

(TRANSLATION FOR REFERENCE ONLY)

---

---

**Business Report**  
**For Fiscal Year 2023**  
(from April 1, 2023 to March 31, 2024)

---

---

**GLORY LTD.**  
**(6457)**

**FY2023 Business Report**

(April 1, 2023 to March 31, 2024)

**1. Overview****(1) Operating Results**

In fiscal year 2023, the global economy was on an expanding trend based on the steady capital investment and personal consumption in the US, 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 COVID-19 pandemic subsided. Conversely, the outlook remained uncertain due to such factors as the depreciation of the yen and continued inflation.

Under these circumstances, the Company Group (the “Group”) focused its business activities on the concept of “Core and New businesses powering growth together” in the final fiscal year of the three-year 2023 Medium-Term Management Plan that began in April 2021.

In the core business, the overseas financial and retail markets experienced steady demand for our products and services, in response to the need for self-service solutions 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 has consolidated the sales and service business in the Americas by its U.S. consolidated subsidiaries\*<sup>1</sup>. 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 scheduled on July 3, 2024, which 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, we acquired Flooid Topco Limited, a UK-based developer and provider of cloud-based Unified Commerce Platform (UCP)\* solutions to the retail industry and its subsidiaries (collectively the “Flooid Group”) in January 2024, for the purpose of enhancing our retail store solutions and software businesses. In Japan, we worked on business alliances and PoC (Proof of Concept) for BUYZO Media to expand our retail media business.

As a result of the above, both net sales and operating income reached new record highs.

\*<sup>1</sup> As per the notes in (6) b (ii).

\*<sup>2</sup> Unified Commerce Platform (UCP): A system that integrates multiple sales channels into a single platform, streamlining the purchasing process in both physical and online stores, thereby offering consumers seamless shopping experiences.

	The 77th Term (4/2022-3/2023) million yen	The 78th Term (4/2023-3/2024) million yen	Increase/Decrease (%)
Net sales	255,857	372,478	45.6%
- Sales of merchandise and finished goods	155,064	231,844	49.5%
- Maintenance service	100,793	140,633	39.5%
Operating income/loss	522	51,276	9,709.2%
Ordinary income/loss	-2,720	48,438	-
Net income/loss attributable to owners of parent	-9,538	29,674	-

## **Operation Results by Business Segments**

### **Financial Market**

Net sales in this segment were ¥78,422 million (up 116.3% year on year) and operating income was ¥24,179 million (up 15,785.3% year on year).

Sales of this segment's main products, open teller systems, coin and banknote recyclers for tellers, and banknote changers, were strong. In addition, sales from maintenance services increased owing to the progression of system modifications associated with the issuance of new banknotes.

### **Retail and Transportation Market**

Net sales in this segment were ¥74,774 million (up 64.0% year on year) and operating income was ¥10,593 million (vs. operating loss of ¥571 million in the previous year).

Sales of this segment's main products, coin and banknote recyclers for cashiers and sales proceeds deposit machines for cash-in-transit companies, were strong. In addition, sales from maintenance services increased owing to the progression of system modifications associated with the issuance of new banknotes.

### **Amusement Market**

Net sales in this segment were ¥28,201 million (up 86.3% year on year) and operating income was ¥10,030 million (up 517.4% year on year).

Sales of this segment's main products, card systems, were strong, especially the ones used for smart amusement machines. In addition, sales from maintenance services increased owing to the progression of system modifications associated with the issuance of new banknotes.

### **Overseas Market**

Net sales in this segment were ¥185,239 million (up 18.8% year on year) and operating income was ¥6,645 million (up 1,422.4% year on year).

In the Americas, sales of the main products, RBG/GLR-series teller cash recyclers for financial institutions, were strong, as were the sales of CI/CI-X-series cash management solutions to the retail industry.

In Europe, sales of the main products, RBG/GLR-series teller cash recyclers for financial institutions, were sluggish, while sales of CI/CI-X-series cash management solutions for the retail industry were favorable.

In Asia, sales of CI/CI-X-series cash management solutions to the retail industry were strong.

### **Others**

Outside the above four business segments, net sales were ¥5,840 million (up 96.6% year on year) and operating loss was ¥173 million (vs. operating loss of ¥1,118 million in the previous year).

## **(2) Capital Investment**

The Group has made capital investment totaling ¥132,63 million. Major investment includes:

- a) Completed investments  
Molds for manufacturing new products
- b) Ongoing investments  
The Company's ERP system development

## **(3) Financing Activities**

26 billion-yen borrowings in total from Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., and syndicated loans mainly to fund the acquisition of the Flooid Group in FY2023.

## **(4) Forward Mission**

### **Long-Term Vision and Medium-Term Management Plan**

The Group established the Glory Group Long-Term Vision "GLORY 2028" in March 2018, following the celebration of the 100th anniversary of its founding. The vision depicts the Company's ideal profile over the next ten years as it moves towards developing its next generation of business.



### **We enable a confident world**

Safe and secure transactions are critical to your business, and your customers.

