



News Release

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Securities Code: 6457
Stock Exchange: Tokyo (1st Section)
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Notice of
Revision of the Remuneration System for Officers and
Partial Amendments of Performance-Based Stock Compensation Plan for Directors

GLORY LTD. (the “Company”) hereby announces that, at its board of directors meeting held today, a resolution was made to revise the remuneration system for its directors and audit and supervisory board members (the “A&SB members”) (collectively the “Officers”), and to submit 1) a proposal regarding revisions of the amount of cash compensation to Officers and 2) a proposal regarding continuation and partial amendments of the performance-based stock compensation plan introduced in 2015, to the 72nd Ordinary General Meeting of Shareholders of the Company (the “Shareholders’ Meeting”) to be held on June 27, 2018, the details of which are as follows:

1. Purpose of the revision of the remuneration system for Officers

The Company intends to revise 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.

2. Outline of the revised remuneration system

In order to attain the abovementioned purpose, the Company intends to revise its remuneration system for directors consists of (1) the fixed cash compensation (“Cash Compensation”), (2) the short-term performance-based cash bonuses (“Bonuses”) and (3) the 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)) will be set in stages in accordance with the respective position of directors, and the range of fluctuation in Bonuses will be

(TRANSLATION FOR REFERENCE ONLY)

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

The compensation for outside directors and A&SB members who mainly fulfill management supervision functions or auditing functions will consist of fixed “Cash Compensation” only, as before.

3. Revisions of the amount of Cash Compensation for directors and A&SB members ((1) and (2) above)

Presently, “(1) Cash Compensation” is paid within the limit of “150 million yen per year (including 20 million yen for outside directors)” in accordance with the resolution at the 61st Ordinary General Meeting of Shareholders held on June 28, 2007 (the “61st Shareholders’ Meeting”), and “(2) Bonuses” are paid after having an approval for each payment at an Ordinary General Meeting of Shareholders. The Company now intends to submit a proposal to the Shareholders’ Meeting to revise the above limit to “450 million yen per year (including 50 million yen for outside director)” including Bonuses, after making the revision of the remuneration system described above 2. After the proposed revision, “(1) Cash Compensation” and “(2) Bonuses” will be paid within the aforementioned limit of “450 million yen per year”. In addition, the revised amount of “(1) Cash Compensation” will not, as before, include the salary and bonuses for employees concurrently serving as directors.

With regard to the amount of compensation for A&SB members, considering the balance with directors’ compensation, the Company plans to submit a proposal to the Shareholders’ Meeting to revise the amount of the Cash Compensation for A&SB members from “50 million yen per year”, which was approved at the 61st Shareholders’ Meeting, to “80 million yen per year”.

4. Continuation and partial amendments of performance-based stock compensation plan for directors ((3) above)

The Company has been implementing the performance-based stock compensation plan (the “Plan”) for its directors ((excluding the outside directors of the Company); the same shall apply hereinafter) (the “Directors”) and the presidents of the Company’s domestic subsidiaries (such Directors and presidents collectively referred to as the “Specified Directors”)(the Company and its domestic subsidiaries collectively referred to as the “Specified Companies”), in accordance with the resolutions at the 69th Ordinary General Meeting of Shareholders held on June 26, 2015 and the 70th Ordinary General Meeting of Shareholders held on June 24, 2016, with the aim of improving the Company group’s business performance and increasing corporate value over the medium to long term.

The Company has determined to submit a proposal to the Shareholders’ Meeting in order to partially amend and continue the Plan.

1) Amount and other contents in the revised Plan

i) Outline of the Plan

The Company has operated the Plan employing a trust set up by the Company (the “Trust”) by entrusting the money contributed by the Company though FY2015 to FY 2017 (the period covered by the Plan hereinafter referred to as the “Plan Period”). The Company intends to extend the Plan Period for another three years from FY 2018 to FY 2020, and to distribute a certain number of shares of the Company and the cash conversion equivalent thereof (collectively the “Company Shares”) to each of the Specified Directors as compensation during such period.

At the expiration of the trust period of the Trust (the “Trust Period”), the Trust may be continued by amending the trust contracts and entrusting additional money instead of setting of a new trust. In this case, the Trust Period will be extended for another three years, and the three fiscal years after the extension will be the renewed Plan Period.

ii) Upper limit of money to be contributed to the Trust by the Specified Companies

The upper limit of money to be contributed to the Trust as compensation for Specified Directors will be 615 million yen (of which the limit for Directors will be 300 million yen) during each Plan Period. The limit is the total of the funds for the acquisition of the Company shares and the trust fee/expenses for the Trust during the Plan Period.

Also, if, at the end of the Trust Period before the extension, there are residual shares etc. in the Trust, the renewed Trust will succeed them. The total amount of the residual shares etc. and the additional money to be contributed to the Trust will be within the limit to be approved by the Shareholders’ Meeting.

iii) Calculation method and the upper limit of the number of the Company Shares to be distributed to Specified Directors

The upper limit of the Company shares to be distributed to Specified Directors will be 300,000 shares (of which the limit for Directors will be 147,000 shares) during the each Plan Period.

Basically, Specified Directors will be awarded evaluation points (the “Points”) as prescribed in the Company Shares Distribution Rules, based on their positions in the fiscal year ending 31 March of the year and the degree of achievement of the fiscal year’s business performance goals and other requirements, on the last day of each May of the following fiscal year during the Trust Period.

