GLORY

GLORY writes a new STORY

INTEGRATED REPORT 2024

Editorial Policy

In April 2024, we launched our 2026 Medium-Term Management Plan, which represents the third step toward realizing our Long-Term Vision 2028. In the plan, we described various ambitious management goals and business strategies aimed at restoring our earning power and achieving robust business growth.

The key point we want readers to focus on in this plan is that it specifically embodies the "new levels of confidence" set forth in the Long-Term Vision 2028. It also clearly articulates our vision by expressing our ultimate aim, which is "to drive customers' digital transformation (DX) by offering best-in-class products and software platforms combined." This is because, when we asked institutional investors and analysts who read last year's report for their feedback, they expressed a desire for us to show "Glory's path forward," especially in the face of changing business conditions.

We produced this year's report with the intention of presenting readers the "path forward" for the Group and explaining how we plan to achieve it. We paid particular attention to the following points.

First, to convey our vision, we have illustrated the concept of "new levels of confidence" and the process of creating them. We hope that this section will give you a clear overview of our "path forward."

The second is a message from Akihiro Harada, who assumed the position of President in April 2024. When interviewed outside the Company at the time of his inauguration, he described himself as "a person who follows through on what he thinks with enthusiasm." We are confident that you will find in Mr. Harada's message the same enthusiasm.

Third, we have carefully broken down and explained our value creation process. We also clearly illustrated our business model, showing how we combine the Group's strengths with megatrends to generate positive outcomes. In addition, we expanded the Technology Foundation section, presenting in a chronological manner how we apply our core technologies to create new products and services.

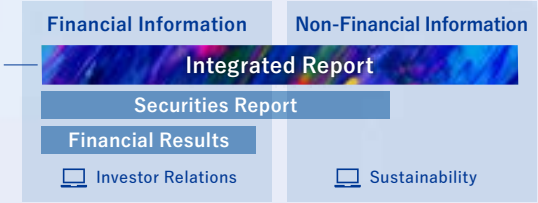
The Management Foundation Strategy section of the new medium-term management plan includes our DX strategy, human resources strategy, initiatives to address climate change, and responses to business risks. This shows that our sustainability initiatives, which had previously been considered separately from our business strategy, have now been reorganized as a necessary foundation for executing that strategy. We felt that integrated thinking was truly starting to take root within the Company, marking a significant change.

Finally, we would like to express our sincere gratitude to all of our stakeholders, including institutional investors and analysts, for their candid feedback. We are confident that this report will help us to further deepen the dialogue with our stakeholders for the future growth of the Group. We would be grateful if customers, business partners, shareholders, employees, and local community member could also provide us with their candid opinions about this report.

Integrated Report 2024 Project Team

About the Integrated Report

Material information related to the creation of value over the medium to long term



Disclaimer Regarding Forward-Looking Statements

This report contains forward-looking statements that are based on management's judgment at the time the report was prepared and includes risks and uncertainties. As a result, actual results might differ materially from forward-looking statements due to a variety of factors.

<Reporting Period>
Fiscal 2023, from April 1, 2023, to March 31, 2024
(including certain details of business and other activities occurring in or after April 2024)

<Scope of the Report>
GLORY LTD. (the "Company") and its subsidiaries (the "Group")

About the Cover

The graphic on the cover is a mixture of images that seamlessly connect various elements—such as "products and services," "core business and new business domain," "domestic and international markets," and "Glory and its partners"—to convey a new story for the Glory Group.

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Corporate Philosophy

Corporate Philosophy

Company purpose and raison d'être

Building a more secure world through global collaboration and commitment to excellence.

Our corporate philosophy is based on the idea that "we will strive to meet the needs of customers and society with an unyielding spirit and make the impossible possible."
It also represents GLORY's origin, which will never change through the ages, that the great things can only be achieved when the power of everyone who shares the same striving spirit comes together.
Keeping the origin in mind, Glory will build a more secure world through global collaboration and commitment to excellence.

Our Values

Values shared by the GLORY Group

	Expected Behaviors based on Our Values
Customer Delight We put our customers first. **Integrity** We do the right thing, always.	Exceed the expectations of all our stakeholders and build trust.
Innovation We embrace new challenges and shape the future. **Speed** We move fast, that's how we stay ahead.	Rise to new challenges, with passion and speed.
Diversity & Respect We value the strength in our differences. **Teamwork** We succeed together.	Improve our skills and work with mutual respect.

Revision of Corporate Philosophy Structure

Starting with the 2026 Medium-Term Management Plan, we have revised our Corporate Philosophy Structure.

With the spread of cashless payment systems and the consolidation of financial institutions' outlets worldwide, the business environment surrounding the Group is changing dramatically. In addition, the backgrounds of the Group's employees are becoming more diverse due to an increase in Group companies through proactive M&A activities, as well as an increase in mid-career hires.

To continue growing under these circumstances, it is necessary that all executives and employees reaffirm the idea of our Corporate Philosophy, which is the origin of Glory. Based on the belief that we need to flexibly change our awareness and actions in response to the changing times and conditions, we have reviewed our Corporate Philosophy Structure and newly established "Our Values."

All executives and employees of the Group shall practice actions based on "Our Values." In this way, the Group is committed to building a more secure world, as stated in our Corporate Philosophy.

Background of Revision

Major changes in the business environment

Spread of cashless transactions

Worldwide consolidations/ closures of financial institutions' outlets

Diversification within the Group

Increase in number of Group companies/employees

	2007	2024
Number of Group companies	32 companies	102 companies
Number of employees: Domestic	Approx. 4,800 persons	Approx. 5,300 persons
Number of employees: Overseas	Approx. 490 persons	Approx. 6,000 persons

In October 2006, we merged with GLORY SHOJI CO., LTD., which was a consolidated subsidiary.

Increase in mid-career hiring

Before

Corporate Philosophy Structure

After

Corporate Philosophy Structure

Change ①
Integrated

Change ②
Changed its position

Other Policies

Corporate Action Guidelines

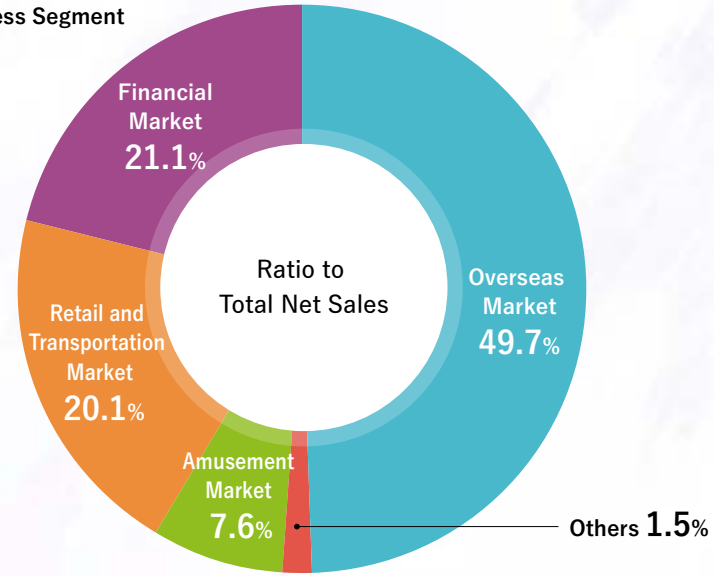
Conduct to be observed by Glory as a company

Change ①	Integrated the Management Creed, Employee Action Guidelines, and Employee Standards of Behavior (Glory Spirit) and established "Our Values"
Change ②	Changed the positioning of the Corporate Action Guidelines to a policy independent of the Corporate Philosophy Structure

Glory's Business

The Group is active in the overseas, financial, retail and transportation, and amusement markets while also handling other products and services that fall outside of these four reportable segments. With this as our base, we are building a business model based on recognition/identification, mechatronics, and data analytics technologies. We will work diligently to increase customer value and profitability by developing a comprehensive strategy for each market. By providing optimal products and solutions, our objective is to meet ever-changing customer needs as well as social and environmental trends.

■ **Net Sales by Business Segment** (FY2023)



	Main customers	Main products and services	Performance trends	Characteristics (Market Share, Features, Competition)
Overseas Market	Overseas financial institutions, retailers, restaurants, cash-in-transit companies, etc.	• Banknote recyclers for tellers • Banknote sorters • Coin and banknote recyclers for cashiers • Coin and banknote recyclers for back offices • Self-service kiosks • Global digital services • Unified commerce platform*1 • Financial shared service	Following the acquisition of Talaris Topco Limited (then the world's largest manufacturer of cash handling machines) in 2012, the scale of net sales grew to approximately ¥100 billion, more than three times the amount before the acquisition. After eight years of stagnant business growth, net sales grew driven by the renewal of core products and the shift to self-service solutions, as well as mergers and acquisitions. As a result, the overseas sales ratio exceeded 50% for the first time in fiscal 2022*2 and has remained at a high level ever since. However, profits have been on a downward trend in recent years, and the recovery of earning power has become an urgent issue. Performance Trends and Main Factors P.7 Overseas Business P.26	We sell banknote recyclers for tellers to financial institutions and coin and banknote recyclers for back offices and coin and banknote recyclers for cashiers to retailers in more than 100 countries in Europe, the Americas, and Asia. Through our high-quality products and services and our well-developed direct sales and maintenance network, we have built a strong market position. The Glory Group's products for retail stores are unique in that they can accept coins from up to 60 countries, and are expected to be increasingly adopted by global retailers and restaurants that operate in multiple countries. The Group is also focusing on the recurring business through software sales, such as the Unified Commerce Platform (UCP), which addresses the diversification of sales channels in retail stores, and Global Digital Services, which provides remote monitoring and management of Glory devices. In addition to Glory, companies that handle cash handling machines for financial institutions and retail stores include Diebold Nixdorf Inc. Companies that handle UCPs include GK Software SE, a German subsidiary of Fujitsu Limited. Banknote recyclers Coin and banknote recyclers for cashiers Coin and banknote recyclers for back offices UBIQULAR™ Global digital service

*1 A system that integrates multiple sales channels into a single platform to provide consumers with a smooth in-store and online purchasing experience.
*2 The ratio of overseas net sales for FY2024 temporarily decreased due to an increase in net sales in the Japanese market resulting from our response to the issuance of new banknotes in Japan in July 2024.

Glory's Business

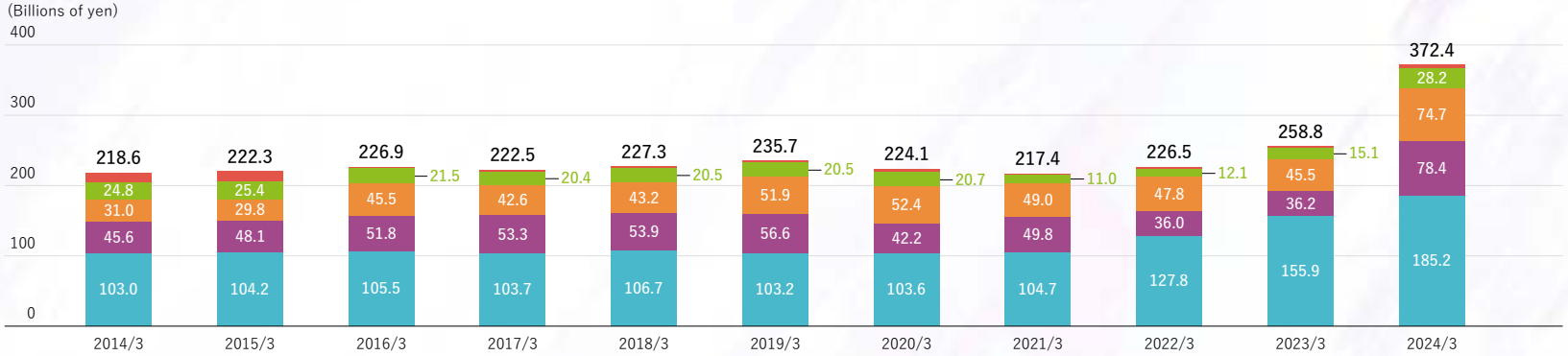
	Main customers	Main products and services	Performance trends	Characteristics (Market Share, Features, Competition)
Financial Market	Domestic financial institutions, OEM companies, etc.	• Open teller systems • Coin and banknote recyclers for tellers • Banknote changers • Security storage systems • Key management systems	Despite the recent gradual decline in the number of branches of financial institutions in Japan, the Bank of Japan's lifting of its negative interest rate policy in 2024 and other factors have increased the appetite for capital investment among financial institutions. Therefore, net sales in this market are expected to remain at current levels. Performance Trends and Main Factors P.7 Domestic Business P.31	**No. 1 domestic market share** (open teller systems and coin and banknote recyclers for tellers) Source: Glory's research We offer a variety of products and services that contribute to business innovation at financial institutions. Our strength lies in our ability to provide comprehensive support, from the front lines of head offices and branches to back-office operations at cash and administrative centers. This strength represents a barrier to entry for our competitors. In addition to selling products and services, we offer proposals for store construction tailored to regional characteristics and store formats. We see opportunities for customers to introduce new products and services and replace aging equipment. Companies in Japan that provide cash handling machines for financial institutions include Laurel Bank Machines Co., Ltd., and Oki Electric Industry Co., Ltd. Open teller systems Coin and banknote recyclers for tellers
Retail and Transportation Market	Supermarkets, department stores, specialty stores, restaurants, cash-in-transit companies, public transport companies, hospitals, local governments, and others in Japan	• Coin and banknote recyclers for cashiers • Sales proceeds deposit machines • Banknote changers • Coin-operated lockers • Ticket vending machines • Self-service kiosks • Medical payment kiosks • RFID self-checkout system for cafeterias • Ballot sorters for handwritten ballots • Face recognition systems • Data utilization services • System for deferred payment of medical service expenses	Net sales in this market are growing as the demand for automation and self-service solutions continues against a backdrop of soaring labor costs and workforce shortages. In fiscal 2020, sales in this market exceeded those in the financial market. Now that the COVID-19 pandemic has abated, supermarkets and restaurants are becoming more willing to make capital investments and are expected to further increase their uptake of these products in the future. Performance Trends and Main Factors P.7 Domestic Business P.31	**No. 1 domestic market share** (coin and banknote recyclers for cashiers, sales proceeds deposit machines, coin-operated lockers) Source: Glory's research We provide products and services that improve the efficiency of payment processes and administrative work at retailers and other companies. Sales opportunities include the replacement of aging coin and banknote recyclers for cashiers, as well as new installations to accommodate the shift to self-service machines and to expand our installation coverage. We also anticipate increased adoption of data utilization services, facial recognition systems, and other solutions that help retailers improve profitability and security. In addition to Glory, providers of coin and banknote recyclers for cashiers include Fuji Electric Co., Ltd., and Toshiba Tec Corporation. Coin and banknote recyclers for cashiers BUYZO 無数のデータを、無限の戦略に。 Data utilization service
Amusement Market	Domestic amusement facilities (e.g., pachinko halls)	• Card units for pachinko parlors • Card systems for pachinko parlors • Banknote conveyor systems • Pachinko prize dispensing machines • Pachinko ball counters for individual pachinko machines • Membership management systems for pachinko parlors • Pachinko ball/token counters	Since 2022, halls have been replacing their machines with smart machines that allow users to play without touching their payouts or tokens, and we anticipate continued sales opportunities for card systems for smart machines over the next five years or so. Performance Trends and Main Factors P.7 Domestic Business P.31	In this segment, our main products are not the game machines themselves but rather the card systems that are installed inside the machines to manage deposits and the counting of balls. We supply to approximately 20% of all amusement centers in Japan. Companies that handle peripherals for amusement arcades include Nippon Game Card Corporation and Mars Engineering Corporation. Card units for smart amusement machines Pachinko prize dispensing machines
Others	Products and goods not included in the above reported segments (e.g., robotics)			

Performance Trends and Main Factors

11-Year Performance by Business Segment

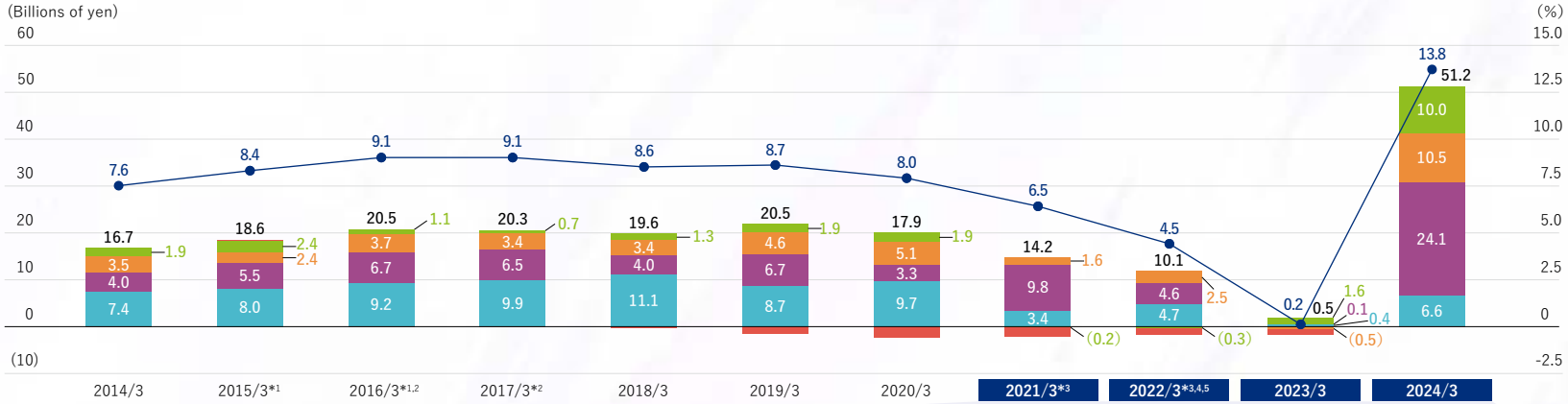
Net Sales

- Others
- Amusement market
- Retail and transportation market
- Financial market
- Overseas market



Operating Income

- Others
- Amusement market
- Retail and transportation market
- Financial market
- Overseas market
- Operating margin



Recent events that had an impact on business performance

	2021/3	2022/3	2023/3	2024/3
COVID-19 pandemic (negative impact)	←	—	→	
Issuance of new ¥500 coins (positive impact)	←	→		
Shortage of semiconductors and other components (negative impact)		←	→	
Introduction of smart machines (positive impact)			←	→
Issuance of new banknotes in Japan (positive impact)				↔
Events occurring in the Group's businesses	• Acquisition of Acrelec • Increase in maintenance sales due to support for new ¥500 coins	• Acquisition of Revolution Retail Systems, LLC	• Impact on production due to difficulty in procuring parts • Increase in costs due to soaring material prices	• Acquisition of Flooid • Increase in sales due to response to new banknotes

*1 In fiscal 2015, we changed the reporting method for income and expenses of overseas subsidiaries from the "year-end exchange rate" to the "average exchange rate." Figures for fiscal 2014 have been applied retrospectively to reflect the change.
*2 In fiscal 2016, following a review of our business segments, we reclassified part of our business (previously included in "Other") into the "Financial market" and "Retail and transportation market" segments. Figures for fiscal 2015 have been applied retrospectively to reflect the change.
*3 In fiscal 2021, following a review of our business segments, we reclassified our biometric and image recognition business and a part of our business related to electronic payments (both previously included in "Other") into the "Retail and transportation market" segment and reclassified part of our new business to the overseas market. Figures for fiscal 2020 have been applied retrospectively to reflect the change.
*4 From fiscal 2021, OEM sales are included in sales in the Americas, Europe, and Asia.
*5 Results for fiscal 2021 are shown after retrospective application of finalized provisional accounting treatment related to business consolidation.

Aspiration

The Glory Group aims to become a leading company under its Long-Term Vision 2028: “We enable a confident world.” The 2026 Medium-Term Management Plan clarifies the aspiration of our vision, which is to drive customers’ DX with best-in-class products and software platforms combined.

Confidence enabled

Through our products, we have helped improve operational efficiency and ensure rigorous cash management of our customers.

New level of confidence enabled

We will create solutions that utilize platforms to help our customers increase sales at their stores.

Identify and analyze real consumer behavior

Deliver targeted advertising based on behavioral data

Add new solutions that help improve the operational efficiency of financial institutions to our monitoring service that enable preventive maintenance

Streamline the restaurant process from ordering and payment to kitchen order management

Integrate multiple sales channels to provide consumers with a smooth purchasing experience

Glory’s value delivered

- Efficient payment processing
- Rigorous cash management
- Store DX
- Increased customer revenue

Message from the President

Transformation to deliver increase in corporate value

Glory in a Stage of Transformation

To address changing global business conditions, including the shift to a less cash society, we will not rest on our 100+ years of history and past successes. We will drive a transformation from a new perspective with the aim of enhancing corporate value and achieving sustainable growth.

My Mission as the New President

This is my first integrated report as President. I would like to take this opportunity to greet our stakeholders and share my thoughts.

I took over as President following the issuance of new Japanese banknotes for the first time in 20 years, which was a major event, and my mission is to enhance corporate value and achieve sustainable growth. To do this, we must actively pursue new business growth while striving to restore profit margins. For the Glory Group, which deals primarily with cash handling and payment-related products and services, recent changes in the business environment, including the shift toward a cashless economy, have been headwinds. Given that the volume of cash in circulation is expected to steadily decline over the very long term, it is essential to consistently implement the business strategies outlined in the 2026 Medium-Term Management Plan to achieve sustainable corporate growth. In addition, we will keep top of mind, and focus on, the realization of early monetization and establishment of new business domains through the M&As and capital and business alliances that we have implemented to date.

Achievements of the 2023 Medium-Term Management Plan

In the previous medium-term management plan, we set a net sales target of ¥300 billion and an operating income target of ¥30 billion. Under the concept of "Core and new businesses powering growth together" set forth in the plan, we achieved record-high figures for both net sales of ¥372.4 billion and operating income of ¥51.2 billion in fiscal 2023.

With respect to our core business, in Japan we responded vigorously to the issuance of new banknotes, thereby fulfilling our mission as a company that supports social infrastructure. Overseas, we made significant progress in introducing our products and services to financial institutions, retailers, and fast-food customers worldwide. We believe these successes are largely due to the market recognizing the benefits of our solutions, which help customers optimize operational costs, speed up processes, improve security, and reduce employee workloads.

In the new business domain, we have been developing new businesses centered on digital transformation (DX) in response to the trend toward a cashless economy. In the overseas financial and retail markets, we rolled out our UBIQULAR™ global digital service, which connects machines around the world via the Internet to provide data useful to customers' businesses. In the food and beverage (F&B) market, a new business domain, we expanded our kiosk-related business centered on Acrelec Group S.A.S. ("Acrelec"), which we acquired in 2020. In addition, we promoted our alliance with Showcase Gig Inc. ("Showcase Gig"), a mobile ordering service provider. Through these activities, we made great strides toward the next stage of our business expansion.

Importance of transformation

Although our history spans more than 100 years, we believe it is crucial to take strategic steps to address changes in the environment and achieve sustainable growth in the future.

Over the years, the Glory Group has built strong relationships of confidence with customers in Japan and overseas by providing cash handling machines that help automate the management of cash, improving operations in the financial, retail, and amusement markets. However, the market environment is evolving, and customers' preferences and the solutions they seek are becoming increasingly diverse. While a completely cashless society is unlikely, there is no doubt that the movement toward such a society is accelerating globally. Therefore, we cannot continue to win the satisfaction and confidence of customers solely by providing solutions centered on hardware products, such as cash handling machines. For the Group to enhance its corporate value and achieve sustainable growth, it must transform now.

Start of the 2026 Medium-Term Management Plan

We launched our 2026 Medium-Term Management Plan in April 2024. As the third step toward realizing the Long-Term Vision 2028, this plan is positioned as an important period for harvesting the fruits of the seeds we have sown and nurtured. We have identified three key focal areas in the plan, with the concept of "Glory Transformation 2026."

Review of 2023 Medium-Term Management Plan P.23
Domestic Business P.31
Overseas Business P.26
2026 Medium-Term Management Plan P.24

The first is to transform our material KPIs. While we have concentrated on business growth in the past, we will now shift our management focus to profit, with a strong awareness of the cost of capital. Second, we will position the F&B market as a new pillar of our business to complement the retail and financial markets. In this sector, we will develop new solutions that integrate our cash handling machines with Acrelec's kiosks and Showcase Gig's mobile ordering systems. We see significant business opportunities in the F&B market due to global labor shortages, high demand for self-service ordering and payment solutions, and the large number of restaurants. The third focal area is to expand our business model. Here, we will incorporate DX into our existing business model centered on cash handling machines. By leveraging our core business, we will create new services that utilize digital technology.

The Glory Group aims to become a leading company under its Long-Term Vision 2028, with the slogan "We enable a confident world." The 2026 Medium-Term Management Plan clarifies the objective of our vision, which is to drive customers' DX with best-in-class products and software platforms combined. Specifically, we will accumulate and analyze data acquired from our products, as well as from those of other market players, onto our software platform. This will enable us to make tailored proposals that enhance business efficiency and improve sales for each customer.

Promoting our DX business

In January 2024, the Group acquired Flooid Topco Limited ("Flooid"), which is based in the United Kingdom. Flooid provides a cloud-native, unified commerce software platform that can accommodate various purchasing channels, including traditional checkout, self-checkout, self-scan and pay, and online sales, at retail stores. The platform is hardware agnostic and capable of connecting to devices from nearly every manufacturer in operation at the store. By leveraging these strengths, we look forward to developing a new software business.

The Glory Group has many software engineers with expertise in a variety of areas. In the future, we will further strengthen technical collaboration among companies that have joined the Group through M&As and other means and leverage such collaboration as a core strength. In June 2024, we held a global software meeting, bringing together top IT executives from 17 sites around the world, including representatives from Flooid and Acrelec, to share technology and

Overseas Business
Special Topic
Retail Market
Enhance corporate value through software platform offerings and a recurring business model
P.29

exchange ideas. The meeting enabled us to share our mutual strengths and our aspirations for the Group as a whole, which will enhance our ability to develop and provide solutions with a sense of speed.

On the other hand, we still face a shortage of system sales engineers who interact with customers and propose comprehensive solutions. Until now, we have focused mainly on segment-specific proposal activities and hardware product offerings. However, we need to develop solutions for business formats with multiple components, such as mixed-use commercial facilities. Therefore, we must attract people who can make comprehensive proposals and integrate both hardware and software solutions. We aim to support our customers' digital transformation by providing comprehensive solutions tailored to their specific industries, environments, and store formats. To find the required personnel, we included a DX strategy in our 2026 Medium-Term Management Plan that prioritizes the expansion of our DX specialists.

Our global sales and maintenance service network

Our greatest strength in our quest to achieve the goals outlined in the 2026 Medium-Term Management Plan lies in the confidence of our customers, built on our extensive worldwide sales and maintenance network. I say this with pride based on my experience with our overseas operations. For example, one of our customers has a global network of clothing stores. That customer was seeking a global solutions provider—a single company with the business infrastructure capable of delivering products and services to stores worldwide, a product line that could handle any currency in the world, and the ability to provide maintenance and services globally. The Glory Group met these requirements. Like that customer, many retailers and restaurant operators are expanding globally, so we expect similar needs to arise in the future. Therefore, I am confident that our business platforms will contribute significantly to the growth of our businesses in the overseas retail and F&B markets.

Our Values

In conjunction with the start of the 2026 Medium-Term Management Plan, we fundamentally revised our Corporate Philosophy Structure and reorganized it as "Corporate Philosophy and Our Values." To this end, we conducted interviews with executives and employees and carried out a questionnaire-based survey. From the many opinions received, we compiled a list of ideas that have been important to us in the past and those that we will need in the future.

For example, "Customer Delight" expresses our commitment to providing "solutions that exceed expectations" for both society and our customers. Bringing joy to customers by providing exceptional value also enhances our employees' sense of accomplishment, satisfaction, and fulfillment. I aim to create a company where employees take pride in their work and everyone is engaged and enthusiastic. I will continue promoting our values throughout the Group to firmly instill them in every employee worldwide. I want these values to become the foundation for employees' decisions when issues arise and they need to choose the right course of action.

Special Topic
DX Strategies
Achieving the Glory Digital Vision
P.41

Corporate Philosophy
P.3

Revision of Corporate Philosophy Structure
P.4

Enhancing corporate value

With respect to our stock price, we take seriously the fact that our price-to-book value ratio (PBR) has remained below 1.0x, reflecting a harsh evaluation by the market. We believe this shows that Glory has not shed its image as solely a cash handling machine maker.

Accordingly, we are committed to transitioning from a mere hardware manufacturer offering cash automation products to a solutions provider that drives customers' DX.

Through strategic investments, we will also work to monetize our new business domain. With this in mind, we will strive to restore our earning power and achieve business growth, enabling us to present the results to shareholders and other investors as soon as possible and share them with our employees.

In addition to improving ROE, ROIC, and ROA by restoring profitability, we will focus on investing in growth and enhancing shareholder returns in a balanced manner. With respect to shareholder returns, our policy is to strengthen these through stable and continuous dividend increases, ensuring progressive dividends (with fiscal 2023 as the benchmark for annual dividends) and targeting a dividends-on-equity (DOE) ratio of 3% or more.

In addition, we will focus on ongoing dialogue with investors to deepen their understanding of our business strategies.

Capital and Financial Strategy P.43

My promise to you

Now that we have completed our response to the issuance of new banknotes, the real test of our business is about to begin. To earn the confidence of stakeholders and elevate Glory to the next stage, I will take the lead in transforming the company and guiding it toward a bright future. This makes me feel empowered.

Looking ahead, I will work to restore Glory's earning power and achieve business growth. Together with our 11,000 employees worldwide, I will continue providing solutions that exceed customer expectations. I promise to successfully implement the 2026 Medium-Term Management Plan and achieve the goals we have set for ourselves, and I look forward to your continued support.

Value Creation Process

Corporate Philosophy
Building a more secure world through global collaboration and commitment to excellence.

Long-Term Vision 2028
We enable a confident world
By expanding our business domains, we aim to be a company that "enables confidence" in a wide range of fields in addition to the confidence we have gained to date

Building a safe, secure, and reliable society
- Confidence in various methods of payments
- Confidence in currency circulation systems
- Confidence in personal identification and authentication
- Confidence in a new society where people and technology work in harmony

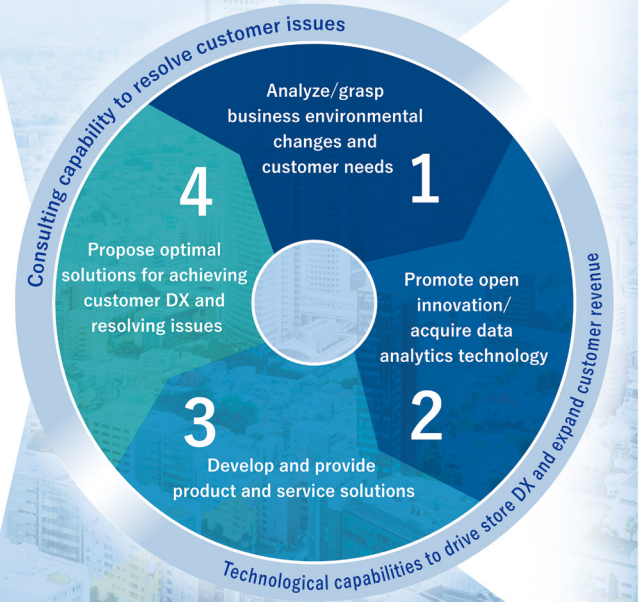
Source of Value > Core Strengths > Business Model > Output > Outcome

Social issues and megatrends

Source of Value
- R&D Capabilities
- Brand Power
- Strong Customer Base
- Global Network
- Global Human Resources
- Financial Base
- Energy and Resources

Core Strengths
- 01 Core Technologies
- 02 Global Sales/ Maintenance Network
- 03 Problem-Solving Capabilities
- 04 Financial Base

Business Model



Output

〈Glory's value delivered〉
- Store DX
- Increased customer revenue
- Efficient payment processing
- Rigorous cash management

Outcome

Social value
- Provide various methods of payments
- Cash management rationalization and labor savings
- Currency circulation management
- Provide confidence and security in society
- Promote an automated society

Economic value
- Expand business domains by integrating hardware with solutions and services
- Creating new innovation
- Responsible supply chain
- Financial results
- Environmental impact

Value Co-Creation with Stakeholders
- Customers
- Partners
- Shareholders/ Investors
- Employees
- Communities

ESG management

Corporate governance

Source of Value

Social issues and megatrends

Rapid emergence of new payment mechanisms and digital currencies

Business Opportunity: Increasing demand for new solutions that combine cash handling machines and non-cash payment solutions

Growing middle class in emerging economies

Business Opportunity: Expanding demand for cash handling machines and non-cash payment-related products and services in emerging markets

Increasing speed of new technology adoption

Business Opportunity: Creating new products and services using cloud service and other network technologies

Increasing global attention to social and environmental issues

Business Opportunity: Increasing demand for automation solutions amid a declining working population

Business Opportunity: Increasing demand for medical and nursing care solutions that utilize recognition technology

Threats to safety and security

Business Opportunity: Increasing demand for self-service products and services due to changes in lifestyle

Source of Value → Core Strengths

Source of Value			
R&D Capabilities	Intellectual capital	Recognition/identification technology, mechatronics technology	
		Ratio of engineers	13%
		Open Innovation	Various alliance partners
Brand Power	Intellectual capital	Best-in-class product lineup	
Strong Customer Base	Social/relationship capital	Dominant presence and share in financial and retail markets in Japan and overseas	
Global Network	Social/relationship capital, Manufacturing capital	Overseas direct sales/maintenance facilities	more than 100 countries
		Domestic sales/maintenance facilities	more than 100
		Production bases	13 in 6 countries
Global Human Resources	Human capital	Group employees	11,398
		Overseas employees	6,044
Financial Base	Financial capital	Cash flows from operating activities	¥41.8 billion
		Rating	A
		D/E ratio	0.44
		Equity ratio	48.8
Energy and Resources	Natural capital	Energy input*	216,213 GJ

(as of March 31, 2024)

Core Strengths

- 01 Core Technologies
- 02 Global Sales/Maintenance Network
- 03 Problem-Solving Capabilities
- 04 Financial Base

*Including the Company and its domestic subsidiaries (with ISO 14001 certifications).

Glory's Core Strengths

We enable a confident world

Since its founding, Glory has been engaged in the creation of products and solutions oriented to address social issues. Leveraging the key strengths that we have acquired over the years, we endeavor to "enable a confident world" for a better tomorrow.

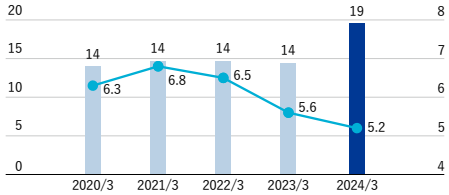
01 Core Technologies

Our core technologies are recognition/identification to accurately distinguish coins and banknotes, and mechatronics to handle individual banknotes with speed and accuracy. We have been working to further develop these technologies to distinguish a wide range of items in and beyond the markets we serve. We will continue our efforts to perfect our core technologies and to promote digital transformation (DX) based on the use of data analytics to deliver new value for our customers, aiming to contribute to a safer and more secure society.

R&D expenses

¥19.5 billion

■ R&D Expenses/R&D-to-Sales Ratio



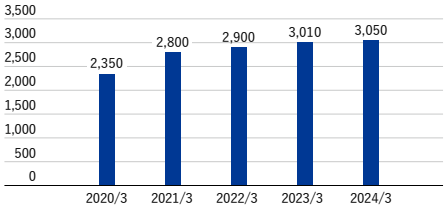
02 Global Sales/ Maintenance Network

Glory has sales and maintenance operations in more than 100 countries, enabling us to provide the same products and services to not only customers in each country but also those in the global retail and F&B markets. Furthermore, under a fully integrated Group structure covering everything from planning and products development to maintenance, each department works closely together to propose tailored solutions to our customers.
We deliver maximum value by addressing the needs identified in each country.

Business in more than

100 countries

■ Identifiable Currencies



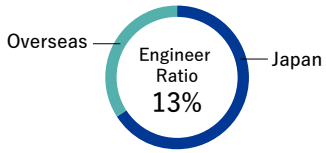
03 Problem-Solving Capabilities

Supported by our core technologies, Glory has built the trust of customers through our products and services that effectively address the market needs. With our knowledge and experience combined with DX, we will continue to create new solutions, thus further "enable a confident world" for all.

R&D personnel

Approx. 1,400

■ Regions with Engineers



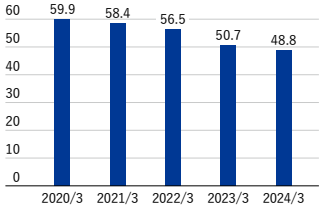
04 Financial Base

Glory's financial policy is designed to maintain the stability of the Group's finance and to strategically allocate management resources for enhancing corporate value. Specifically, we aim to establish a robust risk management structure and acquire a credit rating of "A" or higher as given by R&I (Rating and Investment Information, Inc.). In addition, based on our debt redemption capacity enabled by sufficient operating cash flows, we aim to reduce capital cost and to increase capital efficiency with the effective use of debt under strict financial discipline.

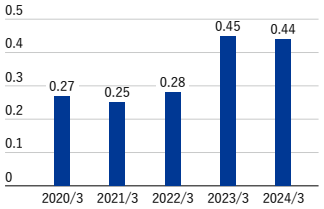
Rating and Investment Information, Inc.

A rating

■ Equity Ratio (%)



■ D/E Ratio (times)



From Business Model to Output

Business Model

1. Analyze/grasp environmental changes and customer needs
2. Promote open innovation/acquire data analytics technology
3. Develop product and service solutions
4. Propose optimal solutions for achieving customer DX and resolving issues

Planning

Strategies	Value
Establish self-service and automation solutions and accelerate DX businesses	Develop product and solution concepts that address social issues

R&D

Strategies	Value
Deploy AI and recognition/identification technologies to build a technology infrastructure	Develop new technologies and create new products

Quality assurance

Strategies	Value
Work with business partners to establish a quality assurance structure that can handle the solutions business	Quality assurance of new high-value-added products and services and meticulous technical support

Production and procurement

Strategies	Value
Introduce robots and build automated production lines to improve work efficiency; utilize Group bases for production equalization	Manufacture high-quality products

Sales

Strategies	Value
Continue proposing flexible solutions that are responsive to the changing times	Provide the best products and solutions for customers

Maintenance

Strategies	Value
Expand monitoring services to prevent breakdowns	Stable product operation Propose measures to address issues through analyzing data collected from products connected to the Internet

Output

We strive to achieve sustainable growth together with society by providing solutions that address social issues.

- Store DX
- Increased customer revenue
- Efficient payment processing
- Rigorous cash management

Retail Market

- Enhanced efficiency in addressing workforce shortages and soaring labor costs
- Reduced sales opportunity loss and loss from waste
- Prevention of fraud

Self-solutions, DMP solutions, fraud monitoring solutions

Financial Market

- Stronger/enhanced customer contact points
- Robust sales planning and store services
- Prevention of fraud

Remote customer service solutions, unattended stores, shared services, fraud monitoring solutions

F&B Market

- More effective customer appeal and higher average customer spend
- Enhanced efficiency in addressing workforce shortages and soaring labor costs

DMP solutions, self-service solutions

Social value

- Provide various methods of payments
- Cash management rationalization and labor savings
- Currency circulation management
- Provide confidence and security in society
- Promote an automated society

Economic value

Expand Business Domains by Integrating Hardware with Solutions and Services

- Net sales of new business domain ¥36.0 billion

Creating New Innovation

- Patents, utility models, and designs applied for 2,419

Responsible Supply Chain

- Realize the stable supply/procurement of products and services
- Strengthen relationships with business partners

Financial Results

- Net sales ¥372.4 billion
- Operating income ¥51.2 billion
- ROE 14.1%

Environmental Impact

- CO_2 emissions* 14,089 t-CO_2

(as of March 31, 2024)

*Including domestic and overseas business sites that have acquired ISO 14001 certification

Value Co-Creation with Stakeholders

Through its business activities, the Group collaborates with a diverse range of stakeholders to co-create value and help resolve social issues.