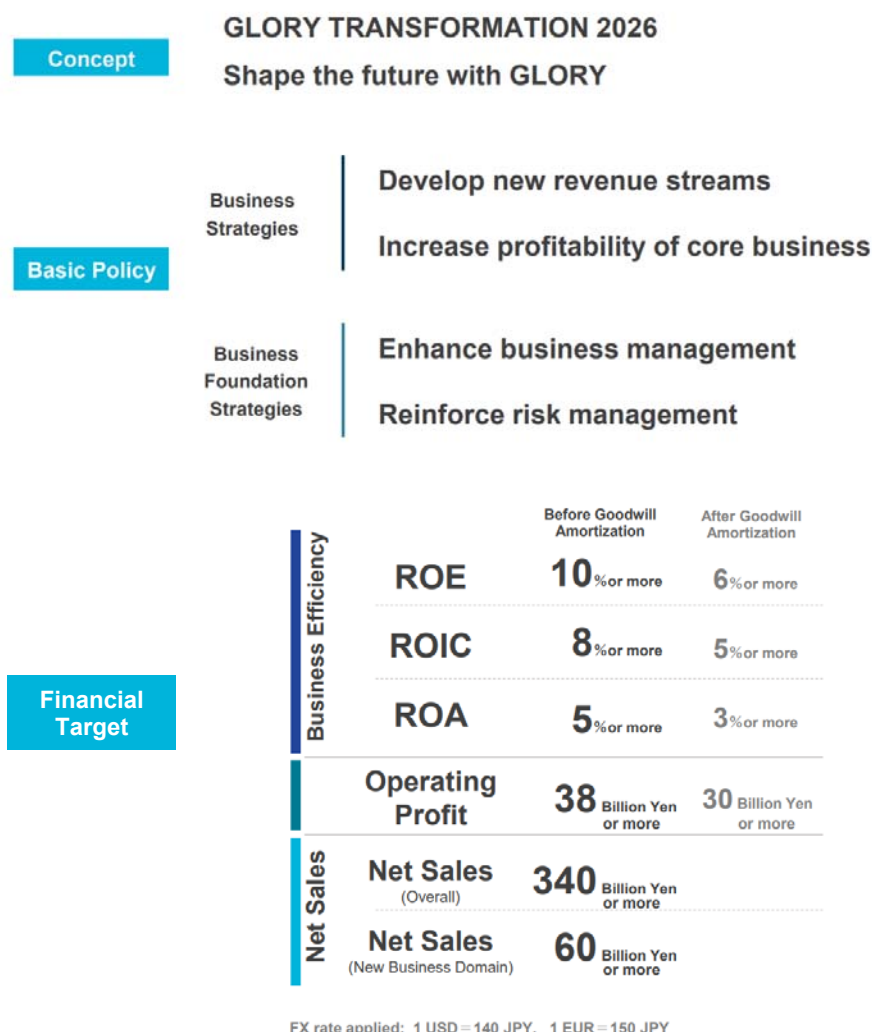
We deliver secure, efficient payment systems and instant, highly accurate identity verification and authentication solutions that enable confidence in transactions and other interactions between businesses and people.

Our innovative technologies, our experienced professionals and our commitment to the success of our customers, partners and communities create a safe, confident path forward.

We are Glory – we enable a confident world for a better tomorrow.

**2026 Medium-Term Management Plan**

The Group has launched the 2026 Medium-Term Management Plan which covers the three years from April 2024, as the third step towards GLORY 2028. The Group aims to offer solutions with best-in-class products and software platforms combined to support customers' DX (Digital Transformation) under the following policies.

**Business Strategies****➤ Develop new revenue streams**

Under this policy, the Group aims to develop its solution business into the Group's new business pillar using the strong customer base and technologies, which contribute to customers' business growth.

The 2026 Medium-Term Management Plan focuses on the three target markets of retail, financial, and F&B, which were the areas of strategic investment during the 2023 MTP, to accelerate the expansion of our New Business Domain.

In the retail market, we further promote solutions that enable operational DX (Digital Transformation) in stores and reach new customers with services built around Flooid's Unified Commerce Platform (UCP), a cloud solution for retail stores.

In the financial market, we offer remote customer services and other DX tools that enable efficient store operations, as well as shared services that offer easier access to cash.

In the F&B market, we aim to establish new businesses around self-service kiosks and next-generation F&B solutions, driven by the need for DX to address labor shortages and increasing labor cost.

➤ **Increase profitability of core business**

Under this policy, we aim to develop new business and increase profitability of our core business around new opportunities based on our products such as cash recyclers.

In the retail market, we aim to enhance our solutions offers with self-service cash recyclers and new technologies combined to address labor shortage and improve CX (Customer Experience). We also aim to increase recurring revenue through software-oriented solutions such as UBIQULAR™.

In the financial market, we aim to expand the sales of labor-saving products such as assisted self-service machines, to cater for diversifying store operations and to increase market shares in emerging countries.

**Management Platform Strategies**

➤ **Enhance business management**

Under this policy, we aim to enhance business management, optimize resource management, and enhance our sustainability initiatives.

Specifically, we will implement ROIC-based management to increase revenue and accelerate DX in our business operations, including data consolidation/visualization for timely management decisions and operational transformation. We will also implement organizational changes and enhance human resource development, while improving our employee engagement. In addition, we aim to strengthen our sustainability initiatives towards carbon neutrality and promote our human rights policy for sustainable growth of society and increase of our corporate value.

➤ **Reinforce risk management**

Under this policy, we will formulate a Business Continuity Plan (BCP) and promote initiatives to tighten our cyber security.

To ensure stable product supplies, we will optimize inventory management across the Group and establish systems that mitigate geopolitical risks, natural disasters, security risks etc. for the Group' business continuation and/or early recovery in times of crisis. In addition, we will enhance our information systems and human resources to tighten the Group's cyber security.

