business so that I could change companies from the front line. That was a major reason for moving to a manufacturer, specifically Glory. I made my final decision after the management of this company understood my ideas to the extent that they created an optimal position for me.

You have been with Glory for about one year, and you became head of the Business Innovation Center in April. What has been your impression of the Glory Organization since becoming part of it?

My first impression was that the people here

are very committed. They also place a high value on self-sufficiency, and they are very proud and confident about their technology. I also discovered that many people at the organization are aware that the business environment is changing, and that they also need to change. When this awareness turns into a major trend, Glory will be able to transform itself significantly.

What is needed to generate that major trend?

We need to energize communication across the entire organization. The fact that people are aware of an issue, however, doesn't mean that it can be solved. There's a need for someone to set a course and provide leadership. That is another important mission for the Center.

» There is a need to take a new look at the technologies, processes, and culture that Glory has built

What is the Center's mission?

As the name suggests, the Business Innovation Center was established with a mission to drive Glory's business innovation. It reports directly to the president, and the scope of its activities will encompass all business areas, both within Japan and overseas.

During my first year with Glory, I have realized that innovation requires three elements: technologies, processes, and culture. Using the technologies that Glory has built over the years, we will implement plans, trials, and strategies to create new value, while working to change employees' perceptions.

What are the new goals for innovation?

Within Glory, we are talking about a transition from selling products to selling ideas. Instead of simply making and selling equipment, we want to build a new core income stream based on services that can generate earnings continuously. In the past, Glory established development and marketing plans for each piece of equipment. Going forward, we will take a more comprehensive approach by supplying solutions that combine equipment and technology.

Furthermore, while we will continue to place a high value on self-sufficiency, we will

also commit to collaborative open innovation, including the discovery of optimal partners with technologies that Glory does not possess.

How is the Center organized and structured?

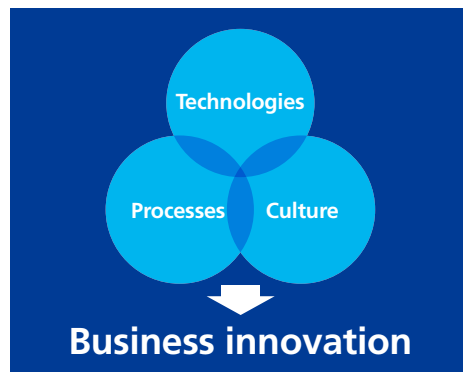
The Center was established with a structure consisting of three teams. Our organization has a diverse range of members, including development and marketing staff, as well as core employees who were involved in the formulation of the Long-Term Vision 2028. With about half of our staff in their 20s and 30s, we are one of the most

youthful units in Glory.

One of our three teams is working primarily on developing new business areas and planning innovative business models based on individual behavior across various industries. Their responsibilities include the building of alliances that combine the talents of FinTech, IoT and AI start-up companies with Glory's current intellectual assets.

The second team is responsible for data solutions. They will develop and provide total solutions for the retail market, an area in which we anticipate major expansion going forward. Their activities will include the creation of new business schemes based on the use of Glory's GCAN Center, which

Connecting Three Distinct Processes



From Selling Products to Selling Products and Ideas



Driving Wide-Spectrum Innovation



processes data for electronic payments.

The task of the third team is to transform aspects of our corporate culture that relate to technology strategies, new development, and the creation of new businesses. This team is divided into two groups. The Technology Research Group will handle research into new technologies in Japan and overseas, and also formulate technology strategies. The PoC Lab Group will drive the assimilation of the proof of concept (PoC) approach within Glory. PoC is interpreted in various ways, but the task of this group will be to verify concepts at the planning stage when the development of a new product begins or when a new project is launched. The aim of this process is to enhance speed and efficiency at later stages, and to improve the likelihood of positive outcomes. The PoC Lab Group will promote the PoC approach by actively participating in development operations, and by organizing in-house events and seminars.



➤ The growing awareness of innovation within Glory is very encouraging

You are Glory's first female executive officer, and I have heard that you are strongly committed to promotion of diversity, including career advancement for women. What are your thoughts on this subject?

My work with a foreign company that has made significant progress on diversity has

given me knowledge and experience that I hope to use at Glory. Glory has been diligent in establishing the proper systems, but an even more important task is the development of the unseen infrastructure, such as the level of understanding among frontline managers, and the awareness of the people who use the systems. I think that "diversity" really means a commitment to maximize the performance of

“ While we will continue to place a high value on self-sufficiency, we will also commit to collaborative open innovation, including the discovery of optimal partners with technologies that Glory does not possess. ”

employees based on respect for their circumstances and wishes as they go through changes in their lives, such as child rearing and caring for aging relatives, irrespective of their innate personal attributes, such as gender and LGBT orientation, or whether or not they have disabilities.

This requires not only encouragement from above and the enhancement of systems, but also efforts by those working in the frontline. In the Business Innovation Center, we will quickly implement any ideas that are positive from a diversity perspective. I told the Human Resources Department, which is the unit responsible for diversity promotion, that the Center will be happy to carry out any trials that are needed. You can't improve the working environment simply by thinking about it.

To conclude, what are your aspirations as an executive officer, and as the head of the Business Innovation Center?

Based on my past experience, I believe that I have a talent for taking ideas of which clients only have a vague perception and turning them into concrete concepts. I have always focused not only on the logic of those who develop products and solutions, but also on the types of value that can be provided to users. I hope to use this ability to drive innovation and growth for Glory.

During my year as a Glory employee, my conversations with various people outside of the company have given me the impression that this company has built an extremely good reputation as an excellent manufacturer. That reputation will continue to be an important source of corporate value for Glory. I see Glory products as the direct interfaces between our clients and consumers in the "last mile" as a major advantage in a society becoming increasingly networked.

Based on my conversations with people within Glory, I believe that there is a keen sense of expectation toward the Center. While we were setting up the new unit, many development and marketing staff expressed a strong wish to work with us. I see this as indicative of a strong commitment to growth and improvement within this company, and I am determined to meet those expectations.

Glory's
100 Year Heritage

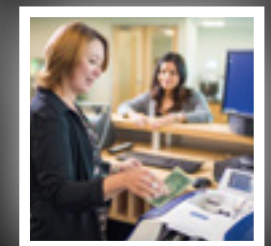
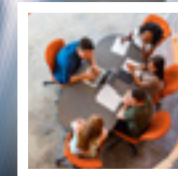
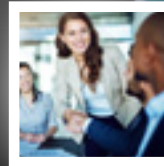
100

» Technology

Following the success of its coin counter, the company continued to improve its technical capabilities and work to create unique products. The company established its position as a pioneer in cash handling machines in Japan, including the first coin wrappers, 1,000-yen banknote changers, and open teller systems. It established early strengths in vending machines, ticket machines, and machines for the gaming industry. From there, newly developed technologies have taken it ever further from its roots, including the technologies of facial recognition and system integration utilizing human-collaborative robotics, which enables side-by-side human-robot task sharing. Glory is now leveraging its

distinctive original technologies to introduce new core businesses.

Today, true to its roots in financial services, Glory contributes to the development of a secure, dependable society by providing products and solutions that realize operating efficiency and accuracy in cash handling in the financial, retail, transportation and other markets, both in Japan and overseas. As it answers the call for solutions for newly emerged social challenges, Glory will seek further growth and continue its quest to achieve our vision to "enable a confident world" for a better tomorrow.





Overseas Market

Glory's main customers in this segment include financial institutions, retailers, cash-in-transit companies, and casinos. Our flagship products include banknote recyclers used by tellers to process deposits and disbursements over-the-counter in financial institution branches, banknote sorters used by financial institutions and cash-in-transit companies to eliminate counterfeit currency and sort banknotes, and CASHINFINITY™ cash management systems for retailers. We also supply banknote recycling modules for ATMs on an OEM basis.

Market Environment and Operating Results

In the Americas, the continuing recovery of the U.S. economy encouraged financial institutions to invest in equipment and facilities. This was reflected in strong sales of banknote recyclers for tellers in financial institutions. However, sales of the CASHINFINITY™ cash management systems for retailers were slowed due to the reaction to the high demand of the previous fiscal year, as well as protracted sales negotiations. As a result, net sales were lower.

In Europe, sales of banknote recyclers for tellers were slow, but strong demand for CASHINFINITY, especially in Germany and France, resulted in higher net sales.

In Asia, we made progress on the marketing of banknote recyclers for tellers and CASHINFINITY to replace banknote sorters. However, difficult market conditions in key countries, such as Australia and India, as well as the continuation of a weak market in China,

which accounts for a large share of regional sales, resulted in slow sales in these countries. As a result, total net sales in Asia were lower year on year.

OEM sales declined because of slow sales of banknote deposit modules for ATMs, despite strong demand for banknote recycling modules for ATMs.

Net sales in this segment increased by 2.9% year on year to ¥106,758 million, with sales to the retail industry providing the impetus. Operating income was 12.8% higher at ¥11,167 million.

Strategies and Initiatives Going Forward

In April 2018, we shifted from a business division system to a company system in the Overseas Market segment. Development and quality assurance operations were absorbed into this company. By giving company heads full responsibility for business operations, we

aim to speed up decision-making processes.

Our regional strategies for the Americas and Europe focus on the capture of replacement demand for financial institutions, and on the expansion of sales to the retail industry. Our priority in Asia will be the development of new customers in financial institutions and the retail industry.

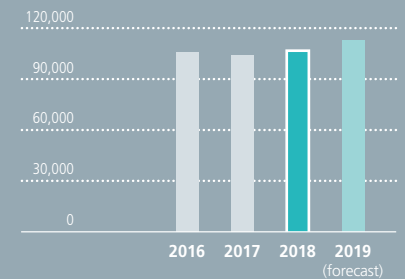
We will aim to accelerate the growth of our overseas business operations through M&A strategies and other approaches.