	Glory's Value Delivered	Engagement Opportunities	Outcome
Customers	High-quality solutions tailored to customer needs	● Daily sales activities ● Call centers ● Visits for maintenance ● Exhibitions ● Showroom and factory tours	● More efficient/rigorous operations ● Progressive store DX ● Revenue growth
Partners	Establish a relationship of trust and mutual growth through fair and open trading	● Customary purchasing activities ● Supplier conferences ● Quality conferences ● Quality improvement activity workshops ● Visits to business partners	● High-quality products ● Stable supply chain
Shareholders/ Investors	Enhanced corporate value through sustainable growth	● General meeting of shareholders ● Financial results briefings ● Small meetings ● Briefings for individual investors ● IR section of the Glory website	● Stable dividends ● Long-term relationships of trust
Employees	・Rewarding workplace environment ・Fulfilled learning opportunities that foster a sense of growth	● Held the "Talk with the President" and "Talk with Officers" events ● Labor-management consultation ● Employee awareness surveys ● Various training and educational programs ● Intranet	● Enhanced employee engagement ● Talent to support sustainable corporate growth
Communities	Mitigation of climate change Next-generation development as a "good corporate citizen"	● Providing environmentally friendly products ● Forest conservation, tree-planting activities ● Nature appreciation events ● Fostering the next generation through the GLORY Foundation for Elementary School Students ● Supporting the promotion of sports	● Reduced Scope 3 greenhouse gas emissions ● Holistic well-being and development of next generation of children

Technology Foundation

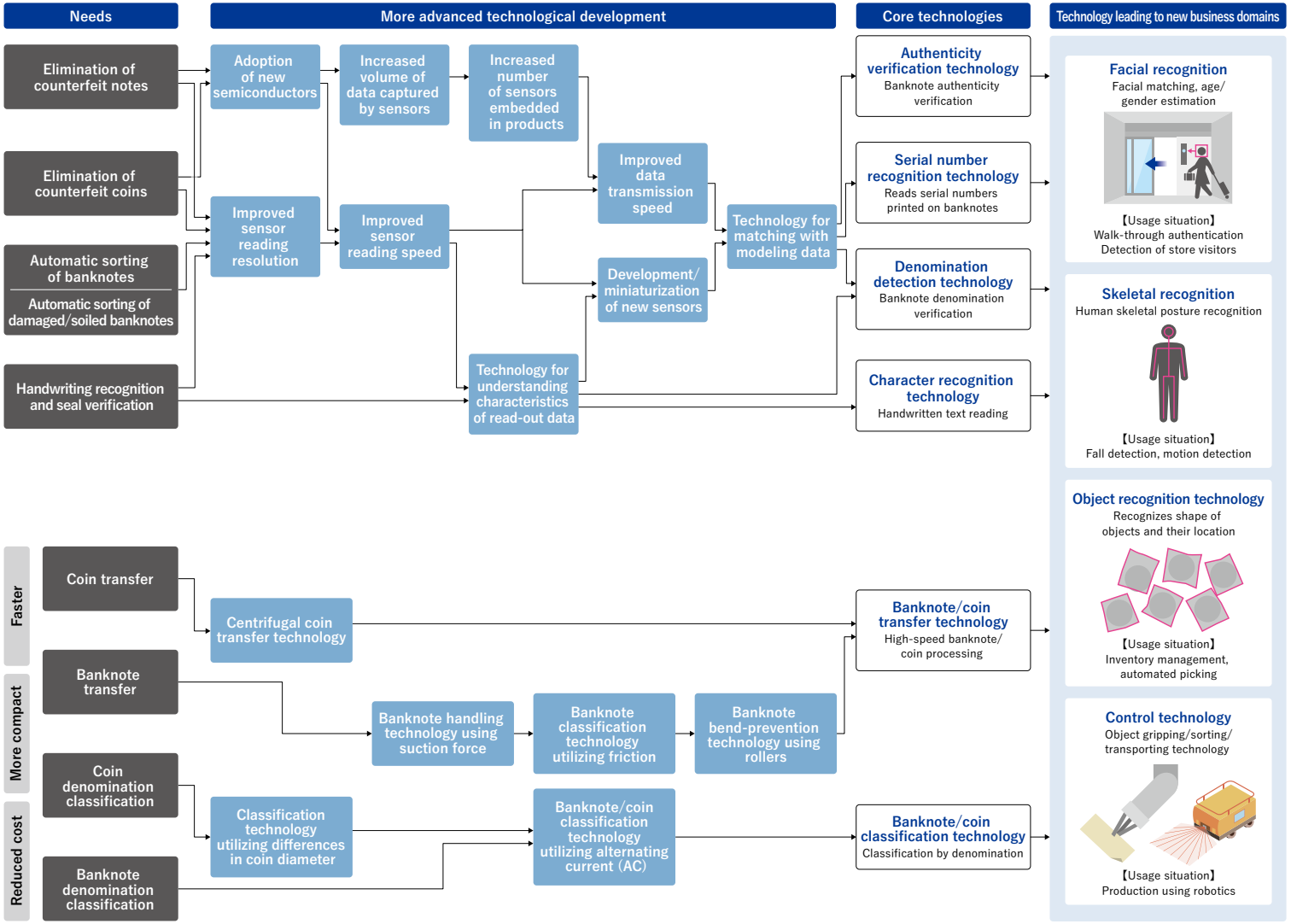
Glory's Core Technologies

▶Recognition/identification

Glory has devoted itself to the study of recognition/identification in currency processing, where accuracy is required. As a result, we use high-speed arithmetic processing to determine denominations and verify authenticity of up to 1,000 banknotes or 3,000 coins per minute. The technology can be used in fields other than currency processing as well, such as discerning business forms, including receipts for taxes and public fee payments; recognition of handwriting written on election voting forms; and others. Moreover, this technology is being extended to the field of facial recognition, capable of meeting the strict standards for personal authentication.

▶Mechatronics

By integrating mechanical and electrical engineering, delicate and intricate tasks can be processed at astonishing speeds. Coins from around the world, with their differing thicknesses and sizes, can be counted at a rate of up to 3,000 coins per minute, as well as being sorted and wrapped. We also applying cutting-edge technology to each of the processes of counting, sorting, and bundling, This mechatronics technology is used not only in cash handling machines but also in the construction of automated production lines and robotic solutions.



Technology Foundation

Technologies That Support New Business Domains

▶Data analytics

Glory is utilizing data analytics technology to expand its presence in new business domains and is promoting digital transformation for customers that will realize their demands and those of society more generally. In May 2020, Glory executed a capital and business alliance with AdInte, an IoT venture company, with the aim of bolstering data analytics technology. Through the collaboration, in July 2021 we launched "BUYZO," a data utilization service that will increase customer engagement for retailers and restaurants.

DMP Business

BUYZO
無数のデータを、無限の戦略に。

▶Biometric authentication technology (facial and skeleton recognition)

Our recognition/identification technologies, acquired through the development of cash handling machines, have evolved into biometric technology, such as face and skeletal recognition. Our facial recognition system boasts the industry's highest level of authentication accuracy and is used not only for security purposes but also to improve operational efficiency and customer service. In addition, our biometric authentication technology is finding applications in new fields, such as medical and nursing care. The Group has developed AI image recognition technology that can accurately recognize posture from the human skeleton and launched "mirAI-EYE," a fall detection system that applies this technology.

<Living Quarters>

Detects falls using skeletal recognition technology and 3D cameras

▶Robot/control technology

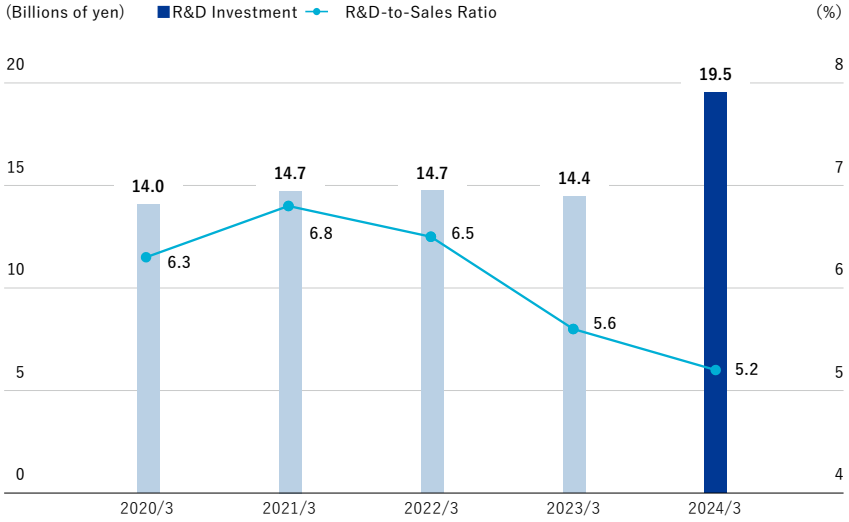
At the Saitama Factory, we introduced human-style robots into the assembly line with the aim of improving profitability and securing consistent product quality. Through this initiative, robot solutions emerged. In addition to Glory's core recognition/identification technology, we have designed and developed more than 130 types of appendages that bring together applications such as "grasping" and "suction," as well as peripheral devices. We are developing a robot solutions business that covers a wide array of applications across a diverse range of industries.

Multifunctional space-saving caser/palletizer

R&D System That Supports Technical Innovations

It is our basic R&D policy to thoroughly engage in core recognition/identification technologies. In addition, we actively pursue research related to these, such as facial recognition technology and other biometrics. As of March 31, 2023, approximately 1,400 employees, or 13% of the Group's workforce, perform R&D-related activities, ranging from involvement in basic research fields to product development and design. In fiscal 2023, R&D investment increased compared to previous years to ¥19.5 billion due to a change in the basis for recording.

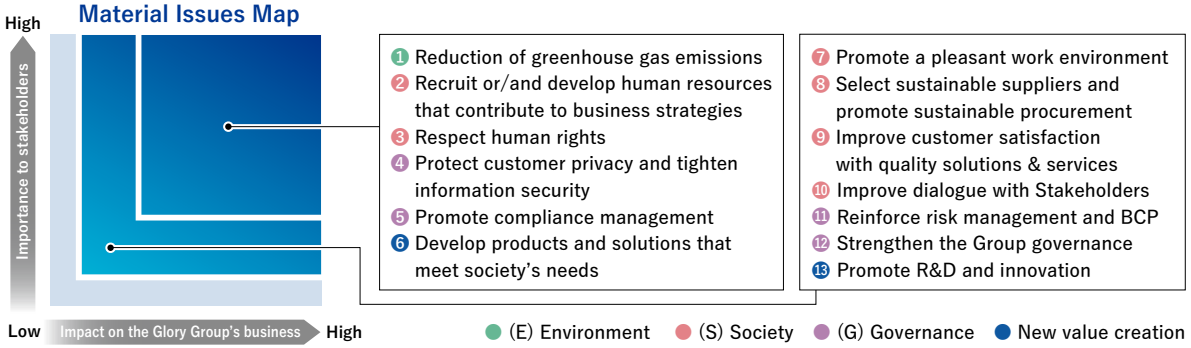
■ R&D Investment/R&D-to-Sales Ratio



Megatrends and Risks/Opportunity Analysis

The business environment surrounding the Glory Group is expected to change due to various factors. Based on five megatrends that encapsulate these change and social issues, we have outlined our strategies for addressing risks and opportunities in relation to priority issues and materialities in the 2026 Medium-Term Management Plan.

Material Issues Map



Notable social issues based on megatrends	Implications for the Company		Reponses
	Risks	Opportunities	
Rapid emergence of new payment mechanisms and digital currencies	• Shrinking demand for cash handling machines with the shift to a cashless economy	• Increasing demand for new solutions that combine cash handling machines and non-cash payment solutions • Increasing demand for non-cash payment-related products and services amid the shift to a less-cash society • Expanding the fintech market	• Provide software platforms and other services in the retail, financial, and F&B markets to support customers' DX and expand new business domains
Growing middle class in emerging economies	• Impact on business due to laws and regulations of countries and regions, including rapid changes in the political and/or economic situation and protectionist trade policies • Impact on business from slowing growth in emerging markets due to geopolitical risks • Shortages and price fluctuations of parts and materials	• Expanding demand for cash handling machines and non-cash payment-related products and services in emerging markets	• Conduct research in trends in laws and regulations in countries where we do business • Develop and promote medium- and long-term business and production strategies to reduce geopolitical risks
Increasing speed of new technology adoption	• Decline in competitiveness due to delays in the development of advanced technologies and their application to products and services • Decline in technological competitive advantage due to new entrants • Occurrence of unexpected quality issues mainly attributable to uncertainties associated with more sophisticated product and service functions • Infringement of intellectual property rights • Lack of human resources with a digital skill set	• Seizing growth opportunities by acquiring new core technologies • Increasing demand for automation in financial institutions and retail stores due to advances in AI and robotics technologies • Creating new products and services using cloud service and other network technologies	• Create innovative new products and services using digital technology • Reduce risk by adopting "IP landscaping" to show our market position with respect to intellectual property • Recruit/develop DX specialists
Increasing global attention to social and environmental issues	• Impact on business mainly due to extreme weather events and large-scale natural disasters • Impact on business from complying with stricter international environmental regulations • Impact on recruitment and retention of human resources due to an aging and declining working population	• Increasing demand for environmentally friendly products • Increasing demand for mechanization and automation solutions amid a declining working population • Increasing demand for medical and nursing care solutions that utilize recognition technology	• Strengthen efforts to achieve greenhouse gas reduction targets according to the international Science Based Targets (SBT) initiative • Develop products and services that meet labor-saving demand
Threats to safety and security	• Impact on business activities mainly due to pandemics of infectious diseases • Information system failures and data leaks mainly due to cyberattacks and computer virus infections	• Increasing demand for contact-free and self-service products and services due to changes in lifestyle • Increasing demand for security-related solutions that use recognition technologies	• Develop self-service products • Reduce risks through information security governance control, rigorous employee training, and system operation status monitoring

Priority initiatives of the 2026 Medium-Term Management Plan	Relationship with materiality
• Monetize target businesses (self-service kiosks and DMP) • Develop new solutions with products and platforms combined	6 9
• Expand sales of teller cash recyclers (TCRs) into emerging markets • Stock spare parts according to BCP	8 11
• Develop DX businesses • Create added value with IoT solutions • Provide DX training for all employees	2 7 13
• Expand global efforts to achieve carbon neutrality, including at overseas consolidated subsidiaries • Enhance remote monitoring, customer service, and other solutions	1 3 10
• Expand sales of self-service products • Establish a global IT governance structure	4 5 12

Long-Term Vision and Past Medium-Term Management Plan

Long-Term Vision 2018

Create new value through "superb manufacturing technique," pursue dreams for the future, seek sustained corporate growth together with society through CSR activities

Long-Term Vision 2028

We Enable a Confident World

2017 Medium-Term Management Plan (FY2015–FY2017)

Positioning

Realize business growth through "superb customer-oriented manufacturing" and enhance profitability to achieve the Long-Term Vision 2018

Continuing to expand the overseas business

Strategy overview

【Business Strategy】
- Enhance profitability by expanding business size/area
- Domestic business:
  - Strengthen the sales force • Expand business by enhancing the ability to meet market needs
- Overseas business:
  - Execute region-specific strategies based on exhaustive market analysis
  - Expand direct sales/maintenance network aiming for revenue growth
  - Explore and promote new businesses leveraging technologies accumulated in the domestic market

【Operational Strategy】
- Provide timely products and services meeting market needs
- Product development strategy, Production/procurement strategy, and Quality assurance strategy

【Corporate Management Strategy】
- Reinforce the Group's management structure
- Group governance strategy, Human resources strategy, Capital/financing strategy, and Information system strategy

Results and evaluations

- Targets not met for net sales, operating margin, overseas sales ratio, and ROE
  - Japan: Despite securing large orders and developing monitoring services, we were unable to develop new profit pillars
  - Overseas: Sales in the retail market have increased by approximately four times (compared with fiscal 2014 results), growing into our second pillar after the financial market
  - Launched a new robot system integration business using production technology cultivated in-house
  - Established global development and production systems

Issues

- Strengthen solution proposal capabilities in the domestic core business and nurture new businesses, including the biometric/image recognition business
- Expand overseas retail businesses
- Bolster system development and new technology development capabilities

2020 Medium-Term Management Plan (FY2018–FY2020)

Positioning

Preparation for realizing the long-term vision

Formulation for the realization of Long-Term Vision 2028, developed plans for the expansion of the new business domain in addition to further deepening our core business

Strategy overview

Basic Policy ❶ Core business

Build foundations for realizing sustainable business management
- Overseas business: Further growth of the financial market and acceleration of the retail business
- Domestic business: Promote solution proposals

Basic Policy ❷ New business

Strengthen collaboration with various partners to solve social issues
- Promote the new business domain
- Acquire new core technologies
- Proactively allocate management resources for new businesses

Basic Policy ❸ Management base

Realize higher productivity and a robust corporate constitution that directly links to results
- Work-style reform and operational reform to improve productivity
- Organizational reform to realize a culture of open innovation

Results and evaluations

- Targets not met for net sales, operating margin, and ROE
  - Secured revenue through operations to address issuance of new ¥500 coin
  - Overseas: Expanded sales of self-service machines and products for the retail market
  - Japan: Offered solutions for next-generation stores and worked to tap non-cash fields
  - Overseas: Acquired Acrelec, which operates in the self-service-related business space, laying the foundation for creating a new business model
  - Invested in the DMP business of AdInte with the aim of promoting DX for retail stores
  - Created an environment to facilitate new ways of working centered on working from home
  - Conducted inaugural events for new businesses to foster a culture of embracing challenges

Issues

- Expand into the new business domain with early profitability on strategic investments and utilization of core technologies
- Strengthen the profitability of the core business by expanding the customer base and innovating business processes
- Strengthen the business management system to boost cash generation capability

2023 Medium-Term Management Plan (FY2021–FY2023)

Positioning

Core and new businesses powering growth together

Formulated as the second stage in realizing the Long-Term Vision 2028, it calls for the Group to grow together by aligning core and new businesses

Strategy overview

Basic Policy ❶ New business domain

Accelerate business growth to develop the next generation
- Expand businesses with high affinity to the core business domain
- Improve profits in the biometric/image recognition and robot businesses by utilizing domestic business sales channels

Basic Policy ❷ Core business

Maximize core business profits by innovation
- Expand products/services that meet demand for contactless and self-service solutions
- Release state-of-the-art products
- Seize demand associated with the issuance of new Japanese banknotes

Basic Policy ❸ Management base

Establish a management base to support sustainable growth
- Enhance cash-generating ability to support growth investments and shareholder returns
- Promote DX, including by introducing a new ERP system to support speedy management decisions
- Improve employee engagement

Results and evaluations

- Achieved targets for net sales, operating income, and ROE (all reaching record-high figures)
  - Identified promising new businesses (self-service kiosks, DMP)
  - Stabilized profits by expanding recurring business sales
  - Posted an increase in retail market sales
  - Responded steadily to new banknote issuance
  - Introduced portfolio management and worked to improve profitability of businesses requiring close attention

Issues

- Quickly monetize new business areas
- Achieve high profitability in core business
- Build a stable supply chain
- Strengthen cybersecurity

KPIs

	FY2015 Results	FY2016 Results	FY2017 Results	FY2017 Medium-Term Management Plan targets
Consolidated net sales	¥226.9 billion	¥222.5 billion	¥227.3 billion	¥260.0 billion
Consolidated operating income	¥20.5 billion	¥20.3 billion	¥19.6 billion	¥28.0 billion
Overseas sales ratio	46.5%	46.6%	47.0%	50%
ROE	4.5%	5.4%	5.3%	8.0%

	FY2018 Results	FY2019 Results	FY2020 Results	FY2020 Medium-Term Management Plan targets
Consolidated net sales	¥235.7 billion	¥224.1 billion	¥217.4 billion	¥260.0 billion
Consolidated operating income	¥20.5 billion	¥17.9 billion	¥14.2 billion	¥25.0 billion
Overseas sales ratio	43.8%	46.2%	48.2%	—
ROE	6.5%	4.5%	3.0%	8.0%

	FY2021 Results	FY2022 Results	FY2023 Results	FY2023 Medium-Term Management Plan targets
Consolidated net sales	¥226.5 billion	¥255.8 billion	¥372.4 billion	¥300.0 billion
Consolidated operating income	¥10.1 billion	¥500 million	¥51.2 billion	¥30.0 billion
Overseas sales ratio	56.4%	60.9%	49.7%	50.0%
ROE	3.2%	-4.8%	14.1%	9.5%

Review of the 2023 Medium-Term Management Plan

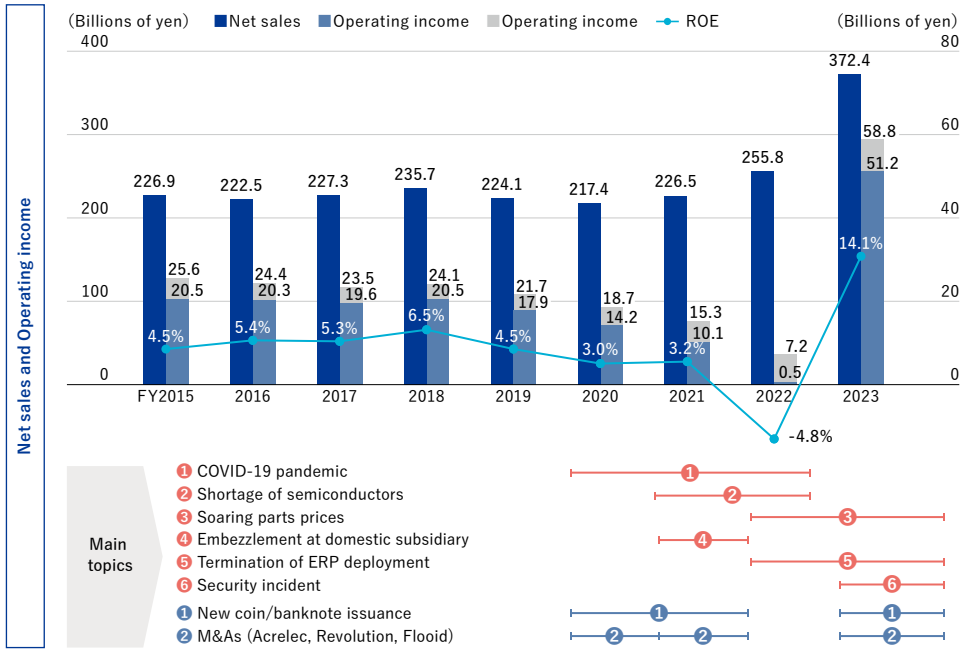
The 2023 Medium-Term Management Plan, covering the three-year period from April 2021 to March 2024, is the second step for realizing our Long-Term Vision 2028. Under the plan, we emphasized core (currency circulation and monetary settlements) and new businesses powering growth together.

Financial targets and results

- Profitability declined significantly due to the spread of COVID-19, the difficulty in obtaining parts (mainly for semiconductors), and soaring component prices, resulting in our first net loss since listing on the Standard Market in March 2023
- Posted V-shaped recovery in fiscal 2023, partly thanks to increased demand associated with the new banknote issuance; achieved targets for net sales, operating income, and ROE (all reaching record-high figures)

FY2023 results

	Result	Target
Net sales	¥372.4 billion	¥300 billion
Net sales of new business domain	¥36 billion	¥40 billion
Operating income (After amortization of goodwill)	¥51.2 billion	¥30 billion
Operating income (Before amortization of goodwill)	¥58.8 billion	¥35 billion
ROE (After amortization of goodwill)	14.1%	9.5%
ROE (Before amortization of goodwill)	17.7%	12.0%



For non-financial targets and results, please refer to "Non-Financial Highlights" on page 48.

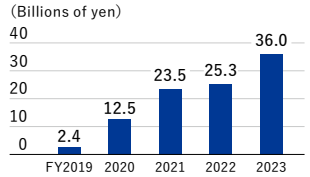
Basic policy 1 Accelerate business growth to develop the next generation

- Made strategic investments and business alliances centered on the F&B, retail, and financial markets; accelerated business development in areas where we can leverage our core business customer channels
- Missed new business domain sales target, but discovered promising new businesses, namely, self-service kiosks (centered on Acrelec) and DMP*

*Data management platform (DMP): A data business platform that manages collected and accumulated online data, as well as offline data (such as behavioral histories of customers who visit physical stores), and utilizes this data for advertising action plans and more.

Net Sales of New Business Domain FY2023

Result ¥36 billion | Target ¥40 billion



2020 Medium-Term Management Plan | 2023 Medium-Term Management Plan (FY2021, FY2022, FY2023)

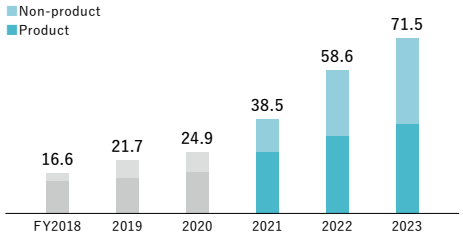
ACRELEC, SHOWCASE G&G, REDISHE (Note: FY2022 additional investment)	**F&B**: Collaborated with Acrelec and Showcase Gig to develop the F&B business centered on self-service kiosks
AdInte (Note: FY2021 additional investment), TTG Revolution Retail Systems, Flooid	**Retail**: Made acquisitions and formed alliances to complement our retail solutions; expanded software and other solutions
TIMELEAP OneBanx, Clip	**Financial**: Developed new solutions and started shared service businesses to accelerate in-branch self-service operations

Basic policy 2 Maximize core business profits through innovation

Overseas business

Increase in retail market sales supported by contracts with top global retailers to meet labor-saving and efficiency needs

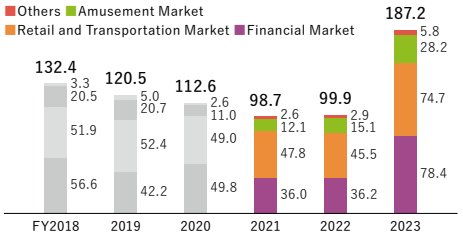
Overseas Retail Market Sales (Billions of yen)



Domestic business

Record-high net sales in fiscal 2023 from work associated with new banknote issuance and amusement market sales making significant contributions

Net Sales by Business Segment (Billions of yen)



Achievements/challenges and policies for the 2026 Medium-Term Management Plan

Challenges

- Quickly monetize new business areas
- Achieve high profitability in the core business
- Build a stable supply chain
- Strengthen cybersecurity

Initiatives of the 2026 Medium-Term Management Plan

- Make full use of strategic investments made to date to achieve business growth in the F&B, retail, and financial markets
- Strengthen risk management to stabilize operations

2026 Medium-Term Management Plan

Formulation process

With the aim of realizing its Long-Term Vision 2028, the Glory Group formulated the 2026 Medium-Term Management Plan, which ends on March 31, 2027. In addition to issues addressed in the previous plan, we discussed our desired direction and developed strategies based on internal and external perspectives. These included feedback obtained through dialogue with institutional investors and a grasp of employees' awareness of issues obtained through a company-wide survey.

Positioning and concept

We have positioned the period of the plan as the third step toward realizing the Long-Term Vision 2028. Specifically, it will be a time to harvest the rewards of the business seeds we have sown and grown to date.

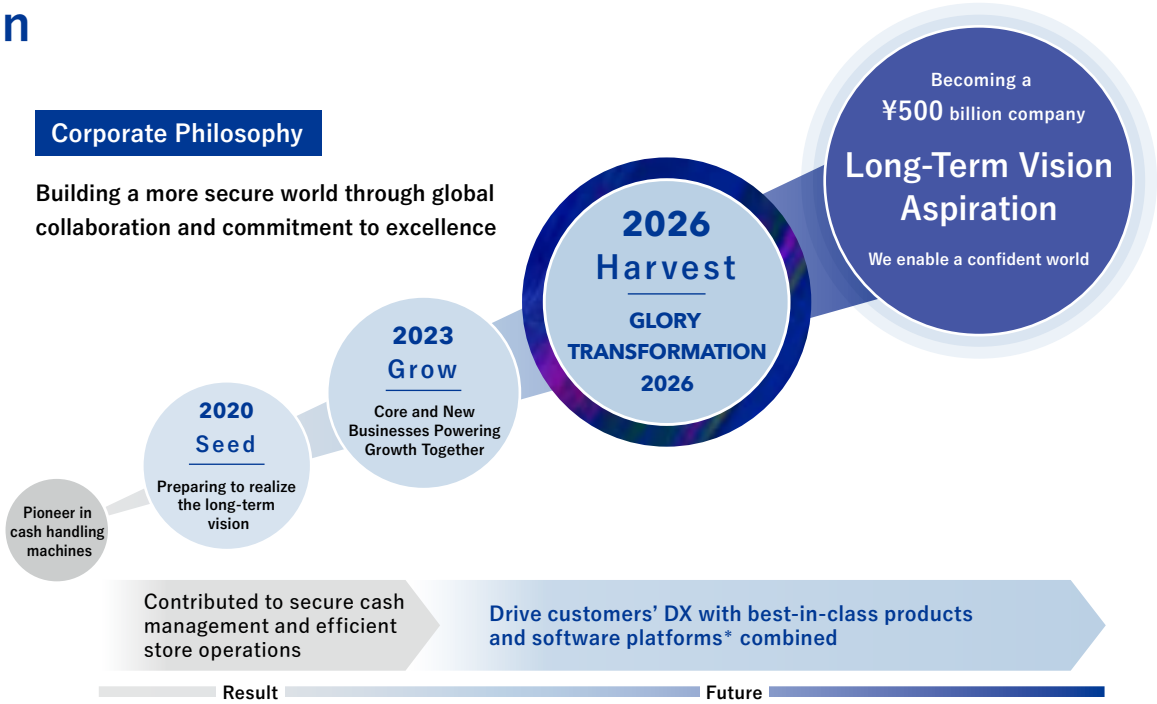
We aim to be a company that drives customers' DX with best-in-class products and software platforms combined.

Material issues and basic policies

When formulating the plan, we reviewed our material issues and re-identified 13 items. Of these, we positioned six items as our most important issues and set forth four basic policies to describe our business strategies and business foundation strategies.

Corporate Philosophy

Building a more secure world through global collaboration and commitment to excellence



*"Software platforms" hereafter described as "platforms"

Most important material issues	
Creating new value	Develop solutions and services that address society's needs
E Environment	Reduce greenhouse gas emissions
S Society	Recruit/develop personnel to drive business strategies
	Respect human rights
G Governance	Promote compliance management
	Protect customer privacy, Tighten information security

		Basic policy	Key initiatives	Solutions/Platforms
Business strategies	I	Develop new revenue streams	• Monetize target businesses (self-service kiosks and DMP) • Develop new solutions with products and platforms combined	fluid, UBIQULAR, REDBISCUIT, OneBanx, BUYZO
Business strategies	II	Increase profitability of the core business	• Launch products and services that address the need for self-service solutions • Seize large-scale business renewal opportunities • Reinforce the sales structure in Americas	Coin and banknote recyclers for cashiers; Open teller systems; GLR series; CI-X series
Business foundation strategies	III	Enhance business management	DX strategies HR strategies Capital/financial strategies Climate initiative	• Establish platforms for work process transformation and DX solution/service development • Improve employee engagement and develop human capital as the source of competitive advantage • Emphasize optimal growth investments and stable shareholder returns • Step up efforts to achieve our CO_2 reduction target in accordance with the SBT initiative
Business foundation strategies	IV	Reinforce risk management	• Identify priority risks and formulate measures to mitigate the business impact	

2026 Medium-Term Management Plan

Points for transformation

1. Shift the KPI focus from net sales to profit-oriented business operations; deploy portfolio management and ROIC indicators to instill awareness of cost of capital
2. Establish the F&B market as a major pillar to complement existing retail and financial markets
3. Add the DX business model to the cash handling business

	Past		2026 Medium-Term Management Plan		
❶Material KPIs	Net sales	▸	Profit		
❷Business pillars	Retail market / Financial market	▸	Retail market / Financial market	+	F&B market
❸Business models	Cash handling machines	▸	Cash handling machines	+	DX businesses

Fiscal 2026 financial targets

We will continuously strive to increase corporate value with ROE of 10% or higher, ROIC of 8% or higher, and ROA of 5% or higher as KPIs of profit-generation efficiency. We are also targeting operating income of ¥38 billion or higher and net sales of ¥340 billion or higher, with at least ¥60 billion of net sales coming from the new business domain.

While we cannot avoid a temporary recoil in domestic sales after benefiting from the special demand associated with issuance of new banknotes, we will work to restore earning power and achieve steady business growth going forward.

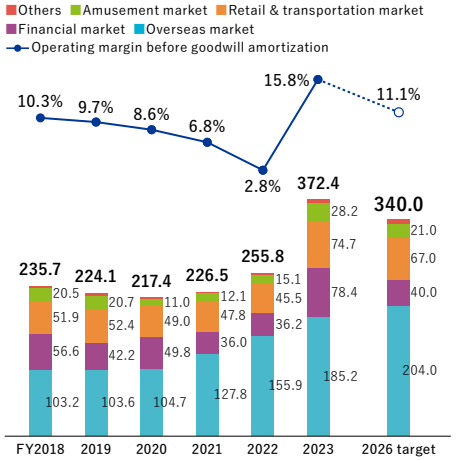
Note: Based on operating income before goodwill amortization in consideration of future introduction of International Financial Reporting Standards (IFRS).

■ Fiscal 2026 Financial Targets

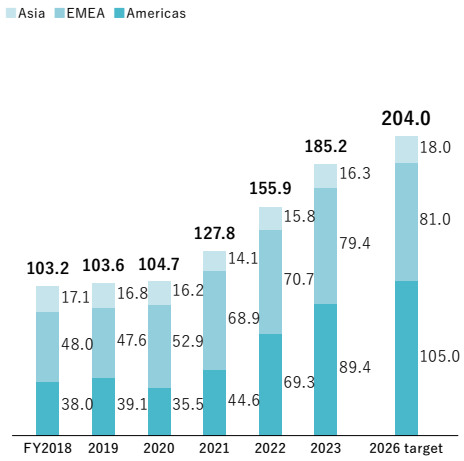
		Before goodwill amortization	After goodwill amortization
Business efficiency	ROE	10% or higher	6% or higher
	ROIC	8% or higher	5% or higher
	ROA	5% or higher	3% or higher
Operating income		¥38 billion or higher	¥30 billion or higher
Net sales	Net sales	¥340 billion or higher	
	New business domain	¥60 billion or higher	

Applied exchange rates: 1 USD=140 JPY; 1 EUR=150 JPY

■ Operating Margin before Goodwill Amortization and Sales by Segment (Billions of yen)



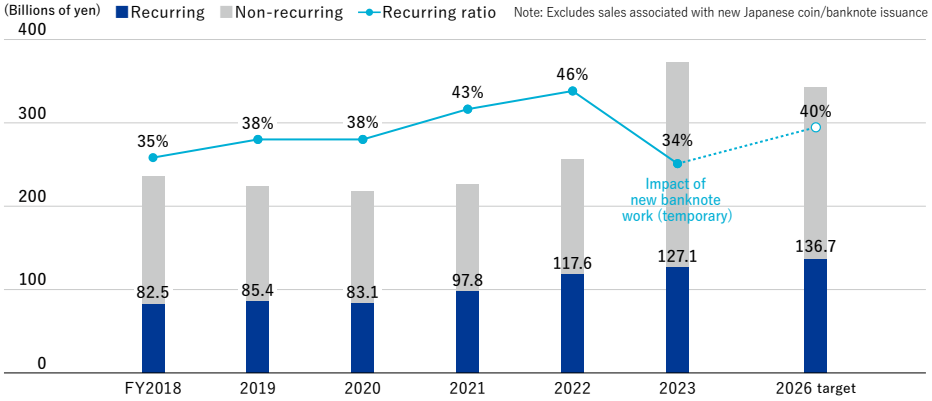
■ Overseas Sales by Geographical Segment (Billions of yen)



Note: OEM sales are included in each geographical segment.

Strengthen recurring business to reinforce business foundation

The ratio of recurring business sales to net sales declined in fiscal 2023 due to the significant increase in orders relating to the issuance of new banknotes. However, this ratio has been on an upward trend in recent years. In addition to our core recurring business centered on maintenance services, we will strengthen our business foundation by expanding recurring sales in new business domains, such as software platform-related services.



Relationship between target markets and accounting segments

Our target markets are different from our accounting segments and cover both domestic and overseas markets. The relationships between the two are shown below.

Accounting segments			Retail	Financial	F&B
Segment	Major customers	FY2026 sales target	¥160 billion	¥110 billion	¥41 billion
Overseas market	Overseas financial institutions, retailers, restaurants	¥204 billion	○ ¥100 billion	○ ¥70 billion	○ ¥34 billion
Financial market	Domestic financial institutions	¥40 billion	–	○ ¥40 billion	–
Retail and transportation market	Domestic supermarkets, convenience stores, restaurants, hospitals, railway companies	¥67 billion	○ ¥60 billion	–	○ ¥7 billion
Amusement market	Domestic amusement facilities (e.g., pachinko halls)	¥21 billion	–	–	–
Others	Sales outside the above segments	¥8 billion	–	–	–

Overseas Business

Review of Fiscal 2023 and the 2023 Medium-Term Management Plan

Under the 2023 Medium-Term Management Plan, we advanced our business with the aim of expanding our core cash handling machine business, generating profits in the "around-cash" areas, which we have positioned as a new business domain, and creating business in the "non-cash" areas.

In fiscal 2023, demand for products and services was strong in both the financial and retail markets, reflecting the ongoing need for self-service solutions in response to rising labor costs and workforce shortages. In addition, the difficulty in procuring semiconductors and other components eased, and production normalized, leading to an increase in sales of major products. We achieved our overseas sales target, set under the 2023 Medium-Term Management Plan, in fiscal 2022, one year ahead of schedule, and posted a record high in fiscal 2023. Operating income also improved significantly from the previous fiscal year, when it fell sharply due to soaring material prices and rising logistics costs.

It has taken some time for Acrelec to become profitable since we acquired the company in 2020, but it finally turned a profit in fiscal 2023 thanks to operational efficiency improvements. We also completed the integration of Revolution Retail systems with our U.S. consolidated subsidiary in April 2024 with the aim of improving performance throughout the Americas.

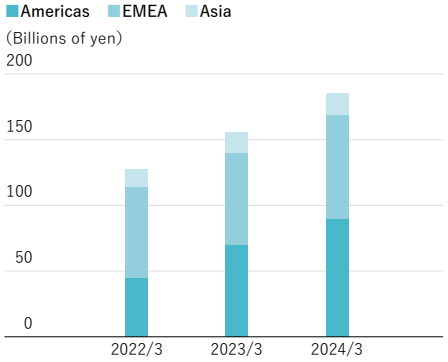
To enhance solutions for the retail market and expand our software business, we acquired U.K.-based Flooid in January 2024. That company develops and sells unified commerce platforms (UCPs), which support the diversification of sales channels in retail stores.

Executive Officer
Head of International Business

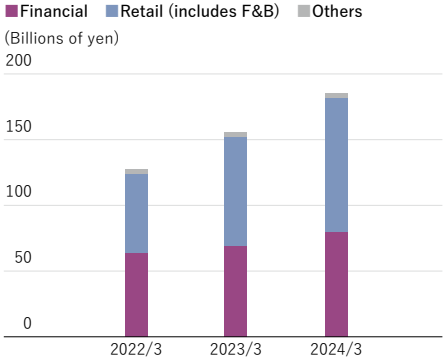
Toshimitsu Yoshinari

■ Sales Trend

By Geographical Segment



Financial/Retail (includes F&B)



Note: Both financial and retail markets include maintenance services.