**(5) Financial Position and Profit/Loss Status**

(million yen)

	The 75th Term FY2020 (4/2020-3/2021)	The 76th Term FY2021 (4/2021-3/2022)	The 77th Term FY2022 (4/2022-3/2023)	<b>The 78th Term FY2023 (4/2023-3/2024)</b>
Net sales	217,423	226,562	255,857	372,478
Operating income	14,201	10,195	522	51,276
Ordinary income/loss	14,137	10,404	-2,720	48,438
Net income/loss attributable to owners of parent	5,705	6,410	-9,538	29,674
Net income/loss per share	94.38 JPY	106.2 JPY	-167.2 JPY	533.62 JPY
Total assets	330,608	363,269	381,273	467,072
Net assets	196,332	208,607	195,984	228,746
Net assets per share	3,195.82 JPY	3,395.33 JPY	3,474.76 JPY	4,097.32 JPY

**Notes**

- Net income per share is calculated based on the average total number of shares issued during the respective financial period. Net assets per shares is calculated based on the total number of shares issued as of the end of the respective financial period. In addition, the average total number of shares issued during the respective financial period and the total number of shares issued as of the end of the respective financial period are calculated by deducting the number of the treasury shares.
- The Company's shares remaining in the Board Incentive Plan (BIP) Trust Account and the Employee Stock Ownership Plan (ESOP) Trust Account are recorded as treasury shares and included in the treasury shares subtracted from shares issued as of the end of the period for the calculation of net assets. Net income per shares is included in the treasury shares subtracted from average number of shares during the period.
- The figures for the 75th Term (FY2020) have been amended.
- Since the start of the 76th Term (FY2021), the Company has applied the "Accounting Standard for Revenue Recognition." (Accounting Standards Board of Japan (ASBJ) Statement No.29, March 31, 2020).
- In the 77th Term (FY2022), the Company finalized the provisional accounting treatment for the business combination, and the key management indices for the 76th Term (FY2021) are based on the amounts after reflecting the significant revision of the initial allocation of acquisition costs due to the finalization of the provisional accounting treatment.

**(6) Major Subsidiaries of the Company****a) Major Subsidiaries**

<b>Company Name</b>	<b>Capital</b>	<b>Parent Ownership</b> *Incl. indirect ownership	<b>Principal Business</b>	<b>Head Office</b>
GLORY Products Ltd.	80 million (JPY)	100.0	Manufacture of cash handling machines	Hyogo, Japan
GLORY NASCA Ltd.	100 million (JPY)	100.0	Sales and maintenance of cash handling equipment used in pachinko parlors	Tokyo, Japan
Hokkaido GLORY Co., Ltd.	50 million (JPY)	100.0	Sales and maintenance of cash handling machines in Hokkaido region	Hokkaido, Japan
GLORY Denshi Kogyo (Suzhou) Ltd.	5 million (USD)	100.0	Manufacture and sales of cash handling machines	China
GLORY (PHILIPPINES), INC.	1 million (USD)	100.0	Manufacture of cash handling machines	Philippines
Sitrade Italia S.p.A.	0.6 million (EUR)	95.0	Sales and maintenance of cash handling machines in Italy	Italy
Glory Global Solutions Ltd.	1,009 million (USD)	100.0	Strategic planning and management of overseas business	UK
Glory Global Solutions (International) Ltd.	478 million (USD)	100.0*	Supervision of overseas sales and maintenance business of cash handling machines	UK
Glory Global Solutions (France) S. A. S.	14 million (EUR)	100.0*	Sales and maintenance of cash handling machines in France	France
Glory Global Solutions Inc.	5 million (USD)	100.0*	Sales and maintenance of cash handling machines in USA	USA
Glory Global Solutions (Singapore) Pte. Ltd.	4 million (SDG)	100.0*	Sales and maintenance of cash handling machines in APAC	Singapore



## (TRANSLATION OF AN EXCERPT FOR REFERENCE ONLY)

Glory Global Solutions (Shanghai) Co., Ltd.	1 million (USD)	100.0	Sales and maintenance of cash handling machines in China	China
Acrelec Group S.A.S.	84 million (EUR)	80.0*	Manufacture, sales, and maintenance of self-service kiosks	France
Revolution Retail Systems, LLC	N/A	100.0*	Manufacture, sales, and service of cash handling recyclers for retail markets in North America	USA
Flooid Topco Limited	2 million (GBP)	100.0*	Development and sales of cloud software for retailers	UK

**Notes**

- The Company has acquired additional shares of Sitrade Italia S. p. A., bringing the investment ratio from 75.5% to 95.0%.
- No capital is stated above for Revolution as it is a Limited Liability Company under the U.S. law. The Company has conducted a merger between its consolidated subsidiaries, in which Glory Global Solutions Inc. became the surviving company and Revolution Retail Systems, LLC was absorbed as of April 1, 2024.
- Glory Global Solutions (International) Ltd. has acquired 100% of the outstanding shares of the Flooid Topco Limited, in which the Flooid and its 12 subsidiaries became the Company's subsidiaries as of January 12, 2024.
- The Company also owns the following three companies that fall under the category of "specified subsidiary" stipulated in the Financial Instruments and Exchange Act:
  - Glory Global Solutions (Topco) Ltd.
  - Glory Global Solutions (Midco) Ltd.
  - Glory Global Solutions (Holdings) Ltd.
- No subsidiary falls under the category of "specified wholly owned subsidiary" stipulated in the said Act.