Contribution to
Total Net Sales
(Year ended March 31, 2018)

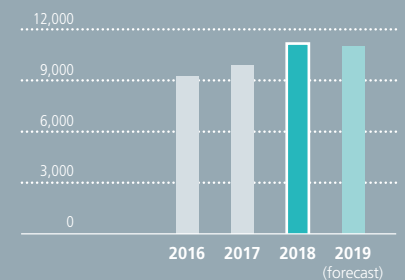
47.0%



Net Sales
(Years ended March 31) (¥ million)



Operating Income
(Years ended March 31) (¥ million)





OVERSEAS MARKET TOPICS

Fruits of the World, Spain

Enhancing Cash Handling Security and Customer Satisfaction



» The Challenge

The fruit shop "The Fruits of the World" needed a sophisticated solution to minimize cash handling from the start to the end of the business day.

Because of long hours of operation in a modern business park, including weekends, it was not possible for the owner to be on site all the time. Therefore, it was essential to automate certain processes, such as cash management. In addition, the owner sought to optimize the time required to prepare change funds, eliminate discrepancies in cash counting, perform counterfeit detection and shorten the reconciliation process.

Security was also an important factor; with a long

business day, The Fruits of the World needed a solution that ensured the cash drawer didn't need to be constantly opened.

Speed and efficiency were also important factors high volumes of customers at peak times had minimal time in which to do their shopping.

» The Solution

The Fruits of the World decided that the CASHINFINITY™ CI-10 from Glory was the right solution to meet their needs, which centered on performing cash management processes with accuracy, efficiency, securely and without errors.

» Benefits

Cost Savings

Not only is the cash management process faster and without errors, they save 30 minutes per day when carrying out cash balancing. In addition, counterfeit banknote detection and foreign object/ counterfeit coin detection helps the shop to significantly reduce losses.

Hygiene

As employees do not touch money at anytime, the level of hygiene in the shop is increased. This is a key factor for a fresh food retailer.

Staff Productivity

In the fruit shop's busiest days can see up to 300 cash transactions, mostly during certain peak hours.

The extraordinary performance of the CI-10 solution from Glory enabled The Fruits of the World to significantly increase employee productivity. Employees are now more satisfied and have less stress, as they do not have to balance cash or prepare change manually. They now have more time for customers.

Customer Engagement

Customers are also more satisfied, as the waiting time is considerably reduced. Staff can assist them quickly and offer them a more personalized service.

"With the CASHINFINITY™ solution from Glory, we can save 30 minutes per day when carrying out cash balancing."

José Luis Caro,
The Fruits of the World Owner

Segment Information



OVERSEAS MARKET TOPICS

ASE Credit Union, USA

Using Innovative Assisted Service Technology to Grow Their Network



>> The Challenge

In 2016, Alabama State Employees Credit Union (ASE) announced it would be opening ten new branches in just three years. This aggressive growth strategy would enable ASE to meet the needs of its increasing member base. And, at the same time, create a high-tech banking experience—offering the flexibility and conveniences that today's consumers desire.

Achieving this exciting growth initiative required two key components. First, the use of smaller, more efficient retail spaces for its branch locations. And second, the latest in banking technology.

>> The Solution

ASE Credit Union partnered with Glory for its innovative TellerInfinity™ assisted service technology—capable of performing transactions that until now, only ASE tellers could do. “The teller assist machines were really the cornerstone of our strategy,” says Jared Freeman, CEO. “We basically decided that if this technology doesn't work, this strategy doesn't work.”

With TellerInfinity, ASE branch locations can run more efficiently, enabling tellers to focus on customers and growing business.

“TellerInfinity™ frees up our staff so that they can process loans, open accounts, and spend more time with the members themselves instead of being focused on a traditional cash transaction.”

Amanda Pritchard, Project Manager, ASE Credit Union

>> Benefits

Employee Deployment

Optimized staff and operational resources by enabling more services to fit into a smaller location with fewer staff.

Customer Focus

Freed up employees to focus more on customer needs

Service Value Added

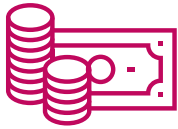
Enabled more time for advising and selling products

Policy Realization

Paved the way for achieving aggressive growth strategy

ASE's growth strategy was off to a successful start with the launch of its first TellerInfinity location. “The first month this branch was open, it outperformed any other branch, and this is with a four-man crew,” says Pritchard. In addition, 2016 shaped up to be ASE's most profitable year in the credit union's history.

Just as important, TellerInfinity enabled ASE employees to cultivate better relationships with members. “It's why credit unions were created—to be member-focused. We feel like the (TellerInfinity) machines help us achieve one of our most important core values, which is relationships with people,” says Freeman.



Financial Market

Our main customers in this segment are financial institutions in Japan. Our flagship products include open teller systems, used to manage receipts and disbursements in branches, and coin and banknote recyclers for tellers. Apart from these flagship products, we also supply security storage systems used to store and control important non-cash items, such as business forms and documents. In addition, we supply products to leading system manufacturers and other users on an OEM basis.

The financial market is our main market segment in Japan. We have built market shares of 60% or higher for our core products.

Market Environment and Operating Results

In Japan, the business environment for financial institutions has remained challenging due to a continuing negative interest rate policy. Financial institutions have responded by accelerating their efforts to strengthen their business structures, including the rationalization of branch opening hours, the diversification of branch types, and the expansion of business bases.

In the year ended March 2018, we worked in this environment to capture new and replacement demand in our main product categories. While sales of coin and banknote recyclers for tellers were strong, in part because of our success in harnessing replacement demand, sales of open teller systems were weak for compact models for small- and medium-sized financial outlets due to the reaction to the strong demand of the

previous fiscal year. There was also continuing growth in sales of products other than cash handling equipment, such as electronic data entry tablets that provide customers of financial institutions with a simple way to create deposit slips and other forms.

Net sales for this segment increased by 1.3% year on year to ¥53,970 million, while operating income was 37.9% lower at ¥4,043 million due to deterioration in product mix, etc.

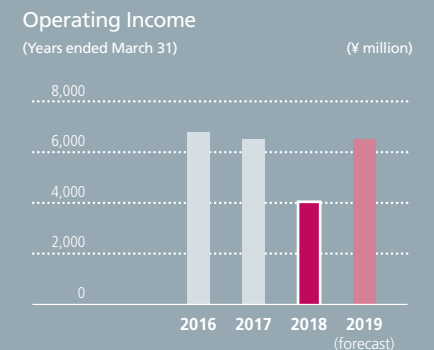
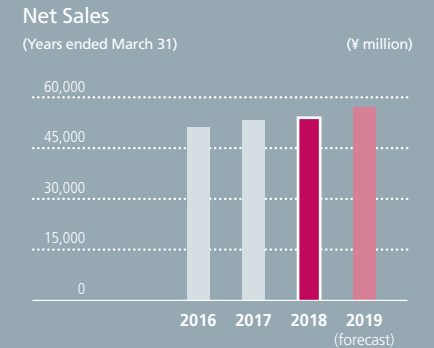
Strategies and Initiatives Going Forward

We anticipate that financial institutions will continue to invest in measures to improve profitability and operating efficiency. Our strategy in this environment will be to capture replacement demand and develop new customers for products in our main product categories, such as open teller

systems and coin and banknote recyclers for tellers. We will also work to expand sales of products other than cash handling equipment, such as electronic data entry tablets and security storage systems.

Contribution to
Total Net Sales
(Year ended March 31, 2018)

23.7%





FINANCIAL MARKET TOPICS

Cost Reduction through Mechanization and Efficiency Improvements in Financial Institution Branches

Faster, Easier, More Accurate, and Customer Friendly



Open Teller Systems

These products allow all cash receipts and disbursements within a branch to be processed in one unit. Even the handling of checks and damaged currency can be systemized. Reconciliation times can also be dramatically reduced, thanks to the elimination of manual work and administrative errors.



PC Integrated Scanners

These systems scan handwritten documents received by branches and transmit them to a center. Significant efficiency improvements can be achieved through the centralization of time-consuming data entry work.



Security Storage Systems



Key Management Systems



Cost reduction, especially through changes to the branch operating structure, has become a priority for Japanese financial institutions because of an increasingly challenging business environment. Visits to the branches of financial institutions to carry out fund transfers and other transactions are an established aspect of Japanese business practices, and branches have become an essential part of social infrastructure. However, many tasks, such as the processing of handwritten forms, and cash management, still require human intervention, and there is an urgent need to reduce costs through mechanization and efficiency improvements.

Glory aims to capture this demand by developing products that contribute to the mechanization and centralization of administrative tasks, such as form processing, as well as the reduction of reconciliation times at the end of each day, and the introduction of self-service processes.

In addition to offering products, Glory can also provide complete support for all aspects of branch development, from the creation of branch designs that allow for smooth traffic flow around equipment, to interior decoration. These capabilities allow Glory to offer financial institutions branch concepts that ensure high levels of operating efficiency and customer satisfaction.

Examples of products that contribute to the mechanization of administrative tasks and the improvement of efficiency:



Electronic Data Entry Tablets

These systems allow customers to create forms simply by entering information according to navigation instructions. This method eliminates data entry errors and omissions, eliminating the need to spend time on rewriting or checking amounts.



Self Deposit Machines



Banknote Changers



Tax and Official Payment Deposit Stations

Acceptance of tax and bill payments (water, gas, electricity, etc.) take up around 20–30% of tellers' time (according to Glory's own research). These systems dramatically reduce teller workloads by allowing payments to be made on a self-service basis.



Retail and Transportation Market

Supermarkets and cash-in-transit companies in Japan are among our main customers in this segment. Our main products include coin and banknote recyclers for cashiers, which reduce checkout waiting times in supermarkets and other retailers while ensuring accurate cash management, and sales proceeds deposit machines used to manage proceeds at department stores and shopping malls.

Glory also supplies railroad companies with cash recyclers, which count and deposit cash received and dispense change at ticket counters, and coin-operated lockers.

Market Environment and Operating Results

Rapid changes are transforming the retail sector in Japan, including the use of mergers and alliances to enhance competitiveness, and the liquidation of unprofitable outlets to improve earnings. Retailers are also responding to increasingly serious labor shortages by targeting efficiency improvements in retail outlets. This is generating increasing demand for mechanization solutions.

Glory worked in this environment to capture replacement demand and develop new customers for coin and banknote recyclers for cashiers and sales proceeds deposit machines designed to improve cash handling efficiency and accuracy.