■ Evaluation and Analysis of the 2023 Medium-Term Management Plan

	Market	Key initiatives	Evaluation	Review
Core business domain	Retail (includes F&B)	Expand sales of coin and banknote recyclers for cashiers capturing needs for self-service machines	◎	Won multiple large-scale orders, attracted global customers by supporting multiple currencies; expanded geographical sales coverage
		Enhance global expansion of back-office products		
		Boost CI series sales through integration with kiosks and digital services (UBIQULAR™)	○	Made progress in selling kiosks and CI series as a package; developed cash-enabled kiosks
	Financial	Expand sales of the latest model of TCRs	○	Made progress in introducing self-service products
		Strengthen sales of self-service products/services		
New business domain	Realize synergy with Acrelec early		△	Increased sales, but profit lagged due to rising personnel costs and other expenses
	Provide cash infrastructure in place of ATMs		×	Made OneBanks, a company that provides financial shared services, into a subsidiary and are currently working to establish its business
	Expand sales of new digital service solutions using a cloud service (UBIQULAR™)		○	Developed digital services and increased the number of contracts; established a product development base in Vietnam to strengthen software development capabilities

◎ Significantly exceeded target ○ Achieved target △ Made good progress × Did not reach target

Overseas Business Formulation for the Realization of the Long-Term Vision

2026 Medium-Term Management Plan: Aspirations for Overseas Business

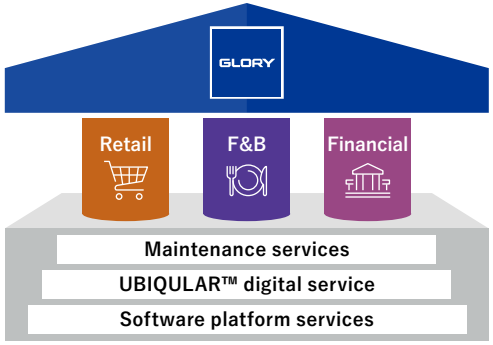
Business targets

FY2026 net sales **¥204.0 billion**

[FY2023 comparison **+¥18.8 billion**]

Basic policy

Earnings structure	Expand recurring revenue business (Service & Software)
Business structure	Develop F&B as the third business pillar along with Retail and Financial
Solutions	Enable customers' revenue growth and cost reduction

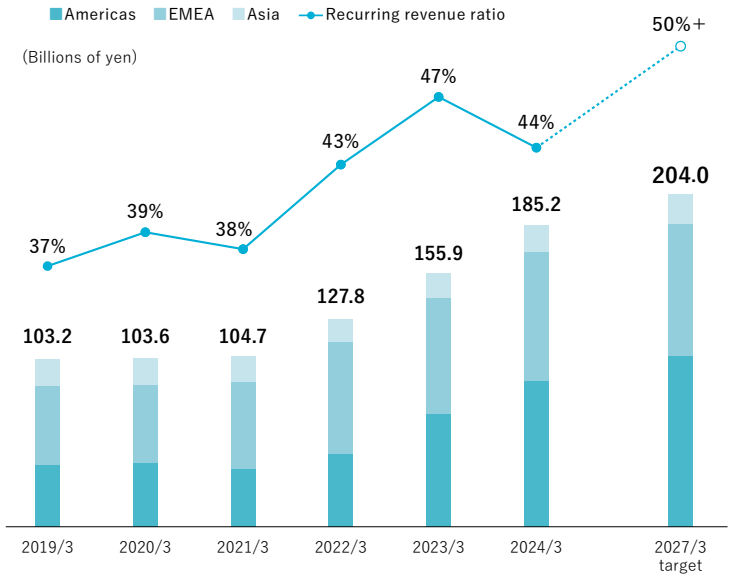


2026 Medium-Term Management Plan: Strategy House*

*An image showing the 2026 Medium-Term Management Plan as a newly constructed house, with the plan's strategies represented as the foundation and pillars.

Point 1	**Expand recurring revenue business** Target: 50%+ recurring revenue ratio
Point 2	**Develop F&B as the third business pillar**
Point 3	**Develop DX solutions that enable customers' business growth** Target: 10%+ software sales ratio

■ Sales by Region and Recurring Revenue Ratio



1. Business Environment

In the financial market, European and American financial institutions are reducing the number of branches as they seek to streamline their branch operations. In the retail market, there is a growing need for automated and self-service payment solutions in supermarkets and restaurants from the perspective of hygiene concerns and the need for more rigorous cash management. The trend toward greater operational efficiency is expected to continue in both markets, especially the Americas, in response to high costs and labor shortages caused by persistently high interest rates.

2. Basic Policy of the 2026 Medium-Term Management Plan

We have established a basic policy that reflects our understanding of the business environment and the challenges identified in the previous medium-term management plan. First, we will transform our revenue structure by expanding recurring revenue from maintenance services and software usage fees. In the overseas market., we aim to achieve a recurring revenue ratio of more than 50% of total sales by fiscal 2026. Our next challenge is to transform our business structure by establishing a presence in the F&B market. We want to grow this into the third pillar of our business, alongside the financial and retail markets. Lastly, we will strive to expand software sales by providing DX support to our customers. Specifically, we are targeting a software sales ratio of 10% or higher by fiscal 2026. To strengthen sales, we will also focus on the Americas, where many global retailers and F&B chains are headquartered.

3. Regain Earning Power and Achieve Business Growth

The Group has set an overseas market sales target of ¥204 billion, which if achieved would be a record-high figure. During the period of the current plan, however, we will place strong emphasis on profit, with an operating income target of ¥27 billion before amortization of goodwill. We aim to regain our earning power by turning our profit margin, which has been declining since fiscal 2020, into an upward trend. To achieve this, we will strengthen our maintenance services, our UBIQULAR™ digital service, and our software platform business, which form the foundation of our Strategy House. We will also expand our recurring business, which provides stable, long-term income from our services instead of one-time sales of hardware products.

Overseas Business

Retail market

Aspiration

Core Business	•Drive growth through new opportunities
New Business Domain	•Accelerate the monetization of target businesses and develop new businesses

Business environment

Social issues and needs	Ongoing trend toward self-service solutions to address labor shortages; emergence of various payment methods and new store formats	Risks	Rapid development of a cashless economy; shift in demand toward lower-priced products; competitors strengthening their service offerings
Strengths and competitive advantages	Best-in-class product lineup; multi-currency support; global sales and maintenance network	Issues	Dependence on cash handling machine sales; need to reinforce software development capabilities

Recognizing the need for mechanization of payment operations, we entered the retail market in earnest in 2013. Since then, sales have continued to grow, partly due to the accelerating trend toward self-service solutions. We have a market share of around 25% for coin and banknote recyclers for cashiers and about 80% for coin and banknote recyclers for back offices.

Note: As of March 31, 2024; Source: Glory's research

Initiatives to achieve our aspirations

Core Business

- Strengthen sales of new CI-X series self-checkout solutions and expand business with top 50 global retailers
- Expand sales of products and services and improve efficiency of maintenance business in the United States (priority market)

New Business Domain

- Increase recurring revenue by providing software services

▶ UBIQULAR™ digital service

In addition to remotely monitoring machine operational status and making software updates, this online service visualizes and analyzes data and even handles cashiering and change orders. It is already connected to 20,000 machines, and we expect this figure to increase at the rate of more than 10,000 machines per year.

▶ Unified commerce platform (UCP): Cloud-based solution for retail businesses

This is a software platform capable of supporting all purchasing channels, including staffed checkouts, self-checkouts, and online sales. We will focus on selling new conceptual solutions that seamlessly connect to diversified purchasing channels.

Business progress with acquired company

Acquired company	Flooid Topco Limited
Acquisition period	January 2024
Objectives	Expand store automation solutions; expand software business; increase recurring revenue
Status	Formulated post-acquisition management plan; developed system connections with Glory and Acrelec products
Performance trends and outlook	Progressing as planned; both sales and profits expected to increase in fiscal 2024; targeting further expansion through fiscal 2026

F&B market

Aspiration

New Business Domain	•Accelerate the monetization of target businesses and develop new businesses

Business environment

Social issues and needs	Ongoing trend toward self-service solutions to address labor shortages; emergence of various payment methods and new store formats	Risks	Competitors strengthening their service offerings
Strengths and competitive advantages	Knowledge of fast-food restaurant operations; track record of implementing systems at major fast-food chains	Issues	Need to improve productivity to generate revenue and enhance sales and maintenance structure during multinational expansion

The fast-food industry is expected to grow at an average rate of 4.89% per year (2024–2032)*1. One solution supporting this market is the kiosk ordering system, for which Glory has the largest market share at 16%*2.

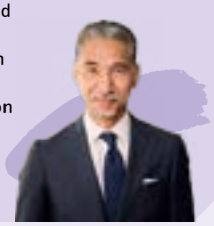
*1 Straits Research
*2 Datos Insights

Initiatives to achieve our aspirations

New Business Domain

- Strengthen sales of self-service kiosks in the Americas (priority market)
- Expand sales of hybrid self-checkout systems that integrate cash handling machines and kiosks

We will expand our solutions, which have been successful with major global fast-food chains, to local brands, particularly in the United States. For global brands, we will provide new solutions to the challenges faced by restaurant operators. Together with a major customer, for example, we have begun trials of a system to prevent wrong product delivery. We have also launched a content management system for display on digital menu boards.



Executive Officer
Responsible for the group companies of Acrelec Group S.A.S. **Tetsuya Bogaki**

Business progress with acquired company

Acquired company	Acrelec Group S.A.S.
Acquisition period	April 2020
Objectives	Expand sales of cash handling machines and kiosks as a package; provide reciprocal access to sales and maintenance networks
Status	Will start hybrid self-checkout systems that integrate cash handling machines and kiosks in fiscal 2024; start mutual utilization of sales networks in the Americas, Japan, and Asia; strategy for mutual utilization of maintenance networks is under consideration
Performance trends and outlook	Sales are growing steadily; aim to improve profit margins by increasing the software sales ratio

Special Topic

Overseas Business

Retail market

Enhance corporate value through software platform offerings and a recurring business model

CEO, Flooid Topco Limited
Diane Palmquist

Services provided by Flooid

Flooid's Unified Commerce Platform (UCP*) is a cloud-native SaaS solution for retailers. With shopping preferences evolving in many ways, retailers must transform their operations to meet the needs of both consumers and stores. With this in mind, Flooid offers a common platform allowing retailers to unify their diverse sales channels and provide consumers with frictionless shopping journeys.

*Unified Commerce Platform (UCP): Integrates multiple sales channels into a single platform, providing consumers with a smooth purchasing experience both in-store and online.

Strengths of our UCP

The strengths of our UCP lie in its flexibility, open architecture and ability to create a single source of data truth for retailers to optimize omnichannel selling. As a modern services-based platform, it can be integrated with other applications and systems and can be easily configured to meet the diverse functional needs of retailers. Moreover, the platform offers retailers a variety of checkout solutions providing the needed foundation for shopping flexibility and the means to support traditional as well as digital payments. Beyond payment, the platform also extends to incorporate interactive and personalized shopping journeys supporting coupons, promotions, and loyalty programs.

Alignment and synergy with our vision

Flooid shares Glory's commitment to helping customers transform their businesses and maximize their earnings. As a company fueled by constant innovation, Flooid has vibrant and energetic ideas. Glory and Flooid together form a team with unrivaled industry and technical expertise, bringing a wealth of experience to inform, advise and support our clients in building best of breed ecosystems. Together, we deliver a robust value proposition enabling retailers to respond, evolve and adapt to changes in technology and requirements at "the speed of retail." Glory and Flooid empower our clients to lower their cost to serve, differentiate from the competition and delight both associates and shoppers, ultimately driving value and profitability to their business.

The Glory Group aims to drive customers' digital transformation with best-in-class products and software platforms combined. With Flooid joining the Group, we have added a software platform for the retail market to our solution offerings, providing a foundation for expanding our business. We also anticipate that Flooid's recurring business model will help us broaden our revenue stream.

■ **Flooid's solutions**

https://www.youtube.com/watch?v=fd8BPnNbhvo

GLORY & FLOOID: POWERING GROWTH TOGETHER

Strategic Fit
- Retail store automation
- Complementary solutions beyond cash
- Significant percentage of recurring revenue
- Clear go-to-market strategy

+

Strong Financials
- Positive EBITDA and free cash flow
- Solid and growing portfolio of customers
- High Net Promoter Score

+

High Growth Opportunities
- Significant new, high growth market
- Strategically important to customers
- Medium-term geographic expansion potential

Goals

Expand our software business and increase recurring sales

Co-create packaged solutions by combining the technologies of Flooid, Acrelec, and Glory

Overseas Business

Financial market

Aspiration

Core Business	• Increase profits
New Business Domain	• Accelerate the monetization of target businesses and develop new businesses

Business environment

Social issues and needs	Continued emphasis on rigorous cash management and trend toward self-service solutions to address labor shortages	Risks	Sharp decline in the number of financial institution branches; shift in demand toward lower-priced products; competitors strengthening their service offerings
Strengths and competitive advantages	Best-in-class products; global sales and maintenance network	Issues	Dependent on cash handling machine sales; reinforcing software development capabilities

In Europe and the Americas, our main markets, the number of financial institution branches is gradually declining, but the need for self-service solutions is high. Looking ahead, new banknotes will be introduced in various countries, including a new US$10 banknote in 2026. Our market share for banknote recyclers for tellers, a mainstay product, is approximately 60%.

Note: As of March 31, 2024; Source: Glory's research

Initiatives to achieve our aspirations

Core Business	• Encourage customers to replace legacy machines with new models and win large-scale orders • Maintain earnings by expanding sales of teller cash recyclers into emerging markets
New Business Domain	• Increase recurring revenue by strengthening sales of the UBIQULAR™ digital service • Monetize financial shared services that also help resolve social issues, such as facilitating access to financial services

Topics

Self-service teller operations to ensure time for customer service

One of Australia's largest customer-owned banks, Beyond Bank, has installed our TellerConcierge™ assisted self-service machine. This scalable in-branch solution enables customers to perform transactions that were previously handled by bank employees. It includes modules to allow for large deposits and withdrawals, check deposit and cashing, and currency exchange. This allows bank employees to focus on more value-added communication with customers.

Prioritized Region Americas

Goal

• Introduce more products and services in the retail and F&B markets

Business environment

Social issues and needs	Ongoing trend toward self-service solutions to address labor shortages, coupled with emergence of diverse payment methods and store formats	Risks	Rapid shift to cashless economy; demand shift to lower-priced products; need to strengthen the service lineup to address competition
Strengths and competitive advantages	Best-in-class product quality and comprehensive lineup of solutions that integrate kiosks and self-checkout systems	Issues	Strengthen software development capabilities and expedite the integration of the ERP system

Financial market » Leader in the U.S. teller cash recycler market

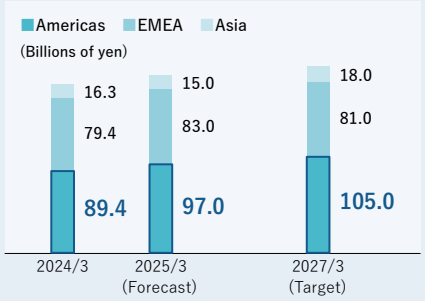
Retail and F&B markets » Many of our key target customers (top retailers and global fast-food chains) are headquartered in the United States

Review of fiscal 2023

Despite supply chain issues and other problems, we posted significant year-on-year increases in revenue and profit in fiscal 2023. In the Americas, we continued to see strong demand across all markets for automation and self-service solutions due to low unemployment and increasing staff costs. In the financial market, we captured major renewal demand for our new GLR series of teller cash recyclers, and in the retail market we encouraged customers to transition to our new CI-X series of cash management solutions and won large business contracts as a result. We have received highly positive feedback from our customers regarding these new solutions.

President of Americas,
Glory Global Solutions Group
Joseph Gnorski

■ Sales Trend



Strategies for further growth

We aim to grow both revenue and profit. We will also focus on proposals for the F&B market in collaboration with Acrelec and Flooid. Among other initiatives, we aim to expand our profit base by offering SaaS solutions that multiply the impact of our hardware installations. Specifically, we will use Flooid's UCP to drive efficiencies in store systems and processes.

Domestic Business

Review of Fiscal 2023 and the 2023 Medium-Term Management Plan

Based on the concept of "Core and new businesses powering growth together" under the 2023 Medium-Term Management Plan, we have leveraged our customer base to create added value and expand our business domains.

In fiscal 2023, we posted significant year-on-year increases in product sales and maintenance sales in the financial market and retail and transportation market supported by the machine replacements and system modifications throughout the year to address the issuance of new banknotes on July 3, 2024. In the amusement market, we benefited from solid demand related to the new banknote issuance and posted strong sales of card systems for smart amusement machines. As a result, we achieved the sales targets set for all markets in Japan under the 2023 Medium-Term Management Plan, posting record-high figures.

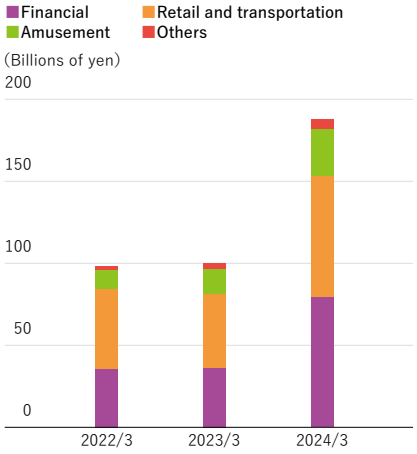
In the new business domain, we have been working on business alliances and pilot projects aimed at expanding our BUYZO Media retail media business and TOFREE next-generation F&B business solution.

Since the new banknote issuance, our products related to the issuance have been operating smoothly in the market without significant issues. In fiscal 2024, we will work to replace our products and modify systems, particularly those that are not yet supported by some retail outlets, and we expect to complete this work in the first half of the year.

Executive Officer
Head of
Domestic Business

Yoshihiro Takada

■ Sales Trend



■ Evaluation and Analysis of the 2023 Medium-Term Management Plan

	Market	Key initiatives	Evaluation	Review
Core business domain	Common	Respond to the issuance of new banknotes • Fulfill the corporate mission of supporting social infrastructure • Seize replacement demand from the issuance of new banknotes	◎	Despite the impact on production caused by the difficulty in procuring semiconductors and other parts, which limited our preparation time, we reviewed our strategy and implemented our response as planned
Core business domain	Financial	• Strengthen proposals for self-service solutions for next-generation stores • Create added value through IoT for products utilizing B-LINK	○	New product development was delayed due to production impact, but our concept proposals appealed to customers
Core business domain	Retail and Transportation	• Expand sales of self-service machines catering to the market needs for contact-free, self-service operations • Expand the product line and make inroads into untapped markets by introducing new business models	○	New product development was delayed due to production impact, but our concept proposals appealed to customers; launched subscription service for coin and banknote recyclers for cashiers
Core business domain	Amusement	• Strengthen sales of products that support amusement machines reducing gambling elements	◎	Expanded sales of compatible products in line with the market rollout of smart amusement machines
New business domain	DMP business	By combining IoT products and DMP, support promotion of DX at financial institutions, retailers, restaurants, etc.	△	Deepened collaboration with business partners and launched the DMP business, retail media business, and next-generation F&B solution business, but these did not contribute to earnings
New business domain	Electronic settlement business	Expand sales of the settlement fee business and automatic post-care medical payment processing	△	Failed to achieve growth; will consider future direction of the settlement fee business
New business domain	Biometric/image recognition business	Expand into new domains (e.g., healthcare, long-term care, railway, logistics) that utilize biometric/image recognition technology	○	Entered the healthcare field with the launch of a fall detection system
New business domain	Robot business	Leverage the customer base developed in the core business to provide packaged solutions	△	Faced monetization challenges; will select and concentrate on themes to focus on

◎ Significantly exceeded target ○ Achieved target △ Made good progress × Did not reach target

Domestic Business Achieving the Long-Term Vision 2028

2026 Medium-Term Management Plan: Domestic Business Vision

Business targets

FY2026 net sales **¥136 billion**

+¥15.5 billion vs. FY2019
(before new banknote issuance and COVID-19)

Basic policy

Maximize profit in the core business
(reinforce ROIC-based management)

Expand sales in the retail and F&B markets

Fully leverage the customer base to expand the DX business

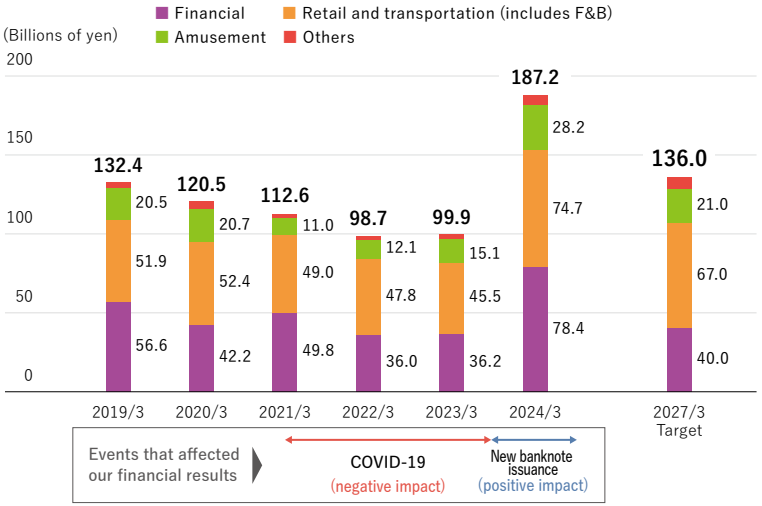
Point 1 **Create new solutions**
centered on "self-service"

Point 2 **Expand sales**
to strategic target groups

Point 3 **Offer packaged solutions**
including platforms

Point 4 Introduce overseas F&B solutions
to Japan

■ Sales by Business Segment



1. Business Environment

In Japan, declining birth rates and an aging workforce are causing labor costs to skyrocket and labor shortages to become problematic. This presents a significant business opportunity for the Group, which provides self-service solutions that help reduce labor and improve operational efficiency.

Our core business in the financial market and the retail and transportation market has remained strong thanks to our broad lineup of products and services that meet the needs of the times, as well as our ability to make compelling proposals. Accordingly, we have maintained the top market share in Japan for our key products. Meanwhile, financial institutions have been reducing the number of branches to improve operational efficiency. With the anticipated end of the Bank of Japan's negative interest rate policy, however, we expect interest rates to rise, prompting financial institutions to increase their customer touchpoints.

In the amusement market, pachinko halls introduced smart slot machines in November 2022 and smart pachinko machines in April 2023. There are high expectations for these machines, which offer new playing styles. Over the next several years, we anticipate a shift from the current machines to the smart machines.

2. Basic Policy of the 2026 Medium-Term Management Plan

We have established a basic policy that reflects our recognition of the business environment and the issues that emerged during the period of the previous medium-term management plan. In our core business, we aim to achieve high profitability by introducing products and services that meet self-service needs and offering packaged solutions that include platforms. In the financial market, in particular, we will leverage our products in operation at our customers to develop and establish solutions that generate new revenue streams. In the new business domain, we aim to quickly monetize DMP and other DX businesses, which were launched during the previous medium-term management plan period and establish them as new sources of revenue.

3. Regain Earning Power and Achieve Business Growth

In the domestic business, we have set a sales target of ¥136 billion. While a temporary decline is unavoidable after fiscal 2023, when we posted a significant year-on-year sales increase due to demand associated with the issuance of new banknotes, we aim to achieve business growth that exceeds the levels seen in the pre-COVID years of fiscal 2018 and 2019. During the period of the new plan, we will focus on profit-driven businesses, aiming for operating profit of ¥11 billion.

Among target markets, we will pursue business growth by expanding our market share through the release of new self-service machines, in addition to rolling out our TOFREE next-generation F&B business solution. In the financial and amusement markets, meanwhile, we will underpin sales and enhance earning power by maintaining and expanding our service business.

Domestic Business

Retail market

Aspiration

Core Business	•Achieve business growth by providing products and services that match the times
New Business Domain	•Accelerate the monetization of target businesses and develop new businesses

Business environment

Social issues and needs	Ongoing trend toward self-service solutions to address labor shortages; emergence of various payment methods and new store formats	Risks	Rapid development of less cash economy; shift in demand toward lower-priced products; further expansion of the e-commerce market
Strengths and competitive advantages	Best-in-class product lineup; provision of high stability through a nationwide network of follow-up systems; expertise and track record in labor-saving and labor-reduction proposals	Issues	Strengthening ability to propose solutions; expansion of sales formats such as recurring models

The need for self-service payment solutions is high. The willingness of supermarkets to invest in such systems is accelerating in the wake of the COVID-19 pandemic. We hold the top share of the domestic market for coin and banknote recyclers for cashiers and sales proceeds deposit machines.

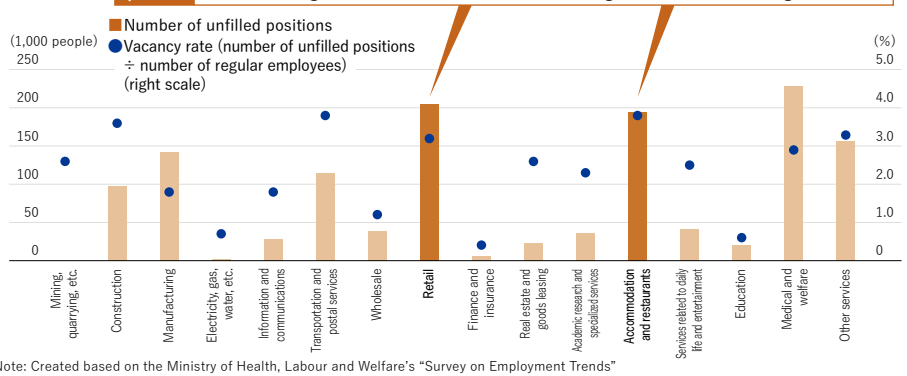
Note: As of March 31, 2024; Source: Glory's research

Initiatives to achieve our aspirations

Core Business	•Expand market share with the release of the industry's first compact, easy-to-use self-service machines •Expand into convenience stores, drugstores, etc.
New Business Domain	•Monetize such services as RURA, a remote operation support service, and Shoppers Cloud, a business support application for retailers •Create new solutions to promote the digital transformation of stores

Data Trends in the number of unfilled positions and vacancy rates by industry

Key points There is a shortage of 200,000 people in both the **retail and F&B** (including accommodation) industries, indicating a serious labor shortage.



Note: Created based on the Ministry of Health, Labour and Welfare's "Survey on Employment Trends"
Source: Mitsubishi UFJ Research and Consulting's Economic Report "The Current State of the Labor Shortage and Future Prospects"

F&B market

Aspiration

New Business Domain	•Accelerate the monetization of target businesses and develop new businesses

Business environment

Social issues and needs	Ongoing trend toward self-service solutions to address labor shortages; emergence of diverse shopping experiences and store styles; change in industrial structure from automation to informatization	Risks	Emergence of new services using smartphones; rapid development of a less-cash economy
Strengths and competitive advantages	Provision of high stability through a nationwide network of follow-up systems; diverse product lineup; provision of OMO using hardware	Issues	Strengthening of alliances with partner companies; accumulation of know-how in digital technology and SaaS model businesses

Since January 2023, following the COVID-19 pandemic, sales in the F&B industry have recovered by more than 10%. The decline in Japan's population is an unavoidable issue for the F&B industry, and we expect to see increased investment in digital transformation to expand sales and save on labor.

Initiatives to achieve our aspirations

New Business Domain	•Expand into major restaurant chains •Expand the next-generation restaurant business solution "TOFREE" •Strengthen collaboration with Showcase Gig •Expand sales of Acrelec's self-service kiosks and drive-through systems

By expanding the market for the FGK Series of new self-service kiosks and strengthening our ties with Showcase Gig, we will promote the use of technology through the TOFREE solution, which consists of a diverse product lineup. We will maintain and strengthen our Group's competitiveness by responding to the needs of restaurants, such as reducing labor, making the transition to cashless payments, and increasing sales. By expanding sales of TOFREE, which provides improved customer experiences through hardware and digital technology, we will create a new business pillar in Japan with the aim of achieving sales of more than ¥7 billion in the domestic F&B market.

With the yen continuing to weaken and Japan's population in decline, major restaurants are now targeting overseas customers. Through collaboration with Acrelec, we aim to provide solutions to customers experiencing such issues, and to deploy TOFREE, a restaurant solution born in Japan, around the world.

Senior General Manager, DX Business Promotion Division
Domestic Business Sales Headquarters **Hiroshi Uemura**

Topics TOFREE, a next-generation restaurant business solution

Our extensive lineup of solutions including mobile/table order systems and drive-through systems has enabled us to reach out to industries that we had not been able to reach before (such as cafés and burger chains).

Ginza Kagari, a popular ramen restaurant run by Adesso Co., Ltd., has introduced the FGK-110 self-service kiosk with the aim of making the transition to cashless payments, which has been well received for its smartphone-like ease of use. We will continue to propose TOFREE, which allows users to design their dining experience as they wish, and provide total support for the digital transformation of restaurants.

Domestic Business

Financial market

Aspiration

Core Business	•Increase profits
New Business Domain	•Accelerate the monetization of target businesses and develop new businesses

Business environment

Social issues and needs	Trend toward low-cost operations and smaller store staff numbers; diversification of regional bank businesses	Risks	Decrease in cash in circulation; rise of digital currencies; decrease in full-bank branches
Strengths and competitive advantages	Thorough knowledge of store operations; provision of high stability through a nationwide network of follow-up systems; enhanced monitoring service system	Issues	Construction of a package proposal style that matches the store format; expansion of the maintenance service lineup

While the number of branches is generally on a downward trend, it is expected that, with Japan's lifting of its negative interest rate policy, there will be a move to increase customer contact points, centered on mega banks. The trend toward streamlining branches and reducing staff numbers will continue. We have the top share of the domestic market for our core products.

Note: As of March 31, 2024; Source: Glory's research

Initiatives to achieve our aspirations

Core Business	•Engage in large-scale business negotiations •Expand the lineup of solutions that increase added value, starting with products that are already in the market, such as monitoring services •Acquire steady orders for machine replacement that were modified when new banknotes were issued
New Business Domain	•Monetize solutions released during the previous Medium-Term Management Plan •Strengthen proposals for next-generation stores that enable stores to be run by fewer staff •Establish new solutions such as store monitoring services

Topics — Expansion of solutions utilizing previously installed equipment

The number of units connected to our monitoring services*1, which provide preventive maintenance and support for early recovery, is increasing year on year, with the current connection rate standing at 80%. By expanding the options available through these services, we aim to increase our recurring revenue through products in the market.

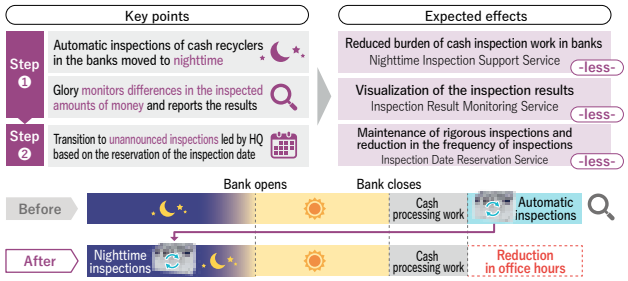
■ **Example of expanded options:**

Remote inspection solution

Under this service, automatic inspections are carried out at night, reducing the workload of bank staff and creating time for sales activities. In addition to open teller systems, this solution can be connected to auto-cashiers*2 and banknote changers.

*1 A solution service that networks open teller systems and monitoring centers to grasp and monitor the operational status of equipment.

*2 Coin and banknote recycler for tellers



Amusement market

Aspiration

Core Business	•Improvement of profitability and creation of new revenue streams

Business environment

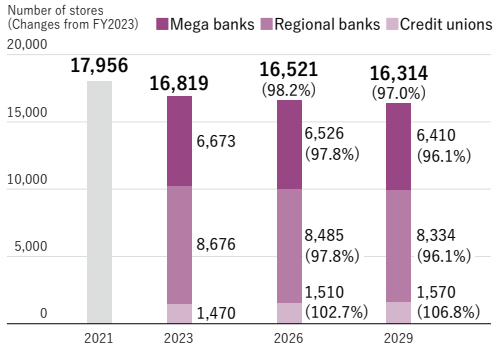
Social issues and needs	Spread of amusement machines; response to labor shortages	Risks	Decrease in the number of players; shrinking market size
Strengths and competitive advantages	Lineup of labor-saving and labor-reducing products; provision of services that contribute to increased customer attraction	Issues	Strengthening our ability to propose solutions

The number of pachinko parlors is decreasing, but the number of machines installed per store is on the rise, and the size of halls is increasing. The spread of smart amusement machines, which were introduced in November 2022, is expected to revitalize the market in the future.

Initiatives to achieve our aspirations

Core Business	•Provide support for smart amusement machines •Strengthen initiatives for digital transformation (provide PachiPICKS, PAPIMO-ring, and new amusement machine analysis; utilize BUYZO; integrate visitor detection systems and membership management systems) •Establish self-service solutions (expand sales of tablet POS software, compact pachinko prize dispensing machines, and new cash recyclers)

Data — Number of Japanese financial institution branches: Our forecast



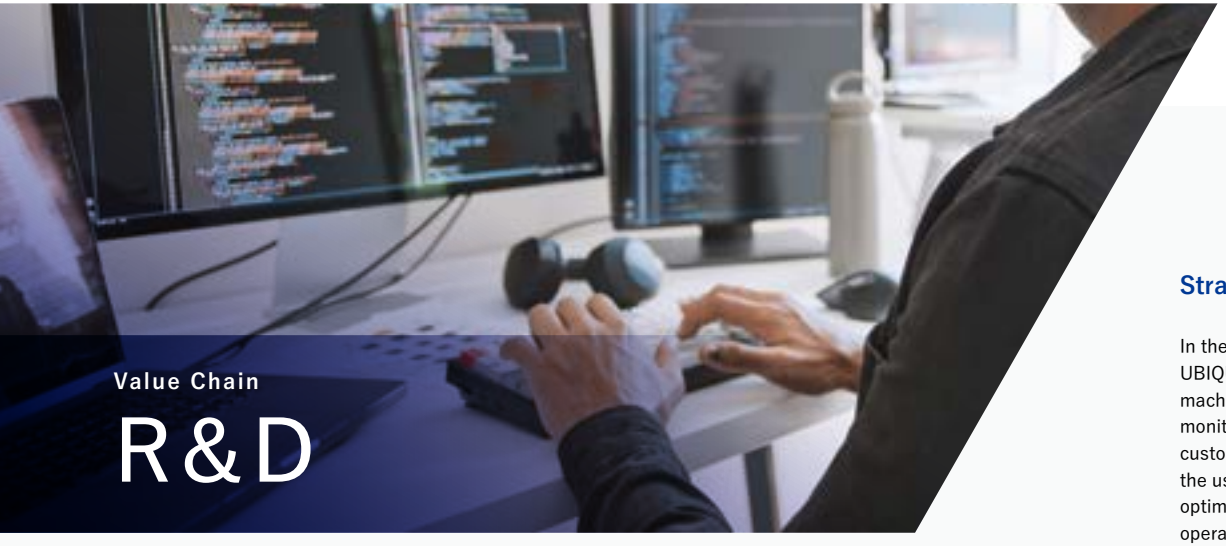
Glory's research. Basis for forecast: ❶ Mega banks: Latest trends at each mega bank ❷ Regional banks: Latest trends at 14 major regional banks ❸ Credit unions: Forecast of decline at the same rate as the latest trends at regional banks

Key points

❶ **Mega banks**
The decline in the number of branches has stopped, and we predict that the focus will now be on opening new small-scale branches. In the future, we expect to see the opening of small-scale branches that specialize in serving individual customers.

❷ **Regional banks**
•We expect to see a continuing trend of branch closures in the future.
•We predict that the number of branches will remain largely unchanged up to 2029.

❸ **Credit unions**
We forecast that the number of branches will follow the same trend as regional banks.



Value Chain

R&D

Related sources of value

Human capital | Intellectual capital | Social/ relationship capital | Financial capital

Roles in the value chain

The Glory Group employs around 1,400 engineers who work at its global R&D bases, with 21 sites in 12 countries. To provide unique, unassailable value to customers around the world, in addition to deepening our core technologies (recognition/identification and mechatronics), we are working to build a foundation for new core technologies to expand our business into new business domains.

Competitive edge

- Consistent development capability encompassing everything from “goods/services” to “experiences,” and from hardware development to service and solution development
- In addition to core technologies (recognition/identification and mechatronics) and algorithm development, creation of diverse solutions combining data analytics, biometrics, and sensing technologies
- Establishment of a global software development framework with more than 500 IT engineers in 17 locations
- Creation of technological synergies through aggressive open innovation (M&A, business alliances, industry-academia collaboration, industry-industry collaboration)

Issues	Promote development of new solutions to expand into new business domains	Strategies	Pool global software technology capabilities and create new value through data flow collaboration to achieve business expansion
Issues	Shift personnel to new business domains by improving the efficiency of development	Strategies	Accelerate the shift of personnel to new business domains by streamlining core business development through the establishment of a global platform and a common development platform

Strategies and measures for creating new value

In the overseas market, we have developed and provide UBIQULAR™, a service that monitors cash handling machines in a cloud environment. We continuously monitor the status of products operating in our customers’ stores and offices to provide value through the use of data in all situations. In doing so, we optimize a variety of things, including equipment usage, operating process, and cash management. We are working to expand our recurring business by developing solutions, as well as building new software platforms.

In the domestic market, we are focusing on developing new products and services to promote the digital transformation of our customers’ stores in the financial, retail, F&B, and amusement markets.

For example, in the financial market, we are pursuing the development of self-service products and remote customer service solutions that enable the operation of stores by a small number of people. In the F&B market, we are working on the development of solutions that increase value for restaurants and their customers. For instance, we have developed TOFREE, an order management solution including customer service, payment, ordering (self-service and mobile), food delivery, and order analysis by AI.

Services provided through UBIQULAR™

- Br — Notification of error information, downloading logs, and updating of firmware and templates for cash handling machines
- Br+ — Realization of the delivery of Windows security patches
- In — Provision of reports, such as cash inventory information, transaction information, and errors
- Ma — Contracting for in-store cash management partnering with CIT based on acquired inventory information

Store DX realized by TOFREE

Future outlook

In addition, in the domestic retail market, we are working to measure the behavior of customers and employees in retail stores using AI as an integrated retail platform, and in the amusement market, we are developing self-service products and amusement applications that use AI data analysis. In the overseas F&B market, we are working with Acrelec to deploy self-service kiosks that combine cash handling machines to enable unattended ordering and payment and improve the efficiency of store operations.

We will continue to strengthen our global partnerships and develop solutions that increase value for our customers by combining the strengths of our core technologies with new technologies.

Value Chain

Quality assurance

Related sources of value

Human capital | Intellectual capital | Manufacturing capital

Roles in the value chain

"Quality means customer satisfaction." Based on this idea, the Quality Assurance headquarters get involved from the planning and development stages and check for hidden problems in the specifications or structure of new products based on past cases of defects. After products are released onto the market, we monitor them to ensure that they meet our quality standards and are operating stably. In the event of a defect, we promptly investigate the cause in cooperation with the development and maintenance headquarters, and take measures to prevent a recurrence.

Competitive edge

- Contributing to customer satisfaction and benefits with a total of 200 employees worldwide in the Quality Assurance headquarters
- Realization of quality assurance activities that ensure both quality and rapid assessments
- Improvement of both safety and user-friendliness through fail-safe design and usability testing

Issues

Quality assurance of the solutions business (products and services)

Strategies

We will establish a new quality assurance framework and reinforce and implement operational management as a means to ensure the stable operation of our solutions business, a new business domain.

Strategies and measures for creating new value

In the overseas market, we are working to enhance quality assurance activities not only for cash handling machines but also for non-cash products and services, a new business domain, including the UBIQULAR™ global digital service.

Furthermore, in addition to participating in the quality assurance activities of companies acquired during the 2023 Medium-Term Management Plan period, we will provide high-value-added products and services to our customers around the world by conducting activities that cross corporate boundaries.

In the domestic market, we are exploring new evaluation technologies that will ensure customer satisfaction with our products. By upgrading our evaluation technologies, we are striving to achieve a higher level of accuracy in verification and to prevent defects in the market. Furthermore, we are working to build a system for managing the quality of the entire solutions business, as well as to improve the skills of our members.

In addition, we aim to improve our level of quality assurance by sharing technical know-how and examples of successes and failures obtained through quality assurance in both overseas and domestic markets.

Evaluation of products for overseas markets

Checking the details of the machine to confirm its operability and safety

Future outlook

In addition to further deepening our approaches to quality assurance, we will utilize robots, DX, and AI to ensure efficient quality assurance. This will allow us to shift the allocation of our human resources to quality control operations based on new indicators, such as the prediction of product failures or user-friendliness, and continue to provide even higher-quality solutions.

Value Chain

Production and procurement

Related sources of value

Human capital | Intellectual capital | Manufacturing capital | Natural capital

Roles in the value chain

To ensure delivery of products that satisfy our customers, we have built an optimal production system with more than 4,000 employees working at 13 production bases in six countries, centered on the head office factory and the Saitama Factory. We are making continuing improvements, keeping in mind the fundamental principle of manufacturing: “producing high-quality products in a timely fashion at low cost.”

Competitive edge

In collaboration with our development and quality assurance headquarters, we aim to ensure initial quality in fabrication and reduce rework by reviewing processes from prototyping to mass production in manufacturing at the development stage.

In addition, by optimizing production within the Glory Group, we will establish the ultimate in manufacturing through “in-house production productivity,” “realization of high quality,” “streamlined logistics,” and “consolidation of mass production and assembly.”

Issues	Adjust production fluctuations associated with large-scale orders	Strategies	Establish a flow of reviewing the most appropriate production system for each market and product according to market needs, and reflecting variable sales plans into production plans in cooperation with sales headquarters
Issues	Aim for more efficient productivity	Strategies	Use IoT to improve productivity (promotion of smart factories), thereby reducing the workload of on-site supervisors and improving management skills through centralized control of all production sites

Strategies and measures for creating new value

We will change the structure of our production headquarters from a site-based organization to a function-based organization and will formulate strategies based on the three pillars of mother factory functions, mass-production functions, and supply chain functions. In the future, we will establish a lean production framework that minimizes waste by centralizing management through a core system. To do so, we will standardize business processes so as to promote the optimization of the entire manufacturing process, including subsidiaries.