**b) Other significant structural changes**

- (i) Glory Global Solutions (International) Ltd. has acquired 100% of the outstanding shares of the Flooid Topco Limited, in which the Flooid and its 12 subsidiaries became the Company's subsidiaries as of January 12, 2024
- (ii) The Company has conducted a merger between its consolidated subsidiaries, in which Glory Global Solutions Inc. became the surviving company absorbing Revolution Retail Systems, LLC as of April 1, 2024.

**(7) Major Business Sites****a) The Company**

Head Office	1-3-1, Shimoteno, Himeji, Hyogo, Japan 670-8567
Tokyo Office	Akihabara UDX 4-14-1, Sotokanda, Chiyoda-ku, Tokyo, Japan 101-8977
Main Factories and Offices	Himeji Factory (Hyogo), Saitama Factory (Saitama), Shinagawa Business Site (Tokyo)
Regional Offices	Tohoku, Kanto, Joshinetsu, Tokyo, Tokai, Kinki, Chugoku, Shikoku, Kyushu

**Note:** Kanto and Joshinetsu Regional Offices have been integrated into Higahshi-Nippon Regional Office (Saitama) and Chugoku and Shikoku Regional Offices have been integrated into Chu-Shikoku Regional Office as of April 1, 2024.

**b) Subsidiaries**

See 6 a) for details.

**(8) Employees****a) The Group**

Number of Employees	Increase/Decrease from end of FY2021
11,398 (1,219)*	+606 (+300)*

**Notes**

- Number of on-going employees with annual average number of temporary employees shown in brackets.
- Number of employees increased with a growth of service force in the North America and the acquisition of the Flooid Group.

**b) The Company**

Number of Employees	Increase/Decrease from end of FY2021	Average Age (years)	Average Years of Service
3,468 (340)*	-30 (-1)*	44.7	20.6

**Note:** Number of on-going employees with annual average number of temporary employees shown in brackets.

**(9) Major Lenders**

Lenders	Amount of loans (million JPY)
Sumitomo Mitsui Banking Corporation	17,335
MUFG Bank, Ltd.	15,250
Mizuho Bank, Ltd.	13,967
Resona Bank, Ltd.	7,300
Japan Bank for International Cooperation	7,263
Nippon Life Insurance Company	2,923

**2. Status of Shares**

- (1) Total number of authorized shares      **150,000,000**
- (2) Total number of shares issued            **58,938,210** (including 2,873,306 treasury shares)
- (3) Total number of shareholders            **16,293** (increased by 5,559 vs March 31, 2023)

**(4) Major Shareholders**

Name of Shareholders	Shares (in thousands)	Shareholding 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**

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

**(5) Shares distributed during FY2023 to Directors as Stock Compensation**

The Company has implemented a performance-based stock compensation plan (the "Plan") for its Directors with business execution authorities in the Company (excluding Outside Directors and Audit and Supervisory Committee Members) with the aim of raising their incentives to improve the Company's business performance and increase its corporate value over the medium to long term. The shares granted during FY2023 are as follows.

Directors eligible	Number of shares	Number of directors
Directors (excluding Outside Directors and Audit and Supervisory Committee Members)	680	Five (5)

**Notes**

- The above shares were granted according to the Group's performance in the previous fiscal year (FY2022).
- In addition to the above, 299 shares which each Director is entitled to have been converted to cash equivalent within the trust established under the Plan and paid out in accordance with the Shares Distribution Rules.

**3. Matters regarding Officers****(1) Directors**

<b>Name</b>	<b>Position</b>	<b>Significant Concurrent Position(s) &amp; Responsibilities</b>
Hirokazu Onoe	Chairman of the Board & Representative Director	- Director (Outside) of Noritz Corporation
Motozumi Miwa	President & Representative Director	
Hideo Onoe	Director	- Senior Managing Executive Officer - Company President of Domestic Business Company
Kaname Kotani	Director	- Senior Managing Executive Officer - Executive General Manager of Development Headquarters - Chief Information Security Officer - Responsible for digital solution technology - Responsible for Intellectual Property Department
Akihiro Harada	Director	- Senior Managing Executive Officer - Company President of International Business Company - Chairman of the Board & Chief Executive Officer of Glory Global Solutions Ltd.
Tomoko Fujita	Director	- Responsible for the corporate governance of non-Japanese subsidiaries - Director (Member of the Board) of Glory Global Solutions Ltd. - Chairperson of Flooid Topco Limited
Joji Iki	Outside Director	- Chairman of the Nomination Advisory Committee
Junji Uchida	Outside Director	- Chairman of the Compensation Advisory Committee
Ian Jordan	Outside Director	- Outside Director (Member of the Board) of Glory Global Solutions Ltd.
Masato Inuga	Director (Full-Time Audit & Supervisory Committee Member)	- Chairman of the Audit & Supervisory Committee - Corporate Auditor, Hokkaido GLORY Co., Ltd.
Keiichi Kato	Outside Director (Audit & Supervisory Committee Member)	- Partner, Harima Law Office - Outside Corporate Auditor, Sanyo Color Works Ltd.
Yukako Ikukawa	Outside Director (Audit & Supervisory Committee Member)	- Representative of Yukako Ikukawa Tax Accounting Office - Outside Director (Audit and Supervisory Committee Member) of TVE Co., Ltd. - Outside Audit & Supervisory Board Member of Earth Corporation

**Notes**

1. The Company has notified the Tokyo Stock Exchange (“TSE”) of appointments of Joji Iki, Junji Uchida, Ian Jordan, Keiichi Kato, and Yukako Ikukawa as “Independent Directors”.
2. Yukako Ikukawa, Director who is an Audit & Supervisory Committee (A&SC) Member, is a certified tax accountant with extensive knowledge and experience in finance and accounting.