Sales of coin and banknote recyclers for cashiers benefited from our efforts to develop new customers, such as restaurants and specialty stores. However, sales of sales proceeds deposit machines were lower year on

year, in part because of protracted negotiations about new models.

Net sales in this segment were 1.3% higher year on year at ¥43,216 million. Operating income increased by 0.2% to ¥3,476 million.

Strategies and Initiatives Going Forward

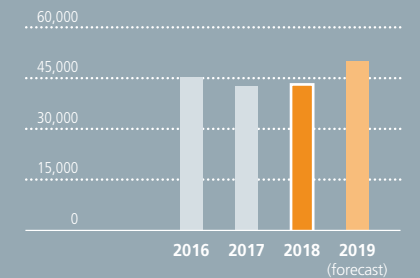
Our strategy for coin and banknote recyclers for cashiers will be to develop new customers in business areas where these products are not yet widely used, such as convenience stores, food service outlets, and specialty retailers. We will also strengthen marketing of self-checkout systems. Another focus will be the expansion of sales in non-cash business areas, such as electronic payment systems for credit cards, electronic money and debit cards, and electronic payment services.

Contribution to
Total Net Sales
(Year ended March 31, 2018)

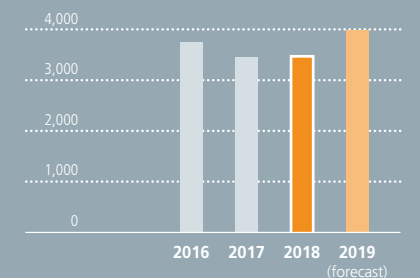
19.0%



Net Sales
(Years ended March 31) (¥ million)



Operating Income
(Years ended March 31) (¥ million)





Coin and Banknote Recyclers for Cashiers Designed for Convenience Stores

Labor shortages are becoming an increasingly serious problem in the Japanese retail industry. Convenience stores, so-named because they remain open 24 hours a day, not only face labor shortages, but have also diversified their activities and now offer a variety of services, including the acceptance of courier deliveries and the collection of tax and official payments. These factors are reflected in an urgent need for ways to reduce employee workloads and turn inexperienced people into work-ready staff as quickly as possible. In November 2017, Glory provided an effective solution to these needs by launching the R-03 series of coin and banknote recyclers for cashiers designed for convenience stores.



Feature 1:

Slim design that does not interfere with counter work

The overall width of the machine has been reduced by around 10% compared to the conventional model.

Feature 2:

Input/output unit layout optimized for convenience stores

Convenience stores handle a wide variety of transactions, such as the acceptance of courier deliveries and the collection of tax and official payments. To facilitate operation while interacting with customers, Glory has placed the cash input and output units together on the same side of the machine.



Other Flexible Retail Applications

Touch Screen Ticket Vending Machines

Glory's ticket vending machines for cafeterias and restaurants have communication capabilities that allow menu distribution and sales aggregation from remote locations, such as a retail chain's headquarters. Customers can place detailed orders, including toppings and side dishes, without the need for staff intervention. To facilitate use by foreign tourists, screen content and guidance can be displayed in five different languages.



Sales Proceeds Deposit Machines

A growing number of retailers, especially in the supermarket sector, are installing semi-self service checkouts, leading to an increase in the total number of cash recyclers for cashiers per store. This has increased the efficiency of collection and deposit of cash sales, and also of preparation and replenishment of change. Glory's sales proceeds deposit machines use banknote recycler cassettes, which allow sales proceeds to be collected and deposited, and change funds to be prepared and replenished without the need to touch cash directly.





Amusement Market

Our main customers in this segment are amusement halls (pachinko parlors). Our core products are peripheral equipment used in amusement halls other than amusement machines themselves. These include pachinko ball/token dispensers and counters, pachinko prize dispensing machines, control computers, and pachinko card systems used to control sales in amusement facilities.

Market Environment and Operating Results

In the amusement sector, the diversification of leisure activities, a shrinking player population, and other factors have driven a continuing fall in the number of pachinko parlors. However, the number of machines per facility has increased, with the result that there been only a marginal decrease in the total installed base.

In addition, capital expenditure by pachinko parlor operators on new parlors, refurbishment, and other projects began to recover early in the year ended March 2018. This followed the completion in the previous year of the removal of pachinko and pachislot machines that have a strong gambling element*1 and pachislot machines that may perform differently from tested machines*2.

Glory responded to this situation by working to increase sales of card systems, which are a key product category in this market. However, capital expenditure by pachinko parlor operators cooled in the second half of the year after introduction of new regulations for

amusement machines, and sales were similar to the previous year's result.

Net sales in this segment were 0.7% higher year on year at ¥20,570 million, while operating income increased by 80.5% to ¥1,331 million.

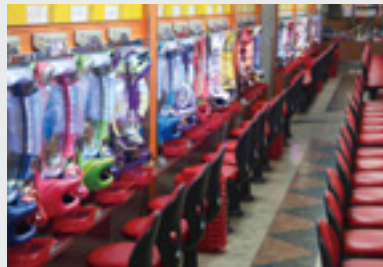
*1 As determined by Zennichiyuren, an association of pachinko parlor operators, and five associated companies in a list released on Sept. 30, 2015.

*2 As determined by Nikkoso, a pachinko machine manufacturers' organization, in a list released on June 23, 2016.

Strategies and Initiatives Going Forward

We will work steadily toward a number of goals, including closer collaboration with a group company and partner companies, and the timely release of new products. Our aim is to expand sales of our flagship products, including card systems, by enhancing our capacity to propose solutions combining a variety of products and services that contribute to efficient store operation.

Pachinko Parlors



Pachinko parlors are casino-like recreation facilities unique to Japan. People go to pachinko parlors to amuse themselves by playing two types of game machines: "pachinko" and "pachislot." Pachinko machines resemble vertical pinball machines and pachislot machines are like casino slot machines.

As one of Japan's flagship leisure industries, pachinko and pachislot claims a major share of the country's leisure market. This market accounts for roughly 30% of the leisure market, revenues of ¥21.6 trillion, and 9.4 million players in 2016. (Source: White Paper on Leisure Industry 2017, Japan Productivity Center).

Contribution to
Total Net Sales
(Year ended March 31, 2018)

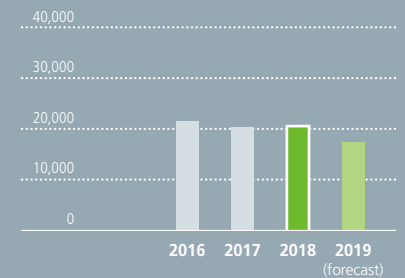
9.0%



Net Sales

(Years ended March 31)

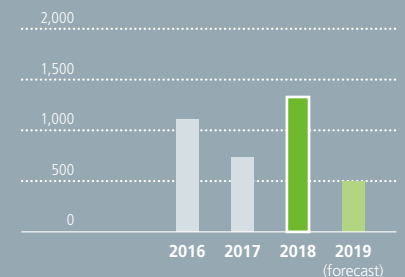
(¥ million)

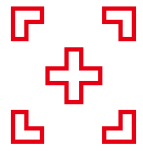


Operating Income

(Years ended March 31)

(¥ million)





Others

This segment consists of products that are not included in Glory's four reportable segments. Key products include facial recognition systems, as well as our robotic system integration business, which we established in the year ended March 2018.

Market Environment and Operating Results

Sales of facial recognition systems benefited from growing awareness of security, which was reflected in the installation of systems in supermarkets, specialty stores, and other facilities. The robotic system integration business is also attracting attention in a variety of fields, including the cosmetics, food, and pharmaceutical industries.

As a result, net sales for this segment were 18.6% higher year on year at ¥2,845 million. There was an operating loss of ¥403 million, compared with an operating loss of ¥251 million in the previous year.

Strategies and Initiatives Going Forward

In the areas of facial recognition systems and robotic system integration business, we will strengthen our organizational structures while also expanding our sales channels in collaboration with other companies. At the same time, we will work to win large orders and develop new customers.

Contribution to
Total Net Sales
(Year ended March 31, 2018)

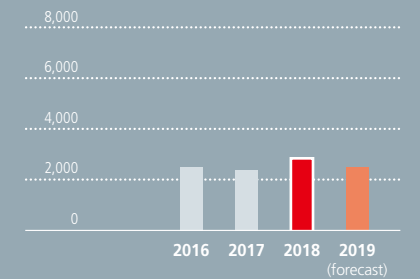
1.3%



Net Sales

(Years ended March 31)

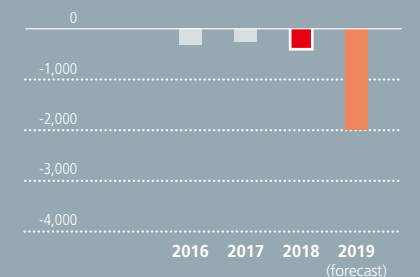
(¥ million)



Operating Income

(Years ended March 31)

(¥ million)





01 >>

Robotic System Integration Business

See the link below for a video of NEXTAGE.



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

02 >>

Accelerating Collaboration toward Expanding Sales of Facial Recognition Systems

We have been working towards the automation of our plant in Saitama, Japan since 1993. In 2010, we introduced the humanoid, dual-arm robot NEXTAGE*1 at the plant, establishing an assembly line where robots work alongside human workers. A total of 23 NEXTAGE units are now in operation.

In April 2017, we used this production technology as the basis for the establishment of a robotic system integration business capable of providing total solutions, including the construction of automated assembly lines utilizing robots, the installation of peripheral equipment, and after-sales services. The name that we chose for this new business is "ASROF" (Automation Smart Robot for Future). We are determined to expand this business, which we have positioned as a new core driver of our Long-Term Vision 2028.

*1 NEXTAGE is a humanoid robot developed by KAWADA ROBOTICS CORPORATION, Inc.



NEXTAGE packing boxes of makeup foundation at Shiseido Company, Limited.

Growing concerns about security have been reflected in expanding demand for facial recognition systems in recent years. Glory's facial recognition technology has continued to evolve since its first use in 2003, and our current recognition performance has reached high-speed recognition within an average of one second, has a high recognition rate*2 of more than 99% and holds a position at the top in the industry. The systems have been installed in numerous locations, including large-scale commercial facilities, financial institutions, condominium buildings, hotels, and hospitals.