In the domestic market, we managed to overcome the increased production required for the new Japanese banknote issuance by increasing suppliers and hiring temporary workers.

We aim to rebuild our production system, including our subsidiaries and suppliers, by reconsidering not only labor hours but also profitability in order to improve productivity during normal production.

As the overseas market is changing rapidly, we need to be more flexible than ever before in terms of production volume and specification changes.

The Production Headquarters will play a central role in strengthening cooperation with each overseas production base, not only in terms of technology but also in areas such as production planning, quality control, and inventory turnover, as a mother factory.

Furthermore, as a production innovation, we are promoting DX in factories and working to realize smart factories.

By linking production data accumulated at all production sites through IoT, we will enhance management of production volume, quality, and resources through efficient production by monitoring parts manufacturing and assembly lines and facilities, as well as achieve quick data-driven decision-making in performance management.

Parts manufacturing

Input work progress on a tablet at an assembly line

Centralized management to link entered data

Future outlook

We will work to reduce procurement risks, including a semiconductor shortage, to ensure the continuous supply of products. In addition to maintaining appropriate inventories through market trend analysis, we will review our supply chain from a BCP perspective.

To accomplish all of the above, all employees will work together to usher in a new era of production.

Value Chain

Maintenance

Related sources of value

Human capital

Social/ relationship capital

Roles in the value chain

To provide stable operation to customers at all times, we are committed to preventing failures through periodic inspections and to promptly restoring operations through on-site repairs. In Japan, we have around 1,000 technical staff at more than 100 service locations; overseas, we have around 3,000 technical staff at local subsidiaries in more than 30 countries, as well as a maintenance network of distributors in more than 100 countries. This means that we can provide reliable services to a wide range of customers in the financial, retail, F&B, and amusement markets.

Competitive edge

In addition to a direct maintenance system with around 4,000 technical staff covering both domestic and overseas locations, we provide high-level maintenance services utilizing our global core system, with extensive in-house backup systems that include technical staff training, call centers, repair centers, and parts supply.

Issues	Respond to the expansion of the retail market	Strategies	Construct a system to extend maintenance response time, and expand monitoring services
Issues	Respond to the needs of global customers	Strategies	Standardize service levels

Strategies and measures for creating new value

To enhance customer satisfaction through prompt and accurate maintenance services, our service headquarters provide services in Japan and overseas that constantly monitor products operating in the market by connecting them to a monitoring system.

In the overseas market, we will utilize our UBIQULAR™ global digital service to increase product uptime through predictive maintenance (maintenance that predicts and addresses product malfunctions in advance), thereby helping customers improve their productivity. In the future, we will continue to expand the number of connected units and provide high-value-added services, such as remote downloading, software management and update services, dashboard services, and in-store cash management services.

In the domestic market, we also provide a “monitoring service” to financial institution and medical institution clients, enabling them to achieve even more stable operations and improved administrative efficiency.

In financial markets, we are rolling out scan-less solutions that reduce the burden of scanning work by shifting automatic scanning of currency processing machines to nighttime, monitoring the scanning and reporting the results.

Monitoring Center in Tokyo

Providing high-level maintenance services through direct maintenance

Future outlook

We will support the financial, retail, F&B, and amusement markets through ongoing efforts to improve product stability based on predictive maintenance, improve the performance of service staff, forecast demand for components using data, enhance maintenance efficiency by strengthening support through the use of technical information data, and improve customer satisfaction through service staff training and the expansion of tools.

Human Resources Strategy

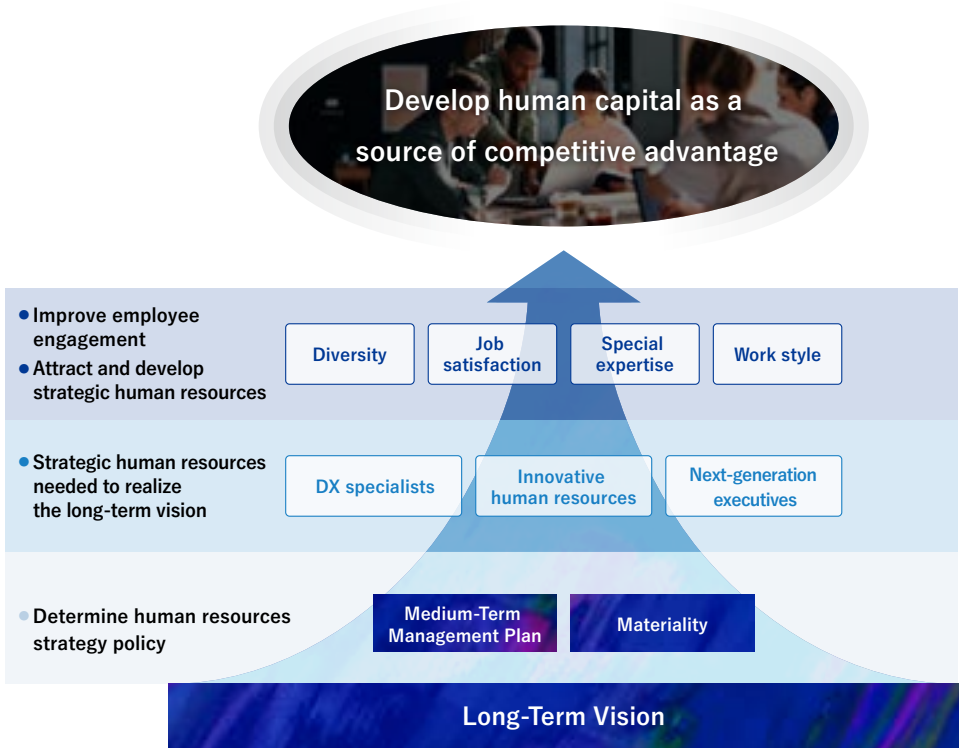
A company cannot grow without the growth of its employees. Accordingly, we will work to enhance our human capital, which is the source of our competitiveness.

General Manager,
Human Resources Division,
General Affairs Headquarters
Yoshihiro Yatsutani

Approach to human capital

A company cannot grow without the growth of its people. While human capital management has attracted significant attention in recent years, it has been a core priority for us since our founding. Our Long-Term Vision 2028 states that we want our organization and employees to be open-minded, act with speed beyond expectation, represent a global company, and embrace a challenging spirit.

With the changing times, however, values expected of companies and work styles are also diversifying. Under these circumstances, we believe that enhancing engagement is crucial for motivating employees and enabling their personal growth. To implement the necessary reforms, we established a cross-functional working group in fiscal 2023. Under the 2026 Medium-Term Management Plan, we will implement measures that incorporate feedback from this working group and address issues identified in our employee engagement survey. We will promote various measures including human resource exchanges across divisions and career support initiatives that encourage personal development through work, thereby fostering a corporate culture where employee growth is directly linked to the Company's growth.



Aim of human resources strategy

In the 2026 Medium-Term Management Plan, our basic policies are to develop new revenue streams and increase the profitability of our core business. To develop businesses that will become new revenue streams, a shift in thinking from "products" to "solutions" is essential. Enhancing the profitability of our core business is also crucial in this changing external environment. Therefore, the personnel who will drive our business in the future must possess new knowledge, heightened sensitivity, and diverse values. In addition to our established strength in mechatronics technology, for example, software technology will be crucial as we work to expand our DX business. With this in mind, we will increase our focus on attracting and training DX specialists.

To enhance human capital, which is the source of our competitiveness, it is important to improve individual and corporate growth, as well as job satisfaction. Therefore, we are working to develop systems and environments to achieve these goals. One example is a new personnel system we launched in fiscal 2024. For management layers, we will clearly define the difficulty level of each position's role and appropriately reward them by aligning their compensation with their responsibilities. We will also emphasize Group-wide talent management aimed at developing human resources to drive our future management and business operations.

Human Resources Strategy

Attract and develop strategic human resources

DX specialists

Among the business foundation strategies outlined in the 2026 Medium-Term Management Plan, we will work on DX strategies. We place particular emphasis on developing human resources internally and strive to enhance the capabilities of not only our engineers but also our entire workforce. In our product development and sales divisions, we will leverage digital technologies to create innovative new products and services. On a company-wide level, we will focus on developing human resources capable of driving innovation in business processes. Specifically, we will foster "Future 'Offensive DX' leaders" to address problems in the workplace and "'Defensive DX' leaders" to drive transformation of our business operations.

Innovation human resources

Another key challenge is to attract and foster innovation-oriented human resources who will be responsible for developing new businesses. In addition to attracting people with diverse values, including career hires from other industries, we are working to enhance our internal environment to support employees' development. For example, we offer "Mana VIVA," a new personal development program that addresses employees' desire for self-learning. This program uses e-learning to enable employees to access diverse content anytime and anywhere.

In addition, our Business Innovation Headquarters, responsible for new business development, took the lead in implementing our "DUNK" business contest in fiscal 2023. This initiative solicits new business ideas from employees and works to commercialize them. Its aim is to not only develop and discover innovative human resources but also increase employee engagement through the process and outcomes of these activities. In fiscal 2024, we will hold the contest again with a greater number of departments eligible to apply.

Next-generation executives

To develop the next generation of executives, we have implemented various initiatives, including talent management and selective training programs. The GLORY Business College offers one such program over a seven-month period. In addition to helping employees acquire the knowledge and skills required for executive positions, the program functions as a forum for expanding internal and external personal networks through external seminars and cross-industry exchanges. In the future, we will expand these efforts and strengthen the training of mid-career employees in their early 30s as candidates for key positions. As part of our talent management efforts, moreover, we are introducing an advanced human resource information system that allows us to visualize the knowledge and skills of our employees. We will use data obtained from this system to enhance our employee training.

Promoting diversity

In promoting diversity, our goal is to create a workplace where diverse human resources can excel. We are continuing to promote women's empowerment, which is one of our key priorities, but there is still much work to be done. Under the 2026 Medium-Term Management Plan, we have established KPIs for the ratio of female employees and ratio of female managers. To achieve these KPIs, we will continue providing training to reform work styles, support work-life balance, and change the mindset of management.

To foster diverse values within the Company, it is also essential to attract and develop global human resources. Accordingly, we are enhancing our initiatives for developing such people by offering short-term overseas study opportunities and language training programs to help employees learn new languages. In fiscal 2024, we are resuming our Overseas Trainee Program, which allows young employees to gain experience working at overseas Group companies. We will continue implementing this program to develop future executive personnel.

Overseas Trainee Program participants

Financial Market Div.,
Core Solutions Office,
International Business Company

Misaki Tsubouchi

Destination: Glory Global Solutions Ltd. (U.K.)

I am learning and embracing the positive qualities of each country every day. This includes not only work and language but also attitudes toward work, ways to enjoy private life, and many other aspects where values differ from those in Japan.

After returning to Japan, I plan to leverage my firsthand experience to prioritize our customers in the planning and sales of our products and businesses. My goal is to contribute to the continued growth of the Glory Group.

Core Business Development Div.,
Development & Quality Assurance Office,
International Business Company

Takuya Omine

Destination: Glory Global Solutions (Germany) GmbH

As someone with limited exposure to the market and local staff, this is a valuable opportunity for me to gain a global perspective through extensive cross-cultural exchange opportunities.

After returning to Japan, I aim to directly observe overseas markets and incorporate insights gained from working with local staff into my future design work. In addition, I plan to serve as an "evangelist" for the trainees program, promoting their activities and supporting upcoming trainees.

Employees and the Company growing together

Glory celebrates 106 years in business in 2024. We attribute our longevity to our commitment to the "striving spirit and power of everyone" stated in our Corporate Philosophy. In addition, our employees have consistently worked together to provide solutions that exceed the expectations of society and our customers.

In recent years, the environment surrounding our human resources has changed, marked by labor shortages and the mobility of the workforce. Moreover, the values of our employees have become increasingly diverse. We will further evolve our unique corporate culture, cultivated since our founding, while actively introducing new systems, tools, and other processes to create an environment where employees can grow sustainably alongside the Company.

Special Topic

DX Strategies

Achieving the Glory Digital Vision

Glory Digital Vision

In the 2026 Medium-Term Management Plan, we have identified Digital Transformation (DX) strategies as the first of our business foundation strategies. Specifically, we aim to drive customers' DX through the combination of best-in-class products and software platforms. To achieve this, we formulated the Glory Digital Vision, which outlines matters to be addressed from both offensive and defensive perspectives in relation to the use of digital technology. Our offensive initiatives are aimed at leveraging digital technology to create innovative products and services, while our defensive initiatives focus on enhancing the employee experience through business process innovation.

Group Manager,
Human Resources Division,
General Affairs Headquarters
Atsushi Nagase

Background

Before formulating the plan, we held discussions with relevant departments about promoting DX from offensive and defensive perspectives. Our main question in deciding our policies was, "What will happen after DX?" DX is simply a means to an end, not an end in itself. Glory has goals it wants to achieve in the medium to long term, and DX is an essential way to achieve them. When looking beyond DX, however, we found the picture to be blurred, making it challenging to clarify the relevance of DX in achieving our business strategy. Nevertheless, developing DX specialists was a matter of urgency, and we had a generally good sense of what needed to be done. Accordingly, we made the Management Strategy Headquarters responsible for defining our aspirations and the Human Resources Department responsible for devising measures to achieve them.

Now that the direction we should take has been clarified in the 2026 Medium-Term Management Plan, I believe our DX initiatives will gain momentum. To achieve our future vision, we must elevate our manufacturing capabilities into unique strengths enhanced by digital technologies. Moreover, speed is crucial for winning against market competition. To achieve this, we must enhance our workforce with individuals capable of swiftly adapting to environmental changes. Therefore, we need to establish a foundation of DX specialists. We in the Human Resources Department believe it is our duty to prepare and educate these people.

GLORY DIGITAL VISION

Build DX platforms

Cross-functional

Integrate and accumulate data

Tighten cybersecurity

Develop DX specialists and establish DX-leading divisions

Create innovative new products and services using digital technologies

Relevant bodies: Software Platform Business Division
DX Business Promotion Division

- Develop DX businesses
- Build platforms for DX
- Create added value with IoT solutions
- Transform sales promotion through DX
- Develop core DX technologies

Build new level of confidence

Offensive DX

Improve customer experience

<Aspiration>
Connecting multiple solutions through platforms

Retail market | Financial market | F&B market

Work process transformation

Relevant body: Information System Department

- Digitalize work processes using DX tools
- Facilitate data-driven management
- Renew systems for DX
- Facilitate work-style transformation
- Deploy DX tools

Enhance work efficiency

Improve productivity

Promote work-style transformation

Defensive DX

Improve employee experience

<Aspiration>
Leveraging digital tools in daily operations

DX strategy KPIs

8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Build new level of confidence

Net sales of new business domain	¥60 billion

Develop DX specialists

DX/IT leaders*1 (incl. potential leaders)	430+ people
DX/IT supporters*2	100+ people
Provide basic DX training for all Glory employees	

Improve productivity

Reduce fixed costs	¥1 billion

*1 People adept at driving work and business process transformation through DX
*2 People who will instill digital literacy in the workplace
KPIs are for the Glory Group unless noted otherwise

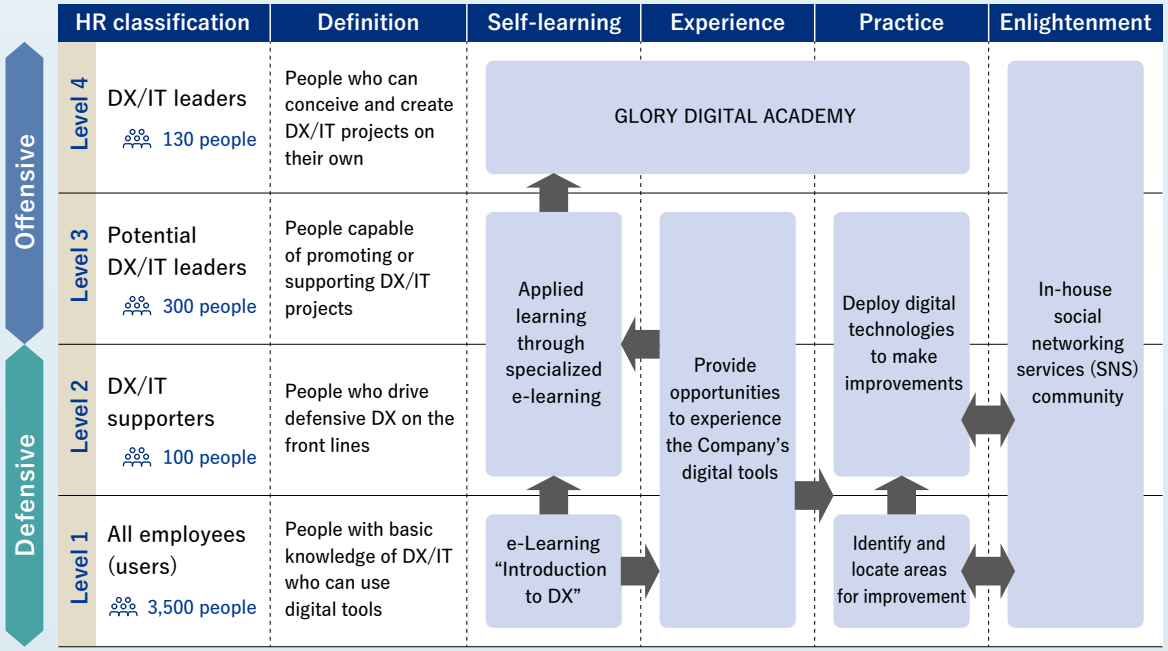
Vision, initiatives for achievement, and KPIs

Our initial objective is for all employees to attain fundamental knowledge of DX and IT, enabling them to communicate consistently when asked, “What is DX?” We also want to make DX personally relevant to everyone. In addition, we aim to elevate the proficiency of existing personnel in utilizing digital tools already available within the Company. If we can do that, we will uncover inefficiencies and other issues requiring improvement in our daily work, and this will turn into curiosity and awareness about how to address such issues. However, solving problems independently could prove challenging. For this reason, our DX/IT supporters, representing each relevant department, will play a central role to help increase the momentum for improvement activities, including solving problems and disseminating valuable information to boost productivity. Furthermore, we will provide specialized training to candidates tasked with driving offensive DX initiatives, with the aim of developing leaders capable of spearheading transformative change.

For both DX/IT leaders and DX/IT supporters, we have set KPIs for the end of fiscal 2026. These are based on DX promotion concepts in organizations advocated by the Digital Literacy Council*.

We are also in discussions with business department managers regarding offensive DX initiatives directly aligned with our business needs, in order to determine who should learn what to develop the talent we need. The important question here is to adopt a mindset that says, “Why do we want you to learn? Once I’ve learned it, I’d like to hand the job over to you.”

*Public–private partnership established by The Japan DataScientist Society, the Japan Deep Learning Association, and the Information-technology Promotion Agency, Japan, with the aim of developing digital literacy (“Di-Lite”) for businesspeople in the modern age and implementing it as a social standard.



Future priorities

To repeat, DX is simply a combination of D (digital) and X (transformation).

This is why I feel that transformation is so important and difficult to achieve. In my own work, for example, I often believe my approach is the most effective. However, I want people to open their minds and recognize that current ways are not necessarily the standard. I believe this is the starting point for transformation. Improvements in one’s own tasks should eventually extend to other internal operations and beyond, which will benefit our customers.

Therefore, the next step is to take measures that prompt people to think, “Let’s give it a try.” In fiscal 2024, for example, we will launch a campaign in collaboration with our Quality Control (QC) circle activities called “Let’s use DX to realize our job dreams!” This means learning and realizing what we can do with data and digital technologies, then putting our findings into practice. As a result, employees and their team members will achieve greater efficiency in their work. We hope to build on these small successes and inspire participants to think, “Maybe I can do this too!” We are also considering a system to recognize and reward DX/IT supporters with a verification badge on employee IDs. This recognition aims to inspire admiration from their peers, encouraging them to say, “DX/IT supporters are amazing! Let’s ask them about things we don’t understand.” We expect the mindset described in the previous section to have a similar effect.

Achieving the Glory Digital Vision

While our employees work hard every day, there are still many inefficiencies that prevent them from doing the things they want to do, which is wasteful. The time saved through DX fosters deeper reflection and new initiatives. This helps employees create value that surpasses customer expectations and generates profits for the Company. We want the outcomes of their hard work to directly benefit the employees themselves. In the Human Resources Department, our primary focus is on the employees. Our mission is to create a system enabling employees to work in a rewarding and energetic manner.

Capital and Financial Strategy

We will create a cycle of PBR improvement to accelerate business growth and strengthen shareholder returns.

Executive Officer
Executive General Manager, Finance Headquarters
Yukihiro Fujikawa

Q What is your general view of the Group's performance in fiscal 2023?

In fiscal 2023, ended March 31, 2024, the business environment was characterized by ongoing concerns about the impact of an unstable international situation and a weak yen. Nevertheless, demand for products and services remained strong in both the financial and retail markets overseas as the need for self-service solutions continued in response to soaring labor costs and shortages. In addition, the difficulty in procuring semiconductors and parts was resolved, leading to normalization of production and an increase in sales of major products. In the domestic market, both product sales and maintenance sales were strong as product renewal and modification work continued throughout the year in conjunction with the issuance of new banknotes. The revenue increase, as well as the alleviated impact of the sharp rise in the cost of materials, led to a significant jump in operating income. As a result, we achieved record-high results for both sales and income.

Q Please give a progress report on 2023 Medium-Term Management Plan.

Thanks to our strong performance in fiscal 2023, we significantly exceeded the consolidated performance targets set under 2023 Medium-Term Management Plan: Net sales of ¥300 billion and operating income (after amortization of goodwill) of ¥30 billion.

We also focused on generating positive operating cash flow for strategic investments and enhanced shareholder returns. Net cash provided by operating activities is on an upward trajectory, amounting to ¥41.8 billion in fiscal 2023 (net cash used in operating activities of ¥16.4 billion in fiscal 2022). Nevertheless, we aim to further improve asset efficiency by reducing inventories and shortening the time for collecting trade receivables.

In terms of capital efficiency, we have been working to achieve a more efficient balance of liabilities and assets with greater leverage than before. Here, our main focus is on reducing the weighted average cost of capital (WACC). Under the 2023 Medium-Term Management Plan, we set a target for ROE (after amortization of goodwill) of 9.5% or higher, which exceeds the assumed cost of shareholders' equity (around 6%). In fiscal 2023, we posted ROE of 14.1%, which exceeded this target.

■ 2023 Medium-Term Management Plan: Consolidated Performance Summary

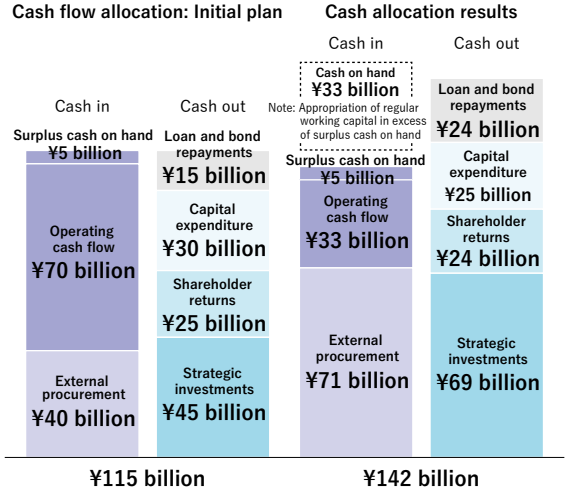
(Millions of yen)	FY2021	Ratio	FY2022	Ratio	FY2023	Ratio
Net sales	226,562	100.0%	255,857	100.0%	372,478	100.0%
Maintenance sales	83,894	37.0%	100,793	39.4%	140,633	37.8%
Operating income	10,195	4.5%	522	0.2%	51,276	13.8%
Ordinary income	10,404	4.6%	-2,720	–	48,438	13.0%
Net income attributable to owners of parent	6,410	2.8%	-9,538	–	29,674	8.0%
EBITDA*	27,505	12.1%	18,988	7.4%	72,217	19.4%
Exchange rates US$	¥112		¥135		¥145	
Exchange rates Euro	¥131		¥141		¥157	
ROE	3.2%		-4.8 %		14.1%	
Operating cash flow	¥10,315 million		–¥16,486 million		¥41,854 million	

*EBITDA = Operating income + Depreciation and amortization + Goodwill amortization

Q Please tell us about the fund allocations made during the period of the 2023 Medium-Term Management Plan.

During the period of the plan, we initially intended to allocate funds to debt repayment and bond redemption (¥15 billion), capital expenditure (¥30 billion), shareholder returns (¥25 billion), and strategic investments (¥45 billion), based on operating cash flow above ¥70 billion and fund procurement from external sources. However, our poor performance in fiscal 2022 led to a decline in operating cash flow.

Despite an increase in working capital requirements, we covered the shortfall with cash on hand and short-term borrowings, while also making strategic investments for future growth and delivering shareholder returns.



Capital and Financial Strategy

Financial strategies of the 2026 Medium-Term Management Plan

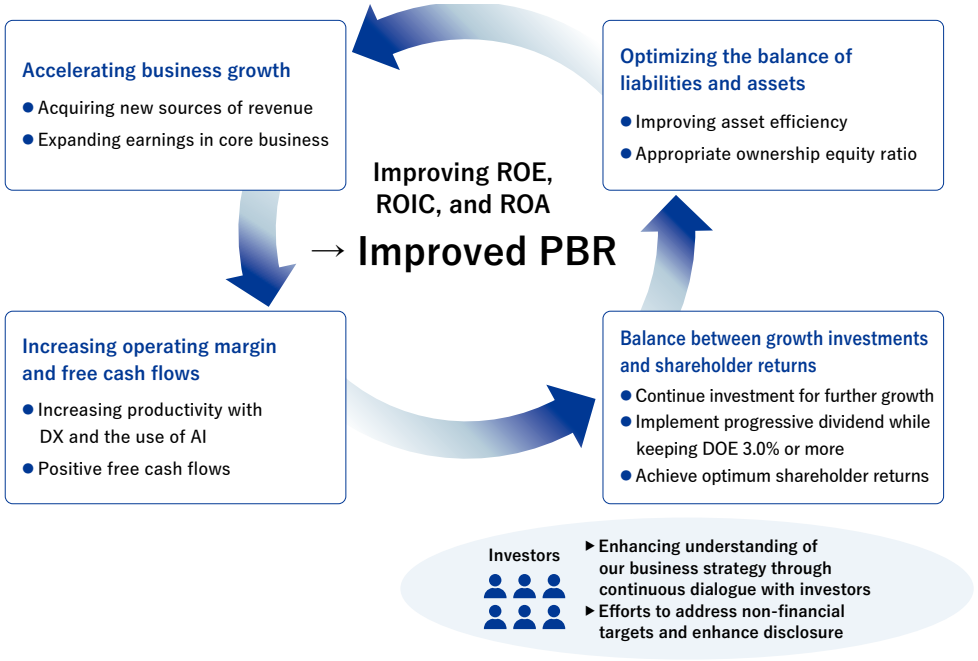
1 Initiatives to enhance corporate value

By managing and improving the three indicators of ROE, ROIC, and ROA, we strive to increase corporate value and achieve a PBR of 1.0 times or higher as soon as possible.

To improve the three indicators, we will work to optimize the balance of liabilities and assets, accelerate business growth, improve profit margins, and enhance our cash generation capability. In addition, we will aim to improve PBR by using cash generated to make strategic investments in priority areas and increasing growth investments, as well as by implementing flexible shareholder return measures, including progressive dividend payments and share buybacks.

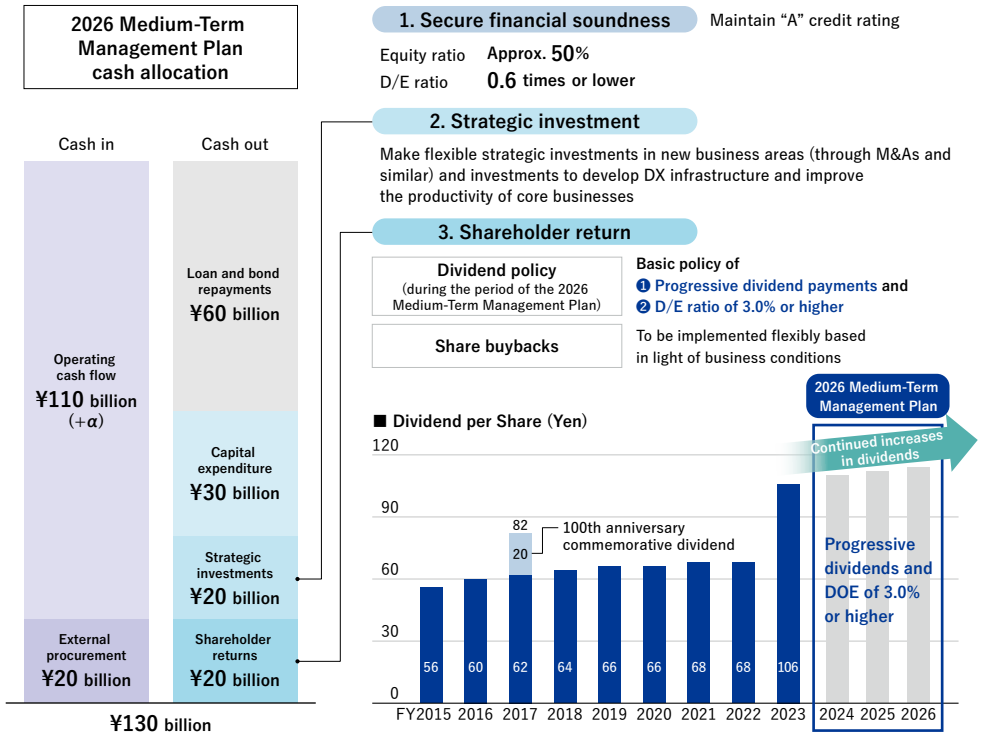
We will also focus on improving engagement with investors and stepping up initiatives and disclosures related to non-financial targets.

■ PBR Improvement Cycle



2 Capital financing strategy

Our financial strategy reflects our basic philosophy of first securing financial soundness and then making flexible investments for growth while providing robust shareholder returns. Under the 2026 Medium-Term Management Plan and based on maintaining an "A" credit rating, we set an equity ratio of 50% or more and a D/E ratio of 0.6 times or less as guidelines for financial soundness. Regarding investments for growth, we will make flexible strategic investments in new business areas and investments that foster the development of DX infrastructure and help improve the productivity of core businesses. Our dividend policy is to strengthen shareholder returns through stable and continuous dividend increases, ensuring progressive dividends (with fiscal 2023 as the benchmark for annual dividends) and maintaining a dividends-on-equity (DOE) ratio of 3% or higher.



Business portfolio management

1 Overview

Our basic policy is to improve profitability and capital efficiency by engaging in business portfolio management, which involves three approaches: the investment review process, the business evaluation process, and management resource allocation. In the investment review process, we make decisions based on investment decision criteria for new business areas, strategic investments (such as M&As and business/capital alliances), and development investments in core business, on the condition that financial soundness is maintained. In the business evaluation process, we emphasize business restructuring and a policy of selection and concentration. In addition to evaluating each segment, we identify businesses within each segment that require close attention and evaluate them from the perspectives of profitability, growth potential, and stage of business development. If a business is deemed to require improvement, we consider various options, including strategic restructuring and business withdrawal, from the perspectives of future potential, business strategy importance, and sustainability. Through these efforts, we will optimize our business portfolio and the allocation of management resources, thereby enhancing corporate value.

2 Strategic investment process: Investment decision criteria and basic policy

M&As, both in and outside of Japan, are pivotal as investments for growth. We define investment decision flows and investment standards while keeping medium- to long-term growth, including ventures at the start-up phase, within our sights. Based on these criteria, we hold investment investigation meetings and investment council meetings for each new project to make investment decisions. Key investment areas are those that lead to expansion from our core business domain, and in addition to settlement and settlement-related areas, this is a domain that covers data management platforms when these are integrated with IT. Investment investigation meetings work to categorize acquisition candidate companies into five stages, namely seed, early, middle, later, and thereafter. Decision-making that leads to the issuance of a letter of intent (LOI) under authority of the president also ensures flexibility. The critical point for the seed and early stages is whether the candidate's business model or concept will complement the domains the Company wishes to reinforce. The middle and following stages, on the other hand, are looked at in consideration of proper discount rates in accordance with discount cash flow (DCF), while decisions are made after deliberations on suitable acquisition price, and after acquisition, considering return on investment.

■ Business Portfolio Structure

Enhance corporate value with improved profitability and capital efficiency. (ROE > Shareholder's Equity / ROIC > WACC)

Business portfolio management

Investment Review

- Investments for Core Business Domain
- Investments for New Business Domain
- Strategic investments
- Financial soundness

Business Evaluation

Evaluate Business and Discuss Strategies by Segment

Evaluate Businesses

Conduct an annual evaluations of businesses according to the categories outlined in each segment.

Criteria
- Profitability
- Growth potential
- Stage of business lifecycle

→ Identify the businesses requiring improvement

Discuss strategies

Discuss strategies and policies for each of the identified businesses

Key factors
- Future prospects (e.g., market, competitors)
- Strategic importance
- Sustainability

→ Monitor the levels and the areas of improvement

Strategic Allocation of Management Resources

- Human capital
- Intellectual property
- Corporate funds

Capital and Financial Strategy

Investing in intangible assets

In addition to the allocation of goodwill (purchase price allocation, or PPA) at the time of acquisition, we will allocate funds to other intangible assets that do not appear on the balance sheet (such as human resources) separately from strategic investments.

The DX strategy we advocate requires the development of a robust DX foundation that includes data preparation and human resource development. We aim to improve productivity and reduce fixed costs by updating our systems to realize data-driven management and DX education for all employees. To accommodate our growing DX business, we also need to expand our teams of IT and AI engineers and others. In addition to strengthening our human resource development programs and hiring new graduates and mid-career workers, we will seek to expand our human resources through M&As and capital and business alliances.

Addressing cash management and foreign exchange risk (including overseas subsidiaries)

With the goal of streamlining financing within the Group, we introduced a cash management system (CMS) in 2020. By consolidating the surplus funds of subsidiaries in and outside Japan at the Company's headquarters, we have heightened the degree of our funding freedom. At our overseas locations, we employed this CMS to consolidate U.S. dollar and euro funds in Japan. To address foreign exchange risk, an issue for many years, GLORY LTD. (parent company) uses derivatives to limit foreign currency gains and losses. On this basis, we have eliminated the negative impact of foreign exchange fluctuations since fiscal 2018. Overseas, U.K.-based Glory Global Solutions (International) Ltd. (GGSI) is taking steps to reduce risk by establishing a foreign exchange risk management policy and clarifying hedging instruments. We will continue working with GGSI's finance team to strengthen our foreign exchange risk management on a global basis.

Total shareholder return

Our total shareholder return (TSR) over the past 10 years is a cumulative +24.8%, or +2.2% on an annualized basis, which unfortunately is below the TOPIX and TOPIX Machinery Sector averages. We believe this is due to our inability to demonstrate our future business growth potential as a Group involved in the cash handling business amid the global trend toward cashless transactions.

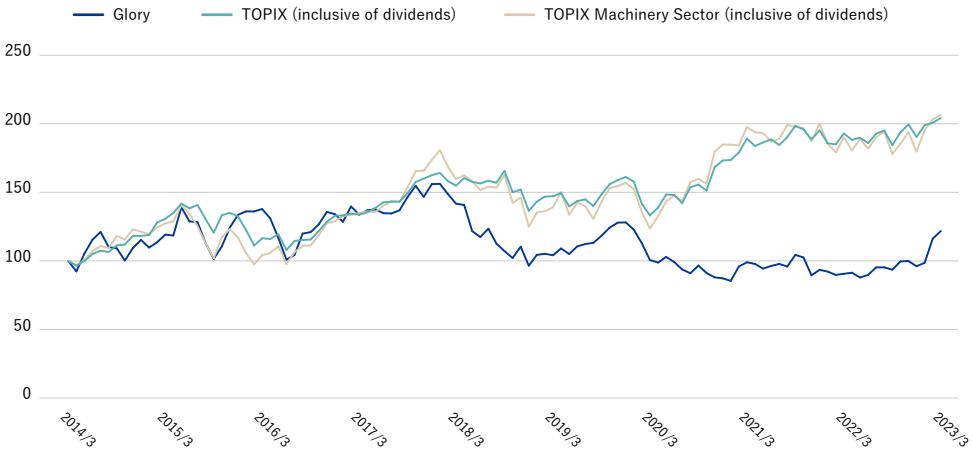
In addition to business performance, stock prices are influenced by various factors, such as market trends and economic conditions. Nevertheless, we will aim to improve our TSR through initiatives in DX and other new business areas set forth in the 2026 Medium-Term Management Plan while strengthening shareholder returns.

■ Total Shareholders' Return (TSR)

Investment period	1-year	3-year		5-year		10-year	
	Annualized	Cumulative	Annualized	Cumulative	Annualized	Cumulative	Annualized
Glory	1.8%	29.5%	9.0%	21.0%	3.9%	24.8%	2.2%
TOPIX	41.3%	52.5%	15.1%	96.2%	14.4%	188.6%	11.2%
TOPIX Machinery Sector	46.2%	52.8%	15.2%	117.0%	16.8%	201.8%	11.7%

Notes: 1. TSR (Total Shareholders' Return): Total return on investment including capital gains and dividends
2. All indexes include dividends
3. Annualization uses the geometric mean
4. Prepared by Glory based on data from Bloomberg

■ Glory Stock Performance (10-year period)



Note: Changes in stock indexes inclusive of dividends, where the closing price data on March 31, 2014, is set to 100

Financial/Non-Financial Highlights

Financial Highlights GLORY LTD. and consolidated subsidiaries

Financial data (Millions of yen)		FY2013	FY2014*1	FY2015*1,2	FY2016*2	FY2017	FY2018	FY2019	FY2020*3	FY2021*3,4,5	FY2022	FY2023
Net sales		218,632	222,356	226,952	222,581	227,361	235,762	224,170	217,423	226,562	255,857	372,478
(By business segment)	Financial market	45,654	48,116	51,819	53,301	53,970	56,636	42,262	49,877	36,079	36,248	78,422
	Retail and transportation market	31,007	29,886	45,531	42,657	43,216	51,985	52,487	49,078	47,859	45,595	74,774
	Amusement market	24,811	25,432	21,506	20,434	20,570	20,511	20,753	11,020	12,131	15,139	28,201
	Overseas market	103,002	104,241	105,595	103,787	106,758	103,287	103,621	104,765	127,803	155,902	185,239
	Others	14,156	14,679	2,498	2,400	2,845	3,341	5,045	2,680	2,688	2,971	5,840
(By geographical segment)	Japan	115,630	118,115	121,357	118,794	120,603	132,475	120,549	112,658	98,759	99,955	187,239
	EMEA	41,895	41,534	43,579	40,350	46,374	43,963	44,119	50,288	68,967	70,758	79,489
	Americas	30,693	34,594	38,291	40,574	39,482	37,072	38,459	34,891	44,684	69,336	89,419
	Asia Pacific	22,718	22,990	17,468	15,339	14,106	15,098	15,267	14,730	14,151	15,806	16,330
	OEM	7,695	5,123	6,258	7,524	6,796	7,155	5,775	4,854	–	–	–
Cost of sales		131,512	134,757	137,357	135,907	140,174	147,274	137,109	131,962	136,800	164,630	209,892
Selling, general and administrative expenses		70,401	68,905	69,042	66,307	67,570	67,912	69,134	71,259	79,566	90,704	111,308
Operating income*2		16,718	18,693	20,552	20,365	19,615	20,576	17,927	14,201	10,195	522	51,276
Ordinary income		19,764	22,211	17,583	17,205	17,553	20,575	15,514	14,137	10,404	(2,720)	48,438
Net income attributable to owners of parent		9,939	12,887	8,829	10,382	9,892	12,256	8,486	5,705	6,410	(9,538)	29,674
Capital expenditure		7,234	8,499	8,881	8,043	8,706	8,322	10,687	9,739	11,423	11,064	13,263
R&D expenses		13,174	12,869	12,590	13,965	14,119	13,171	14,082	14,730	14,743	14,466	19,554
Depreciation and amortization		9,281	10,350	10,327	9,469	9,450	8,945	10,133	10,706	11,952	11,762	13,380
Cash flows from operating activities		17,623	21,106	28,142	30,087	14,585	24,300	24,555	28,443	10,315	(16,486)	41,854
Cash flows from investing activities		(4,770)	(3,425)	(7,714)	(6,632)	(8,609)	(11,388)	(13,032)	(21,666)	(25,739)	(9,364)	(33,577)
Free cash flows		12,853	17,681	20,428	23,455	5,976	12,912	11,523	6,777	(15,424)	(25,851)	8,276
Dividends paid		3,218	3,547	3,689	3,877	5,186	3,949	4,010	4,010	4,132	3,855	5,942
Acquisition of treasury shares		0	0	0	5,999	5,999	5,999	0	0	0	10,570	0
Total assets		340,943	346,613	321,672	312,821	302,825	318,228	308,431	330,608	363,269	381,273	467,072
Total equity		190,804	204,544	198,287	191,443	192,165	193,257	186,668	196,332	208,607	195,984	228,746
Interest-bearing debt		75,687	64,982	51,556	50,412	37,188	49,492	49,607	48,296	56,790	86,654	100,284
Per share data												
Net income*3	(Yen)	151.31	196.19	134.38	160.35	155.96	198.71	140.45	94.38	106.02	(167.02)	533.62
Equity	(Yen)	2,865.09	3,066.53	2,966.22	2,939.78	3,003.62	3,133.54	3,056.75	3,195.82	3,395.33	3,474.76	4,097.32
Dividend (annual)	(Yen)	49.00	54.00	56.00	60.00	82.00	64.00	66.00	66.00	68.00	68.00	106.00
Financial indicators												
Operating margin	(%)	7.6	8.4	9.1	9.1	8.6	8.7	8.0	6.5	4.5	0.2	13.8
Overseas sales ratio	(%)	47.1	46.9	46.5	46.6	47.0	43.8	46.2	48.2	56.4	60.9	49.7
Return on equity (ROE)	(%)	5.6	6.6	4.5	5.4	5.3	6.5	4.5	3.0	3.2	(4.8)	14.1
Return on assets (ROA)	(%)	6.0	6.5	5.3	5.4	5.7	6.6	5.0	4.4	3.0	(0.7)	11.4
Equity ratio	(%)	55.2	58.1	60.6	60.1	62.0	59.5	59.9	58.4	56.5	50.7	48.8
D/E ratio	(Times)	0.40	0.32	0.26	0.27	0.20	0.26	0.27	0.25	0.28	0.45	0.44
Payout ratio	(%)	32.4	27.5	41.7	37.4	52.6	32.2	47.0	69.9	63.2	—	19.9
Total return ratio	(%)	32.4	27.5	41.7	95.1	113.1	81.2	47.0	69.9	63.2	—	19.9
Stock price	(Yen)	2,829	3,350	3,825	3,650	3,795	2,656	2,490	2,380	2,072	2,895	2,840
Price earnings ratio (PER)	(Times)	18.7	17.1	28.5	22.8	24.3	13.4	17.7	25.2	19.5	(17.3)	5.3
Price book-value ratio (PBR)	(Times)	0.99	1.09	1.29	1.24	1.26	0.85	0.81	0.74	0.61	0.83	0.69
Dividend yield	(%)	1.73	1.61	1.46	1.64	2.16	2.41	2.65	2.77	3.28	2.35	3.73

*1 In fiscal 2015, we changed the translation method for income and expenses of overseas subsidiaries from the "year-end exchange rate" to the "average exchange rate." Figures for fiscal 2014 have been applied retrospectively to reflect the change.
*2 In fiscal 2016, following a review of our business segments, we reclassified part of our business (previously included in "Other") into the "Financial market" and "Retail and transportation market" segments. Figures for fiscal 2015 have been applied retrospectively to reflect the change.
*3 In fiscal 2021, following a review of our business segments, we reclassified our biometric and image recognition business and a part of our business related to electronic payments (both previously included in "Other") into the "Retail and transportation market" segment and reclassified part of our new business to the overseas market. Figures for fiscal 2020 have been applied retrospectively to reflect the change.
*4 From fiscal 2021, OEM sales are included in sales in the Americas, Europe, and Asia.
*5 Results for fiscal 2021 are shown after retrospective application of finalized provisional accounting treatment related to business consolidation.