3. Masato Inuga has been appointed as a full-time A&SC Member to supervise the execution of duties of the A&SC. Mr. Inuga promotes communications with Directors who are not A&SC Members and gathers information through his attendance at internal management meetings. Additionally, Mr. Inuga facilitates discussions and communications with the Internal Audit Department and other internal divisions.
4. Changes in Directors' positions during FY2023 are as follows:
- (a) Appointment  
Masato Inuga and Yukako Ikukawa were elected as new Directors who are A&SC Member and assumed their office at the 77th Ordinary General Meeting of Shareholders held on June 23, 2023.
- (b) Retirement  
Toru Fujita and Satoshi Hamada resigned from the position of Director who is an A&SC Member at the close of the 77th Ordinary General Meeting of Shareholders held on June 23, 2023.
- (c) Change of significant concurrent positions
- Akihiro Harada, Director who is not an A&SC Member, has retired from the position of Chairman of the Board of Sitrade Italia S. p. A. as of June 27, 2023.
  - Tomoko Fujita, Directors who is not an A&SC Member, assumed the office of Chairperson of Flooid Topco Limited as of January 12, 2024.
5. Glory Global Solutions Ltd., of which Ian Jordan serves as an Outside Director (Member of the Board), is a subsidiary of the Company. There is no special interest between the Company and the companies in which Keiichi Kato and Yukako Ikukawa hold concurrent positions.

6. Change in positions of Directors as of March 31, 2024:

Name	Before	After	Date of Change
Hirokazu Onoe	Chairman of the Board & Representative Director	Director	April 1, 2024
Motozumi Miwa	President & Representative Director	Chairman of the Board & Representative Director	
Hideo Onoe	Director & Senior Managing Executive Officer; Company President of Domestic Business Company	Executive Vice President & Director; Assistant to President Supervision of General Affairs Headquarters and Finance Headquarters	
Akihiro Harada	Director & Senior Managing Executive Officer; Company President of International Business Company	President & Representative Director	
Kaname Kotani	Director & Senior Managing Executive Officer; Executive General Manager of Development Headquarters Chief Information Security Officer Responsible for digital solution technology Responsible for Intellectual Property Department	Director; Supervision of the areas of development and technology Supervision of Research & Development Headquarters Responsible for QMS (Quality Management System)	

7. Ian Jordan, Outside Director who is not an A&SC Member, assumed his office of Outside Director (Member of the Board) of Acrelec Group S.A.S., a subsidiary of the Company, as of April 1, 2024.

## **(2) Agreements for limitation of liability**

For Directors (excluding executive Directors) to fully perform their expected roles, the Articles of Incorporation of the Company provide that the Company may enter into agreements with such Directors to the effect that the liability of Directors be limited. With this stipulation, the Company has concluded an agreement with each of the Company's five Outside Directors; Joji Iki, Junji Uchida, Ian Jordan, Keiichi Kato and Yukako Ikukawa to the effect that their liabilities may be limited in accordance with Paragraph 1, Article 427 of the Companies Act.

The details of the agreement are as follows:

- Director shall be liable for damages up to the minimum amount of liability as stipulated in Paragraph 1, Article 425 of the Companies Act, should he or she become liable for damages caused to the Company as a result of negligence in the performance of his or her duties.
- The liability limitation described above shall be applicable in cases where a Director performed his/her duties that became the cause of liability in good faith and without gross negligence.

## **(3) Directors and Officers Liability Insurance Policy**

The Company has concluded a directors and officers liability insurance policy with an insurance company, under which all directors, audit & supervisory board members, executive officers, management-level employees, etc. of the Company and its subsidiaries are the insured. The insurance covers damages and legal fees, etc. in the event that claims for damages are made against the insured arising from any action(s) taken by the insured to perform their duties. However, there are certain exclusions, such as the case of damages arising from criminal act or intentional breach of laws and regulations, to prevent the insured from impairing appropriate execution of their duties. The premium for the insurance is fully borne by the Company and its subsidiaries.

## **(4) Remuneration of Directors**

### **4-1. Policy and Procedures for Determining Remuneration of Individual Directors**

The Company has in place a set of policies as below for determining remuneration of individual Directors (excluding Directors who are Audit & Supervisory Committee Members) as resolved at the Board of Directors meeting on May 13, 2021, following careful deliberations of the Compensation Advisory Committee, of which the chairman and the majority of members are independent Outside Directors. These policies will partially be amended in alignment with Proposal 4 and 5 upon approval at the Shareholders Meeting, and 2026 Medium-Term Management Plan.

The Compensation Advisory Committee has confirmed the fairness of FY2023 remuneration for individual Directors and consistency with the policies, which the Board respects in principal.

#### **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 the 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 Directors.

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 and the compensation standard of other companies.
- Fixed Compensation is determined according to the position and responsibilities of each Director.
- Bonuses are cash compensation linked to short-term business performance, aimed at improving the Group’s business performance for each fiscal year covered in the medium-term management plan. The target performance indicators for Bonuses are consolidated net sales (40%) and operating income (60%) as set out in the 2023 Medium-Term Management Plan. Bonuses are paid at a certain time every fiscal year of the amount determined according to the degree of achievement of those targets, within the range of zero times (achievement rate less than 60%) to two times (achievement rate 140% or more) the predetermined base amount.