We aim to expand the range of situations in which our facial recognition systems can be used by accelerating our collaboration with partner companies. We announced two such collaborations in the year ended March 2018.

*2 False acceptance rate: 0.01%, false rejection ratio: 0.5% (based on assessments carried out by Glory)



Network cameras of Mitsubishi Electric

1. Collaboration with Mitsubishi Electric on Facial Recognition Systems Based on Network Cameras

By combining Glory's facial recognition technology with network cameras manufactured by Mitsubishi Electric, we aim to provide products and systems that will meet the needs of a wider range of users, by removing a number of hurdles, such as recognition accuracy problems, and initial system costs.

2. Collaboration with Aiphone on Intercom-Based Facial Recognition Systems

AIPHONE CO., LTD. is a specialist manufacturer of intercoms and nurse call systems. Glory has developed an access control system based on facial recognition for its own in-house daycare center. This technology has been combined with an Aiphone system to create a solution that can be used in a variety of security-sensitive facilities.

Glory's
100 Year Heritage

100

» Teamwork

From its original small, seven-member shop, Glory learned the power of working together. As the company grew, its core belief in cooperation and synergy on an individual-worker level was continually reinforced by further success. When it was clear that its future lay with a global business scope, Glory leaders sought out and found a compatible partner in Talaris Topco Limited, a UK company with its own deep roots in the British currency machinery industry.

Sharing the same dream to build a fully integrated global team, Glory and Talaris immediately set to work to integrate their overseas operations and enhance business competitiveness under the internal slogan "One Glory." Within one year, the process

had already begun to boost brand power and brand penetration, making Glory the world's leading brand in cash handling machines for the financial and retail industries.

Now, with over 9,000 associates worldwide, Glory applies its team approach in the everyday execution of business activities, alongside customers and other stakeholders, so as to contribute to the development of a more secure and sustainable society.



Corporate Social Responsibility

Glory's CSR Philosophy

Glory believes that CSR (corporate social responsibility) is achieved by putting its corporate philosophy into practice. This means offering cash handling machines and other products and services of high social importance to respond to customers' needs for efficiency and accuracy and thus contribute to the realization of a safe and secure society.

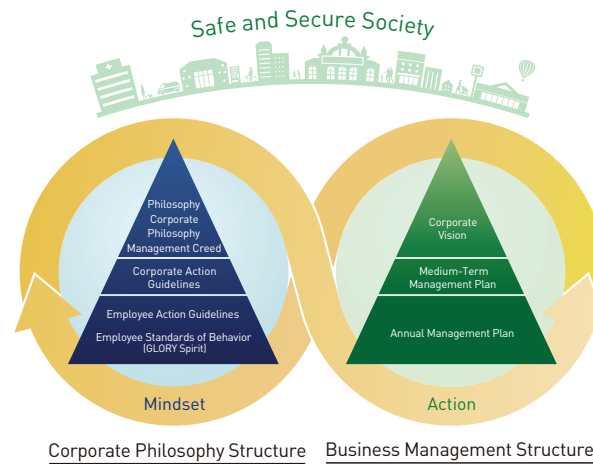


CORPORATE PHILOSOPHY

We will contribute to the development of a more secure society through a striving spirit and co-operative efforts.

MANAGEMENT CREED

- Through a spirit of continuous development, we will provide products and services our customers can rely on.
- We will build a vigorous corporate group through respect for the individual and teamwork.
- We will endeavor to act as responsible corporate citizens and co-exist harmoniously with society at large.



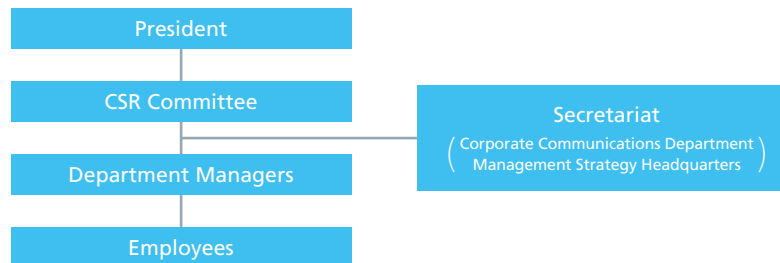
Participation in the United Nations Global Compact



The Glory Group operates in more than 100 countries. We contribute to every region in which we operate by matching technologies and services to the issues faced by customers and society, and as responsible corporate citizens, we conduct our work with awareness of the issues of the international community. To further clarify our stance on social contribution, Glory signed the United Nations Global Compact, an international framework for sustainable development, in March 2014.

CSR Promotion Framework

CSR efforts in the Glory Group are led by the CSR Committee, which is chaired by the President and made up of management-level employees. The committee convenes twice a year, at which time it deliberates on the basic direction and plans for CSR management and establishes policies for major annual CSR initiatives.



Glory promotes various other CSR Activities. For further information, please visit our website. <http://corporate.glory-global.com/csr/>

Glory's Material Issues

Glory has identified its CSR-related material issues through the following process.

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 extracted.

In-House Consideration

Representatives of relevant Glory departments sorted out the issues and assessed their materiality.



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'.

Dialogue with Experts

Two dialogue sessions were held, each one with an outside expert: Junichi Mizuo, President of Mizuo Compliance and Governance Research Office, and; Seiichiro Shimamoto, a professor at Kyoto Bunkyo University. In these sessions, the two experts provided Glory with advice such as whether there were any shortcomings in the assessed materiality, and how to pursue CSR that matches Glory's characteristics.

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.



Junichi Mizuo
President, Mizuo Compliance and Governance Research Office



Seiichiro Shimamoto
Professor, Faculty of Social Relations, Kyoto Bunkyo University

Material Issues Identified at Glory

Category	Priority CSR Themes	Material Issues	Fiscal Year 2018 Targets
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
		• 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
Environment	Environmental protection	• Reduce energy consumption per employee	• Reduce energy consumption per employee by 1% (base year : fiscal year 2010)
		• Reduce CO ₂ emissions from new products	• Improve energy efficiency of newly developed products by at least 15% compared to previous models
		• Carry out biodiversity preservation activities in co-operation with stakeholders	• Carry out 100% of activities planned for this fiscal year
Social	Human resource initiatives	• Promote work-style reform	• Implement and verify new ways of working • Boost operational efficiency
		• 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
Governance	Promotion of CSR in the supply chain	• Conduct CSR-oriented procurement worldwide	• Continue to use the CSR voluntary checklist, and work to improve assessment scores • Spread activities to overseas sites
		• Strengthen corporate governance	• Conduct activities in line with the Corporate Governance Guidelines
Governance	Strengthening of governance	• Strengthen risk management activities and communicate to Glory Group companies	• Conduct risk management from a global perspective and communicate activities to Glory Group companies
		• Strengthen compliance management and communicate to Glory Group companies	• Conduct job-level-specific compliance education, and strengthen collaboration with Glory Group companies

Setting the Glory team priorities to enable a confident world



Toru Fujita

Audit & Supervisory
Board Member

Joji Iki

Outside Director

Hideo Onoe

Director & Senior Managing
Executive Officer

Hirokazu Onoe

President &
Representative Director

Kaname Kotani

Director & Senior Managing
Executive Officer

Mikio Nakajo

Outside
Audit & Supervisory
Board Member

Satoshi Hamada

Outside
Audit & Supervisory
Board Member

Akihiro Harada

Director & Managing
Executive Officer

Motozumi Miwa

Executive Vice President &
Representative Director

Shigetoshi Mabuchi

Director & Senior Managing
Executive Officer

Hiroki Sasaki

Outside Director

Masakazu Nagashima

Audit & Supervisory
Board Member

Board of Directors (As of June 27, 2018)



Hirokazu Onoe President & Representative Director

Sep. 1970	Joined the Company	Jun. 2006	Director & Managing Executive Officer
Apr. 2000	General Manager, Vending Machine & Amusement Systems Business Div.	Apr. 2009	General Manager, Corporate Strategy Div.
Jun. 2001	Director	Jun. 2010	Director & Executive Vice President
Jun. 2004	Managing Director	Apr. 2011	President & Representative Director (to present)



Kaname Kotani Director

Jun. 1987	Joined the Company	Jun. 2014	Director & Senior Executive Officer
Jun. 2010	Senior General Manager, Development Div., Money Handling System Business Headquarters	Apr. 2015	Director & Managing Executive Officer
Apr. 2011	Deputy Executive General Manager, Development Headquarters	Apr. 2016	Responsible for information security (to present)
Apr. 2012	Executive Officer	Apr. 2017	Director & Senior Managing Executive Officer (to present)
Apr. 2013	Senior Executive Officer; Executive General Manager, Development Headquarters (to present), Responsible for Intellectual Property Dept. (to present)	Apr. 2018	Responsible for new businesses (to present)



Motozumi Miwa Executive Vice President & Representative Director

Jun. 2009	Joined the Company	Apr. 2014	Director & Managing Executive Officer; Executive General Manager, Business Management Headquarters, Responsible for General Affairs Headquarters
Mar. 2010	General Manager, Legal Affairs Dept., General Affairs Div.	Apr. 2015	Director & Senior Managing Executive Officer
Jun. 2010	Executive Officer	Apr. 2016	Representative Director & Senior Managing Executive Officer
Apr. 2012	Senior Executive Officer; Executive General Manager, General Affairs Headquarters	Apr. 2017	Executive Vice President & Representative Director (to present); Responsible for Business Management Headquarters
Jun. 2012	Director & Senior Executive Officer		
Apr. 2013	Responsible for CSR, brand strategy and investor relations functions (to present)		



Akihiro Harada Director

Mar. 1985	Joined the Company	Apr. 2014	Senior Executive Officer of the Company; Responsible for manufacturing, procurement and quality assurance at group companies of Glory Global Solutions Ltd.
Apr. 2003	General Manager, Production Engineering Dept., Himeji Factory, Banking System & Equipment Div.	Apr. 2015	Executive General Manager, International Business Headquarters of the Company
Jan. 2006	President of GLORY (PHILIPPINES), INC.	Jun. 2015	Director & Senior Executive Officer
Apr. 2009	General Manager, Management Planning Dept., Corporate Strategy Div. of the Company	Apr. 2017	Director & Managing Executive Officer (to present)
Apr. 2012	Executive Officer; Project Leader, International Business Integration Project Management Office	Apr. 2018	Executive General Manager, International Business Company Unit (to present)
Jul. 2012	Director of Glory Global Solutions Ltd.		