Financial/Non-Financial Highlights

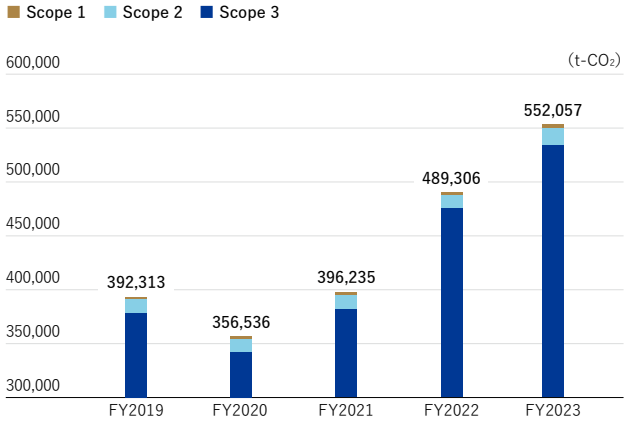
Five-Year Non-Financial Highlights

ESG Data

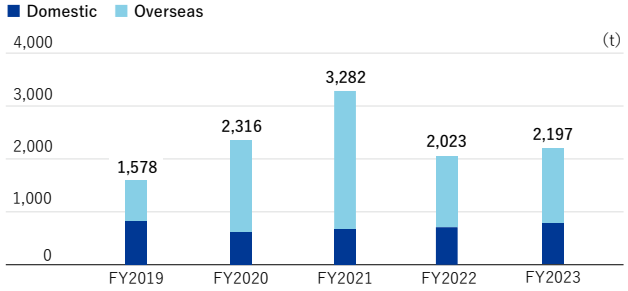
			FY2019	FY2020	FY2021	FY2022	FY2023
E Environment							
CO_2 emissions from business operations*1	Domestic	(t-CO_2)	11,703	11,159	11,334	10,717	14,089
	Overseas	(t-CO_2)	3,539	3,887	4,527	4,480	4,502
	Total	(t-CO_2)	15,242	15,047	15,862	15,197	18,590
CO_2 emissions for each scope*2	Scope 1	(t-CO_2)	3,016	2,816	2,744	2,697	3,017
	Scope 2	(t-CO_2)	12,226	12,231	13,118	12,501	15,573
	Scope 3	(t-CO_2)	377,072	341,490	380,373	474,109	533,466
	Total	(t-CO_2)	392,313	356,536	396,235	489,306	552,057
Waste volume*1	Domestic	(t)	820	609	667	692	799
	Overseas	(t)	758	1,707	2,615	1,331	1,398
	Total	(t)	1,578	2,316	3,282	2,023	2,197
Water use*1	Domestic	(Thousand tons)	82	75	72	71	85
	Overseas	(Thousand tons)	34	32	35	36	42
	Total	(Thousand tons)	116	107	107	107	128
S Society							
Permanent employees	Male	(Persons)	3,016	3,038	3,034	3,019	2,984
	Female	(Persons)	457	465	472	479	484
	Total	(Persons)	3,473	3,503	3,506	3,498	3,468
Number of managers	Male	(Persons)	1,069	1,042	1,040	1,040	1,017
	Female	(Persons)	17	21	28	29	31
	Total	(Persons)	1,086	1,063	1,068	1,069	1,048
Ratio of females in management positions		(%)	1.57	1.97	2.62	2.71	2.96
Number of employees with disabilities*3		(Persons)	117	120	124	123	121
Ratio of employees with disabilities*3		(%)	2.23	2.39	2.46	2.46	2.42
Ratio of annual paid leave taken		(%)	66.7	65.6	66.1	70.2	70.7
Annual working hours per employee		(Hours/year)	2,004	2,039	2,025	2,013	2,032
Professional development expenses per employee		(Yen)	54,420	25,827	48,203	21,154	36,621
Number of occupational accidents			11	10	8	9	10
G Governance							
Number of whistleblowing cases			22	16	28	13	31
R&D							
Number of patents, utility models, and designs owned/applied for	Domestic		1,213	1,229	1,085	1,176	1,225
	Overseas		960	1,114	1,057	1,136	1,194
	Total		2,173	2,343	2,142	2,312	2,419

*1 GLORY LTD. and domestic/overseas consolidated subsidiaries that have acquired ISO 14001 certification
*2 Boundaries for each scope are as follows.
Scope 1: GLORY LTD. and domestic and overseas Group companies that have acquired ISO 14001 certification
Scope 2: GLORY LTD. and domestic and overseas Group companies that have acquired ISO 14001 certification
Scope 3: 1. Purchased goods and services, 2. Capital goods, 3. Fuel- and energy-related activities not included in Scope 1 or 2, 4. Upstream transportation and distribution, 5. Waste generated in operations, 6. Business travel, 7. Employee commuting, 8. Upstream leased assets, 11. Use of sold products, and 12. End-of-life treatment of sold products
*3 Includes data from GLORY Products Ltd., GLORY Friendly Co., Ltd., GLORY System Create Ltd. (Now GLORY Technical Solutions Ltd.), and GLORY Mechatronics Ltd. (Now GLORY Technical Solutions Ltd.)

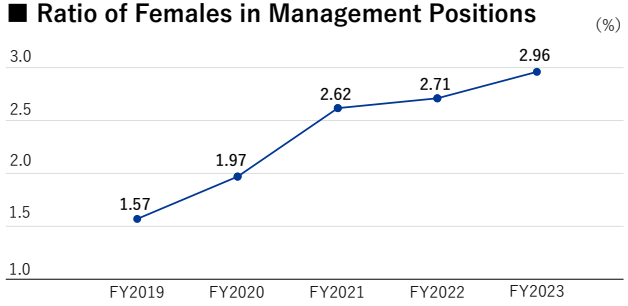
■ CO_2 Emissions for Each Scope*2



■ Waste Volume*1



■ Ratio of Females in Management Positions



Material Issues in the 2026 Medium-Term Management Plan

In line with the 2026 Medium-Term Management Plan (April 2024–March 2027), we have re-identified 13 material issues, for which we have set KPIs and initiatives to achieve fiscal 2026 targets.

Process for Identifying Material Issues

We identified material issues based on the following process and set KPIs and have promoted related initiatives. We also linked the identified material issues to the SDGs to which they contribute.

STEP 1 Understand and extract sustainability issues

Identify and extract priority issues to be addressed based on international sustainability frameworks such as the GRI Standards and ISO 26000, as well as external initiatives such as the SDGs, and items required to be disclosed by external evaluation organizations.

STEP 2 Evaluate the level of importance from our and stakeholders' perspectives

We conducted interviews with business divisions to prioritize and evaluate the level of importance from two perspectives: the impact on the Glory Group and the importance to our stakeholders.

STEP 3 Assess validity by experts

Two experts reviewed and exchanged opinions on the level of importance and assessed the appropriateness. Based on the results, we created a Materiality Map and categorized issues.

STEP 4 Identify material issues

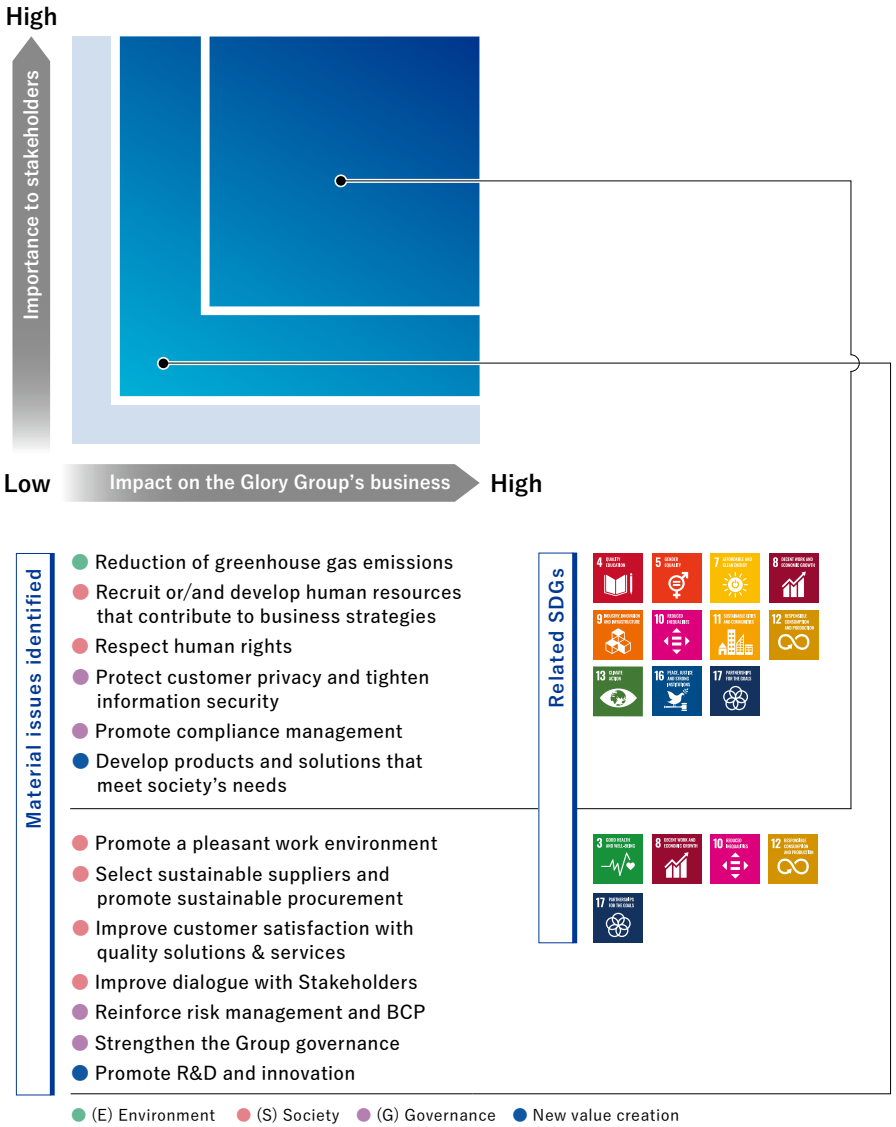
Based on the Materiality Map, we selected 13 material items. After gaining approvals from management, we identified our company's material issues. Once identified, we linked them to the SDGs to which they contribute.

STEP 5 Set KPIs

KPIs are set based on a comprehensive consideration of indicators in the long-term vision and medium-term management plan, international guidelines, and items required to be disclosed by external evaluation organizations.

STEP 6 Review periodically

Material Issues Map



2026 Medium-Term Management Plan Sustainability Targets

	Material sustainability issue	Priority themes	KPIs	FY2024 targets
Environment E	Reduction of greenhouse gas emissions	Reduce CO_2 emissions in business activities	Scope 1 and 2 Reduce 21.2% (vs. FY2022) (FY2030 Targets: 42.4% vs. FY2022)	10.6%
		Reduce environmental impact in value chain	Scope 3 Category 1 Agree with Tier1 suppliers to set CO_2 targets Target setting rate: 80%	20%
			Scope 3 Category 11 Reduce 12.4% (vs. FY2022) (FY2030 Target: 24.8% vs. FY2022)	6.2%
		Ensure appropriate information disclosure for climate change	Enhance the content of disclosure in accordance with the TCFD framework (To be diclosed every June)	Improve contents of Securities Report (To be dislosed in June 2024)
Social S	Recruit or/and develop human resources that contribute to business strategies	Promote DE&I	Rate of females in Management Positions: 5.0%	3.0%
			Rate of female new graduates: 25% or more	23%
			Rate of paternity leaves taken: 90%	70%
		Increase the employment rate of people with disabilities	Increase the employment rate stipulated in regulations	2.5%
		Develop DX specialists	(1) 'Offensive DX' leaders*1 (130 persons) (2) Potential 'Offensive DX' leaders (300 persons) (3) 'Defensive DX' leaders*2 (100 persons) (4) Basic DX/IT knowledge & skills to use digital tools (3,500 persons)	(1) 20 persons (2) 100 persons (3) 20 persons (4) 1,000 persons
	Promote a pleasant work environment	Improve employee engagement	Rate of positive response for Employee Engagement Survery: 55%	Check the rate through simple surveys
		Promote Health and Productivity Management	(1) Total annual working hours per employee: Below previous year (2) Rate of annual paid leaves used per employee: 70% or more	(1) Below previous year (2) 70% or more
		Reduce lost time injury frequency rate and severity rate	Below past five-year industrial*3 average	Below average
	Respect human rights	Enhance initiatives for human rights	(1) Formulate and promote human rights policy (2) Conduct Human Rights Due Diligence (HRDD)	(1) Formulate the Group's Human Rights Policy (2) Discuss the Group's HRDD process
		Conduct training on human rights (incl. harassment)	Participation rate: 100%	100%
	Select sustainable suppliers and promote sustainable procurement	Develop management process to strengthen supply chain management	Implement self-inspection checklist with new/primary business partners Response rate: 100%	100%
	Improve customer satisfaction with quality solutions & services	Improve customer satisfaction	Maintain/Improve product market share	Disclose results
		Ensure product safety and quality	(1) Number of PL-related accidents: 0 (2) Number of serious violations of laws or regulations related product safety: 0 (3) Number of PL lawsuits related to product quality: 0 (4) Rate of product safety assessment conducted for newly developed products: 100%	(1) 0 cases (2) 0 cases (3) 0 cases (4) 100%
	Improve dialogue with Stakeholders	Maintain/Increase opportunities for dialogue with stakeholders	Institutional investors and analysts Implement engagement satisfaction survey and disclose results Local communities Disclose CSR activitivity reports Business partners Disclose report on initiatives to strengthen trust with business partners	Rate of execution of planned measures: 100%
Governance G	Protect customer privacy and tighten information security	Detect unauthorized accesses immediately to minimize damages to the Group	Improve information security level and promote the Group's security policy	Disclose results
		Provide security training for all employees	Participation rate: 100%	100%
	Promote compliance management	Eliminate serious compliance incidents	0 cases	0 cases
	Reinforce risk management and BCP	Review risk management system	Disclose results	Disclose results
		Review Group-wide risk assessment methods	Disclose results	Disclose results
		Review BCP system	Disclose results	Disclose results
	Strengthen the Group governance	Establish systems to ensure effectiveness of internal control system	Disclose results	Disclose results
		Improve effectiveness of the board of directors	Disclose results	Disclose results
Creation of new value	Promote R&D and innovation	● Increase the number of patent filed and registered in Japan ● Increase the number of patent filed and registered globally	Disclose results	Disclose results
	Develop products and solutions that meet society's needs	Inrease new business domain sales and disclose representative examples	New business domain sales: ¥60 billion	¥40 billion

*1 Offensive DX leaders: Talent who can create external DX solutions *2 Defensive DX leaders: Talent who can initiate and lead internal DX *3 Electrical machinery and equipment manufacturing

Value Provision for Communities

Addressing Climate Change

Basic Approach

Environmental Vision and Environmental Policy
Environmental Management

Glory's Environmental Policies address global warming and set forth the Group's 2050 environmental goals to achieve carbon neutrality by 2050 (i.e., net zero in Scope 1 and 2).

Specifically, we aim to reduce CO_2 emissions in our business activities and environmental impact in our value chain toward a net zero society.

Information Disclosure Based on the TCFD Recommendations

Addressing Climate Change

Since November 2021, the Glory Group has supported the TCFD* recommendations, based on which we will enhance our climate-related disclosure as we make progress on the initiatives taken.

*Task Force on Climate-related Financial Disclosures

▶ Governance

Toward carbon neutrality and a sustainable society, we aim to reduce the environmental burden in our business activities. To ensure sound decision-making and supervision in our sustainability management, we have the following system in place.

The Environmental Management Committee addresses environmental issues concerning the Glory Group. Appointed by the Board of Directors, the committee is chaired by the executive officer responsible for EMS management and is composed of management members responsible for environmental issues. The committee meets twice a year to discuss material issues and initiatives taken, then reports to the Sustainability Management Committee, which reports to the Board of Directors on a regular basis.

▶ Strategies

Herein is the list of our climate-related risks and opportunities identified as material issues for the Glory Group's business, with key drivers and possible financial impacts over medium- to long-term.

We analyze business and financial impacts of each risk based on the IPCC*1 and IEA*2 scenarios and formulate countermeasures to be implemented. In fiscal 2023, we used the 1.5/2°C and 4°C scenarios*3 in reference to the typical risks and opportunities exemplified by the TCFD.

1.5/2°C Scenario (Climate change measures are implemented in line with the goals of the Paris Agreement)

The introduction of carbon tax would increase our business costs with a medium to large financial impact. On the other hand, energy price fluctuations (e.g., electricity, gas, and gasoline) may decrease our business costs with a small financial impact.

4°C Scenario (Climate change measures are not implemented and consequences become a reality)

River flooding and storm surges can damage production/logistics sites and cause business/operational shutdowns. This would generate recovery costs or/and reduce profits, however, financial impact is expected to be small.

Risks & Opportunities		Key Drivers	Business Impacts	Time horizon *4	Financial Impacts*5		Countermeasures
Category	Item				1.5°C scenario	4°C scenario	
Transition Risks	Government Policies & Regulations	Introduction of carbon tax	Increased business costs	Medium Term	[Medium] Increased cost		・Invest in energy-saving facilities and renewable energy according to the plan ・Improve renewable energy ratio ・Introduce emissions trading
				Long Term	[Large] Increased cost	[Medium] Increased cost	
		Broadened scope and increased complexity of applicable laws and regulations	Increased costs associated with compliance with applicable laws and regulations	Short - Long Term	[Medium] Increased cost		・Develop technologies and products in compliance with applicable laws and regulations ・Assign dedicated staff to monitor trends of laws and regulations in the countries we operate
	Technology	Growing market demand for energy-saving products and services	Increased costs for research and development to maintain market competitiveness	Medium - Long Term	[Medium] Increased cost		Develop technologies and products based on market and industry trends
			Decreased sales due to delays in the development of environmentally friendly products		[Medium] Decreased sales		
	Market	Rising raw material costs	Fluctuations in energy prices (electricity, gas, gasoline, etc.)	Medium Term	[Medium] Decreased cost	[Medium] Increased cost	Improve renewable energy ratio
				Long Term	[Medium] Decreased cost	[Medium] Increased cost	
	Reputation	Increasing demand from stakeholders for decarbonization (rising social demand for the reduction of greenhouse gas emissions)	Deterioration of investors' decisions due to insufficient efforts and information disclosure for decarbonization	Short - Long Term	[Large] Decreased corporate value		Execute medium- to long-term environmental plans and promote fair and proactive disclosure of ESG initiatives
			Increased costs to meet demanding ESG disclosure standards		[Large] Increased cost		

Value Provision for Communities

Risks & Opportunities: Category	Risks & Opportunities: Item	Key Drivers	Business Impacts	Time horizon *4	Financial Impacts*5: 2°C scenario	Financial Impacts*5: 4°C scenario	Countermeasures
Physical Risks	Acute	Intensification of natural disasters	Losses due to suspension of business operation caused by damage to our own factories or employees (e.g., typhoons and floods)	Medium Term	[Small] Decreased sales		・Evaluate flood risks at production sites and formulate business continuity plans (BCPs) ・Diversify risks incl. raw material sourcing, supply systems, and transportation routes
				Long Term	[Small] Decreased sales		
			Increased costs for repair and replacement of damaged facility / equipment (e.g., High tide and flood)	Medium Term	[Small] Increased cost		
				Long Term	[Small] Increased cost		
			Increased costs for countermeasures and insurance premiums	Short - Long Term	[Small] Increased cost		
			Interrupted parts procurement due to suppliers being inoperable	Short - Long Term	[Small] Decreased sales		
	Chronic	Sea level rise	Suspended operations at low-altitude production and distribution sites	Medium - Long Term	[Small] Decreased sales		
		Average temperature rise	Increased operating costs due to additional load on air conditioning equipment	Short - Long Term	[Small] Increased cost		Implement energy-saving measures and install energy-efficient air conditioning equipment
			Decreased work efficiency of employees	Short - Long Term	[Small] Increased cost		
Opportunities	Products & Services	Growing demand for environmentally friendly products	Increased sales in response to the growing demand for environmentally friendly products	Medium - Long Term	[Large] Increased sales		Develop environmentally friendly products

*1 IPCC: Intergovernmental Panel on Climate Change *2 IEA: International Energy Agency

*3 Adopted Scenarios

Evaluation Content	Adopted Scenarios
Carbon taxes, energy prices	IEA WEO2022: NZE, APS, STEPS
Natural disasters	IPCC AR6: RCP2.6, RCP4.5, RCP8.5

*4 Time Horizon

Classification	Period	Notes
Short -term	Up to FY2026	Period of the Glory Group's 2026 Medium-Term Management Plan
Medium -term	Up to FY2030	Medium-Term Environmental Targets have been set up to FY2030
Long -term	Up to FY2050	Long-term environmental goals have been set toward net zero by 2050

*5 Definition of financial impact

Evaluation results	Amount affected
Large	¥1 billion or more
Medium	Between ¥100 million and ¥1 billion
Small	Less than ¥100 million

▶ Risk management

The Risk Management Committee, chaired by the Company's President, is responsible for risk management concerning the Group's business. Climate-related risks are managed in accordance with the Environmental Management System (EMS).

▶ Metrics & Targets

The Glory Group uses CO_2 emissions as key metrics for climate-related risks and opportunities. Casting back from fiscal 2050 Environmental Goals, we have set the fiscal 2030 Environmental Goals as a milestone towards achieving net zero CO_2 emissions in Scope 1 and 2 by fiscal 2050. Upon formulation of the Group's 2026 Medium-Term Management Plan (April 2024–March 2027), we have reset our medium to long-term environmental targets based on the certification criteria of the SBT (Science Based Targets) initiative*. Specifically, we have included all our domestic and overseas consolidated subsidiaries in the scope of calculation, in addition to our ISO 14001 certified locations in Japan (Himeji Headquarters and our domestic consolidated subsidiaries), and reset the reduction target to 42.4% (vs. fiscal 2022).

As specific measures, we will continue our plan to install energy-saving equipment at production sites, increase the use of renewable energy through solar power generation, purchase CO_2-free electricity, and introduce environmentally-friendly company cars.

In addition to Scope 1 and 2, we have reset our Scope 3 reduction targets for fiscal 2030 to aim for net zero CO_2 emission across our value chain.

*An initiative by the UN Global Compact, CDP (a coalition of institutional investors that promotes the disclosure of information on climate change measures), WRI (World Resources Institute), and WWF (World Wide Fund for Nature). The initiative encourages companies to set reduction targets that are consistent with scientific knowledge, with a view to limiting the increase in global average temperature due to climate change to 1.5°C above pre–Industrial Revolution levels.

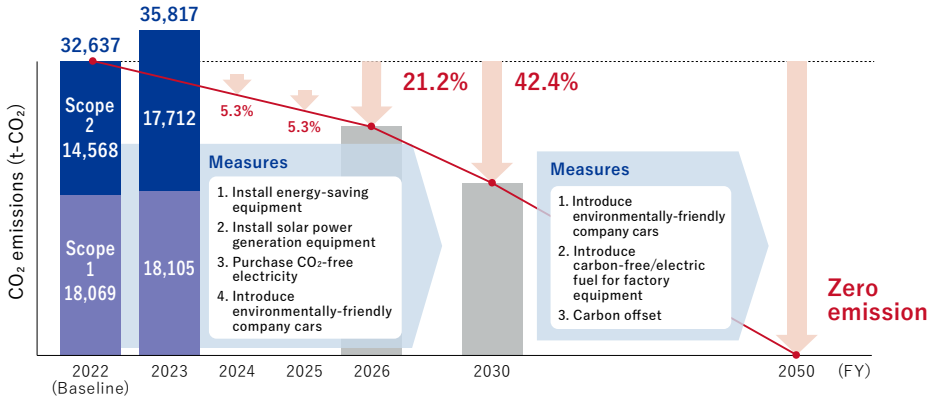
■ Long-Term Environmental Targets

FY2030
Reduce CO_2 emissions by 42.4%
(compared with FY2022)

FY2050
Aim for net zero CO_2 emissions

Note: These goals apply to all our domestic and overseas consolidated subsidiaries (Scope 1 and 2).

CO_2 Emission Reduction Targets



Value Provision for Communities

▶ Initiatives to Reduce CO_2 Emissions

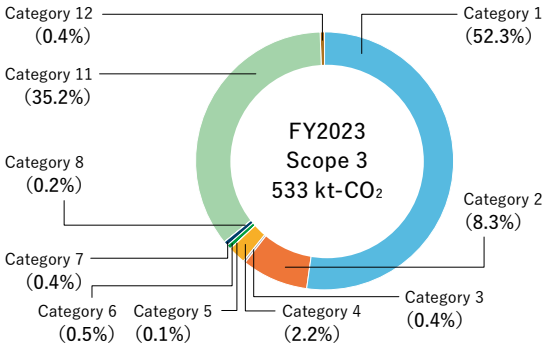
ESG Data | Eco Products | Preserving Biodiversity

Scope 1 and 2 emissions

The Glory Group implements global initiatives towards it 2050 Environmental Goals that target carbon neutrality (net zero CO_2 emissions for Scope 1 and 2) by fiscal 2050. As specific measures, we introduce energy-saving air-conditioning systems and LED lighting, expand the use of renewable energy through solar power generation, and make the transition to 100% renewable energy–derived, CO_2-free electricity. Through these initiatives, we expect to achieve net zero CO_2 emissions from our business activities in fiscal 2024 at our major domestic sites (head office, head office factory, and Saitama factory).

Scope 3 emissions

Scope 3 accounts for approx. 94% of the Group's total CO_2 emissions, and Category 1 (CO_2 emissions during the manufacture of purchased goods and services) and Category 11 (CO_2 emissions during use of sold products & services) account for approx. 88% of Scope 3. We therefore focus on Category 1 and 11 to promote CO_2 reduction initiatives to lower the environmental impact across our value chain. For Category 1, we engage our primary first tier suppliers to agree on CO_2 reduction targets, and for Category 11, we aim to improve energy efficiency by thorough product assessments during product development.



*Scope 3
Category 1: Purchased goods and services
Category 2: Capital goods
Category 3: Fuel and energy-related activities not included in Scope 1 or 2
Category 4: Upstream transportation and distribution
Category 5: Waste generated in operations
Category 6: Business travel
Category 7: Employee commuting
Category 8: Upstream leased assets
Category 11: Use of sold products
Category 12: End-of-life treatment of sold products

*Category 9, 10, 13, 14, and 15 are not applicable to our business.

▶ Developing Environmentally Friendly Products

The Glory Group is committed to developing environmentally friendly products as a part of our initiatives towards net-zero CO_2 emission. In response to our customers' requests, we conduct life cycle assessments (LCAs) to examine the environmental impact at each stage of our product life cycle, from material procurement, end customer use, to final disposal.

In product development, we conduct product assessment against existing products over 40 categories from energy efficiency to reuse-recycling. Ones that meet in-house standards are certified as G-Eco products (e.g., 15+% electric power use efficiency, compliant with chemical substance regulations).

Among the products developed in fiscal 2023, 'RT/RAD-S1000', self-checkout change dispenser launched for the retail and transportation market, is designed to reduce power consumption by 18% compared to our conventional models.

Self-checkout change dispenser (RT/RAD-S1000)

▶ Preserving Biodiversity

Glory has promoted forest conservation activities in the Glory Yumesaki Forest located in Himeji, Hyogo in collaboration with the forestry cooperative.

In fiscal 2023, we held a one-day event with 37 participants (the Group's employees and their families) who enjoyed forest-thinning demonstration, planting saplings, and magazine rack making.

Planting tree

Value Provision for Human Rights

Basic Concept

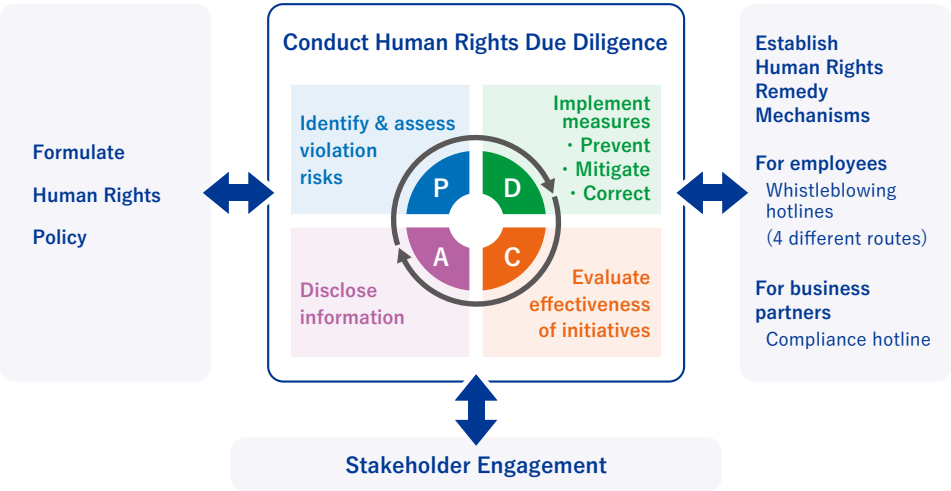
Respecting Human Rights

In April 2024, we redefined the Group's values as "Our Values" to be respected and followed by all employees as the basis of actions and decisions in our efforts to realize the Group's corporate philosophy. "Our Values", which are *Customer Delight, Integrity, Innovation, Speed, Diversity & Respect, and Teamwork*, respect diverse values, cultures, and individuality, and are intended to maximize the power of teamwork to make the impossible possible.

The Glory Legal Code of Conduct governs the laws and codes of ethics to be followed by the employees of the Glory Group and stipulates rules regarding human rights including discrimination and harassment. Having signed the United Nations Global Compact, the Glory Group is committed to promote corporate activities and work environment that respect human rights and diversity.

We have identified "Respecting human rights" as one of the top sustainability material issues to be addressed in the 2026 Medium-Term Management Plan (FY2024–FY2026), in response to the increasing demand and expectations regarding human rights in corporate activities across the globe. As a guideline to implement the Group's initiatives, we formulated the Glory Group Human Rights Policy in April 2024 in accordance with the UN Guiding Principles on Business and Human Rights.

The Glory Group's Human Rights Initiatives



Glory Group Human Rights Policy

1. Purpose

The purpose of this Human Rights Policy (this "Policy") is to enshrine the Glory Group's ("GLORY" or "our") global stance on ensuring responsible business practices in upholding human rights within all our operations based on our corporate philosophy, and to fulfill such responsibilities. GLORY respects human rights as a cornerstone of our business activities and maintains a zero-tolerance approach to human rights violations.

2. Scope of this Policy

This Policy applies to all those working in, and with, GLORY. We also expect and continuously encourage all of our business partners, including suppliers and distributors, to understand and support the contents of this Policy, and continue to work to ensure that it is respected.

3. Respect for International Principles and Standards

GLORY is committed to respecting human rights as set out in the UN Guiding Principles on Business and Human Rights and supports the UN International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.

Further, as a signatory to the UN Global Compact, GLORY supports the "Ten Principles of the UN Global Compact" and complies with the laws and regulations of each country and region in which we operate. In cases where the domestic laws and regulations differ from the international norms, GLORY pursues ways to respect internationally recognized human rights principles and standards.

4. GLORY's Ongoing Commitments

The GLORY Legal Code of Conduct and related policies, which all GLORY officers, employees and business partners are required to follow, stipulate the protection of human rights, including prohibition of discrimination and harassment. Also, we provide avenues through which to raise any related concerns on human rights and protect whistleblowers against any disadvantageous treatment.

5. GLORY's Priorities

(1) Prohibition of discrimination

GLORY takes a zero-tolerance approach to any discrimination or acts that harm personal dignity based on one's national origin, race, ancestry, religion, beliefs, place of birth, age, sex, sexual orientation, gender identification, disabilities, marital status, social status, etc.

(2) Prohibition of forced or child labor

GLORY takes a zero-tolerance approach to any forced or child labor, including but not limited to slavery and human trafficking.

(3) Prohibition of harassment

GLORY does not tolerate any actions that cause physical or mental distress, including harassment in all its forms.

(4) Promotion of occupational safety and health

GLORY is committed to creating and maintaining a safe and healthy work environment and supporting our employees' physical and mental health.

(5) Appropriate management of work hours and payment of wages

GLORY is committed to appropriately managing work hours and providing a minimum wage, in accordance with the laws and regulations of each country and region in which we operate.

Value Provision for Human Rights

(6) Respect for basic labor rights

GLORY respects basic labor rights in each country in which we operate, including the freedom of association and the right to organize and bargain collectively.

(7) Respect for privacy and protection of personal information

GLORY respects individual privacy and complies with the laws and regulations of each country in which we operate, including GDPR (EU General Data Protection Regulation), to manage personal information appropriately.

6. Human Rights Due Diligence

GLORY will carry out human rights due diligence on a continual basis in accordance with this Policy. We will assess the impact that our business activities have on human rights and will commit to preventing or mitigating any identified adverse impact.

7. Remediation

If GLORY identifies that it has caused or contributed to adverse human rights impacts through our business activities or relationships including our supply chain, we will promptly investigate any alleged human rights violations and provide effective remediation through appropriate methods. Where GLORY has not caused or contributed to adverse human rights impacts, but our operations, products or services are directly linked to adverse human rights impacts through our value chain, we will use our leverage to ensure that business enterprises that have caused or contributed to such adverse impacts make efforts to remedy the situation.

8. Stakeholder Engagement

GLORY is committed to continuous improvement of our efforts and initiatives based on this Policy through consultation and communication with related stakeholders.

9. Information Disclosure

GLORY makes an effort to ensure transparency and appropriately discloses our progress on respecting human rights and achievements based on this Policy through our website and reports such as an integrated report.

10. Education

GLORY continuously provides education and training to its officers and employees as necessary to implement this Policy.

11. Governance

GLORY establishes the framework to implement this Policy and the Board of Directors of GLORY LTD. oversees and monitors compliance with this Policy and the status of its implementation.

12. Policy Review

GLORY regularly reviews and revises our policies to take actions to respect human rights more appropriately and respond to changing laws, regulations, and ethical and societal demands globally.

This Policy has been approved by the Board of Directors of GLORY LTD.

(Established on April 1st, 2024)

Promoting Human Rights

The Human Resources Sub-committee works under the Sustainability Committee chaired by the President, and is composed of representatives of the Company's HR department and Sustainability Promotion Office. The Sub-committee takes the lead in global human rights initiatives in liaison with the Group's legal departments, purchasing departments, etc.

Human Rights Due Diligence

For sustainable business management and procurement, the Glory Supplier Code of Conduct stipulates the Group's purchasing policies which all suppliers are requested to follow, in relation to compliance with laws/regulations and international norms, environmental conservation, and fair and equitable trading. The Code also features a section on human rights including child/forced labor, discrimination, inhumane treatment, and appropriate work-hour management and wage payment to ensure human rights are respected throughout our value chain.

In addition, we conduct annual supplier surveys using the Group's Responsible Procurement Self-Inspection Checklist. The surveys are intended to check on suppliers' initiatives taken and compliance with the Company's human rights policy, labor safety policy, and other policies stipulated in the Glory Supplier Code of Conduct.

In fiscal 2023, the survey involved 600 first-tier primary suppliers (Japan: 428 companies, China: 95 companies, Philippines: 58 companies, Singapore: 19 companies) with a 100% response rate. Subsequently, we visited three of our overseas suppliers, whose responses were considered insufficient, to conduct face-to-face interviews. As a result of the above, no human rights violations were found among our first-tier suppliers.

Item	FY2021	FY2022	FY2023	
	Results	Results	Targets	Results
Number of companies that completed the Responsible Procurement Self-inspection checklist	554	583	600	600
Interviews by visit	–	–	–	3

In accordance with the UK Modern Slavery Act enacted in 2015, Glory Global Solutions (International) Ltd. has issued a statement on initiatives taken in liaison with its business partners to prevent forced labor and human trafficking, according to the resolution made by the company's board of directors.

Anti-Slavery and Human Trafficking Transparency Statement

Value Provision for Employees

Promoting Diversity

Human Resources

The Long-Term Vision 2028 spells out the Glory Group's aims for its corporate culture, organization, and human resources under the concepts of "Open-minded," "Speed beyond expectation," "Global company," and "Challenging spirit." To achieve this Vision, we strive to create a welcoming and motivating workplace environment that respects employees' diversity, as well as their personalities and individualities. We are cultivating a corporate culture in which all employees can maximize their potential, regardless of age, gender, nationality, or work experience.

Policy for developing human resources and establishing a work environment to embrace the diversity of our core human resources

We are committed to establishing a work environment that can nurture and develop the abilities of our diverse employees. We believe that the growth and development of our employees will support the sustainable growth of the Company and the enhancement of our corporate value.

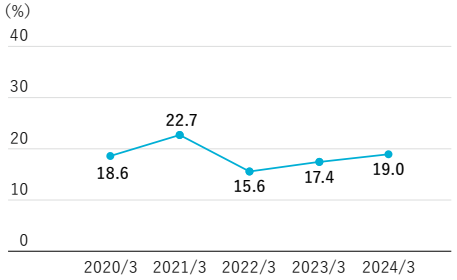
▶ Supporting Women's Empowerment and Career Development

Glory recruits and fosters talents regardless of gender and strives to create an environment where employees can fully leverage their abilities. To support women's empowerment, we have formulated a plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace, in accordance with which we promote initiatives including work-style reforms and employees' work-life balance support.