No Bonuses will be paid if net income before goodwill amortization is less than the total amount of dividends (excluding extraordinary dividends) for the previous fiscal year.

- 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 medium-term management plan. The performance indicators for Stock Compensation are consolidated ROE before goodwill amortization (40%), operating income before goodwill amortization (30%) and net sales in new business domains (30%) as set out in the 2023 Medium-Term Management Plan. According to the level of achievement of the targets of those indicators for the three fiscal years, the number of shares allotted is determined by the number of “points” given at a certain time during the trust period and upon retirement as stipulated in the Share Distribution Regulations. No shares will be distributed if the level of achievement against the target for each fiscal year is less than 70%.

Note: The calculation method for Bonuses for FY2023 has partially been changed as below, expecting significant changes in the Company’s performance in FY2023 compared to the previous two fiscal years (FY2021 and FY2022) of the 2023 Medium-Term Management Plan. This was resolved at the Board meeting on May 31, 2023, following the deliberations by the Compensation Advisory Committee on May 30, 2023.

(Before) The target indicators for Bonuses are consolidated net sales (40%) and operating income (60%) as set out in the 2023 Medium-Term Management Plan. Bonuses are paid at a certain time every fiscal year of the amount determined according to the degree of achievement of those targets, within the range of zero times (achievement rate less than 60%) to two times (achievement rate 140% or more) the predetermined base amount.

No Bonuses will be paid if net income before goodwill amortization is less than the total amount of dividends (excluding extraordinary dividends) for the previous fiscal year.

(After) The target indicators for Bonuses are consolidated net sales (40%) and operating income (60%) As set out in the 2023 Medium-Term Management Plan. The formula is base amount multiplied by the achievement rate, with 0% used for the rate under 60% for each indicator.

Performance-based indicators may be changed to decrease the amount of bonuses if net income attributable to the parent is impacted by significant changes in business environment.

No Bonuses will be paid if net income before goodwill amortization is less than the total amount of dividends (excluding extraordinary dividends) for the previous fiscal year.

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 is set approximately at 80% and 20% respectively.
- For the President, the ratio between the base amount of Fixed Compensation and that of performance-based compensation (Bonuses and Stock Compensation) is set approximately at 50% and 50% respectively. The ratios applied for Directors other than the President are determined proportionately to that for the President, considering their responsibilities 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.

**4.2. Performance-based/Non-monetary remuneration**

The following table shows the performance-based compensation (Bonuses and Stock Compensation) for FY2023 and performance indicators as the basis of its calculation. See 4.1. (c) for details of performance indicators.

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 described in 4-1.



**4.3. Remuneration of Directors and Audit & Supervisory Committee Members for FY2022**

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

\*Audit &amp; Supervisory Committee

**Notes**

1. 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.
2. The amount paid to Directors who are not Audit & Supervisory Committee Members, does not include employee salaries paid to Directors who have concurrent responsibilities as employees.
3. The maximum total amount of cash compensation for Directors who are not Audit & Supervisory Committee Members is ¥450 million per annum (including maximum of ¥50 million for Outside Directors and excluding employee salary for Directors who have concurrent responsibilities as employees) as resolved at the 74th Ordinary General Meeting of Shareholders. In addition, under the Company's Stock Compensation plan, the maximum amount of money to be contributed by the Company to the trust set up by the Company is ¥300 million and the maximum number of shares to be distributed is 147,000 shares during the three fiscal year from FY2018 (fiscal year ended March 2019) to FY2020 (fiscal year ended March 2021) and for each of the three fiscal years thereafter if the trust continues, as resolved at the 74th Ordinary General Meeting of Shareholders.
4. The maximum total amount of cash compensation for Directors who are Audit & Supervisory Committee Members is ¥80 million per annum as resolved at the 74th Ordinary General Meeting of Shareholders.
5. Performance-based Bonuses and Stock Compensation are paid to the five executive Directors who are not Audit & Supervisory Committee Members (excluding Outside Directors). The amount of grant allowance for the current fiscal year is stated for Performance-based Stock Compensation.
6. In addition to the above, the Company's subsidiary paid GBP 0.025 million as compensation to the Company's Outside Director who served as a director of the subsidiary.

**4.4. Delegation of Authority for Determining an Individual Director's Remuneration**

To ensure transparency and objectivity in determining the amount of remuneration for individual Directors (excluding Audit & Supervisory Committee Members) for FY2023, the amount for Fixed Compensation and Bonuses to individual Director have been determined by resolution of the Board within the ranges approved at a general meeting of shareholders, based on the deliberations and advice by the Compensation Advisory Committee on individual amounts regarding appropriateness. To enable timely decision-making, the authority was delegated to the President, Motozumi Miwa\*, who then determined the individual amount of monthly Fixed Compensation and Bonuses paid to each Director. To ensure such authority is properly exercised, the Board requires the person delegated with the authority to make decisions, in accordance with the results of deliberations by the Compensation Advisory Committee.

\* Motozumi Miwa has assumed the office of the Company's Chairman of the Board & Representative Director as of April 1, 2024.