Hideo Onoe Director

Jan. 1999	Joined the Company	Apr. 2013	Chairman of the Board of GLORY Denshi Kogyo (Suzhou) Ltd.
Oct. 2005	General Manager, Supply Chain Management Dept., Production Management Div., Money Handling Systems Business Headquarters	Apr. 2014	Managing Executive Officer of the Company; Executive General Manager, Production Headquarters & Senior General Manager, Purchasing Div.
Oct. 2006	Executive Officer	Jun. 2014	Director & Managing Executive Officer
Jul. 2009	President of GLORY (U.S.A.) INC. (now Glory Global Solutions Inc.)	Apr. 2015	Executive General Manager, Domestic Business Headquarters (to present)
Apr. 2012	Senior Executive Officer of the Company; Executive General Manager, Production Headquarters	Apr. 2017	Director & Senior Managing Executive Officer (to present)



Hiroki Sasaki Outside Director

Independent Director

Apr. 1965	Joined Fuji Iron & Steel Co., Ltd. (now Nippon Steel & Sumitomo Metal Corporation)	Jun. 2002	President & Representative Director of Sanyo Special Steel Co., Ltd.
Jun. 1995	Director of Nippon Steel Corporation (now Nippon Steel & Sumitomo Metal Corporation)	Jun. 2007	Director & Senior Adviser of Sanyo Special Steel Co., Ltd.
Apr. 1999	Managing Director of Nippon Steel Corporation	Jun. 2008	Outside Director of the Company (to present)
Jun. 2001	Vice President & Representative Director of Sanyo Special Steel Co., Ltd.	Jun. 2009	Outside Audit & Supervisory Board Member of KITZ Corporation



Shigetoshi Mabuchi Director

Apr. 1982	Joined GLORY Shoji Co., Ltd. (now the Company)	Apr. 2014	Managing Executive Officer
Apr. 2005	General Manager, Business Planning Office, Business Planning Div. of GLORY Shoji Co., Ltd.	Jun. 2014	Director & Managing Executive Officer
Apr. 2009	Senior General Manager, Maintenance Business Div., Maintenance Headquarters of the Company	Apr. 2017	Director & Senior Managing Executive Officer (to present)
Jun. 2010	Executive Officer		
Apr. 2012	Senior Executive Officer; Executive General Manager, Service Headquarters (to present)		



Joji Iki Outside Director

Independent Director

Apr. 1977	Joined Kawasaki Heavy Industries, Ltd. ("KHI")	Apr. 2015	Representative Director & Senior Executive Vice President; Assistant to the President, in charge of Technology, Sales and Procurement department of KHI
Nov. 2002	Senior Manager, Aero-Dynamic Machinery Department, Machinery Division, Gas Turbine & Machinery Company of KHI	Apr. 2016	Representative Director & Senior Executive Vice President; Assistant to the President, in charge of Technology and Sales department and in charge of Ship & Offshore Structure Company of KHI
Apr. 2009	Executive Officer; General Manager, Machinery Division, Gas Turbine & Machinery Company of KHI	Apr. 2017	Director of KHI
Apr. 2012	Managing Executive Officer; President, Gas Turbine & Machinery Company of KHI	Jun. 2017	Outside Director of the Company (to present)
Jun. 2012	Representative Director & Senior Vice President of KHI		

Audit & Supervisory Board (A&SB) (As of June 27, 2018)



Masakazu Nagashima A&SB Member

Jan. 1983	Joined the Company	Jun. 2015	A&SB member of the Company (to present)
Oct. 2006	General Manager, Business Planning Dept., Retail & Media Industries Systems Company	Jun. 2016	A&SB member of GLORY NASCA Ltd. (to present)
Apr. 2011	General Manager, Internal Audit Dept.		A&SB member of Hokkaido GLORY Co., Ltd. (to present)



Toru Fujita A&SB Member

Sep. 1988	Joined the Company	Jun. 2014	A&SB member, GLORY Products Ltd. (to present)
Apr. 2011	General Manager, Accounting Dept., Business Managing Div.	Jun. 2017	A&SB member of the Company (to present)
Apr. 2012	General Manager, Accounting Dept., Business Managing Headquarters of the Company		



Mikio Nakajo Outside A&SB Member

Independent A&SB Member

Apr. 1998	Registered as attorney-at-law Joined Sawada Kikui Law Office (now Sawada Nakajo Law Office)	Jun. 2010	Outside Corporate Auditor of NISHISHIBA ELECTRIC CO., LTD. (to present)
Apr. 2005	Partner and Attorney-at-Law of Sawada Nakajo Law Office (to present)	Jun. 2011	Outside A&SB member of the Company (to present)
Apr. 2009	Vice President of Hyogo-ken Bar Associations		



Satoshi Hamada Outside A&SB Member

Independent A&SB Member

Apr. 1976	Joined Chuo Audit Corporation	Jun. 2005	Outside Audit and Supervisory Committee Member of WDB Co., Ltd. (now WDB Holdings Co., Ltd.) (to present)
Aug. 1981	Joined Asahi & Co. (now KPMG AZSA LLC)	Sep. 2014	Representative, Hamada Certified Tax Accountant Office (to present)
Nov. 1981	Registered as certified public accountant	Jun. 2015	Outside A&SB member of the Company (to present)
Sep. 1984	President, Satoshi Hamada Accounting Office (to present)	May 2016	Outside Director of NISHIMATSUYA CHAIN Co., Ltd. (to present)
May 1994	Outside Corporate Auditor of NISHIMATSUYA CHAIN Co., Ltd.		

Executive Officers

Senior Managing Executive Officer
Hideo Onoe*

Senior Managing Executive Officer
Shigetoshi Mabuchi*

Senior Managing Executive Officer
Kaname Kotani*

Managing Executive Officer
Norio Murakami

Managing Executive Officer
Akihiro Harada*

Senior Executive Officer
Tokuya Shimizu

Senior Executive Officer
Hirokazu Sekino

Senior Executive Officer
Satoshi Baba

Senior Executive Officer
Hirofumi Kameyama

Senior Executive Officer
Hideto Tanaka

Senior Executive Officer
Katsunori Yamamoto

Senior Executive Officer
Tsutomu Iwata

Senior Executive Officer
Masashi Michishita

Executive Officer
Makoto Ueda

Executive Officer
Toshihiko Kayama

Executive Officer
Taneyoshi Ebashi

Executive Officer
Masato Ishida

Executive Officer
Yoshihiro Takada

Executive Officer
Hiroshi Uemura

Executive Officer
Tetsuya Bogaki

Executive Officer
Chris T. Reagan

Executive Officer
Vincent Nakache

Executive Officer
Yoshifumi Kawabata

Executive Officer
Yoshihiro Ota

Executive Officer
Satoko Fujii

Executive Officer
Yukihiro Fujikawa

* Currently serving as Director

An Interview with Joji Iki, Outside Director

“ The Board of Directors will contribute to Glory’s sustainable growth by maximizing the potential of its technologies and human resources.”

Joji Iki

Previously served as representative director and vice president at Kawasaki Heavy Industries, Ltd. June 2017, appointed outside director at Glory



Glory’s excellent technologies and human resources

My impression is that Glory, having reached the centenary of its founding, is now preparing to launch initiatives designed to ensure sustainable growth going forward. Glory’s past growth has been driven by the advanced technology embodied in its products, and by a corporate culture characterized by a strong commitment to productivity improvement and cost reduction.

However, a deeper knowledge of the company’s present situation leads me to believe that some opportunities are being wasted. For example, Glory has yet to realize the full business potential of its facial recognition technology. In addition to that, Glory has many other technologies with the potential to produce substantial income if they are commercialized. To make the most of these technologies and ensure the success of its new initiatives, Glory needs to work creatively and with a sense of

urgency to commercialize these technologies.

I also believe that Glory has excellent human resources. Its overseas sales ratio has expanded rapidly since 2012 and is currently approaching 50%. As a result, there are increasing opportunities for young employees in Japan to gain overseas experience, including work in overseas group companies. The company needs to work actively to expand these opportunities. From my own experience, I know that young employees return having achieved amazing growth when they are sent overseas. As Glory moves forward with new initiatives, it will also need to provide support from Japan to ensure that its business models can be successfully transferred to other countries. To achieve rapid growth, Glory must continue to focus on developing human resources with overseas experience and skills that enable them to work globally.

Governance amid continued globalization

Social demands regarding corporate governance have become stricter in the last few years. At Glory we assess our governance to be functioning appropriately, but such demands are growing along with the times. Furthermore, because the common sense that forms the standard of governance varies according to country and region, we must integrate each nation’s laws and culture into Glory’s governance. In society now, if a problem occurs it spreads instantly and often becomes a bigger issue than it really is. From the saying “problems arise at the edges,” even our group companies in Japan and overseas must pay careful attention.