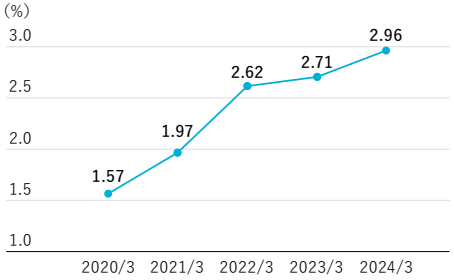
The percentage of females in new graduate positions was 19.0% in fiscal 2023, and women in management positions was 2.96% (31 persons), as of March 2024. Going forward, we will continue our efforts to achieve the targets set in the 2026 Medium-Term Plan (25%+ female new graduates and 5% females in managerial positions).

We also promote paternity leave uptake by male employees and the uptake rate was 55% in fiscal 2023. We will continue our initiatives to raise awareness in the workplace and encourage male employees to increase the number of days of paternity leave.

■ Ratio of Females in New Graduate Positions



■ Ratio of Females in Management Positions



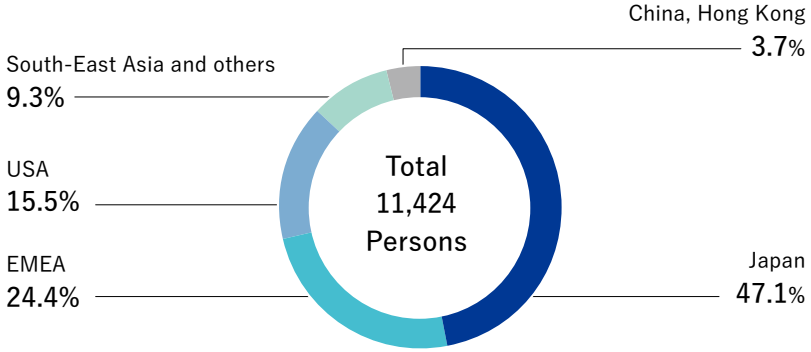
▶ Recruitment and Promotion of Foreign Nationals

As our business grows globally, we promote the recruitment of global talents including foreign nationals in Japan, as well as their promotion to management positions, under the policy to encourage the recruitment of talented personnel regardless of nationality.

In the corporate and the overseas business divisions, foreign nationals with diverse cultural backgrounds play active roles. As of March 2024, 18 foreign nationals including China and Australia, were working in the headquarters in Japan. We will continue to actively recruit foreign employees and promote them to managerial positions.

The Glory Group has more than 6,000 non-Japanese employees (approximately 53%) and our subsidiaries are managed mainly by locals in general or senior management positions.

■ Nationalities of Employees by Region (Glory Group, as of March 2024)



EMEA: Europe, Russia, Africa, Middle East
USA: North America, Central America, South America
South-East Asia and others: South-East Asia, India, Australia, New Zealand

▶ Employee Engagement

As an initiative to improve employee engagement, Glory conducts annual awareness surveys to its executive officers, employees, and senior employees. Topics include work environments, compliance, harassment, and sustainability, which are considered essential requirements for pleasant work environment.

Survey results are reported to the management of each department and summaries are disclosed on the Company's intranet. We conduct these surveys periodically to monitor current situations and compare with past results, and identify emerging issues. We then implement countermeasures where necessary, of which the effectiveness is verified through subsequent surveys.

The fiscal 2023 survey involved 3,547 employees with a 90% response rate, of which 42% were affirmative. We will continue our initiatives to improve employee engagement and achieve 55%+ affirmative answers in the surveys, which is the target set in the 2026 Medium-Term Management Plan.

Value Provision for Employees

Promoting Health and Productivity Management

Working Environment

Glory believes that maintaining employee well-being is a key management concern for corporate activities and therefore established the Health and Productivity Management Declaration to promote initiatives for maintaining employees' health.

Health and Productivity Management Declaration

Glory addresses employee well-being as a key priority in its corporate management, in order to invigorate the entire organization and to enhance its productivity.

April 2024
Akihiro Harada President, GLORY LTD.

▶ Basic Health and Productivity Management Policy

1. Implement strategical measures for Health and Productivity Management

We address our Health and Productivity challenges by incorporating strategical measures into the management plan, in line with the Health Management Strategy Map shown below.

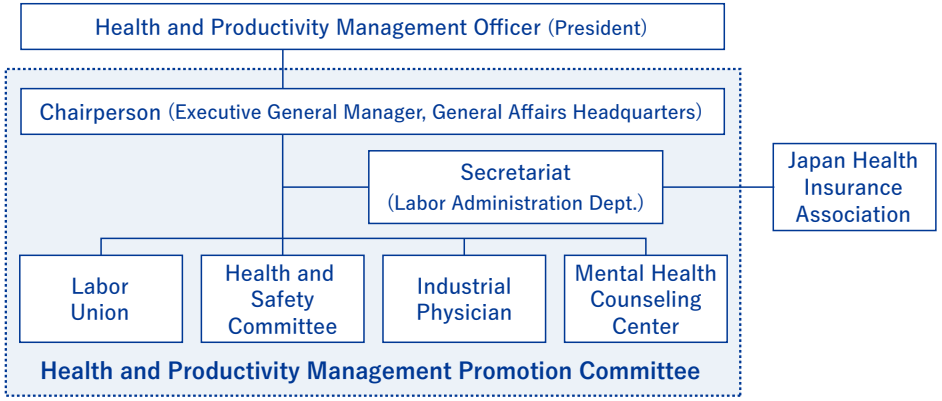
2. Set goals and implement proactive measures for Health and Productivity Management

We set specific numerical targets and implement measures to raise awareness and promote the health of our employees.

3. Create healthy and safe workplace

We create a safe and healthy work environment and establish labor and welfare systems that reinforce the engagement, morale, and productivity of our employees, so as to reduce Absenteeism (Habitual pattern of employees' absence due to health issues) and Presenteeism (Act of employees continuing to work despite having reduced productivity level due to health issues).

■ Health and Productivity Management Promotion Framework

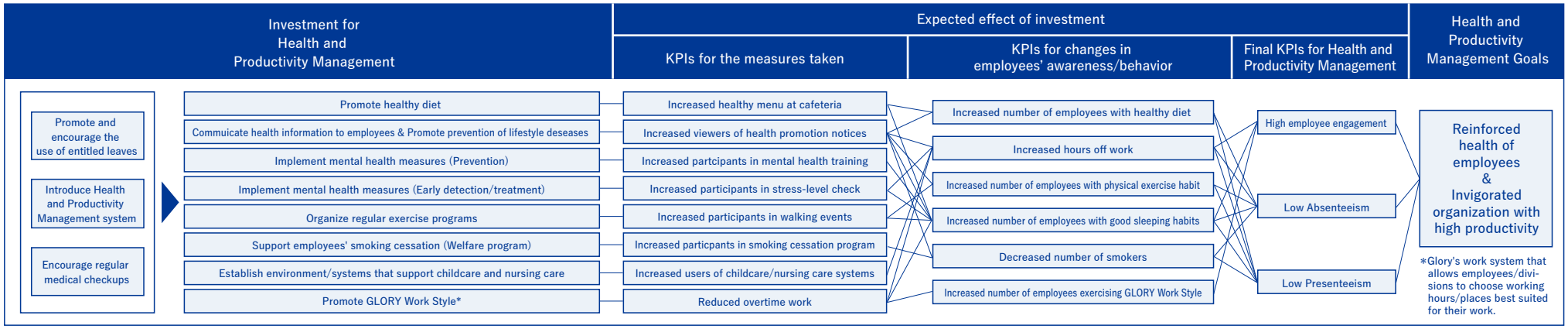


▶ Certified Health and Productivity Management Organization (large enterprise category)

Glory has been continuously recognized as a Certified Health and Productivity Management Organization in the large enterprise category by the Certified Health and Productivity Management Organization Recognition Program operated by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi (Japan Health Council) since 2020.

The Certified Health and Productivity Management Organization Recognition Program recognizes large enterprises and small to medium enterprises engaging in particularly outstanding health management practices based on initiatives that address health issues impacting the local community or health improvement initiatives promoted by Nippon Kenko Kaigi.

■ Health and Productivity Management Strategy Map



Value Provision for Supply Chain

Basic Concept

Supply Chain Management | Respecting Human Rights

We view our business partners as key partners and seek to establish a relationship of trust and mutual growth through fair and open trading as well as compliance with all laws and ordinances.

Purchasing Policy

The Glory Group will procure parts from suppliers in a fair and transparent manner in all aspects of our transactions while strictly observing related laws and regulations and establishing relationships built on mutual trust. As we proceed with our procurement activities, we will consider both our CSR and environmental conservation toward developing a sustainable society.

1. **Strict compliance with legal and social norms**
   In addition to strict compliance with applicable laws, we respect the ethical norms of society and promote transparency, fairness, and equitability in our purchasing activities.
2. **Environmental preservation**
   Based on Glory's Environmental Policy, "We will act in earth-friendly ways and supply environment-friendly products and services and contribute to realize sustainable society." We are committed to environmental preservation initiatives, and we have established Green Procurement Standards covering the purchasing and procurement of materials.
3. **Fairness and impartiality in transactions**
   Glory provides opportunities on an impartial basis to all suppliers who comply with our selection guidelines, regardless of whether or not they are based in Japan and without regard to prior transaction history. We endeavor to find the best suppliers for our company by maintaining free competition and ensuring fair evaluation and selection.
4. **Maintenance of quality and competitive and reasonable pricing**
   Our Quality Policy is "We will provide products and services in a timely manner to win the confidence and satisfaction of customers." We focus on quality, price, delivery schedules, and technology development, and we make active use of proposals from our suppliers regarding new materials and ways to lower costs.
5. **Mutual advancement based on relationships of trust**
   Through fair transactions, we aim to establish relationships of trust with suppliers and contribute to our mutual advancement.
6. **Management and protection of information**
   Confidential business and technical information acquired by Glory in the course of purchasing transactions is managed strictly and never divulged to outside parties without the consent of the supplier concerned.
7. **Promotion of responsible procurement**
   We promote responsible corporate behavior in the supply chain with our business partners.

Partnerships with Suppliers

We value cooperative partnerships with our suppliers, who are essential business partners for our constant production of high-quality products.

We host annual supplier conferences, where we explain the Group's procurement policies, business environment, current strategies, and initiatives to strengthen partnerships with our suppliers. The conferenceheld in May 2024 gathered representatives of 177 suppliers. Going forward, we strive to build and maintain the relationships of trust with our suppliers to realize a sustainable society in liaison.

As a defect preventative measure, the company's Parts Inspection Department visits our suppliers on a regular basis to audit their parts processing procedures and work environment, and advise on quality improvement if necessary.

In addition, we organize annual events such as "Quality Improvement Activity Presentation" and "Circuit Board Quality Meeting" as information-sharing opportunities with suppliers, where we present quality improvement case studies. In the event of defects, we conduct "Quality Conferences" with our suppliers to discuss on root causes, countermeasures, and deployment of measures to prevent the recurrence of similar defects in their parts processing processes.

Supplier Conference in Japan (2024)

▶ Responsible Mineral Procurement

We conduct surveys in cooperation with our suppliers, as a part of our commitment to responsible mineral procurement in the Group's supply chain. Surveys use the Conflict Minerals Reporting Template (CMRT) and the Extended Minerals Reporting Template (EMRT) provided by the Responsible Minerals Initiative (RMI) to examine the inclusion of target minerals and to identify smelters in our supply chain. Going forward, we will continue to ensure transparency in mineral procurement and avoid the use of conflict minerals in liaison with our suppliers.

▶ Developing Procurement Staff

The Glory Group focuses on employee education to promote sustainability initiatives across its supply chain and ensure fair and open trading. We train domestic and overseas procurement staff through an e-learning program, available in three languages. This consists of curriculum modules such as the Japanese Subcontract Act and responsible procurement, helping staff to improve their skills and acquire the knowledge they need.

In fiscal 2023, we provided e-learning on the Subcontract Act and responsible procurement to approximately 160 employees in Japan and overseas.

Compliance

Compliance Framework

Compliance

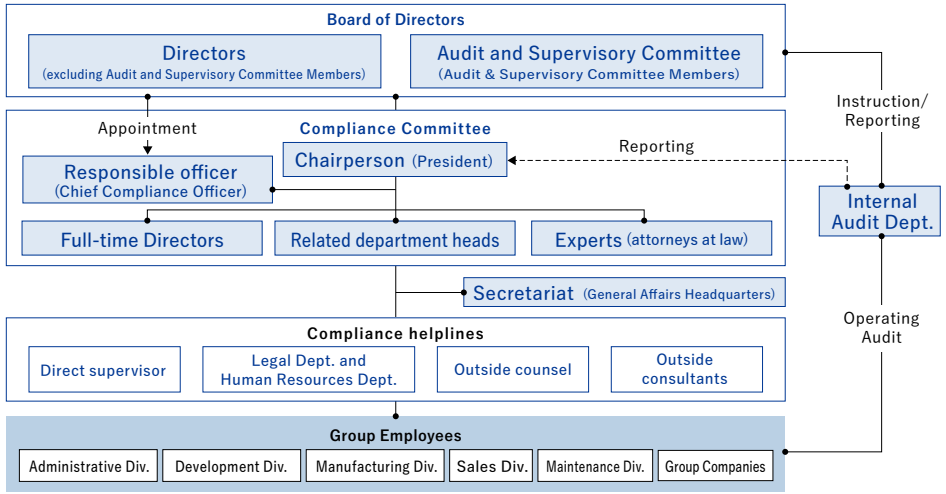
Glory views legal compliance as an important management issue, and therefore strives to maintain and improve our compliance framework. One measure taken in that regard is the establishment of the Compliance Committee.

The Compliance Committee, chaired by President and comprised of full-time directors, related department heads, and two outside experts (attorneys at law), deliberates on key compliance-related issues in Glory Group, and the outcome is reported to the Board of Directors.

The Chief Compliance Officer, appointed from among the officers in charge, takes the initiative in planning measures to enhance compliance and in engaging in employee education and awareness activities.

As a part of this, we conduct compliance awareness surveys on a regular basis, striving to improve the mindset of our employees.

■ Compliance Framework



Whistleblowing System

We have established the following whistleblowing hotlines for compliance matters within the Glory Group:

1) Direct supervisor of the whistleblower
2) The Compliance Committee Office (Legal and Human Resources Departments)
3) Outside counsel
4) Outside consultants

We aim to detect and mitigate issues at an early stage through these hotlines, while protecting whistleblowers in accordance with the Glory Group Whistleblowing Code of Practice.

In fiscal 2023, 31 cases were reported, for which we have conducted fact-finding studies and taken necessary actions.

In addition to the above, any legal and/or compliance issues are dealt with as soon as they are identified, and communicated to employees through internal notices and training to prevent recurrence.

Legal Code of Conduct

Glory has established the Glory Legal Code of Conduct governing the laws and codes of ethics that must be adhered to by all Glory Group officers, employees, and business partners, including distributors, both domestic and overseas.

The code was developed from a global perspective to accommodate the rapid expansion of our overseas business. We strive to improve employee awareness of compliance through the distribution of the “Compliance Handbook” and training for every Group employee. In addition, we strive to conduct honest and fair business practice worthy of the Glory brand and to maintain and ensure a high level of compliance and ethical standards. Additions and amendments to the code may be made after approval by the Company’s directors.

In fiscal 2023, there were no violations of laws or regulations that had a significant impact on our business.

Corruption Prevention

We have specified rules to prohibit bribery and prevent corruption in the Glory Legal Code of Conduct and endeavor to keep all domestic and overseas employees and business partners informed of them. We also conduct e-learning and other suitable means of education to prevent corrupt practices.

In fiscal 2023, there were no occurrences of corrupt practices, including bribery.

Compliance Education

We conduct comprehensive training, including at Group companies, to ensure thorough compliance. New employee education includes learning about fundamental legal and ethical issues as well as internal rules. In addition, we conduct e-learning every year during Corporate Ethics Month in October for all domestic group employees to refresh their understanding of basic issues and social trends.

In fiscal 2023, we provided training around the themes of “Reaffirming the importance of compliance” and “Reconfirming our management philosophy and other key principles,” with the attendance of 7,145 employees (99.9%). Other programs include newly appointed manager training and specialized training to develop a more thorough and precise understanding of issues concerning laws and corporate ethics.

Risk Management

Risk Management

Risk Management

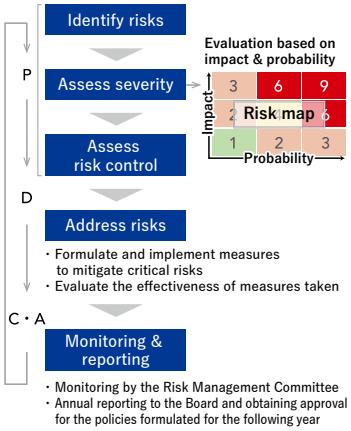
Glory's Risk Management Committee, chaired by the Company's president, works to strengthen the Group's risk management based on the risk management framework and process shown below.

In fiscal 2023, the committee conducted a Group-wide assessment to review the risk status and implement measures to mitigate the highest-priority risks.

Risk Identification and Assessment Process

The Glory Group applies the PDCA cycle shown at right in its risk management including identification, assessment, and formulation of measures. Identified risks are evaluated on two axes (severity and probability), and high-priority risks are managed by responsible departments that take preventive measures and establish systems to respond promptly in times of crisis. Basic policies, the risk management structure, and priority measures for the year are deliberated upon and approved by the Risk Management Committee. A summary of these risk management activities is regularly reported to the Company's Board of Directors.

In January 2024, the Risk Management Committee identified the highest-priority risks and decided upon the policies and measures as outlined below.



Highest priority risks	Policies and measures	
"Less cash" trend	Develop and monetize new businesses (New Business Domain)	●Monetize target businesses (e.g., kiosks and DMP) ●Develop new businesses in target markets (Retail, Financial, and F&B)
Supply chains	Develop stable parts supply chains and optimize production	●Stock spare parts in respect of BCP (Business Continuity Plan) ●Develop products and change product designs to accommodate highly available parts ●Establish dedicated teams to monitor parts trends ●Optimize production operations (e.g., sites, processes)
Information security	Build robust information security systems	●Promote global IT governance
Legal compliance	Enhance corporate governance structure	●Enhance Group-wide risk management ●Reinforce compliance management

Risk factors and countermeasures are listed on the right.

Risk Factors

Risk Factors

Forward-looking statements in this document are based on the Group's judgment at the date of submission of the Annual Securities Report and are not limited to business and other risks.

Classification	Category	Content
Business Environment	Rapid development of a cashless economy/Strong reliance on cash handling machines	The Group is working to expand its new business domain, including such non-cash areas as the DMP business. However, should the cashless economy develop drastically and globally in a short time (e.g., due to the issuance of digital currencies by central banks) before the Group's new business domain matures, the Group's performance could be adversely affected. **Countermeasures** Under its 2026 Medium-Term Management Plan, the Group will focus on the retail/financial and food and beverage (F&B) markets as its target markets. Here, the Group will drive customers' digital transformation (DX) with best-in-class products and software platforms to expand its new business domain.
	Overseas business conditions	The Group is actively expanding its business in overseas markets. However, we face geopolitical risks, including the impact on business activities of changes in international conditions, such as the outbreak or intensification of war or conflict. In addition, unprecedented fluctuations in foreign exchange rates and interest rates, as well as infringements of intellectual property, could adversely affect the Group's performance. **Countermeasures** To advance its operations, the Group will formulate and implement medium- and long-term business and production strategies to reduce the impact of growing geopolitical risks around the world, take foreign exchange hedging measures to prepare for exchange rate fluctuations, and engage in intellectual property activities that are directly linked to future business creation and earnings.
	Laws and regulations of countries and regions where the Group operates	The Group is subject to business permits and import and export regulations, as well as various laws and regulations, in the countries and regions where it operates. Should these laws and regulations be revised or repealed, or if new public regulations were to be established, or if any other special factors influencing the market environment were to arise, the Group's performance could be adversely affected. **Countermeasures** The Group will monitor changes to laws and regulations in each country where it does business, identify operations subject to such regulations, assess risks, implement countermeasures, and educate employees.
	Intensified competition	Competition in the Group's business areas is intensifying. In this environment, other companies might release competitive new products and services or engage in aggressive sales activities, including significant price reductions, that might cause a shift in demand to lower-priced products. Any of these factors could adversely affect the Group's performance. **Countermeasures** The Group enables confidence by providing comprehensive solutions that drive customers' digital transformation (DX) with best-in-class products and software platforms combined. In this way, we aim to be a partner company that creates the future together with our customers.

Risk Management

Classification	Category	Content
Business Environment	Strategic investments	The Group strategically allocates its management resources to expanding core businesses and creating new ones, with the aim of constantly improving corporate value over the medium to long term. As of March 31, 2024, goodwill and customer relationships amounted to ¥84,171 million and ¥26,838 million, respectively, and accounted for 18.0% and 5.7% of total consolidated assets, respectively. These intangible assets are subject to impairment assessment, and if the Group does not achieve expected outcomes due to changes in the business environment, it might incur impairment losses that could adversely affect its performance. In addition, if an investee company that has become an entity accounted for using equity method fails to fulfill its business plan, it might incur Share of loss of entities accounted for using equity method, which could affect the Group's performance. **Countermeasures** In accordance with the rules of the Strategic Investment Committee, the Group periodically evaluates conditions surrounding its investee companies' business operations and reports the results to the Board of Directors and other relevant bodies. In these ways, we ensure proper post-investment management and promote growth strategies in line with the scenario at the time of investment.
	Supply Chain	Natural disasters and/or accidents might result in suspension or interruption of suppliers' production, while a breakdown in the supply-demand balance for semiconductors, raw materials, and other products could lead to delays in product deliveries. Any of these factors could impact the Group's production activities and adversely affect its performance. In addition, inflation and other factors that raise the prices of parts and raw materials might increase the Group's business costs and affect its performance. **Countermeasures** The Group endeavors to switch to parts and raw materials with higher availability and place advance orders based on medium-term sales forecasts for semiconductors and other electrical components for which a supply-demand imbalance is expected to occur. In these ways, we strive to ensure the stable procurement of parts and materials.
	Securing human resources	The Group conducts business activities on a global scale and employs people with a diverse range of nationalities, values, and expertise. Its medium- to long-term growth is highly dependent on these human resources. As such, the Group's performance could be adversely affected if it fails to attract and foster talented human resources, especially experts in digital transformation who are indispensable to expanding its new business domain, according to its medium- to long-term plans. **Countermeasures** The Group has designated development of human capital as the source of its competitive edge and the objective of its human resources strategy. To improve employee engagement, we work to foster human resources who promote the growth of individuals and the Company, enhance employee satisfaction with a focus on health and productivity management, promote diversity, and respect human rights. In these ways, we strive to recruit and develop talented human resources, especially DX specialists.

Classification	Category	Content
Business Operation	Intellectual property rights	The Group constantly conducts research on the products of other companies to prevent infringements by its products on the material intellectual property rights of third parties, as well as those by third parties' products on the Group's intellectual property rights. As an R&D-based enterprise, however, the Group might experience intellectual property disputes with other companies. If such disputes were to materialize, the Group's performance could be adversely affected. **Countermeasures** Our IP department and operations divisions work together to engage in IP landscaping, which shows the Group's market position in terms of intellectual property. By also monitoring the intellectual property rights of third parties, we seek to reduce the risk of intellectual property disputes.
	Information security	The Group considers it essential to prevent leakages of personal and confidential corporate information. Based on this, the Group has taken various measures, such as formulating regulations, conducting thorough in-house training, and establishing an information security system. In the event of an information leakage, however, the Group might not only suffer a loss of credibility but also be liable for damages to customers and other parties. Because information systems are playing increasingly important roles in the Group's business activities, the risk of business activity stoppage due to unauthorized access is also increasing. In July 2023, unauthorized access by a third party to a server managed by the Group was discovered. **Countermeasures** To minimize such occurrences, our newly established Group CISO* spearheads efforts to control information security governance and works continuously to ensure rigorous employee training and continuously strengthen various measures, including monitoring of system operation status.
	Quality of products and services	The products and services provided by the Group are required to operate in a reliable manner, such as in the case of cash handling at financial institutions and retail stores. To this end, the Group focuses on providing highly reliable products by verifying quality and safety at each stage, including product design, evaluation, component procurement, and manufacturing. In maintenance services, the Group works to prevent serious product quality and safety issues by conducting regular inspections. However, unexpected quality problems might occur during the development, production, and maintenance service processes, such as uncertainties associated with sophisticated product and service functions. Any of these factors could adversely affect the Group's performance. **Countermeasures** In the event of a quality problem or defect that might violate laws and regulations, the Group has established a system to ensure that information reaches the chief in charge of management promptly so that there is no delay in addressing the issue.

*Chief Information Security Officer of the Glory group

Risk Management

Classification	Category	Content
Business Operation	Fundraising	The Group raises funds for its business activities through internal funds, borrowings from financial institutions, and the issuance of bonds. However, interest rate hikes to counter inflation, mainly in the United States and Europe, as well as downgrades of our credit rating by rating agencies, might increase the cost of fundraising and adversely affect the Group's performance. **Countermeasures** The Group strives to reduce liquidity risk by updating its cash management plan in a timely manner and diversifying its financing sources, which include bank borrowings and bond issues.
Environment	Climate change	The Group views climate change as an urgent issue and is working to reduce greenhouse gas (GHG) emissions from its business activities and develop environmentally friendly products. If the requirements and demands of various countries exceed expectations, however, transition risk might increase, leading to higher procurement costs due to investment in energy-saving/renewable energy facilities and the introduction of carbon taxes, emission trading schemes, and the like, as well as lost sales opportunities and decreased corporate value stemming from damage to the corporate brand, which could adversely affect the Group's performance. In addition, physical risks might increase due to abnormal weather conditions, such as typhoons and torrential rains, which have been on the rise due to climate change. Any of these factors could cause damage to the Group's own factories and employees or suspension of operations of parts suppliers, which could restrict the Group's business activities and adversely affect its performance. **Countermeasures** The Group has positioned reduction of GHG emissions as one of its most important sustainability issues. Since the start of the 2026 Medium-Term Management Plan, we have expanded the coverage of our GHG reduction targets (Scope 1 and 2) to a global scale (including overseas consolidated subsidiaries) and subject them to Science Based Targets (SBT) standards. We are now working hard to achieve those targets. In addition, we have endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and are promoting its efforts, and we will continue enhancing our disclosures in line with the TCFD recommendations.
Internal Control	Internal Control	To ensure the accuracy of financial reporting, the Group strives to strengthen its internal control system by documenting operational processes and conducting rigorous internal audits. Even if the Group's internal control system is effective, however, it might cease to function properly in the event of operational errors or fraud on the part of employees or others. Any of these events might require the Group to revise its financial information, which could adversely affect its performance and/or financial position. **Countermeasures** In response to the embezzlement at a domestic subsidiary uncovered in February 2022, the Group is strengthening its internal controls and the governance systems of all subsidiaries by strictly enforcing accounting- and finance-related rules and cash and deposit management, while taking other measures to prevent recurrence. We are also working to instill and ensure thorough compliance awareness.

Information Security

Risk Management

▶ Measures for Organizational Safety Management

Under the supervision of the Chief Information Security Officer, we have established the Information Security Promotion Section as a company-wide cross-sectional organization to improve the level of information security for the entire Group. The section has been making continuous improvements through the PDCA cycle based on the Information Security Policy. Internal audits are also conducted regularly to check the suitability and effectiveness of the system.

In addition, as a measure to strengthen security not only for the Group but also for the entire supply chain, we conduct security surveys of contractors who handle important information to ascertain their security levels and provide guidance on improvements as necessary.

▶ Enhancing Information Security Measures

For the purpose of safely and appropriately handling the information assets of our customers, departments concerned with offering systems solutions and services, such as the Service Connect Center (Information processing center), have acquired ISO 27001 certification, the international standard for information security.

▶ Response to Information Security Incidents

In preparation for information security incidents such as data leaks, malware infection, and unauthorized access, we have established a system for minimizing damage, promptly recovering and preventing reoccurrence. G-CSIRT (Glory Computer Security Incident Response Team), which plays a central role in this effort, joined Nippon CSIRT Association, an industry group, in 2014 and has been enhancing response capabilities to incidents through such initiatives as gathering and sharing information and acquiring related skills. The system is being further strengthened to enhance the response to incidents in products, services and at offices.

Executive Officer
Chief Information Security Officer of the Glory group
Yukiya Tanaka

Importance of Cybersecurity

Cybersecurity is becoming more important to address the increasing threat of cyberattacks nowadays. Intrusion methods are diversifying, including intrusion from the network perimeter, sending spoofed e-mails, and account exploitation. Since many cyber incidents occur in the weakest points of the entire Group, it is very important to unify rules and tools throughout the Group to improve the cost performance of security measures. The Glory Group has implemented measures such as prompt patching vulnerabilities, thorough multi-factor authentication (MFA), and implementation of endpoint detection and response (EDR), but recently there have been cases of sophisticated spoofing using generative AI, so each employee needs to be aware of the importance of security. We will strengthen security education to improve employees' knowledge.

The Chairman of the Board and Outside Directors — A Roundtable Discussion

As we take the next step toward achieving our Long-Term Vision 2028, we will promote global transformation with a renewed mindset.

Joji Iki	Motozumi Miwa	Junji Uchida
Outside Director Chairman of the Nomination Advisory Committee	Chairman of the Board	Former Outside Director* Former Chairman of the Compensation Advisory Committee

How do you evaluate the progress of the Long-Term Vision 2028?

Miwa In fiscal 2023, the final year of the 2023 Medium-Term Management Plan, we achieved record-high figures for both net sales and operating income. This performance alone might suggest that we are well on our way to achieving our long-term vision, but we cannot afford to become complacent. Upon reviewing our initiatives under the 2023 Medium-Term Management Plan, several key issues have emerged.

The biggest issue of all is the profitability of our overseas business. Although the operating income finally recovered by the end of fiscal 2023, it previously experienced significant temporary declines due to COVID-19 and cyber incidents.

A closer examination of our overseas business reveals that intangible assets have significantly increased due to our aggressive M&A strategy. Along with this, amortization of goodwill has increased, highlighting the need to generate substantial returns from acquired assets moving forward. In other words, the key to increasing profitability is to maximize synergies with companies we have acquired and with which we have capital and business alliances.

Uchida As Mr. Miwa mentioned, with the transition from the 2023 Medium-Term Management Plan to the 2026 Medium-Term Management Plan, the issues that need to be addressed have become significantly clearer. The Company's strategic approach to M&As deserves commendation. However, further innovation is required to translate this strategy into tangible profits. We are still in the process of developing and nurturing new businesses, which have yet to reach their full growth potential.

When it comes to synergies, post-merger integration (PMI) is paramount. We need to leverage synergies as a truly global company, transcending the boundaries between overseas and domestic operations.

On the other hand, our core businesses are robust, as demonstrated by the record-high results achieved in fiscal 2023. Looking ahead, our key focus will be to drive innovation for the future while maintaining and building on our strong business foundation.

*Retired on June 21, 2024.
This roundtable discussion was held on June 19, 2024.

The Chairman of the Board and Outside Directors — A Roundtable Discussion

Iki Although there are still many issues to address, our achievement of the targets set forth in the 2023 Medium-Term Management Plan is highly praiseworthy. Despite challenging business conditions, including COVID-19 and the semiconductor shortage, we strategically pursued M&As and effectively addressed the issuance of new Japanese banknotes, a project of national significance.

Uchida On a positive note, the F&B market is emerging as a promising new sector, and the direction for Glory is taking shape. I get the impression that Glory has clearly embraced a Group-wide approach to doing business globally.

Iki I also appreciate that a new pillar is emerging to complement our established presence in the retail and financial markets. We have also started work on connecting these businesses cross-laterally under common software platforms. I am very excited to see our steady progress in building the capabilities necessary to achieve our long-term vision.

Miwa Under the Long-Term Vision 2028, we have set a target of ¥500 billion in annual net sales by fiscal 2028. Although it is a challenging goal, I believe it is achievable if we can effectively address the issues that have been discussed.

What kind of discussions did the Board of Directors have when formulating the 2026 Medium-Term Management Plan?

Miwa When formulating the new plan, the Board of Directors had various discussions. I think the biggest point of all was the need to initiate a change in mindset. Many people, particularly outside directors, have suggested that we need to reset our business approach, which has been predominantly Japan-centered. Instead, we should adopt a broader global perspective and focus on nurturing businesses with promising future potential. I believe we have made good progress with these efforts to date, but we are now aiming to accelerate them further. In our new medium-term management plan, centered on the concept of “transformation,” accelerating the globalization of both our business divisions and our corporate divisions is an urgent priority.

Uchida From a financial perspective, transformation will involve shifting from Glory’s previous sales-oriented mindset, which focused on generating revenue through sales. Instead, we need to spend money in the right areas to ensure a solid return. In other words, we should focus on enhancing our earning power and making our business more ROIC-conscious.

Looking at our business from this perspective, the traditional distinction between overseas and domestic markets is no longer necessary. This is where a global perspective becomes important, as Mr. Miwa mentioned. In formulating the 2026 Medium-Term Management Plan, we engaged in discussions with several key questions in mind: How will each business generate returns? What technologies are most beneficial at present? And what kind of human resources should we develop?

Iki As I mentioned earlier, I was focused on how we can effectively integrate our DX and software platforms across the three markets of retail, financial, and F&B.

The Chairman of the Board and Outside Directors — A Roundtable Discussion

Miwa One key DX issue is the cash handling machine business, which is central to our business in the financial market. By making these machines IoT-compatible and connecting them to a common software platform, we can propose a variety of solutions.

We must promote these innovations globally, transcending lines between overseas and domestic markets. In the F&B market, for instance, we are establishing a global business with Acrelec as the foundational driver. We should take up the same challenge in the retail and financial markets. Thanks to our M&As and other activities, I believe the key pieces are now falling into place. As outlined in the 2026 Medium-Term Management Plan, we need to integrate these pieces effectively to maximize our profits.

Iki Another key aspect of the new medium-term management plan that I would like to emphasize is our human resource strategy. Whether in business or technology, the key to tackling new challenges in new areas is to attract and develop the talent responsible for driving these initiatives. In April 2024, we overhauled our personnel and educational systems to help young employees tackle challenges with enthusiasm. With an environment for fostering employee growth now in place, we have high expectations for their future success.

What role did the Nomination Advisory Committee play in the selection process of the new President?

Iki The three of us present today took part in the nomination of the new president as members of the Nomination Advisory Committee. I was the chair of the Committee, and we began discussions on candidates for the new president in the second half of fiscal 2021. We deliberated and narrowed down the list of candidates in two stages through a total of 11 interviews, a process that took about two years. Ultimately, the Committee endorsed the proposal to appoint Akihiro Harada as the new president in January 2024. He was officially selected by resolution of the Board of Directors in February.

Miwa Let me just add a little bit. The Committee had proposed that all candidates be subject to multifaceted and objective internal evaluations before being presented to the Committee for consultation. We agreed to the proposal and followed this process.

The timing of the presidential transition aligned with the commencement of the new 2026 Medium-Term Management Plan. In fiscal 2023, we saw a V-shaped recovery take gradual hold, driven by increased demand related to the issuance of new Japanese banknotes. However, our business environment was changing dramatically, with F&B and other new markets emerging, together with an accelerated shift to a “less-cash society” and advances in digitalization. Therefore, we concluded that initiating the transition in fiscal 2024 would be optimal.

Uchida As Mr. Miwa said, I believe there was a shared understanding among the members of the Nomination Advisory Committee that Glory was at a significant turning point. To achieve further growth in the future, Glory must undertake a transformation on a global scale. It seems to me that the selection process was aimed at identifying people who could drive these changes and provide effective leadership.

Iki To add my own perspective to what you both have said, I also recognized the importance of having a sense of urgency regarding the current situation Glory is facing. I believed that instilling a sense of urgency would naturally foster strong leadership and accelerate the pace of change.

The Chairman of the Board and Outside Directors — A Roundtable Discussion

Could you discuss your expectations and the challenges you foresee for Glory's growth in relation to the Long-Term Vision 2028 and beyond?

Uchida To embrace the challenge of transformation in the future, it is crucial for Glory to drive change on the "front lines" of its business. The key is to shift the mindset of employees on the front lines so they are motivated about tackling new business and technology challenges. To achieve this, it is essential that executives and all levels of management not only advocate for change but also actively collaborate with employees to implement it.

The way our organization is structured will also naturally change. It seems to me that until now, Glory has operated with a hierarchical culture typical of manufacturers. However, we must now transition to a flatter organizational structure to keep pace with digitization and the expansion of software platforms. We need to evolve into an organization where diverse teams collaborate in a flat structure to stimulate each other's growth.

It is often said that three layers of competition are crucial within a company: competition among management, among teams, and among people on the front lines. Among these layers, I would like to see us build a strong and innovative organization capable of excelling in team competition on the global stage. I hope that every employee will adopt a positive mindset and recognize that "Glory is a good company" and help us evolve into a cohesive corporate group.

Iki As previously discussed, I believe that Glory's future vision of integrating its three business markets—retail, finance, and F&B—with a software platform has been broadly outlined. Going forward, it is crucial that we implement further changes and clearly define the outlines of those changes.

There are certainly many issues that remain to be addressed. These include human resource development and the organizational reforms mentioned by Mr. Uchida and the globalization of our corporate divisions as pointed out by Mr. Miwa. We also need to strengthen our software platforms and shift to solution-oriented maintenance services. However, if we implement effective transformation under the 2026 Medium-Term Management Plan, we can anticipate substantial growth in the future. I am very excited about Glory's future.

Uchida Looking at the past few years from the perspective of management transformation, I feel that the Board of Directors has become more diverse and balanced, with an increase in female directors and the appointment of a foreign (British) outside director. I anticipate that the effectiveness of the Board will be further enhanced through substantial discussions leveraging the expertise, knowledge, and experience of each director.

Miwa As the Chairman of the Board, I plan to leave business execution primarily to the president and other directors, while I concentrate on corporate governance and risk management.

As part of our governance reforms, in fiscal 2024 we revamped the executive officer system and reduced the number of officers to create a flatter organization, as mentioned earlier. We are also changing our compensation system to one that is more performance-linked. To shift the mindset of employees, management must first lead by example and drive the change.

Another area I want to focus on is the mindset of our employees in Japan, who number approximately 5,000 people across the Glory Group. I am slightly concerned that as we advance with global transformation, we might tend to focus more on overseas operations, potentially leading to domestic employees feeling neglected. I aim to create an environment where all Glory Group employees can thrive and no one is left behind.

Supervisory Committee Members — A Roundtable Discussion

Keiichi Kato
Outside Director (Audit & Supervisory Committee Member)

Masato Inuga
Director (Full-Time Audit & Supervisory Committee Member), Chairman of Audit & Supervisory Committee

Yukako Ikukawa
Outside Director (Audit & Supervisory Committee Member)

We will work to enhance the effectiveness of our audits so as to contribute to the growth of the Group and strengthen its governance.

What are your impressions as you look back on the 2023 fiscal year?

Inuga The role of Audit & Supervisory Committee Members is to audit and supervise the business execution by directors and others. Since my appointment in June 2023, I have made it a point to speak out at Board of Directors meetings paying close attention to determine whether any proposals on the agenda violate laws and regulations or the Company's Articles of Incorporation, and whether our strategy is reasonable.

As a full-time member of the committee, I have also focused on gathering information within the Company. By participating in the Company's Management Conference and periodic interviews with division heads and presidents of subsidiaries, I have monitored business progress and issues within the Group and shared my findings with Mr. Kato and Ms. Ikukawa to enable the exchange of opinions.

Ikukawa While the agenda of our Board of Directors meetings is diverse, I have approached such meetings with the belief that my responsibility is to offer my opinions from an accounting and tax perspective, as well as to increase the Company's corporate value. Our Board members have diverse backgrounds, and my impression from attending meetings is that the Board is balanced. Each and every director offers opinions from the perspective of his or her own area of expertise, which makes for lively discussions and I believe better decisions.

During my career as a tax accountant, I have built knowledge and a network, which I hope is providing beneficial to Glory's management. Since my appointment last year, I have set opportunities to interact with other companies and exchange opinions on various issues in relation to auditing promotion of health and productivity management.

Kato Looking back over the past year, I feel that both the Audit & Supervisory Committee and the Board of Directors have had productive discussions. In addition, the interaction with other companies, which Ms. Ikukawa mentioned, has allowed us to share the details of our initiatives and use the knowledge thus gained to conduct our audits. It has been a different kind of approach from the past.