The points are converted to the Company shares on a one to one basis. If there is an event such as share split or consolidation of the shares of the Company which would justify an adjustment of the Points, such adjustment will be made in accordance with the ratio of the share split or consolidation, or other method, as the case may be.

iv) Distribution of Company Shares to Specified Directors

Specified Directors who have satisfied the beneficiary requirements will be awarded Points calculated based on the method described above iii), at a certain time each year prescribed in the Company Shares Distribution Rules.

A certain percentage of the Points awarded will be distributed at a certain time during a Specified Director's tenure and the remaining Points will be accumulated each year (the "Accumulated Points") until the time of retirement. The number of the Company Shares corresponding to the number of Points or the Accumulated Points will be distributed from the Trust to the Specified Directors during their tenures or upon retirement.

A certain percentage of the Company shares to be distributed to Specified Directors during their tenures or upon their retirement will be converted within the Trust to an equivalent cash value, and paid out.

v) Others

Sale of the Company shares distributed to Specified Directors through the Plan will not be permitted in principle during his or her incumbency from the viewpoint of value sharing with shareholders and of ensuring the link with the mid to long term performance of the Company group.

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(Reference)

1. Revised Remuneration System

(1) The upper limit of remuneration for Officers

[Remuneration for Directors]

Type of remuneration		Current limit	Proposed limit
Cash	Fixed Compensation	150 million yen per year (including 20 million yen for outside directors)	450 million yen per year (including 50 million yen for outside directors)
	Bonuses	Actual amount determined at each General Meeting of Shareholders *Not paid to outside directors	
Stock compensation		<ul style="list-style-type: none"> • 120 million yen per 3 years*¹ • 30,000 shares per 3 years *Outside directors not eligible for Stock Compensation 	<ul style="list-style-type: none"> • 300 million yen per 3 years*¹ • 147,000 shares per 3 years *Outside directors not eligible for Stock Compensation

*¹ The upper limit is the total of the funds for the acquisition of the Company shares and trust fee/expenses for the Trust during the Plan Period.

[Remuneration for A&SB members]

Type of remuneration	Current	Proposed
Fixed Cash Compensation	50 million yen per year	80 million yen per year

* A&BS members are not eligible for Bonuses and Stock Compensation.

(2) Target performance indicators of Bonuses and Stock Compensation

If the proposed revisions of the amount of Cash Compensation and the Plan are approved at the Shareholders' Meeting, the target performance indicators for Bonuses and Stock Compensation will be as follows:

[Bonuses]

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

Target indicators	Achievement degree	The amount of Bonuses
Net sales	140 % or more	200% of the prescribed basic amount
Operating income (Consolidated)	~	~
	Less than 60%	0% of the prescribed basic amount

[Stock Compensation under the Plan]

Among the performance targets of the "2020 Medium-Term Management Plan" of the Company, the following indicators will be set as its performance indicators under the Plan.

According to the following achievement degrees of each target set at the beginning of each fiscal years, Company Shares corresponding to the number of Points awarded will be distributed to directors.

Target indicators	Achievement degree	The amount of Points
ROE	140% or more	200% of the prescribed position-based basic points
Operating Margin (Consolidated)	~	~
	Less than 90%	0% of the prescribed position-based basic points

Performance Targets of "2020 Medium-Term Management Plan"

- ROE 8.0%
- Operating Margin 9.6%

2. Trust contract contents of the Plan

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|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1) Type of Trust: | Money trust, an individually operated designated trust of money other than money trust (third party benefit trust) |
| (2) Purpose of Trust: | Provision of incentives to Specified Directors |
| (3) Settler: | the Company |
| (4) Trustee: | Mitsubishi UFJ Trust and Banking Corporation |
| (Co-trustee, | The Master Trust Bank of Japan, Ltd.) |
| (5) Beneficiaries: | Specified Directors or retired Specified Directors that meet beneficiary requirements |
| (6) Trust Caretaker: | A third party having no interest in the Company (Certificated public accountant) |
| (7) Trust contract date: | August 28, 2015 (Planned to be changed to August 2018) |
| (8) Trust Period: | August 28, 2015 to August 31, 2018 (scheduled to be extended until August 31, 2021 by the amendments of the trust agreement dated August, 2018) |
| (9) Start of Plan: | September 1, 2015 |
| (10) Exercise of voting rights: | No voting rights to be exercised |
| (11) Type of shares to be acquired: | the Company's common shares |
| (12) Upper limit of Trust funds: | ¥615 million (planned) (including trust fee/expenses) |
| (13) Holder of vested rights of Residual Assets: | the Company |
| (14) Residual assets: | Residual assets that can be received by the Company, which is the designated entity to be vested, shall be within the limit of the trust expense reserve, which is calculated by deducting the cost for acquiring the shares from the amount of money entrusted to the Trust. |

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About GLORY LTD.

GLORY LTD., headquartered in Himeji, Japan, is a pioneer in the development and manufacture of money handling machines and systems. GLORY provides a variety of products such as money handling machines, cash management systems, vending machines, automatic service equipment, and cash management solutions that are built on its leading-edge recognition/identification and mechatronics technology. Committed to meet society's wide-ranging needs, GLORY serves the financial, retail, vending machine, amusement and gaming industries in over 100 countries around the world. GLORY employs approximately 9,000 people worldwide. For more information about GLORY, please visit GLORY Group website at <http://corporate.glory-global.com/>

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