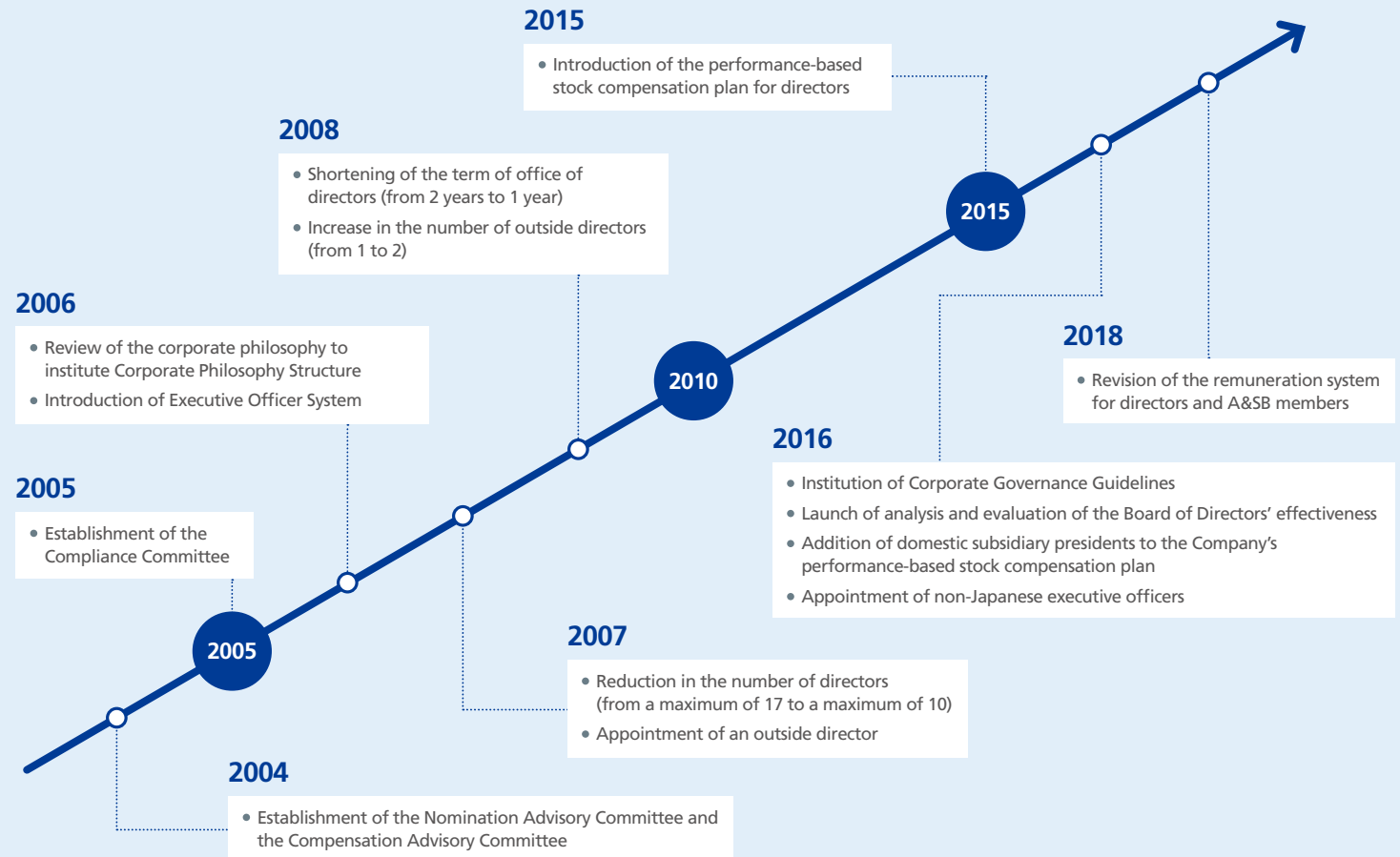
The Board of Directors conducts very active and meaningful discussions beyond the narrow focus of individual specialties. From a standpoint of not participating in business execution, I regard being able to share my opinion from an objective point of view as my most important role. I am requesting the deepening of Glory’s management strategy, such as the creation of new businesses and changes to business models. I want to help push forward the company’s initiatives by offering advice based on my experience as a management executive and an engineer.

It is important to contribute to society via our core business

In recent years there has been an increase in corporate initiatives in line with Sustainable Development Goals (SDGs) or Environmental, Social, and Governance (ESG). I believe that we can make the greatest contribution to realizing a sustainable society via our most socially influential operations, which is our core business. For Glory, its offering of accurate, easy-to-use products and services that contribute to improved production efficiency will result in a contribution to society. I believe that Glory can improve its social raison d’être by pleasing stakeholders and remaining conscious of CSR while engaging in its core business.

Glory's corporate philosophy guides its efforts to continuously improve corporate value through sound and efficient business management, so that the Company can exist in harmony with society and earn the trust and support of all stakeholders. None of this can be achieved without a firm commitment to the continuing improvement of corporate governance. Glory will continue its efforts to strengthen the supervisory and executive functions of management, accelerate decision-making, ensure transparency and objectivity, and enhance compliance management.

Glory Corporate Governance Chronology



Corporate Governance Guidelines

To ensure sustainable growth of the Group and to boost corporate value over the medium and long terms, Glory formulated Corporate Governance Guidelines in February 2016. The Company is pushing forward with business management in line with these Guidelines and is striving to further strengthen its governance system.



http://corporate.glory-global.com/files/topics/930_ext_46_0.pdf

Corporate Governance Structure

Glory believes that for effective corporate management, the Board of Directors, having more than one outside director, should make decisions on important management issues and supervise the execution of business, while the Audit & Supervisory Board (“A&SB”) monitors the activities of the Board of Directors. Under such belief, Glory has adopted “Company with Audit & Supervisory Board” as a form of corporate organization under Japan’s Companies Act.

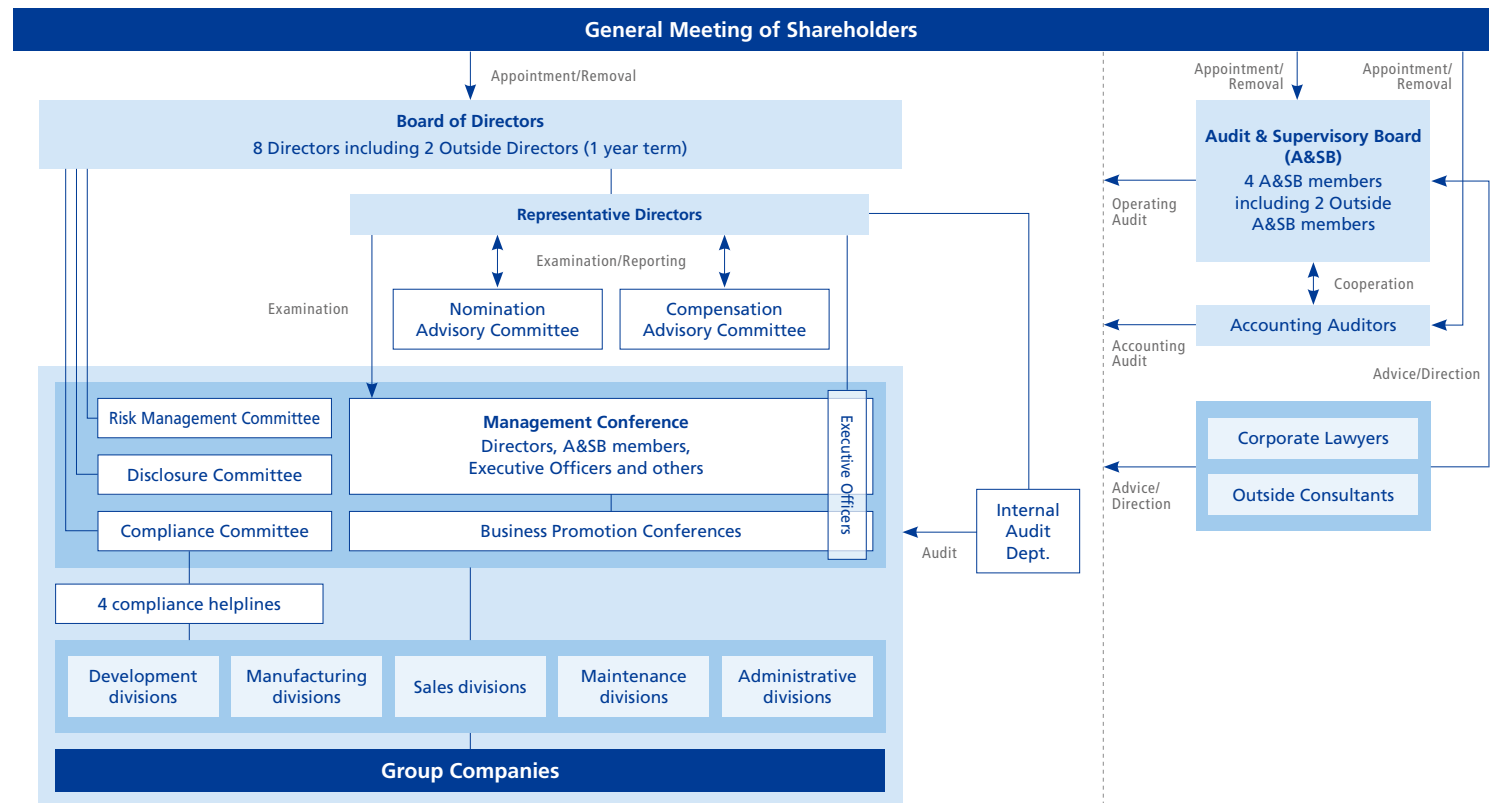
To ensure rapid decision making by, and vitalization of, the Board of Directors, the Company limits the number of directors to no more than ten, including several independent outside directors with qualities that enable them to contribute to sustainable growth and the improvement of corporate value from a medium- to long-term perspective.

Overseas business operations have expanded dramatically since the acquisition of Talaris Topco Limited in 2012. This is reflected in the composition of our Board of Directors, which includes two representative directors, four executive directors with extensive knowledge of the business or corporate operations of Glory, and two outside directors with the ability to provide appropriate expert advice based on knowledge of global corporate management and other fields. While we review the governance structure as needed, we believe this is the optimal board structure system for Glory at present, since it provides both balance and diversity in terms of knowledge, experience and ability of the Board as a whole.

The Company requires the A&SB to have a maximum of four members, the majority of whom must be outside A&SB members. At least one member of this Board must have adequate knowledge of finance and accounting. Currently the A&SB consists of two internal A&SB members who are familiar

with Glory’s business operations, and two highly independent outside A&SB members with extensive experience and expert knowledge of legal affairs, finance and accounting, corporate management and other fields.