Supervisory Committee Members — A Roundtable Discussion

In recent years, the Company has made various strategic investments. As members of the Audit & Supervisory Committee, how did you approach the discussions about strategic investments? And how do you evaluate the discussions at Board of Directors meetings?

Inuga All of the strategic investment proposals submitted to the Board of Directors meetings were aimed at ensuring the continued growth of the Group. The departments in charge of each proposal had a strong desire to make such strategic investments, so we tried to take a step back and objectively consider the proposals as part of our deliberations. We made sure to consider the proposals from the perspective of whether the investments will help increase the Group's corporate value and confirm the appropriateness of the proposed acquisition price.

Kato Despite the large volume of information on the agenda regarding strategic investments, I believe that the advance explanations provided to the Board of Directors members allowed us to go to meetings with a better understanding of the issues.

In acquisitions and capital/business alliances, the resulting business growth sometimes does not meet our expectations. In addition to positive information, therefore, I try to get as much negative information as possible. In this regard, when we were considering the Flooid acquisition in fiscal 2023, I believe that we received sufficient information, including about risks, and were able to discuss the proposal appropriately.

Ikukawa With the spread of cashless transactions, the Company's management team is unanimous in the belief that we need to expand not only our hardware business but also our software business, as well as our recurring-revenue business and the food and beverage market. Therefore, they are considering various strategies to achieve these goals.

Of course, we must consider the strategic investments from the perspective of business growth. From my viewpoint as an M&A consultant, however, I also pay close attention to make sure that proposals on the agenda contain the information necessary for deliberation and determine whether each proposal is reasonable from a tax perspective. Recently, the agenda has improved compared to previous years. This has allowed for comprehensive discussions at Board of Directors meetings.

How do you plan to strengthen corporate governance as a cornerstone of business growth?

Inuga I feel that we need to strengthen corporate governance across the whole Group, including subsidiaries. In fiscal 2023, we posted significant growth in domestic business sales thanks to increased demand associated with the issuance of new banknotes. In normal times, however, overseas sales account for more than half of consolidated net sales, so the focus of our audits must naturally shift to the overseas business. Therefore, I plan to make on-site visits to our overseas subsidiaries and conduct effective audits based on the characteristics of each region.

Kato There are many issues to address in strengthening corporate governance, but I would like to mention the importance of doing the obvious. I believe that the first step in strengthening corporate governance is to conduct business in accordance with established rules and procedures and ensure that each and every task is performed properly. Accordingly, the Audit & Supervisory Committee will work with the Internal Audit Department to ensure that our business is being properly conducted. As an attorney, I also focus on combating harassment and emphasizing the importance of building mutually respectful relationships.

Ikukawa As Mr. Inuga mentioned, we have many subsidiaries, not only in Japan but also overseas. Moreover, companies under the control of each company we acquire through our M&A activities are added to the Group. I want to consider what kind of audit system would be appropriate for the Group including these new companies from the perspective of both business strategy and governance, and then conduct effective audits accordingly.

Corporate Governance

Basic Policy

Based on our "Corporate Philosophy," which embodies our determination to grow as a sustainable enterprise by contributing to a prosperous society through our commitment to product development, the Company and its subsidiaries aim to improve the corporate value by striving to exist in harmony with society and promoting sound and efficient corporate management that is trusted and supported by all stakeholders.

To this end, we strive to improve corporate governance thus further improve our corporate value, through enhanced supervisory and executive functions of management, expedited, transparent, and objective decision-making, and enhanced compliance management.

Corporate Governance Framework

Corporate Governance

Glory has adopted a "Company with Audit & Supervisory Committee" as a form of corporate organization to further strengthen the supervisory function of the Board of Directors and increase the efficiency of management decision-making. For further enhancement of the supervisory function of the Board and for swift and efficient business management, decisions regarding the execution of important operations are flexibly delegated to Directors and business execution function of management are delegated to an executive officer upon the executive officer system.

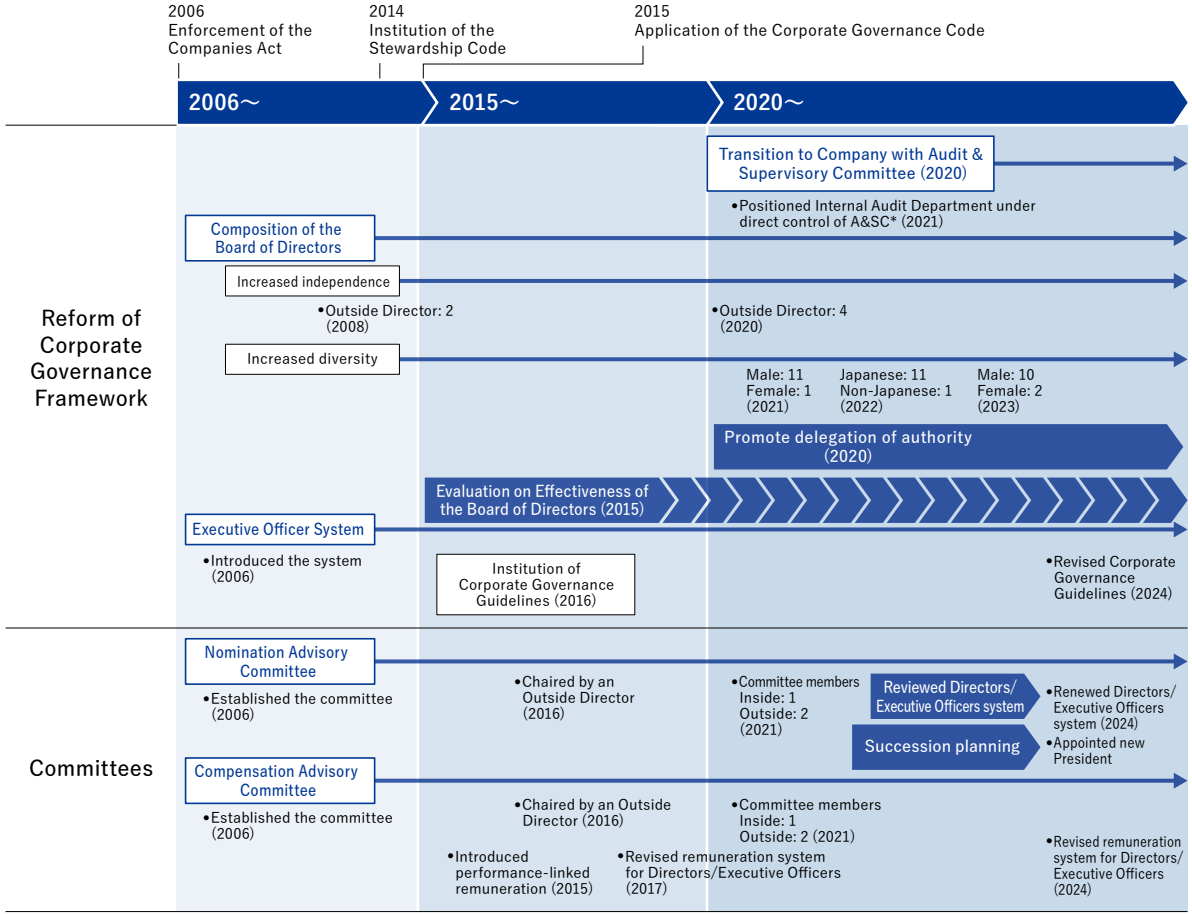
Furthermore, the Company has established committees such as the Nomination Advisory Committee and the Compensation Advisory Committee as consultative bodies for the determination of appointment and remuneration to ensure the transparency and objectivity of management decision-making while the Audit & Supervisory Committee addresses to enhance the audit and supervisory functions.

Glory's basic policy on corporate governance is set out in the Corporate Governance Guidelines.

(as of June 21, 2024)

Organizational Composition and Operation	
Organization Form	Company with Audit & Supervisory Committee
Maximum Number of Directors Stipulated in the Articles of Incorporation	Directors who are not Audit & Supervisory Committee Members: 10 Directors who are Audit & Supervisory Committee Members: 5
Term of Office Stipulated in the Articles of Incorporation for Directors	Directors who are not Audit & Supervisory Committee Members: 1 year Directors who are Audit & Supervisory Committee Members: 2 years
Chairperson of the Board	President
Appointment of Outside Directors	Appointed
Number of Directors	Male: 9; Female: 2 (Percentage of female Directors: 18.2%)

Glory Corporate Governance Chronology



*Audit & Supervisory Committee

Corporate Governance

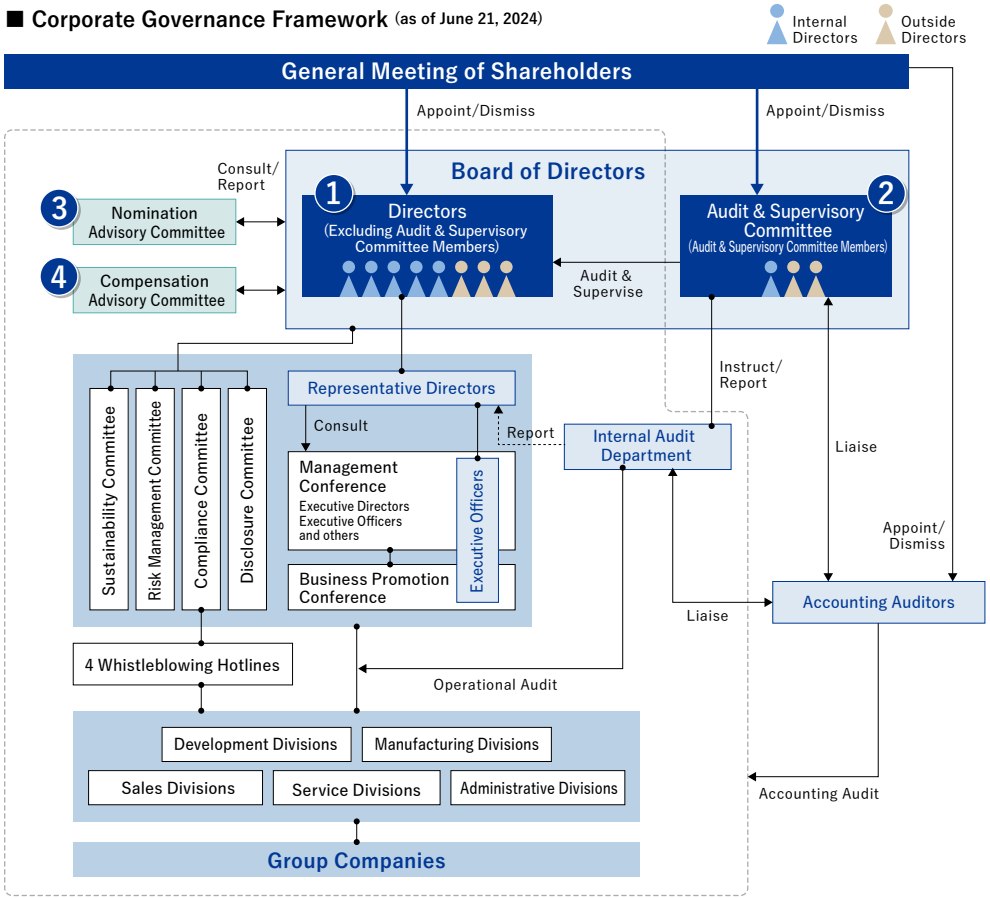
■ Revision of Executive Officers System

For the global growth of the Group amid the drastic changes in the business environment, the Company has reviewed its Executive Officer system as of April 1, 2024, to facilitate prompt decision-making and to improve corporate governance in the Group's business operations.

Outline of the review

- Redefined the roles of Executive Officers to be the heads of the Company's cross-functional organizations, who work closely with the management and execute business strategically to increase the value of the Group.
- Abolished the classification of Executive Officers to simplify the organizational structure.

■ Corporate Governance Framework (as of June 21, 2024)



1 Directors and Board of Directors

The Company's Board of Directors is composed of 11 Directors, eight of which are Directors who are not Audit & Supervisory Committee Members and three Directors who are Audit & Supervisory Committee Members, including five independent Outside Directors. The Board of Directors, chaired by President & Director, decides on important business policies of the Group, and supervises and receives reports on the Group's business execution in accordance with the Rules of the Board of Directors. To enable expedited decision-making, the authority regarding decisions on execution of important operations is delegated to the Directors as necessary.

In fiscal 2023, the Board of Directors met 17 times and made necessary resolutions and received reports on the status of business execution. Major agenda items in fiscal 2023 included progress of the 2023 Medium-Term Management Plan and discussion of the 2026 Medium-Term Management Plan, M&As and post-investment monitoring, internal controls, Board effectiveness evaluation, procurement difficulties and geopolitical risks, and discussions around sustainability initiatives.

2 Audit & Supervisory Committee

The Company's Audit & Supervisory Committee is composed of three Audit & Supervisory Committee Members including two independent Outside Directors. The Company ensures that the effectiveness of the Audit & Supervisory Committee with a full-time member and a chairperson therein. The chairperson who is a full-time committee member presides over its meetings. The Audit & Supervisory Committee works closely the Company's Internal Audit Department positioned thereunder and the accounting auditor to conduct audits based on the committee's annual corporate audit plan in accordance with the audit policy and the assignment of duties determined thereby.

Further, the Audit & Supervisory Committee Members meet once per month in principle to deliberate on the status and results of audits.

The two Outside Directors who are Audit & Supervisory Committee Members apply their extensive knowledge and experience in audits and supervisions of the Company's management to ensure legitimacy and adequacy.

Mr. Keiichi Kato, Outside Director, is an attorney-at-law who possesses extensive experience regarding corporate legal affairs and Ms. Yukako Ikukawa, Outside Director and Certified Public Tax Accountant, possess considerable expertise in finance and accounting. Their experience and expertise contribute to the effectiveness of audits and enhance the Board's supervision in enhancing legitimacy and adequacy in the Company's management.

Moreover, the Company assigns two employees to assist in the execution of duties of the Audit & Supervisory Committee for further effective auditing.

3 Nomination Advisory Committee

The Company has established a Nomination Advisory Committee to ensure transparency and objectivity concerning the nomination of directors. As required by the Board of Directors, the Nomination Advisory Committee deliberates on the nomination of candidates for Directors and Executive Officers, the selection of senior management executives, and the planning for their successors. The committee members are Joji Iki (Chairperson, Outside Director), Ikuji Ikeda (Outside Director), and Akihiro Harada (Representative Director).

In fiscal 2023, the committee met seven times to deliberate on matters including process for appointment of Directors, the election of candidates for Directors and Executive Officers and interviews therewith, succession planning for executives, and revision of Executive Officer System. The fiscal 2023 committee members, Joji Iki (Chairperson, Outside Director), Junji Uchida (Outside Director), and Motozumi Miwa (Representative Director), attended all seven committee meetings held in fiscal 2023.

4 Compensation Advisory Committee

The Company has established a Compensation Advisory Committee to ensure transparency and objectivity in determining remuneration for Directors and Executive Officers. As required by the Board, the Compensation Advisory Committee deliberates and reports to the Board on the fairness of the amount, structure and decision-making process in relation to remuneration consisting of Fixed Compensation, Bonuses and Stock Compensation. The committee members are Ikuji Ikeda (Chairperson, Outside Director), Joji Iki (Outside Director), and Akihiro Harada (Representative Director).

In fiscal 2023, the committee met five times to deliberate on matters including the amount of Fixed Compensation for Directors and Executive Officers, target values, formulas, and the amount calculated for Bonuses, and points to be awarded under the Stock Compensation plan, and revision of remuneration system for Directors and Executive Officers. The fiscal 2023 committee members, Junji Uchida (Chairperson, Outside Director), Joji Iki (Outside Director), and Motozumi Miwa (Representative Director), attended all five committee meetings held in fiscal 2023.

Corporate Governance

Policy and Procedures for Appointing, Dismissing and Nominating Directors and Other Officers

For the appointment of senior management from among Directors or nomination of candidates for Directors, the Company examines individuals based on such criteria as their extensive experiences in and out of Japan, depth of insight, ability and expertise for the expected roles, personalities, and other factors required to develop the corporate governance system and to contribute to the steady increase corporate value of the Group. Candidates for executive Directors are appointed from among individuals with extensive knowledge of the Group's domestic and overseas businesses or corporate operations. Candidates for Outside Directors are appointed from among individuals who have expertise in the areas of corporate management, law, finance, and accounting and are qualified to provide recommendations and advice on the management from broad perspectives.

Candidates for Directors who are Audit & Supervisory Committee Members are appointed from among individuals who have experience, abilities, and necessary knowledge of finance, accounting, and legal matters required for audits and supervisions for the businesses that the Group is engaged in Japan and overseas. Specifically, the Audit & Supervisory Committee will include at least one individual who has sufficient knowledge of finance and accounting, and candidates for Outside Directors who are Audit & Supervisory Committee Members are appointed from among individuals who have high level of independence as well as broad experience and extensive knowledge in the areas of law, finance, accounting, and corporate management.

To ensure transparency and objectivity in the appointment of Directors and executives, the Company has established, as an optional advisory committee to the Board of Directors, the Nomination Advisory Committee, of which the majority of members are independent Outside Directors. Candidates for Directors who are not Audit & Supervisory Committee Members are determined by the Board of Directors (with the consent of the Audit & Supervisory Committee in the case of Directors who are Audit & Supervisory Committee Members), taking into consideration the advice from the Nomination Advisory Committee.

In the event that any member of the senior management is deemed to no longer meet the criteria above, the Board of Directors determines, upon deliberation by the Nomination Advisory Committee, his or her dismissal from the position.

Recognizing that developing succession planning for the position of the President is an important management issue, the Board will determine a successor after having the Nomination Advisory Committee fully deliberate on the criteria for selecting successor candidates and the system for training and evaluating candidates, and other matters. Additionally, the Board will share and supervise succession planning by having the Committee report the results of its deliberations to the Board.

■ Support for Outside Directors

The Company ensures that key management information is provided to Outside Directors through materials distributed in advance to the Board of Directors meetings, reporting or/and providing the contents of deliberation from key meetings such as management conference, and various other important internal information as necessary.

Day-to-day audit reports and key management information are provided to Outside Directors who are Audit & Supervisory Committee Members, principally by a full-time Audit & Supervisory Committee Member at Audit & Supervisory Committee meetings. Further, the Company's officers and employees, the Internal Audit Department, and accounting auditors conduct regular reviews and report the results thereof to such Outside Directors for close collaboration and effective communication.

Evaluation on Effectiveness of the Board of Directors

Board Effectiveness Evaluation Results

The Company has conducted evaluation of the effectiveness of its Board of Directors (the "Board") for fiscal 2023 in accordance with its Corporate Governance Guidelines.

The Company considers that improving corporate governance through Board effectiveness evaluations is an important management priority in achieving sustainable growth and increasing corporate value over the medium to long term.

1. Evaluation Method

Board evaluation through questionnaires, followed by review and deliberations on the results.

Items covered in the questionnaire:

1) Board's deliberations
2) Board composition
3) Board's supervision of business execution
4) Administration of the Board meetings
5) Committees composed of Board members (Nomination Advisory Committee, Compensation Advisory Committee, Audit & Supervisory Committee)
6) General

2. Evaluation Result

The evaluation has confirmed the effectiveness of the Board and its consistency with the Company's Corporate Governance Guidelines.

The areas for which the effectiveness of the Board was confirmed:

- Topics selected to enhance the deliberations of important management issues.
- The diversity, expertise, and experience of each director contribute to the board deliberations, particularly the outside directors, such as ones with deep knowledge of software and solutions.
- A forum for discussing the medium-term management plan was held separately from the Board of Directors meetings, and directors actively participated in the review of the formulation of the medium-term management plan.
- Appropriate proceeding by the Chairperson, facilitating free and open deliberations.

The areas requiring improvement:

- Further enhance discussions on important management matters.
- Strengthen monitoring of risk management and compliance committees under the direct control of the Board.
- Further increase the amount of time spent in discussion during the Board of Directors meetings.

3. Measures to Enhance Board Effectiveness

Based on the results of the Board effectiveness evaluation, the Company will implement improvements to further enhance the Board's effectiveness, primarily through the following initiatives.

- Establish a separate forum for discussion of important management matters from the Board of Directors meetings.
- Narrow down the agenda and the content of the explanations for the Board of Directors meetings.

Corporate Governance

Status and Skills Matrix of the Company's Board of Directors

Under the rapid changes in the global business environment, the Company acknowledges the importance of ensuring the balance and diversity of Directors' knowledge, experience, and abilities. In addition, the Company ensures the balance of Directors as follows to achieve sustainable growth and improve the corporate value of the Group over the medium to long term, while remaining adaptable and flexible to changes:

- Executive Directors who have extensive knowledge of the Group's business activities in Japan and overseas
- Outside Directors who make pertinent proposals and provide sound management advice from a wide range of perspectives
- Directors who are Audit & Supervisory Committee Members and are responsible for the audits and supervision of the execution of duties by Directors, etc.

Title	Name	Independent Director	Status of the Board of Directors (Fiscal 2023)				Experience, Knowledge, and Expertise, etc.								
			Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Committee meetings	Attendance at Nomination Advisory Committee meetings	Attendance at Compensation Advisory Committee meetings	Corporate Management	Domestic Business	Development & Production	Technology & DX	Human Resources	Legal & Risk Management	Accounting & Finance	Sustainability	International & Overseas Business Experience
Chairman of the Board & Representative Director	Motozumi Miwa		● 100% (17/17)		○ 100% (7/7)	○ 100% (5/5)	●	●			●	●	●	●	●
President & Representative Director	Akihiro Harada		○ 100% (17/17)				●	●	●	●	●				●
Executive Vice President & Director	Hideo Onoe		○ 100% (17/17)				●	●	●	●					●
Director	Kaname Kotani		○ 100% (17/17)				●	●	●	●					●
Director	Tomoko Fujita		○ 100% (17/17)				●				●	●	●		●
Outside Director	Joji Iki	●	○ 100% (17/17)		● 100% (7/7)	○ 100% (5/5)	●		●	●	●			●	●
Outside Director	Ian Jordan	●	○ 94% (16/17)				●			●	●		●	●	●
Outside Director	Ikuji Ikeda	●	— *2		— *2	— *2	●		●					●	●
Director (Full-Time Audit & Supervisory Committee Member)	Masato Inuga		○ 100% (14/14) *1	● 100% (10/10) *1			●	●				●			
Outside Director (Audit & Supervisory Committee Member)	Keiichi Kato	●	○ 94% (16/17)	○ 100% (14/14)								●			
Outside Director (Audit & Supervisory Committee Member)	Yukako Ikukawa	●	○ 100% (14/14) *1	○ 100% (10/10) *1									●		

● Chairperson ○ Other members

*1 After appointment as Director *2 Appointed June 21, 2024

Corporate Governance

Remuneration for Directors

The Company revised its remuneration system from fiscal 2024.

The purpose of the revision

To increase incentives for directors' contribution to the Company's performance and corporate value over the medium to long term

Outline of the revision

- To share values with our shareholders
- To be more performance-linked
- To be competitive and aligned with a global standard enabling onboarding of globally competent personnel across the Group

The revised policy regarding the remuneration of Directors is as follows:

❶Policy and Procedures for Determining Remuneration of Individual Directors

a) Basic policy

Remuneration for Directors of the Company is designed in such a manner that values can be shared with shareholders and the level is appropriate for their duties. Due consideration is given to incentives for continued improvement of corporate performance and securing of talented human resources.

b) Policy on remuneration structure

- Remuneration for executive Directors consists of fixed compensation ("Fixed Compensation"), short-term performance-based bonuses ("Bonuses") and mid- to long-term performance-based stock compensation ("Stock Compensation"). Bonuses or Stock Compensation may not be paid to Directors who serve as executive directors of the Company's subsidiaries, considering the remuneration paid by such subsidiaries and the levels of their duties in the Company.
- Remuneration for Outside Directors consists of monthly Fixed Compensation only, considering their supervisory roles and independency.
- No retirement benefits are paid to any Director.

c) Policy on determining the contents and calculation of amount and numbers of remuneration

- The amounts of remuneration for Directors are based on broad consideration of factors including the Company's performance of and the compensation standard of other companies.
- Fixed Compensation is determined according to the responsibilities of each Director.
- Bonuses are cash compensation based on short-term business performance and are aimed at improving the Group's business performance for each fiscal year covered in the medium-term management plan. The target indicator for Bonuses is consolidated operating profit before goodwill amortization out of the performance targets set in the 2026 Medium-Term Management Plan. Bonuses are paid according to the degree of achievement, specifically, by zero (0) times (if achievement rate is less than 60%) to two (2) times (if achievement rate is 140% or more) the predetermined amount set according to responsibilities of each Director.
- Stock Compensation is non-cash compensation based on mid- to long-term business performance and is aimed at improving the Group's business performance for the three fiscal years covered in the 2026 Medium-Term Management Plan. The performance indicators for Stock Compensation are consolidated net sales outside new business domain (30%), net sales in new business domain (30%), and ROIC before goodwill amortization (40%) out of the performance targets set in the 2026 Medium-Term Management Plan. According to the achievement rate of the predetermined performance target set for each of the three fiscal years concerned, the Company distributes its shares corresponding to zero (0) times (if achievement rate less than 60%) to two (2) times (if achievement rate is 140% or more) the predetermined basic points which are set according to the responsibilities of each Director. The distribution weighing is 20% in the first year, 30% in the second year, and 50% in the final year of the 2026 Medium-Term Management Plan period.

d) Policy on determining compensation ratio by type

- The ratio between the base amount of cash compensation (Fixed Compensation and Bonuses) and that of Stock Compensation for the President & Representative Director is set approximately at 70% and 30% respectively. The ratios for other Directors are determined accordingly, based on the responsibilities of each Director and general compensation standard.
- The ratio between the base amount of Fixed Compensation and that of performance-based compensation (Bonuses and Stock Compensation) for the President & Representative Director is set approximately at 40% and 60% respectively. The ratios for other Directors are determined accordingly, based on the responsibilities of each Director and general compensation standard.

e) Matters on determining remuneration of individual Directors

The Company believes that the following process is necessary to ensure transparency and objectivity. Total amount of monthly Fixed Compensation and Bonuses to be paid to Directors who are not Audit & Supervisory Committee Members is determined by a resolution of the Board of Directors within the ranges approved at a general meeting of shareholders, based upon the deliberation by the Compensation Advisory Committee.

To enable timely decision-making, the authority is delegated to the President to determine the amount to be paid to each Director following the results of deliberations by the Compensation Advisory Committee.

As for Stock Compensation, the Company distributes the Company's shares equivalent to the points calculated based on the Share Distribution Regulations as resolved by the Board of Directors, upon confirmation by the Compensation Advisory Committee.

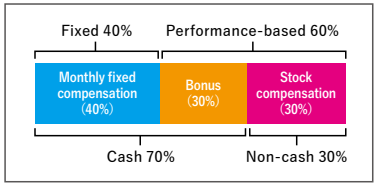
Remuneration for Directors who are Audit & Supervisory Committee Members consists of monthly Fixed Compensation only, as they serve mainly with audits and supervision of corporate management. The amount for each Director who is an Audit & Supervisory Committee Member is determined by deliberations of the Audit & Supervisory Committee Members within the ranges approved at a general meeting of shareholders.

(1) Remuneration for Directors

Type of remuneration	Directors who are not Audit & Supervisory Committee Members	Directors who are Audit & Supervisory Committee Members	Outside Directors
Fixed Compensation	○	○	○
Performance-based bonus	○	—	—
Performance-based stock compensation	○	—	—

■ Composition Ratio of Remuneration

e.g., President & Representative Director (base amount)



(2) Target performance indicators for Bonuses and Stock Compensation

①Bonuses

Bonuses will be paid according to the following performance indicator and the achievement rate set at the beginning of each fiscal year.

Target performance indicator (Consolidated)
Operating income before goodwill amortization

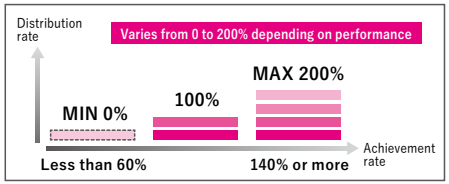
②Stock Compensation

The Company's performance-based stock compensation plan employs the following three indicators out of the 2026 MTP* performance indicators, along with the ratio specified as below. The performance targets for each fiscal year have been set upon formulation of the 2026 MTP. Points will be awarded according to the achievement rate of the performance targets and the corresponding performance-linked coefficient. The Company will then distribute the Company Shares corresponding to the number of points to each Director. The distribution weighing is 20% in the first year, 30% in the second year, and 50% in the final year of the 2026 MTP period.

*2026 Medium-Term Management Plan

Target performance indicator (Consolidated)	Ratio
Net sales (excl. new business domain)	30%
Net sales (new business domain)	30%
ROIC before goodwill amortization	40%

■ Bonuses and Stock Compensation Payment



❷Performance-Based/Non-Monetary Remuneration

The following table shows the performance-based compensation (Bonuses and Stock Compensation) for fiscal 2023 and performance indicators as the basis of the calculation for remuneration.

Type of compensation	Consolidated performance indicators	Compensation weighing	Target	Result	Achievement rate*	Distribution rate*
Bonus	Net sales	40%	¥335 billion	¥372.4 billion	111.1%	132.3%
	Operating income	60%	¥35 billion	¥51.2 billion	146.5%	
Stock Compensation	ROE	40%	12.0%	17.7%	147.5%	211.7%
	Operating income	30%	¥35 billion	¥58.8 billion	168.1%	
	Net sales of new business domain	30%	¥38.9 billion	¥36 billion	77.1%	

*Calculated in accordance with the policy and procedures prior to the revision.
The achievement rate of net sales of new business domain is calculated based on a weighting of 50% domestic: 50% overseas.

❸Remuneration of Directors and Audit & Supervisory Committee Members for Fiscal 2023

	Total (Millions of yen)	Total amount of compensation (Millions of yen)			Number of eligible Directors
		Fixed Compensation	Performance-based Bonuses	Performance-based Stock Compensation	
Directors (incl. Outside Directors)	338 (36)	151 (36)	134 (—)	52 (—)	9 (3)
Directors (A&SC* Members) (incl. Outside Directors)	37 (16)	37 (16)	—	—	5 (3)

Note:
The compensation for Directors who are Audit & Supervisory Committee Members includes the amount paid to two (2) Directors who retired at the close of the 77th Ordinary General Meeting of Shareholders.

Cross-Shareholding

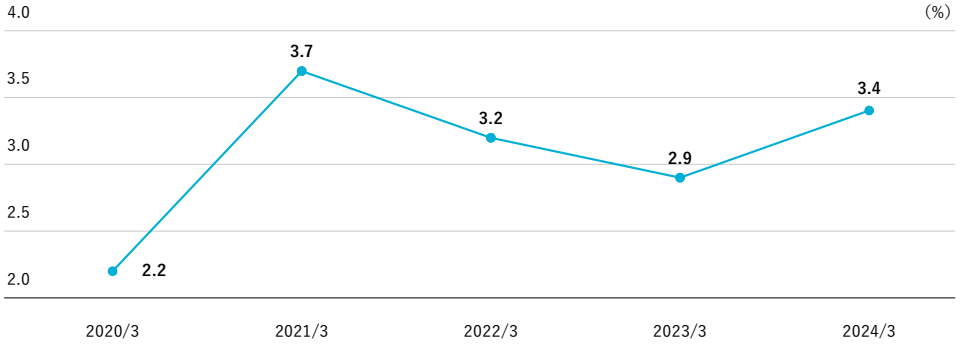
It is the Company's policy to hold shares of listed companies as cross-shareholdings only if, based on a broad consideration of factors such as business strategies and transaction status of such companies, we judge that maintaining and enhancing the relationship with such companies would increase the corporate value of the Group. To ensure the economic rationale of such holdings, the Company pays attention to the soundness of the management of such companies and considers the market value of shares as well as the dividends and other returns of such companies.

The Board of Directors annually reviews the purposes and rationale of each cross-shareholding, and discusses whether to continue or discontinue such holdings, based on the economic rationale and future outlook as well as risks and returns over the medium to long term. In addition, such holding is reconsidered if it is found to be unsuitable.

In fiscal 2023, the Company decided to continue its shareholdings based on the Board's examination of the stock name, purpose and rationale thereof including the business synergy with the investee companies, the balance of risks and returns against the capital cost, while some of the shares were sold due to reasons such as deviations from the original purpose and lessening of significance of such holdings.

The Company will exercise voting rights on cross-held shares based on broad consideration of factors including the condition of each investee company and on the criteria such as whether or not such exercise is deemed to improve the corporate value of the Company and the investee company.

■ Cross-Shareholding Valuation Ratio to Net Assets



Board of Directors and Executive Officers (as of June 21,2024)

Directors

Status and Skills Matrix of the Company's Board of Directors P.72

Motozumi Miwa

Chairman of the Board & Representative Director

Akihiro Harada

President & Representative Director

Hideo Onoe

Executive Vice President & Director

Assistant to President

Supervision of General Affairs Headquarters and Finance Headquarters

Kaname Kotani

Director

Supervision of the areas of development and technology

Supervision of Research & Development Headquarters

Responsible for QMS (Quality Management System)

Tomoko Fujita

Director

Responsible for the corporate governance of non-Japanese subsidiaries

Joji Iki

Outside Director

Chairman of the Nomination Advisory Committee

Ian Jordan

Outside Director

Ikuji Ikeda

Outside Director

Chairman of the Compensation Advisory Committee

Masato Inuga

Director (Full-Time Audit & Supervisory Committee Member)

Chairman of Audit & Supervisory Committee

Keiichi Kato

Outside Director (Audit & Supervisory Committee Member)

Yukako Ikukawa

Outside Director (Audit & Supervisory Committee Member)

Board of Directors and Executive Officers (as of June 21,2024)

Directors

Motozumi Miwa
Chairman of the Board & Representative Director

Number of shares owned: 24,670
Years served as Member of the Board: 12 years

Jun. 2009 Joined the Company
Mar. 2010 General Manager, Legal Affairs Department, General Affairs Division
Jun. 2010 Executive Officer
Apr. 2012 Senior Executive Officer; Executive General Manager, General Affairs Headquarters
Jun. 2012 Director & Senior Executive Officer
Apr. 2013 Responsible for CSR, brand strategy, investor relations and legal compliance functions
Apr. 2014 Director & Managing Executive Officer; Executive General Manager, Business Management Headquarters, Responsible for General Affairs Headquarters
Apr. 2015 Director & Senior Managing Executive Officer
Apr. 2016 Representative Director & Senior Managing Executive Officer
Apr. 2017 Executive Vice President & Representative Director; Responsible for Business Management Headquarters
Apr. 2019 President & Representative Director
Apr. 2024 Chairman of the Board & Representative Director (to present)

Akihiro Harada
President & Representative Director

Number of shares owned: 7,010
Years served as Member of the Board: 9 years

Mar. 1985 Joined the Company
Apr. 2003 General Manager, Production Engineering Department, Himeji Factory, Banking System & Equipment Division
Jan. 2006 President of GLORY (PHILIPPINES), INC.
Apr. 2009 General Manager, Management Planning Department, Corporate Strategy Division of the Company
Apr. 2012 Executive Officer; Project Leader, International Business Integration Project Management Office
Jul. 2012 Director (Member of the Board) of Glory Global Solutions Ltd.
Apr. 2014 Senior Executive Officer of the Company; Responsible for manufacturing, procurement and quality assurance at group companies of Glory Global Solutions Ltd.
Apr. 2015 Executive General Manager, International Business Headquarters
Jun. 2015 Director & Senior Executive Officer
Jan. 2016 Chairman of the Board of Sitrade Italia S. p. A.
Apr. 2016 Chairman of the Board & Chief Executive Officer of Glory Global Solutions Ltd.
Apr. 2017 Director & Managing Executive Officer
Apr. 2018 Company President, International Business Company
Apr. 2020 Director & Senior Managing Executive Officer
Apr. 2024 President & Representative Director (to present)

Hideo Onoe
Executive Vice President & Director
Assistant to President
Supervision of General Affairs Headquarters and Finance Headquarters

Number of shares owned: 379,244
Years served as Member of the Board: 10 years

Jan. 1999 Joined the Company
Oct. 2005 General Manager, Supply Chain Management Department, Production Management Division, Money Handling Systems Business Headquarters
Oct. 2006 Executive Officer
Jul. 2009 President of GLORY (U.S.A.) INC. (now Glory Global Solutions Inc.)
Apr. 2012 Senior Executive Officer of the Company; Executive General Manager, Production Headquarters
Apr. 2013 Chairman of the Board of GLORY Denshi Kogyo (Suzhou) Ltd.
Apr. 2014 Managing Executive Officer of the Company; Executive General Manager, Production Headquarters Senior General Manager, Purchasing Division
Jun. 2014 Director & Managing Executive Officer
Apr. 2015 Executive General Manager, Domestic Business Headquarters
Apr. 2017 Director & Senior Managing Executive Officer
Apr. 2021 Company President, Domestic Business Company
Apr. 2024 Executive Vice President & Director (to present) Assistant to President (to present) Supervision of General Affairs Headquarters and Finance Headquarters (to present)

Kaname Kotani
Director
Supervision of the areas of development and technology
Supervision of Research & Development Headquarters
Responsible for QMS (Quality Management System)

Number of shares owned: 10,820
Years served as Member of the Board: 10 years

Jun. 1987 Joined the Company
Jun. 2010 Senior General Manager, Development Division, Money Handling System Business Headquarters
Apr. 2011 Deputy Executive General Manager, Development Headquarters
Apr. 2012 Executive Officer
Apr. 2013 Senior Executive Officer; Executive General Manager, Development Headquarters Responsible for Intellectual Property Department
Jun. 2014 Director & Senior Executive Officer
Apr. 2015 Director & Managing Executive Officer
Apr. 2016 Chief Information Security Officer Director (Member of the Board) of Glory Global Solutions Ltd. (to present)
Apr. 2017 Director & Senior Managing Executive Officer
Apr. 2018 Responsible for new businesses
May 2021 Responsible for digital solution technology
Apr. 2024 Director (to present); Supervision of the areas of development and technology (to present) Supervision of Research & Development Headquarters (to present) Responsible for QMS (Quality Management System) (to present)

Tomoko Fujita
Director
Responsible for the corporate governance of non-Japanese subsidiaries

Number of shares owned: 0
Years served as Member of the Board: 3 years

Apr. 1985 Joined The Nikko Securities Co., Ltd. (now SMBC Nikko Securities Inc.)
May 1991 Nikko Europe Plc.
Dec. 1998 Nikko Principal Investments Limited (Name changed to Citigroup Capital UK Limited in 2009)
May 2012 Joined the Company
Dec. 2012 Transferred to Glory Global Solutions Ltd. ("GGS")
Apr. 2014 Director, Business Coordination of GGS
Apr. 2015 Director, Corporate Development & Business Planning of GGS (to present)
Apr. 2018 Director (Member of the Board) of GGS (to present)
Jun. 2021 Director of the Company (to present) Responsible for the corporate governance of non-Japanese subsidiaries (to present)
Jan. 2024 Chairperson of Flooid Topco Limited (to present)

Joji Iki
Outside Director
Chairman of the Nomination Advisory Committee

Number of shares owned: 1,000
Years served as Member of the Board: 7 years

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

Board of Directors and Executive Officers (as of June 21,2024)

Directors

Ian Jordan
Outside Director

Number of shares owned: 0
Years served as Member of the Board: 2 years

Jun. 1987 Joined Hoskyns Group Plc (now Capgemini SE)
Senior Analyst
Jan. 1993 Vice President;
General Manager in Dallas and Atlanta
Jan. 1997 Executive Officer;
CEO, Southeast Region of the US
Jan. 2000 Senior Vice President;
Responsible for Retail sector (UK & Ireland)
Jan. 2002 Senior Vice President;
Head of sales and marketing (UK & Ireland)
Jan. 2004 Executive Officer;
CEO, Management Consulting in UK & Ireland
Nov. 2005 Executive Officer;
Group Management Board, Head of Global Transformation (Paris, France)
Oct. 2007 Joined Avanade Inc.
Executive Officer;
CEO, Avanade UK & Ireland
Jan. 2010 Executive Officer;
Member of the Executive Board,
Head of Global Sales, Marketing, Alliances & Innovation (Seattle, US)
Sep. 2013 CEO & Area President,
Responsible for Growth Markets (Asia, Australasia, Africa and Latam)
Dec. 2016 Executive Officer;
CEO, Avanade Global Management consulting
Jun. 2017 Outside Director of Glory Global Solutions Ltd. (to present)
Jun. 2022 Outside Director of the Company (to present)
Apr. 2024 Outside Director of Acrelec Group S.A.S. (to present)

Ikuji Ikeda
Outside Director
Chairman of the Compensation Advisory Committee

Number of shares owned: 1,000
Years served as Member of the Board:-

Apr. 1979 Joined Sumitomo Rubber Industries, Ltd.
Jan. 2000 General Manager of Tyre Works Technical Dept.
Mar. 2003 Executive Officer
Mar. 2007 Director (Senior Executive Officer)
Mar. 2010 Director (Managing Executive Officer)
Mar. 2011 President and CEO, Representative Director
Mar. 2019 Chairman, Representative Director
Mar. 2020 Chairman of the Board
Mar. 2023 Director
Jun. 2024 Outside Director of the Company

Masato Inuga
Director (Full-Time Audit & Supervisory Committee Member)
Chairman of the Audit & Supervisory Committee

Number of shares owned: 6,550
Years served as Member of the Board: 1 year

Apr. 1988 Joined the Company
Apr. 2009 General Manager, PR/IR Department, Management Strategy Division
Apr. 2013 General Manager, Business Planning Department
Aug. 2021 Executive General Manager, Business Strategy Headquarters
Apr. 2022 Audit & Supervisory Committee Office
Jun. 2023 Corporate Auditor, Hokkaido GLORY Co., Ltd. (to present)
Jun. 2023 Full-Time Audit & Supervisory Committee Member (to present)

Keiichi Kato
Outside Director (Audit & Supervisory Committee Member)

Number of shares owned: 3,200
Years served as Member of the Board: 4 years

Oct. 2003 Registered as Attorney-at-law Joined Harima Law Office
Jan. 2009 Attorney-at-law and Partner, Harima Law Office (to present)
Jun. 2018 Outside Corporate Auditor, Sanyo Color Works Ltd. (to present)
Jun. 2019 Outside Audit & Supervisory Board Member of the Company
Jun. 2020 Outside Director (Audit & Supervisory Committee Member) (to present)

Yukako Ikukawa
Outside Director (Audit & Supervisory Committee Member)

Number of shares owned: 0
Years served as Member of the Board: 1 year

Apr. 1997 Joined ORIX Corporation
Jun. 1998 Joined Saito Accounting Office
Sep. 2001 Joined Tadashi Furumoto Certified Public Accounting and Tax Office (now Deloitte Tohmatsu Tax Co.)
Mar. 2003 Registered as Certified Public Tax Accountant
Jul. 2012 Director of Tohmatsu Tax Co. (now Deloitte Tohmatsu Tax Co.)
Oct. 2015 Representative of Yukako Ikukawa Tax Accounting Office (to present)
Dec. 2015 Outside Company Auditor of Toa Valve Engineering Inc. (now TVE Co., Ltd.)
Dec. 2016 Outside Director (Audit and Supervisory Committee Member) of Toa Valve Engineering Inc. (now TVE Co., Ltd.) (to present)
Mar. 2019 Outside Audit & Supervisory Board Member of Earth Corporation (to present)
Jun. 2023 Outside Director (Audit & Supervisory Committee Member) of the Company (to present)

Board of Directors and Executive Officers (as of June 21, 2024)

Executive Officers

Yoshihiro Takada

Executive Officer;
Company President of Domestic Business Company

Toshimitsu Yoshinari

Executive Officer;
Company President of International Business Company

Hirofumi Kameyama

Executive Officer;
Senior General Manager of Technical Innovation Center,
Research & Development Headquarters

Yukihiro Fujikawa

Executive Officer;
Executive General Manager of Finance Headquarters

Tokuya Shimizu

Executive Officer;
Executive General Manager of Sales Headquarters,
Domestic Business Company

Tetsuya Bogaki

Executive Officer;
Responsible for the group companies of Acrelec Group S.A.S.