## (5) Outside Directors

Name	Positions	Major Activities during FY2023
Joji Iki	<ul style="list-style-type: none"> <li>- Outside Director</li> <li>- Chairman of the Nomination Advisory Committee</li> </ul>	<p><b>Attendance at Board Meeting: 17/17</b></p> <p>Mr. Iki plays an important role in strengthening the supervision of the Company's management and ensuring its transparency and fairness, providing advice and opinions based on his extensive knowledge and global insight to corporate management. Mr. Iki has attended other principal meetings held by the Compensation Advisory Committee and the Nomination Advisory Committee, in which he provided helpful advice and exchanged opinions from an outsider's perspective.</p>
Junji Uchida	<ul style="list-style-type: none"> <li>- Outside Director</li> <li>- Chairman of the Compensation Advisory Committee</li> </ul>	<p><b>Attendance at Board Meeting: 17/17</b></p> <p>Mr. Uchida plays an important role in strengthening the supervision of the Company's management and ensuring its transparency and fairness, providing advice and opinions based on his extensive knowledge and global insight to corporate management. Mr. Uchida has attended other principal meetings held by the Compensation Advisory Committee and the Nomination Advisory Committee, in which he provided helpful advice and exchanged opinions from an outsider's perspective.</p>
Ian Jordan	<ul style="list-style-type: none"> <li>- Outside Director</li> </ul>	<p><b>Attendance at Board Meeting: 16/17</b></p> <p>Mr. Jordan plays an important role in strengthening the supervision of the Company's management and ensuring its transparency and fairness, providing advice and opinions based on his extensive knowledge and global insight. Mr. Jordan's advice and opinions, based on his experience at a multinational consulting firm, are particularly valuable for the Group's business transformation for its growth and strategy planning for globalization and development of new businesses.</p>
Keiichi Kato	<ul style="list-style-type: none"> <li>- Outside Director (Audit &amp; Supervisory Committee Member)</li> </ul>	<p><b>Attendance at Board Meeting: 16/17</b></p> <p><b>Audit Supervisory Committee Meeting: 14/14</b></p> <p>Mr. Kato plays an important role in ensuring legitimacy and validity of the Company's business management, providing advice and opinions based on his professional knowledge and experience as an attorney of law.</p>
Yukako Ikukawa	<ul style="list-style-type: none"> <li>- Outside Director (Audit &amp; Supervisory Committee Member)</li> </ul>	<p><b>Attendance at Board Meeting: 14/14*</b></p> <p><b>Audit Supervisory Committee Meeting: 10/10*</b></p> <p>(*Since assumption of office)</p> <p>Ms. Ikukawa plays an important role in ensuring legitimacy and validity of the Company's business management, providing advice and opinions based on her professional knowledge and experience as a tax accountant.</p>

#### **4. Accounting Auditor of the Company**

(1) Name: Deloitte Touche Tohmatsu LLC

(2) Amount of remuneration paid:

<b>Remuneration for FY2022</b>	<b>Amount</b>
a) Amount of remuneration paid to accounting auditor	¥ 111 million
b) Total of cash and other financial profits payable by the Company and its subsidiaries to the accounting auditor	¥ 111 million

#### **Notes**

1. The audit agreement between the Company and the Accounting Auditor does not distinguish the remunerations for the audit conducted under the Companies Act and the audit conducted under the Financial Instruments and Exchange Act. Therefore, the amounts described above are sums of these two remunerations.
2. The Company's overseas subsidiaries are audited by accounting auditors other than the Company's Accounting Auditor under foreign laws and regulations equivalent to the Companies Act and the Financial Instruments and Exchange Act.
3. The Audit & Supervisory Committee has agreed to the amount of compensation of the accounting auditor as per Article 399, Paragraph 1 of the Corporate Law, based on its examination of audit plans and the accounting auditor's execution of duties of in the previous fiscal year, and in line with the calculation of remuneration etc. through reporting and materials prepared by the Company's relevant divisions and the accounting auditor.

(3) Remuneration for non-audit services by accounting auditor

N/A

(4) Policy on dismissal and non-reappointment of accounting auditor

The Audit & Supervisory Committee ("A&SC") will dismiss the accounting auditor based on the unanimous consent of all A&SC Members if the accounting auditor is deemed to fall under any of the items of Article 340, Paragraph 1 of the Companies Act. The A&SC Member selected by the A&SC will report such dismissal and the reasons thereof to the nearest general meeting of shareholders.

If dismissal or non-reappointment is considered necessary in any case other than the above, the A&SC will discuss and decide on the content of proposal of such dismissal or non-reappointment to be submitted to a general meeting of shareholders.

## **5. Systems and Policies of the Company**

This sector outlines the systems and policies to ensure execution of duties by Directors is in accordance with laws and regulations, the Company's Articles of Incorporation, and systems to ensure the appropriate operations of the Group.