Corporate Governance System (As of June 27, 2018)



Independent Outside Directors and Outside A&SB Members

We believe that our outside directors and outside A&SB members must be independent from Glory. Specifically, they are required to meet not only the conditions stipulated in the Companies Act and the rules of the Tokyo Stock Exchange, but also our own, more stringent criteria. For details concerning the independence requirements for Glory's independent outside directors, please refer to our Corporate Governance Guidelines.



http://corporate.glory-global.com/files/topics/930_ext_46_0.pdf



Outside directors attending technology presentations

Information on Outside Directors and Outside A&SB Members

Outside Director	Reason of Appointment	Attendance rate at Board of Directors meetings (the year ended March 2018)	
		Board of Directors meetings	A&SB meetings
Hiroki Sasaki Nomination Advisory Committee Chair Compensation Advisory Committee Chair Independent Director	Mr. Hiroki Sasaki possesses considerable experience and global knowledge as a management executive at other companies and has been playing an important role as an outside director in strengthening supervisory function, ensuring and enhancing transparency and fairness in the Company's management. It is our judgment that he has sufficient experience and ability for the role of outside director.	16/16	
Joji Iki Nomination Advisory Committee Member Compensation Advisory Committee Member Independent Director	Mr. Joji Iki has long been leading business management at another company, and has been playing an important role as an outside director in strengthening supervisory function, ensuring and enhancing transparency and fairness in the Company's management. It is our judgment that he has sufficient experience and ability for the role of outside director.	13/13 (After appointment as outside director)	
Outside A&SB Member	Reason of Appointment	Attendance rate (the year ended March 2018)	
Mikio Nakajo Independent A&SB Member	Mr. Mikio Nakajo possesses extensive knowledge and experience as an attorney-at-law and has been playing an important role, as an outside A&SB member in ensuring and enhancing compliance and adequacy in the Company's management. It is our judgment that we can strengthen the Company's management organization further by receiving his audit based on his experience and specialized knowledge from an independent standpoint.	16/16	14/14
Satoshi Hamada Independent A&SB Member	Mr. Satoshi Hamada possesses extensive knowledge and experience in corporate management as a certified public accountant. It is our judgment that we can ensure compliance and adequacy in the Company's management by receiving his audit based on his experience and specialized knowledge.	15/16	14/14

Analysis and Evaluation on Effectiveness of the Board of Directors

From the fiscal year ended March 31, 2016, the Company has annually analyzed and evaluated the effectiveness of its Board of Directors (the "Board") based on its Corporate Governance Guidelines. In the past two examinations, while it was judged that "the effectiveness of the Board is ensured sufficiently as a whole and that the current status of the Board is consistent with the Company's Corporate Governance Guidelines," we considered that there were some points for which "continuous efforts for

improvement are required."

Therefore, in the most recent examination, for the fiscal year ended March 31, 2018, the Company focused on those matters falling in the category of "continuous efforts for improvement are required."

As a result of analyzing and evaluating the anonymous self-evaluation questionnaires, some improvement was made from the previous year, though some issues remain to be solved. These issues include narrowing the Board's focus to

more strategic items, ensuring sufficient time for consideration, clarifying the main points of documents and utilizing IT tools at the Board meetings. Additional issues include readjusting roles and relationships between the Board and other managerial bodies, etc. and further delegating authority to such conferences.

Based on the most recent results, the Company will strive to increase the effectiveness of discussions at Board meetings regarding the setting of broad agendas for the corporate

managerial and business strategies. Furthermore, in the light of expected acceleration of overseas business development and entry into new businesses fields, the Company will maintain steady measures to improve the corporate governance structure by such means as securing appropriate composition and management of the Board, so as to ensure greater diversity.



<http://corporate.glory-global.com/groupinfo/governance/evaluation>

Remuneration for Directors and A&SB Members

Revision of the Remuneration System for Directors and A&SB Members

Outline of the revised remuneration system

The Company revised the remuneration system for Officers with the aim of sharing values with its shareholders and increasing incentives to enhance the medium- to long-term business performance and improving the corporate value of Glory's group companies.

In order to attain the abovementioned purpose, the Company revised its remuneration system for directors consisting of (1) fixed cash compensation ("Cash Compensation"), (2) short-term performance-based cash bonuses ("Bonuses") and (3) medium term performance-based stock compensation ("Stock

Compensation") thereby enhancing the system's overall linkage with performance.

Specifically, the proportion of the performance-based compensation ([2] Bonuses and [3] Stock Compensation) to the total amount of compensation ([1], [2] and [3]) was set in stages in accordance with the respective position of directors, and the range of fluctuation in Bonuses was expanded according to the achievement degree of performance goals, and the compositions of the remunerations and the balance of remuneration among different positions of directors were secured.

Regarding Stock Compensation, the range of fluctuation in the number of shares to be distributed according to the achievement level was expanded, while maintaining the current level of Stock Compensation awarded at the time of achieving standard performance targets.

The Remuneration System for Directors and A&SB Members after the Revision

[The upper limit of remuneration]

• Remuneration for Directors

Type of Remuneration		Amount
Cash	Fixed Compensation	¥450 million per year (including ¥50 million for outside directors)
	Bonuses	- No Bonuses to be paid to outside directors
Stock Compensation		<ul style="list-style-type: none"> • ¥300 million per 3 years • 147,000 shares per 3 years - outside directors not eligible for Stock Compensation

• Remuneration for A&SB Members

Type of Remuneration	Amount
Fixed Cash Compensation	¥80 million per year

Note: A&SB members are not eligible for Bonuses and Stock Compensation.

[Target performance indicators of Cash Bonuses and Stock Compensation]

• Bonuses

The following indicators were set as the target performance indicators for Bonuses. Bonuses will be paid according to the achievement degree of each target set at the beginning of each fiscal year as follows.

Target Indicators (Consolidated)	Achievement Degree	The Amount of Bonuses
Net Sales Operating Income	Less than 60% to 140% or more	0% of the prescribed basic amount to 200% of the prescribed basic amount

• Stock Compensation under the performance-based stock compensation plan (the "Plan")

Among the performance targets of the 2020 Medium-Term Management Plan* of the Company, the following indicators were set as the performance indicators under the Plan. According to the following achievement degrees of each target set at the beginning of each fiscal year, the company shares corresponding to the number of the points awarded will be distributed.

Target Indicators (Consolidated)	Achievement Degree	The Number of Points
ROE Operating Margin	Less than 90% to 140% or more	0% of the prescribed position-based basic points to 200% of the prescribed position-based basic points

* Performance Targets of 2020 Medium-Term Management Plan (Consolidated)

- ROE 8.0%
- Operating Margin 9.6%

Remuneration for Directors and A&SB Members for the year ended March 2018

Remuneration for the year ended March 2018 is as follows:

(Based on the former remuneration system)

Recipient	Basic Compensation		Bonuses	
	No. of Persons	Amount	No. of Persons	Amount
Directors (Outside Directors)	9 (3)	¥104 million (¥19 million)	6 (—)	¥70 million (—)
A&SB Members (Outside A&SB Members)	5 (2)	¥43 million (¥12 million)	— (—)	— (—)

Notes:

- Basic compensation for the year ended March 2018 includes the amount paid to one director and one A&SB member who retired at the conclusion of the 71st General Meeting of Shareholders held on June 23, 2017.
- Amounts paid to directors do not include employee salary portions for directors who have concurrent responsibilities as employees.
- A maximum amount of compensation for directors of ¥150 million per annum (including a maximum of ¥20 million for outside directors) was approved at the 61st Ordinary General Meeting of Shareholders held on June 28, 2007. This amount does not include employee salary portions for directors who have concurrent responsibilities as employees.
- A maximum amount of compensation for corporate auditors of ¥50 million per annum was approved at the 61st Ordinary General Meeting of Shareholders held on June 28, 2007.
- Bonuses pertaining to the year ended March 2018 were approved by resolution of the 72nd Ordinary General Meeting of Shareholders held on June 27, 2018.
- In addition to the above, the amount of ¥18 million was reserved as a provision for performance-based stock compensation for the year ended March 2018 for six executive directors.

Corporate Information (As of June 27, 2018)

Corporate Information

Name:
GLORY LTD.

Headquarters:
1-3-1, Shimoteno, Himeji City,
Hyogo 670-8567, Japan
Phone: +81-79-297-3131

Established:
November 27, 1944

Capital:
¥12,892,947,600

URL:
<http://corporate.glory-global.com>

Number of employees:
3,314
(Consolidated basis: 9,040)
(As of March 31, 2018)

Main Offices:
Hyogo, Tokyo

Factories:
Hyogo, Saitama

Group Companies

EUROPE

Sales

- Sitrade Italia S.p.A.
- Glory Global Solutions Ltd.
- Glory Global Solutions (Topco) Ltd.
- Glory Global Solutions (Midco) Ltd.
- Glory Global Solutions (Holdings) Ltd.
- Glory Global Solutions (International) Ltd.
- Glory Global Solutions (France) S.A.S.
- Glory Global Solutions (Belgium) N.V./S.A.
- Glory Global Solutions (Germany) GmbH
- Glory Global Solutions (Netherlands) BV
- Glory Global Solutions (Spain) S.A.
- Glory Global Solutions (Switzerland) A.G.
- Glory Global Solutions (Portugal) S.A.
- Glory Global Solutions RUS, LLC
- Glory Global Solutions (Ireland) Ltd.*¹
- Glory Global Solutions Nakit
Otomasyon Teknolojileri Ltd. Şti.

(and 3 other companies)

AMERICAS

Sales

- Glory Global Solutions Inc.
- Glory Global Solutions (Canada) Inc.
- Glory Global Solutions (Brasil)
Máquinas e Equipamentos Ltda.
- Glory Global Solutions (Colombia) S.A.
- Glory Global Solutions (Mexico)
S.A.P.I DE C.V.

(and one other company)

ASIA

Manufacturing

- GLORY Denshi Kogyo (Suzhou) Ltd.
- GLORY (PHILIPPINES), INC.
- GLORY IPO Asia Ltd.
- GLORY IPO China Ltd.

Sales

- Glory Global Solutions (Singapore) Pte. Ltd.
- Glory Global Solutions (Australia) Pty. Ltd.
- Glory Global Solutions (New Zealand) Ltd.
- Glory Global Solutions (South Asia) Pvt. Ltd.
- Glory Global Solutions (Malaysia) Sdn. Bhd.
- Glory Global Solutions (Shanghai) Co., Ltd.
- Glory Currency Automation India Pvt. Ltd.*²
- PT. Glory Global Solutions Indonesia*³
- Glory Global Solutions (Hong Kong) Ltd.