Chris T. Reagan

Executive Officer;
Responsible for the group companies of Flooid Topco Ltd.
Supervision of the Americas regions of the group companies of
Glory Global Solutions Ltd.

Vincent Nakache

Executive Officer;
Responsible for EMEA regions of the group companies of
Glory Global Solutions Ltd.

Yoshifumi Kawabata

Executive Officer;
Executive General Manager of Research & Development
Headquarters

Yoshihiro Oota

Executive Officer;
Executive General Manager of Service Headquarters,
Domestic Business Company

Ben Thorpe

Executive Officer;
Responsible for Asia Pacific regions of the group companies of
Glory Global Solutions Ltd.

Toyofumi Iwami

Executive Officer;
Head of Development & Quality Assurance Office,
International Business Company

Kazumasa Kishiue

Executive Officer;
Executive General Manager of Production Headquarters

Kuniaki Ogawa

Executive Officer;
Executive General Manager of Business Innovation Headquarters,
Domestic Business Company

Kazumi Yamauchi

Executive Officer;
Executive General Manager of Product Development Headquarters,
Domestic Business Company

Yukiya Tanaka

Executive Officer;
Executive General Manager of Management Strategy Headquarters
Responsible for brand strategy and investor relations
Chief Information Security Officer of the Glory group

Junko Miyake

Executive Officer;
Executive General Manager of General Affairs Headquarters
Responsible for legal compliance and sustainability
Responsible for EMS (Environmental Management System)

Message from Newly Appointed Director

Outside Director

Ikuji Ikeda

I am honored to have been appointed as an Outside Director of GLORY LTD.

In 1979, I joined Sumitomo Rubber Industries, Ltd., which manufactures and sells tires, sporting goods, and industrial rubber products. I was mainly responsible for the tire production division. Since 2011, in the role of President and Chairperson I expanded that company's global business.

Amid a once-in-a-century transformation, especially for the automotive industry, I aimed for sustainable development with a focus on ESG management. To this end, I emphasized not only immediate profits but also environmental and social considerations such as the development of fuel-efficient tires to help reduce CO_2 emissions, as well as 100% fossil resource–free tires, and the establishment of a sound global management system. I hope to use my experience to contribute to Glory's evolution and increase its corporate value as it moves to the next stage of development.

In Japan, we look forward to solid demand for the replacement and system modification of Glory's products due to the issuance of new banknotes after a 20-year interval. Overseas, we expect to gain competitive advantages from our ability to provide consistent service, including maintenance, in addition to top-class product quality.

With the spread of cashless transactions, however, there is a risk of a decline in demand for cash handling machines. I feel this every time I visit overseas countries, which are ahead of Japan. To counter this core business risk, we will grow and expand in the new business domain. In such areas, I feel that we are shifting our focus from hardware to software, and from domestic business to overseas business. Therefore, we need to strike a successful balance between our core and new businesses, as well as between domestic and overseas businesses. To this end, I will contribute to GLORY by making use of my perspectives and knowledge in leadership as a person from a completely different industry.

Management's Discussion and Analysis

I Overview of Business Results

Market Environment

In fiscal 2023, the global economy was on an expanding trend based on the steady capital investment and personal consumption in the U.S. but in Europe and China economic recovery was slow. In addition, concerns about the impact of the unstable international situation continued.

In Japan, the economy continued to recover as social and economic activities normalized and demand from inbound tourists revived as the COVID-19 pandemic subsided. Conversely, the outlook remained uncertain due to such factors as the depreciation of the yen and continued inflation.

Performance

In the core business, the overseas market experienced steady demand for our products and services, with both financial institutions and the retail industry continuing to need self-service solutions to address soaring labor costs and workforce shortages. In addition, production has normalized as the difficulties in procuring parts such as semiconductors have been resolved, resulting in an increase in sales of our main products. Furthermore, the Company made preparations to increase the efficiency of business operations through the integration of its U.S. consolidated subsidiary, Glory Global Solutions Inc., and the Revolution Group, including the integration of both companies' sales and maintenance operations in the Americas. In Japan, the financial market and the retail and transportation market saw a large increase in sales of products and maintenance services, supported by the machine replacements and system modifications associated with the new banknote issuance that continued throughout the fiscal year. In the amusement market, sales were robust for card systems for smart amusement machines.

In the new business domain, we saw strong performance in the Acrelec Group's self-service kiosk business overseas. In addition, the Company acquired the Flooid Group, a U.K.-based developer and provider of cloud-based unified commerce platform solutions to the retail industry in January 2024, for the purpose of enhancing the solutions it offers to the retail market and expanding its software business. In Japan, we have been working on business alliances and demonstration experiments to expand our retail media business, BUYZO Media.

As a result of the above, net sales in fiscal 2023 totaled ¥372,478 million (up 45.6% year on year). Of this, net sales of merchandise and finished goods were ¥231,844 million (up 49.5% year on year) and net sales from maintenance services were ¥140,633 million (up 39.5% year on year). Operating income was ¥51,276 million (up 9,723.0% year on year), ordinary income was ¥48,438 million (vs. an ordinary loss of ¥2,720 million in the previous year), and net income attributable to owners of parent was ¥29,674 million (vs. a net loss attributable to owners of parent of ¥9,538 million in the previous year), with both net sales and operating income reaching record highs.

■ Financial Results

(Millions of yen)	Full year						Year on year	
	FY2021	Ratio	FY2022	Ratio	FY2023	Ratio		
Net Sales	226,562	100.0%	255,857	100.0%	372,478	100.0%	+116,621	+45.6%
Maintenance Services	83,894	37.0%	100,793	39.4%	140,633	37.8%	+39,840	+39.5%
Operating Income	10,195	4.5%	522	0.2%	51,276	13.8%	+50,754	+9,723.0%
Ordinary Income	10,404	4.6%	-2,720	–	48,438	13.0%	+51,158	–
Net Income Attributable to Owners of Parent	6,410	2.8%	-9,538	–	29,674	8.0%	+39,212	–
EBITDA*	27,505	12.1%	18,988	7.4%	72,217	19.4%	+53,229	+280.3%
Exchange rates US$		¥112		¥135		¥145		
Exchange rates Euro		¥131		¥141		¥157		

*EBITDA = Operating income + Depreciation and amortization + Goodwill amortization

Ⅱ Net Sales and Operating Income by Segment

■ Sales and Operating Income by Business Segment

(Millions of yen)	Sales				Operating Income			
	Full year			Year on year	Full year			Year on year
	FY2021	FY2022	FY2023		FY2021	FY2022	FY2023	
Overseas Market	127,803	155,902	185,239	+29,377 +18.8%	4,781	436	6,645	+6,209 +1,424.1%
Financial Market	36,079	36,248	78,422	+42,174 +116.3%	4,644	152	24,179	+24,027 +15,807.2%
Retail & Transportation Market	47,859	45,595	74,774	+29,179 +64.0%	2,543	-571	10,593	+11,164 –
Amusement Market	12,131	15,139	28,201	+13,062 +86.3%	-366	1,624	10,030	+8,406 +517.6%
Others	2,688	2,971	5,840	+2,869 +96.6%	-1,408	-1,118	-173	+945 –
Total	226,562	255,857	372,478	+116,621 +45.6%	10,195	522	51,276	+50,754 +9,723.0%

■ Sales by Geographical Segment

(Millions of yen)	Full year			Year on year		
	FY2021	FY2022	FY2023			Local
Americas	44,684	69,336	89,419	+20,083	+29.0%	+20.8%
Acrelec	2,716	3,050	4,932	+1,882	+61.7%	+51.5%
Revolution	3,774	17,758	17,994	+236	+1.3%	-5.1%
EMEA	68,967	70,758	79,489	+8,731	+12.3%	+5.2%
Acrelec	16,479	18,663	23,369	+4,706	+25.2%	+17.3%
Asia	14,151	15,806	16,330	+524	+3.3%	-3.2%
Acrelec	614	751	1,615	+864	+115.0%	+101.4%
Total overseas sales	127,803	155,902	185,239	+29,337	+18.8%	+11.3%
Acrelec	19,809	22,464	29,916	+7,452	+33.2%	+24.7%
Revolution	3,774	17,758	17,994	+236	+1.3%	-5.1%

Sales increased owing to the normalization of production and the replacement and modification of products in line with the issuance of new banknotes in Japan. Regarding earnings, we posted a significant increase in operating income due to increased sales and the impact of the surge in prices of semiconductor and other components being mitigated. As a result, we recorded increased sales and income in all segments.

■Overseas Market

Sales of the RBG and GLR series of coin and banknote recyclers for financial institutions and the CI and CI-X series of coin and banknote recyclers for the point of sales and back offices in the retail industry were strong. For the year, we reported an increase in overseas sales thanks to higher sales from maintenance services and the depreciation of the yen, as well as a rise in sales of the Acrelec Group.

Operating income improved significantly due to an increase in sales and the mitigation of the impact of soaring material prices.

In the Americas, we reported firm sales of the RBG and GLR series of coin and banknote recyclers for financial institutions and the CI and CI-X series of coin and banknote recyclers for the retail industry. In addition, the yen's depreciation and increased sales from maintenance services resulted in a significant increase in sales. while sales for the Revolution Group remained mostly unchanged year on year, sales for the Acrelec Group increased significantly from the previous year.

In Europe, sales of the RBG and GLR series of coin and banknote recyclers for financial institutions were slow, but sales of the CI and CI-X series of coin and banknote recyclers for the retail industry were strong. Total sales in Europe increased year on year thanks to higher sales of the Acrelec Group, the yen's depreciation, and increased sales from maintenance services.

In Asia, we reported firm sales of banknote sorters for financial institutions and the CI and CI-X series of coin and banknote recyclers for the retail industry, as well as higher sales of the Acrelec Group, but total sales in Asia remained mostly unchanged year on year.

Management's Discussion and Analysis

ACRELEC

(Millions of yen)	Full year FY2021		Full year FY2022		Full year FY2023		Year on year
Sales	19,809		22,464		29,916		+7,452
Americas	2,716	14%	3,050	14%	4,932	16%	+1,882
EMEA	16,479	83%	18,663	83%	23,369	78%	+4,706
Asia	614	3%	751	3%	1,615	5%	+864
Operating income: Before goodwill amortization	582		-1,370		1,093		+2,463
Operating income: After goodwill amortization	-177		-2,166		307		+2,473

Revolution Retail Systems

(Millions of yen)	Full year FY2021	Full year FY2022	Full year FY2023	Year on year
Sales	3,774	17,758	17,994	+236
Ratio (Revolution/Americas)	8%	26%	20%	-6 pt
Operating income: Before goodwill amortization	252	35	-2,706	-2,741
Operating income: After goodwill amortization	-143	-1,220	-4,046	-2,826

In terms of subsidiaries, the Acrelec Group reported an increase in revenue, thanks to strong sales in fast-food chains, particularly in Europe. Operating income improved significantly as a result of cost improvements.

In the Americas, sales of self-service kiosks in the United States are progressing steadily, and large-scale business negotiations with major F&B companies are also intensifying.

In Europe, sales are increasing in Germany and the U.K. In the U.K. sales to fast-food chains and other outlets are steady, and in Germany, the market is expanding beyond food and drink, including kiosks being sold to major gas stations.

In Asia, sales of self-service kiosks continued to grow for major fast-food chains in the Philippines, Taiwan, Thailand, and Japan.

With regard to the Revolution Group, the Revolution Group's coin and banknote recyclers for major customers were replaced with Glory products, and progress was made in switching to sales by GGS America.

As of April 1, 2024, Glory Global Solutions Inc., a consolidated subsidiary of our company in the United States, merged with the Revolution Group. This will help us to streamline our business operations in the U.S. market and improve our performance across the Americas.

Financial Market

In the financial market, open teller systems were up 179.7% year on year, and sales of coin and banknote recyclers for tellers were also strong, up 161.0% year on year. In addition, sales from maintenance services increased.

Operating income increased significantly due to an improved product mix and increased revenue from modification work.

Retail and Transportation Market

In the retail and transportation market, sales of mainstay coin and banknote recyclers for cashiers were up 77.3% year on year, and sales of sales proceeds deposit machines to cash-in-transit companies were also strong, up 189.6% year on year.

In addition, sales from maintenance services increased due to the modification work associated with the issuance of new banknotes. Operating income increased due to factors such as an increase in product sales and sales from maintenance service.

Amusement Market

In the amusement market, sales of mainstay card systems increased significantly due to strong sales of card units for amusement machines. Operating income increased significantly due to increased sales and the effects of structural reforms.

III Financial Position

Assets, Liabilities, and Total Equity

Total assets at fiscal year-end amounted to ¥467,072 million, up ¥85,799 million from a year earlier, due to increases in goodwill, notes and accounts receivable—trade, contract assets, and inventories. This was despite a decrease in cash and deposits.

Total liabilities rose ¥53,038 million to ¥238,326 million, due to increases in long-term borrowings, income taxes payable, and provision for bonuses.

Total equity increased ¥32,761 million to ¥228,746 million, due to a decrease in capital surplus and increases in retained earnings and foreign currency translation adjustments.

As a result, the ownership equity ratio at fiscal year-end was 48.8%, down 1.9 points from a year earlier.

Ⅳ Cash Flows and Capital Investments

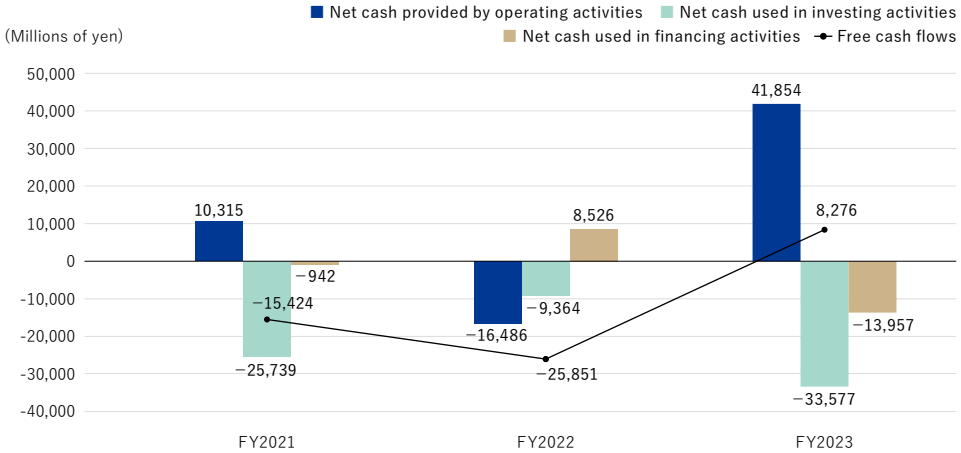
Cash Flows

Cash and cash equivalents ("cash") at the end of fiscal 2023 totaled ¥35,173 million, down ¥1,520 million from a year earlier.

Net cash provided by operating activities amounted to ¥41,854 million (compared with net cash used in operating activities of ¥16,486 million in the previous fiscal year). While this was mainly due to factors that increased cash, such as income before income taxes, depreciation, and amortization of goodwill, there were also factors that decreased cash, such as an increase in inventories and an increase in trade receivables.

Net cash used in investing activities totaled ¥33,577 million (compared with ¥9,364 million in the previous fiscal year). This was due to the fact that, while there was income from the sale of FueTrek Co., Ltd. shares and others, there were also expenditures for purchases of property, plant and equipment such as molds and jigs for product manufacturing, purchases of software and other intangible assets, and the acquisition of Flooid Topco Limited shares and others.

Net cash used in financing activities was ¥13,957 million (compared with net cash provided by financing activities of ¥8,526 million in the previous fiscal year). This was mainly due to proceeds from a net increase in borrowings. Main outflows included the additional acquisition of shares in Sitrade Italia S.p.A., redemption of bonds, and payment of dividends.



Capital Investments

The Group aims to achieve a price book-value ratio (PBR) of 1 or more at an early stage as a measure of its efforts to enhance corporate value. In addition to achieving the financial targets set out in the 2026 Medium-Term Management Plan that was launched in April 2024, we will improve Return on Equity (ROE), Return on Invested Capital (ROIC), and Return on Assets (ROA) by optimizing our debt and equity structure, improving productivity and strengthening our ability to generate cash. In addition, while considering the balance with financial soundness, we will work to strengthen growth investment and shareholder returns.

We plan to invest a total of ¥50 billion over the three years of the 2026 Medium-Term Management Plan, with ¥30 billion to be invested in capital expenditure and ¥20 billion to be allocated to flexible strategic investment (e.g., M&A) in the new business domain and investment in infrastructure for digital transformation and productivity improvement in the core businesses.

In fiscal 2023, capital investments amounted to ¥13,263 million, up 19.9% from the previous fiscal year. This was allocated mainly to R&D, productivity improvement, and sales and maintenance activities, including ¥1,203 million for molds and jig tools for new product manufacturing. and ¥642 million for software for updating call center systems.

Ⅴ Tax Governance Initiatives

The Group recognizes that one of the most fundamental and important social responsibilities for a company expanding its business globally is to fulfill its tax obligations in the countries and regions in which it operates. Under such recognition, the Group ensures that it pays appropriate taxes in compliance with the tax laws of each country. Furthermore, the Group maintains a global tax governance structure to ensure that all tax issues are reported to management, information is shared within the Group in a timely manner, and tax education is provided to employees.

Consolidated Financial Statements

Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	36,753	35,224
Notes and accounts receivable - trade, and contract assets	59,787	86,206
Electronically recorded monetary claims - operating	1,821	3,849
Investments in leases	547	412
Securities	833	–
Merchandise and finished goods	53,175	59,355
Work in process	14,951	14,264
Raw materials and supplies	26,872	37,448
Other	10,171	8,546
Allowance for doubtful accounts	(1,437)	(1,859)
Total current assets	203,477	243,447
Non-current assets		
Property, plant and equipment		
Buildings and structures	39,905	41,544
Accumulated depreciation	(25,321)	(26,216)
Buildings and structures, net	14,583	15,327
Machinery, equipment and vehicles	15,734	16,721
Accumulated depreciation	(13,368)	(14,238)
Machinery, equipment and vehicles, net	2,365	2,483
Tools, furniture and fixtures	54,895	56,890
Accumulated depreciation	(48,603)	(49,444)
Tools, furniture and fixtures, net	6,292	7,445
Land	11,892	11,649
Right-of-use assets	13,744	17,905
Accumulated depreciation	(6,553)	(9,119)
Right-of-use assets, net	7,190	8,785
Construction in progress	192	490
Total property, plant and equipment	42,517	46,182
Intangible assets		
Customer relationships	26,428	26,838
Software	7,452	6,234
Goodwill	55,528	84,171
Other	2,315	1,829
Total intangible assets	91,725	119,073
Investments and other assets		
Investment securities	14,553	14,570
Deferred tax assets	9,981	8,044
Retirement benefit asset	14,772	26,579
Other	6,351	11,276
Allowance for doubtful accounts	(2,106)	(2,101)
Total investments and other assets	43,552	58,369
Total non-current assets	177,795	223,625
Total assets	381,273	467,072

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,197	17,678
Electronically recorded obligations - operating	7,276	9,862
Short-term borrowings	45,623	38,286
Current portion of long-term borrowings	1,481	5,672
Current portion of bonds payable	10,000	–
Income taxes payable	428	11,011
Contract liabilities	22,037	24,277
Provision for bonuses	7,110	14,922
Provision for bonuses for directors (and other officers)	54	186
Provision for stock grant	48	464
Other	27,244	38,720
Total current liabilities	139,501	161,083
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	12,055	37,040
Lease liabilities	5,412	6,476
Deferred tax liabilities	9,721	10,497
Provision for stock grant	194	315
Retirement benefit liability	2,166	1,820
Other	6,238	11,091
Total non-current liabilities	45,787	77,243
Total liabilities	185,288	238,326
Equity		
Shareholders' equity		
Share capital	12,892	12,892
Capital surplus	12,286	–
Retained earnings	141,522	167,088
Treasury shares	(8,161)	(8,097)
Total shareholders' equity	158,540	171,884
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,367	2,758
Foreign currency translation adjustment	26,672	41,062
Remeasurements of defined benefit plans	6,584	12,170
Total accumulated other comprehensive income	34,625	55,991
Non-controlling interests	2,818	870
Total equity	195,984	228,746
Total liabilities and equity	381,273	467,072

Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	255,857	372,478
Cost of sales	164,630	209,892
Gross profit	91,226	162,585
Selling, general and administrative expenses	90,704	111,308
Operating income	522	51,276
Non-operating income		
Interest income	151	238
Dividend income	187	192
Gain on valuation of derivatives	1,443	–
Income from overseas tax benefits, etc.	–	596
Other	503	432
Total non-operating income	2,286	1,460
Non-operating expenses		
Interest expenses	1,138	1,922
Foreign exchange losses	724	913
Share of loss of entities accounted for using equity method	2,978	916
Expenses on system incident	–	383
Other	687	163
Total non-operating expenses	5,529	4,298
Ordinary income (loss)	(2,720)	48,438
Extraordinary income		
Gain on sale of non-current assets	6	47
Gain on sale of investment securities	56	210
Total extraordinary income	63	257
Extraordinary losses		
Loss on sale of non-current assets	11	28
Loss on retirement of non-current assets	10	286
Loss on sale of investment securities	0	3
Loss on valuation of investment securities	171	67
Provision of allowance for doubtful accounts	1	–
Impairment losses	3,810	1,496
Total extraordinary losses	4,004	1,881
Income (loss) before income taxes	(6,661)	46,814
Income taxes - current	4,621	15,813
Income taxes - deferred	(2,533)	731
Total income taxes	2,087	16,545
Net income (loss)	(8,748)	30,268
Net income attributable to non-controlling interests	789	594
Net income (loss) attributable to owners of parent	(9,538)	29,674

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net income (loss)	(8,748)	30,268
Other comprehensive income		
Valuation difference on available-for-sale securities	706	1,382
Foreign currency translation adjustment	8,885	14,816
Remeasurements of defined benefit plans, net of tax	2,537	5,585
Share of other comprehensive income of entities accounted for using equity method	(16)	8
Total other comprehensive income	12,111	21,793
Comprehensive income	3,362	52,061
Comprehensive income attributable to		
Owners of parent	2,323	51,040
Non-controlling interests	1,039	1,021

Consolidated Statement of Cash Flows

(Millions of yen)

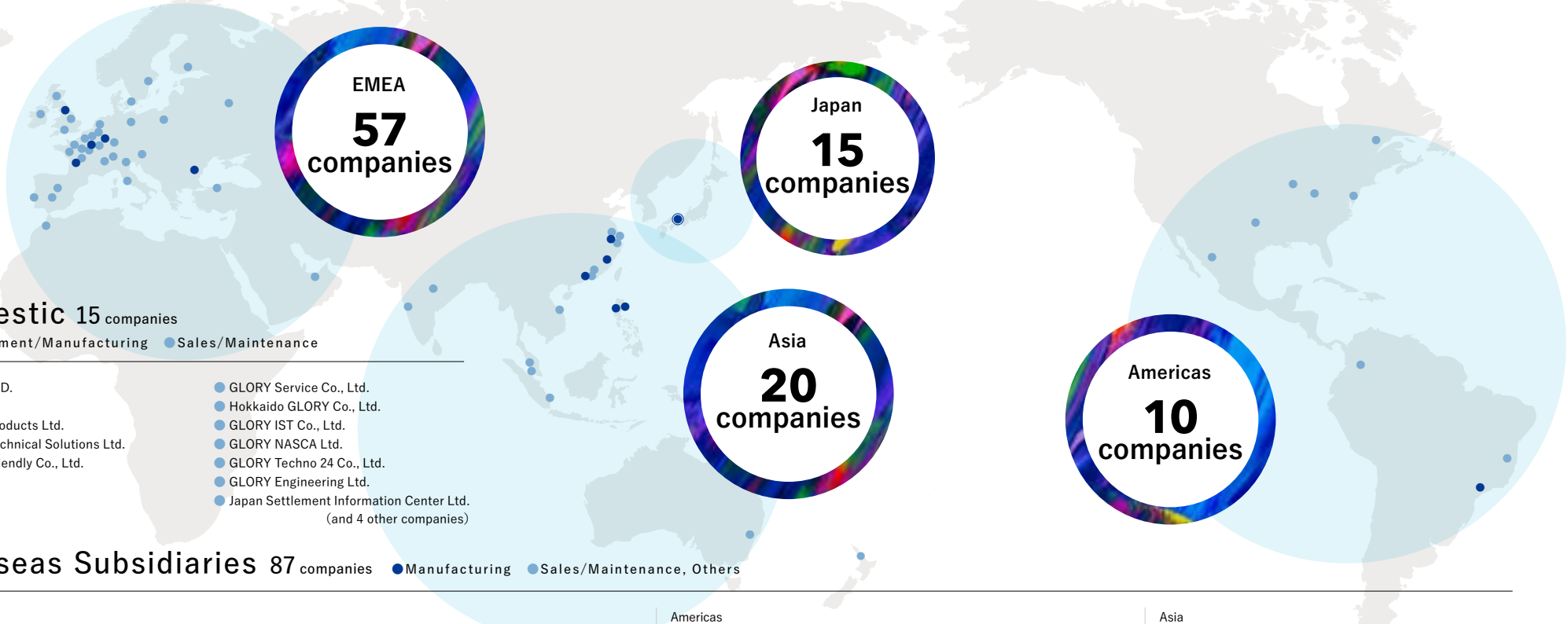
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Income (loss) before income taxes	(6,661)	46,814
Depreciation	11,762	13,380
Impairment losses	3,810	1,496
Amortization of goodwill	6,703	7,560
Increase (decrease) in allowance for doubtful accounts	98	105
Increase (decrease) in retirement benefit liability	(246)	(80)
Increase (decrease) in provision for bonuses	(489)	7,323
Increase (decrease) in provision for stock grant	(213)	537
Loss (gain) on sale of investment securities	(56)	(206)
Interest and dividend income	(339)	(431)
Interest expenses	1,138	1,922
Loss on retirement of non-current assets	10	286
Share of loss (profit) of entities accounted for using equity method	2,978	916
Decrease (increase) in trade receivables	(5,631)	(20,278)
Decrease (increase) in inventories	(21,902)	(9,901)
Increase (decrease) in trade payables	1,963	(2,326)
Increase (decrease) in lease liabilities	200	858
Decrease (increase) in investments in leases	228	135
Decrease (increase) in accounts receivable - other	1,085	(4)
Increase (decrease) in accounts payable - other	(90)	997
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(243)	4,569
Other, net	(3,244)	(4,922)
Subtotal	(9,137)	48,751
Interest and dividends received	347	422
Interest paid	(1,156)	(1,697)
Income taxes refund (paid)	(6,540)	(5,622)
Net cash provided by (used in) operating activities	(16,486)	41,854

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from investing activities		
Payments into time deposits	(60)	(51)
Proceeds from withdrawal of time deposits	60	60
Purchase of securities	(813)	–
Purchase of property, plant and equipment	(5,015)	(6,376)
Proceeds from sale of property, plant and equipment	13	488
Purchase of intangible assets	(1,918)	(1,876)
Purchase of investment securities	(2,076)	(73)
Proceeds from sale and redemption of investment securities	180	1,138
Proceeds from distributions from investment partnerships	487	201
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(227)	(28,002)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	0
Other, net	5	912
Net cash provided by (used in) investing activities	(9,364)	(33,577)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	28,159	(8,397)
Proceeds from long-term borrowings	1,185	28,980
Repayments of long-term borrowings	(2,681)	(1,628)
Redemption of bonds	–	(10,000)
Repayments of lease liabilities	(2,041)	(2,320)
Dividends paid	(4,014)	(4,147)
Dividends paid to non-controlling interests	(1,510)	(1,656)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(14,787)
Purchase of treasury shares	(10,570)	–
Proceeds from sale of treasury shares	0	–
Net cash provided by (used in) financing activities	8,526	(13,957)
Effect of exchange rate change on cash and cash equivalents	1,702	2,183
Net increase (decrease) in cash and cash equivalents	(15,622)	(3,498)
Cash and cash equivalents at beginning of period	52,316	36,693
Increase (decrease) in cash and cash equivalents due to changes in accounting period of consolidated subsidiaries	–	1,977
Cash and cash equivalents at end of period	36,693	35,173

Domestic and Overseas Network (as of June 21, 2024)

In addition to Glory sites in Japan, we are building a network spanning the various regions of the world through collaboration with Group companies. Glory provides products and solutions to customers in more than 100 countries around the world through this in-depth support system.



Domestic 15 companies

●Development/Manufacturing ●Sales/Maintenance

◉ GLORY LTD.

- ● GLORY Products Ltd.
- ● GLORY Technical Solutions Ltd.
- ● GLORY Friendly Co., Ltd.
- ● GLORY Service Co., Ltd.
- ● Hokkaido GLORY Co., Ltd.
- ● GLORY IST Co., Ltd.
- ● GLORY NASCA Ltd.
- ● GLORY Techno 24 Co., Ltd.
- ● GLORY Engineering Ltd.
- ● Japan Settlement Information Center Ltd.

(and 4 other companies)

Overseas Subsidiaries 87 companies

●Manufacturing ●Sales/Maintenance, Others

EMEA

- ● Sitrade Italia S.p.A. 〈Italy〉
- ● Glory Global Solutions Ltd. 〈United Kingdom〉
- ● Glory Global Solutions(Topco)Ltd. 〈United Kingdom〉
- ● Glory Global Solutions(Midco)Ltd. 〈United Kingdom〉
- ● Glory Global Solutions(Holdings)Ltd. 〈United Kingdom〉
- ● Glory Global Solutions(International)Ltd. 〈United Kingdom〉
- ● Glory Global Solutions(France)S.A.S. 〈France〉
- ● Acrelec Group S.A.S. 〈France〉
- ● Glory Global Solutions(Belgium)N.V./S.A. 〈Belgium〉
- ● Glory Global Solutions(Germany)GmbH 〈Germany〉
- ● Glory Global Solutions(Netherlands)BV 〈Netherlands〉
- ● Glory Global Solutions(Spain)S.A. 〈Spain〉
- ● Glory Global Solutions(Switzerland)A.G. 〈Switzerland〉
- ● Glory Global Solutions(Portugal)S.A. 〈Portugal〉
- ● Glory Global Solutions RUS, LLC 〈Russia〉
- ● Glory Global Solutions(Ireland)Ltd. 〈Ireland〉
- ● Glory Global Solutions(Austria)GmbH 〈Austria〉
- ● Glory Global Solutions Nakit Otomasyon Teknolojileri Ltd. Şti. 〈Turkey〉
- ● Glory Global Solutions (Poland) Sp. Z.o.o 〈Poland〉

(and 38 other companies)

Americas

- ● Glory Global Solutions Inc. 〈U.S.A.〉
- ● Glory Global Solutions(Canada)Inc. 〈Canada〉
- ● Glory Global Solutions(Brasil)Máquinas e Equipamentos Ltda. 〈Brazil〉
- ● Glory Global Solutions(Colombia)S.A. 〈Colombia〉
- ● Glory Global Solutions México, S.A. de C.V. 〈México〉

(and 5 other companies)

Asia

- ● Glory Global Solutions(Singapore)Pte. Ltd. 〈Singapore〉
- ● Glory Global Solutions(Australia)Pty. Ltd. 〈Australia〉
- ● Glory Global Solutions(New Zealand)Ltd. 〈New Zealand〉
- ● Glory Global Solutions(South Asia)Pvt.Ltd. 〈India〉
- ● Glory Global Solutions(Malaysia)Sdn.Bhd. 〈Malaysia〉
- ● PT. Glory Global Solutions Indonesia 〈Indonesia〉
- ● Glory Global Solutions(Shanghai)Co., Ltd. 〈China〉
- ● Glory Global Solutions(Hong Kong)Ltd. 〈Hong Kong〉
- ● GLORY Denshi Kogyo (Suzhou) Ltd. 〈China〉
- ● GLORY(PHILIPPINES),INC. 〈Philippines〉
- ● GLORY IPO Asia Ltd. 〈Hong Kong〉
- ● GLORY IPO China Ltd. 〈China〉
- ● Glory Software Vietnam Co., Ltd. 〈Vietnam〉

(and 7 other companies)

Inclusion in ESG Indices/Executive Officer Guarantee

Inclusion in ESG Indices

FTSE Blossom Japan Index

FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index

FTSE Blossom Japan Sector Relative Index

MSCI Japan ESG Select Leaders Index

2024 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

MSCI NIHONKABU ESG Select Leaders Index

2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

THE INCLUSION OF GLORY LTD. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF GLORY LTD. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

S&P/JPX Carbon Efficient Index

S&P/JPX Carbon Efficient Index

For Publication of the Integrated Report 2024

Executive Officer
Executive General Manager, Management Strategy Headquarters
Yukiya Tanaka

The slogan of Glory's Long-Term Vision 2028 is "We enable a confident world." To realize this vision, we pursue new initiatives to address issues around our customers such as financial institutions, retailers, and restaurants with advanced technology and digital transformation (DX) to be applied to beyond cash handling.

In this report, our aim is to convey the process of our transformation into "a company that drives customers' DX with best-in-class products and software platforms combined," which is the goal of our newly launched 2026 Medium-Term Management Plan. We broke down the value creation process into smaller pieces and explained how we leverage our source of value and our Group's strengths to deliver value to our stakeholders. In addition, we present our business strategy and our initiatives to put the strategy into practice in the areas of human resources, financial capital, the value chain, and sustainability foundations. We also describe the process of integrating financial and non-financial information to achieve the 2026 Medium-Term Management Plan.

The Group regards this report as an important tool for dialogue with all stakeholders, including shareholders and other investors, to deepen their understanding of the value we are creating together. In editing the report, therefore, we tried to reflect suggestions and opinions obtained through our dialogue with institutional investors as much as possible.

As the IR officer responsible for issuing this report, I hereby declare that the production process was legitimate and the content is accurate.

We will continue managing the Group with the aim of enhancing corporate value and fostering the sustainable growth of society. At the same time, we will strive to enrich the content of this Integrated Report. I look forward to frank opinions and suggestions from you. Thank you.

Guidance on information disclosure tools

For all stakeholders, we disclose a variety of information on our website.

Investor Relations
https://corporate.glory-global.com/ir/

Sustainability
https://corporate.glory-global.com/csr/

About GLORY
https://corporate.glory-global.com/groupinfo/

Business Fields
https://corporate.glory-global.com/business_fields/

Corporate Data/Share Information

(as of March 31, 2024)

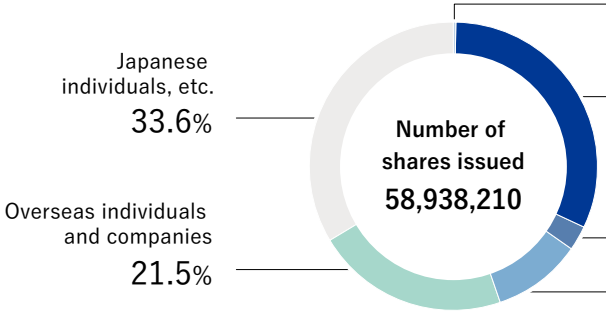
Corporate Data

Corporate name	GLORY LTD.
Established	November 27, 1944
Capital	¥12,892,947,600
Number of employees	3,468 (Consolidated basis: 11,398)
Head office	1-3-1, Shimoteno, Himeji, Hyogo 670-8567, Japan Phone: +81-79-297-3131
Offices	Head Office/Factory, Tokyo Office, Shinagawa Business Place, Saitama Factory, and Himeji Distribution Center Branches and other: 107 locations 99 Consolidated group companies (including 88 overseas companies)
Fiscal year-end	March 31
Date of Ordinary General Meeting of Shareholders	Late June
Record dates	Ordinary General Meeting of Shareholders: March 31 Year-end dividend: March 31 Interim dividend: September 30 Other such events are conducted from time to time upon sufficient notice to shareholders.
Trading unit	100 shares
Listing	Tokyo Stock Exchange (Prime)
Securities code	6457
Administrator of shareholder registry	Mitsubishi UFJ Trust and Banking Corporation

Share Information

Number of shares authorized	150,000,000
Number of shares issued	58,938,210 (including 2,873,306 shares of treasury stock)
Number of shareholders	16,293 (increase of 5,559 from previous year)

Shareholder Distribution



National and regional government bodies 0.3%

Financial institutions 31.9%

Securities companies 2.7%

Other Japanese companies 10.0%

Japanese individuals, etc. 33.6%

Overseas individuals and companies 21.5%

Major Shareholders

Shareholder	Number of shares held (Thousands of shares)	Holding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	7,558	13.5
Nippon Life Insurance Company	3,427	6.1
GLORY Group Employees' Stock Ownership Association	2,602	4.6
Custody Bank of Japan, Ltd. (Trust account)	2,156	3.8
Tatsubo Fashion Co. Ltd.	1,500	2.7
GLORY Business Partners' Stock Ownership Association	1,113	2.0
Sumitomo Mitsui Banking Corporation	1,100	2.0
MUFG Bank, Ltd.	879	1.6
THE BANK OF NEW YORK MELLON 140044	848	1.5
TATSUTA BOUSEKI CO.,LTD.	726	1.3

Notes:
1. The Company holds 2,873,306 treasury shares, however, they are not included in the above list.
2. The percentage of total issued shares is calculated by excluding the Company's treasury shares.

Confidence Enabled

GLORY LTD.

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