(and one other company)

JAPAN

Manufacturing

- GLORY Products Ltd.
- GLORY AZ System Co., Ltd.
- GLORY System Create Ltd.*²
- GLORY Mechatronics Ltd.*²
GLORY Friendly Co., Ltd.

Sales

- GLORY Service Co., Ltd.
- Hokkaido GLORY Co., Ltd.
- GLORY IST Co., Ltd.
- GLORY NASCA Ltd.
- GLORY Techno 24 Co., Ltd.
- GLORY Engineering Ltd.*²
- Japan Settlement Information Center Ltd.*²

(and one other company)

● Consolidated subsidiaries

*1. Glory Global Solutions (Ireland) Ltd. was newly established on January 4, 2018.

*2. Glory Currency Automation India Pvt. Ltd., GLORY System Create Ltd., GLORY Mechatronics Ltd., GLORY Engineering Ltd., Japan Settlement Information Center Ltd. became consolidated subsidiaries in the year ended March 2018.

*3. PT. Glory Global Solutions Indonesia became a consolidated subsidiary in the year ending March 2019.

Share Information

Share Information (As of March 31, 2018)

Number of shares authorized:
150,000,000

Number of shares issued:
68,638,210
(Including 5,931,205 shares of
treasury stock)

Trading unit:
100 shares

Number of shareholders:
6,386 shareholders
(up 591 year on year)

Listing exchange:
First Section of the
Tokyo Stock Exchange

Securities code:
6457

Administrator of
shareholder registry:
Mitsubishi UFJ Trust and
Banking Corporation

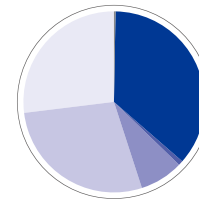
Major Shareholders

Shareholder	Number of shares held (Thousands of shares)	Holding ratio (%)
Nippon Life Insurance Company	3,427	5.0
The Master Trust Bank of Japan, Ltd. (Trust account)	3,290	4.8
Japan Trustee Services Bank, Ltd. (Trust account)	2,567	3.7
Sumitomo Mitsui Banking Corporation	2,100	3.1
GLORY Group Employees' Stock Ownership Association	2,049	3.0
Japan Trustee Services Bank, Ltd. (Trust account 9)	1,760	2.6
Tatsumo Fashion Co. Ltd.	1,500	2.2
JP MORGAN CHASE BANK 385174	1,185	1.7
Japan Trustee Services Bank, Ltd. (Trust account 5)	1,140	1.7
STATE STREET BANK AND TRUST COMPANY 505223	1,118	1.6

In addition to the above, the Company holds 5,931,205 shares of treasury stock.

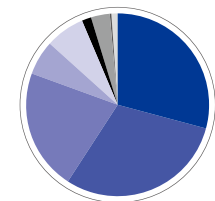
Shareholder Distribution

Distribution by Ownership of Shares



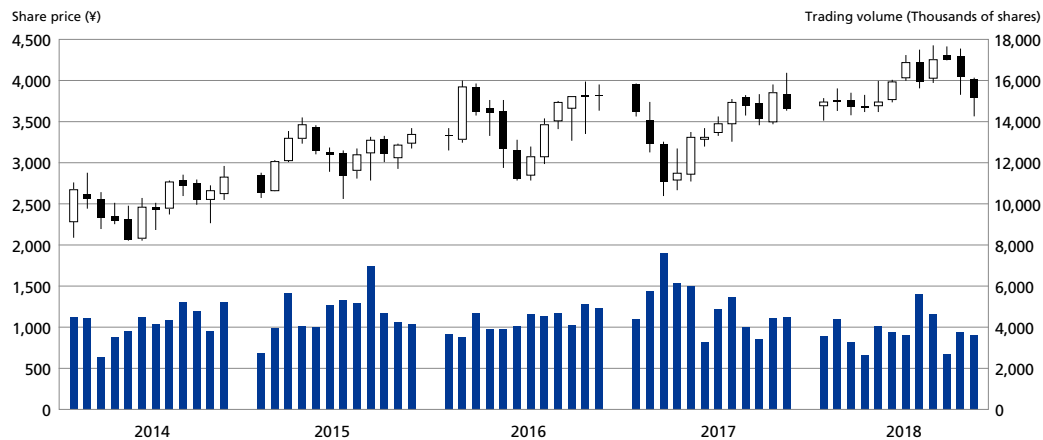
National and regional government bodies	0.2%
Financial institutions	36.3%
Securities companies	0.6%
Other Japanese companies	7.8%
Overseas individuals and companies	28.1%
Japanese individuals, etc.	27.0%

Distribution by Number of Shares



1 million shares or over	29.3%
500,000-999,999 shares	29.9%
100,000-499,999 shares	21.4%
50,000-99,999 shares	6.2%
10,000-49,999 shares	6.9%
5,000-9,999 shares	1.6%
1,000-4,999 shares	3.4%
500-999 shares	0.4%
Less than 500 shares	0.9%

Trends in Share Price and Trading Volume (Years ended March 31)



	2014	2015	2016	2017	2018
FY-end share price (Yen)	2,829	3,350	3,825	3,650	3,795
High (Yen)	2,960	3,545	4,000	4,095	4,430
Low (Yen)	2,058	2,562	2,796	2,606	3,515
Total trading volume (Shares)	50,860,700	56,093,800	51,754,300	59,845,600	45,677,300

* The graph, share price and total trading volume from the table above are from Osaka Securities Exchange before July 15, 2013, and from Tokyo Stock Exchange after July 16, 2013.
(The cash equity market of the Osaka Securities Exchange was integrated into the Tokyo Stock Exchange on July 16, 2013.)

Disclosure Policy

Policies concerning Disclosure of Information and Constructive Dialogues with Shareholders and Investors

Basic Policy

Glory (the “Company”) commits to “communicating with stakeholders and striving for appropriate information disclosure” in its Corporate Action Guidelines. Based on this stance, the Company is dedicated to increasing the transparency in its management through quick, accurate and fair means of providing the latest corporate information. The Company strives to achieve a better understanding of its management policies and business activities through constructive dialogues, thereby building long-term relationships of trust with shareholders and investors.

1. Disclosure Policy

(1) Information disclosure

a. Information disclosure standards

The Company discloses its corporate information in accordance with the Companies Act, Financial Instruments and Exchange Act and other laws and regulations, as well as with the timely disclosure rules of the Tokyo Stock Exchange (the “timely disclosure rules”), where the Company’s stock is listed. Also, the Company endeavors to voluntarily disclose the information that is not covered by the timely disclosure rules, including non-financial information, taking into consideration the timeliness and fairness of information disclosure, to the extent that the Company believes such disclosure is useful for shareholders and investors to reach investment decisions.

b. Methods of disclosure

In disclosing the corporate information covered by the timely disclosure rules, the Company utilizes the Timely Disclosure Network (TDnet) service provided by the Tokyo Stock Exchange. Also, all corporate information disclosed through TDnet is posted on the Company’s website

immediately after TDnet disclosure. Furthermore, with respect to the information not covered by the timely disclosure rules, the Company endeavors to ensure that such information is disseminated with accuracy and fairness through suitable method.

c. Procedures for disclosure

The Company has established a Disclosure Committee to facilitate timely and appropriate disclosure of corporate information. The Committee is chaired by the Chief Information Officer and comprises the managers of several departments to enable cross-sectoral discussions.

The internal procedures for disclosures are as follows: upon occurrence of any “corporate decision,” “facts” or “earnings results” (as defined in the timely disclosure rules) concerning the Company or its subsidiaries that could affect investment judgments by shareholders and investors, the Disclosure Committee deliberates on whether to disclose the information and about the timeliness and appropriateness of such disclosure, after which the Company will make disclosure following a resolution of the Board of Directors. Any information that would require urgent disclosure may be disclosed with an approval of the Company president, provided that, upon disclosure, the president will notify the Board of Directors of the contents and the background of the disclosure.

d. Management of insider information

The Company enforces strict control over confidential information based on its internal rules concerning insider information to prevent external leaks of such information and insider trading.

(2) Handling of information on earnings forecast and future outlook

Whenever the Company announces earnings forecasts, future prospects and other forward-looking information, such announcement will be made with cautionary statements to the effect

that such information is based on the facts currently available to the Company and certain assumptions which the Company regards as legitimate; it includes known or unknown risks and uncertainties; and a number of factors could cause actual results to differ materially from those described in such forward-looking statements.

(3) Quiet period

For the purpose of preventing leaks of information on financial results, the Company observes a quiet period from the day following the end of each fiscal quarter until the announcement of financial results for such quarter. During the quiet period, the Company refrains from answering any questions or having interviews involving financial results in the applicable financial period. However, if there was an event covered by the timely disclosure rules during the quiet period, disclosure will be made as to such event in accordance with the rules.

2. Constructive Dialogues

The Company endeavors to streamline and consolidate its framework, and implements activities, for constructive dialogues with shareholders and investors with the aim of ensuring continued growth of the Company and enhancing its corporate value on a medium and long-term basis, as follows;

- (1) The officer in charge of investor relations (the “IR officer”) supervises all activities involving the dialogues. Also, a specialized department (“IR department”) is established to take charge of conducting dialogues and coordinating with various sections assisting the dialogues, such as corporate planning, accounting and finance, and legal affairs.
- (2) All requests from shareholders and investors for meetings are complied with by the IR officer or other executives, or the head of the IR department or IR staff, depending on the purposes of requested meetings.
- (3) To increase opportunities for constructive dialogues, the Company proactively plans

various events, such as, holding investor information meetings, in which the Company president and the IR officer will make presentations, arranging meetings with Japanese and foreign investors, and hosting showroom and factory tours after shareholders meetings.

- (4) The IR officer shares opinions and requests received from shareholders and investors with other executives at the Board of Directors meetings and at other appropriate opportunities.

Our IR Organization

The executive vice president & representative director leads IR activities, and the IR staff within the Corporate Communications Department carries out planning, management, and implementation of IR activities.



IR Group

Corporate Communications Dept.

Management Strategy Headquarters

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Confidence Enabled

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