### **The Company has established the Basic Policy on the Internal Control System as follows based on the resolution of the Company's Board of Directors as of May 10, 2024:**

- (1) Framework to ensure appropriate execution of duties by directors and employees of the Group in compliance with applicable laws and regulations and the Articles of Incorporation
  - a. The Group's corporate philosophy is "*Building a more secure world through global efforts and collaboration.*" It expresses the Group's mission to contribute to the development of society and grow as a sustainable company through its strong commitment to product development. Under the philosophy, the President and all Directors practice business management in compliance with applicable laws and regulations and social ethics and regularly communicate to employees that the prerequisite for corporate activities for the Group is to co-exist in harmony with society and to build relationships of trust with all its stakeholders. Further, the Corporate Governance Guidelines stipulates basic views and policies about the Group's corporate governance.
  - b. The Company's Board of Directors makes decisions on important matters and supervises Directors' execution of their duties in accordance with applicable laws and regulations, the Articles of Incorporation, and Rules of the Board of Directors.
  - c. The Company has established the Nomination Advisory Committee and the Compensation Advisory Committee, which support and supervise from an independent standpoint the Board's deliberations to ensure transparency and objectivity of the processes of nomination of Directors and Executive Officers and decisions on their remuneration.
  - d. The Audit & Supervisory Committee audits and supervises from an independent standpoint the execution of duties by Directors, including development and implementation of internal control system.
  - e. The Company has established the Compliance Committee chaired by the President, in which its members, including outside experts, deliberate on compliance issues that occur in the Group and report the results of deliberations to the Board of Directors. In addition, the Board appoints a Chief Compliance Officer from among directors or executive officers, who, in liaison with the Compliance Committee Secretariat, formulates and implements compliance measures, supervises compliance management, and provides compliance training for employees.
  - f. The Company has established the following whistleblowing hotlines for the Group's compliance matters: (1) Manager in whistleblower's organization; (2) The Compliance Committee Secretariat; (3) External consultation services (Law firms); and (4) External consultation services (Consulting firms). The helplines are intended to identify problems at an early stage to minimize damage, while protecting whistleblowers in accordance with the "Glory Group Whistleblowing Code of Practice".
  - g. The Company's Legal Code of Conduct stipulates as its basic policy that the Company blocks any and all relationships with antisocial forces, affords no benefits whatsoever thereto under any name, and works closely with relevant authorities against such threats. Further, the Company's general affairs division, as the supervisory body, designates managers to work with the Company's branch offices. The general affairs division proactively participates in seminars held by the authorities to collect necessary information, implement training for Directors and employees as needed, and respond to emergencies in liaison with external legal counsel and the authorities.

- (2) System for preservation and management of information related to Directors' execution of duties
  - a. With regard to preservation and management of information related to execution of duties by Directors, types of documents, period of preservation and a person in charge of document management are designated pursuant to the Document Management Rules to properly preserve and manage the relevant information.
  - b. Directors may at any time access information necessary for the execution of their duties, such as the minutes of the Board of Directors meetings.
  - c. The Rules on Information Security are stipulated and enforced to ensure appropriate preservation and management of the said information.
  
- (3) Regulations and other frameworks to manage the risk of loss to the Company and Subsidiaries
  - a. The Company has formulated the Risk Management Manual and the Crisis Management Manual pursuant to the Risk Management Rules in order to obviate any risks within the Group, minimize losses, and enable prompt recovery in times of crisis.
  - b. The Company has established the Risk Management Committee as an organ to supervise the Group's risk management and designate a division and a person responsible for each risk to implement preventative measures. In addition, the Company has established crisis management systems to facilitate prompt responses in times of crisis.
  
- (4) Structure to ensure effective execution of duties by directors, officers and employees of the Group
  - a. The Company's Board of Directors holds regular monthly meetings and extraordinary meetings as necessary to make decisions regarding the Company's basic policies and other important management matters, and to supervise the execution of duties by Directors.
  - b. The Company has included a provision in the Articles of Incorporation that enables delegations of authorities to Directors for part of decisions of execution of important operations as necessary. In addition, the Company has employed the Executive Officer System to delegate certain authorities regarding business execution to relevant Directors or Executive Officers to ensure their effective execution of duties.
  - c. The Company has formulated the 2026 Medium-Term Management Plan which stipulates policies and targets to be followed by the Company's Directors and employees to ensure appropriate and efficient business operations pursuant to the strategies outlined therein.
  - d. The Company's "Rules on Approval Authority" defines responsibilities and authorities of organizations and hierarchy of the Company and subsidiaries, and delegates authority thereunder to enable prompt and appropriate decision-making.
  
- (5) Structure to ensure appropriate business operations of the Group
  - a. The Company designates an officer responsible for the Group's compliance matters who promotes awareness among officers and employees of subsidiaries and ensures compliance with the GLORY Legal Code of Conduct and other internal rules of each subsidiary.
  - b. The Audit & Supervisory Committee meets regularly and as needed with the corporate auditors of the Company's subsidiaries and works closely with the Internal Audit Department positioned under direct control of the committee and the accounting auditors to ensure effective and appropriate supervision and auditing of the Group's business operations in compliance with the Group management.
  - c. The Company ensures that subsidiaries obtain approvals of the Company's Board of Directors on important matters regarding their business strategies, basic management policies, and earnings plans and submit quarterly financial reports and other essential matters to enable appropriate business operations of subsidiaries.

- d. The Company assigns its Directors and Executive Officers, etc. to its subsidiaries as directors or corporate auditors as necessary and who work together to enhance the corporate values and internal control system of the subsidiaries pursuant to the Rules on Management of Group Companies and other rules.
  - e. The Internal Audit Department positioned under direct control of the Audit & Supervisory Committee conducts internal audits of the Company and its subsidiaries to evaluate effectiveness and adequacy of the internal control system across the Group. Results of audits are promptly and directly reported to the Audit & Supervisory Committee and the President.
  - f. The Management Planning Department designates the Company's divisions that govern each subsidiary. It also provides guidance on the management of subsidiaries in liaison with the Company's HR, Legal, General Affairs, Information Security, Accounting, and Finance Departments, etc. (the "Corporate Affairs Divisions") to ensure effective management and internal controls in subsidiaries. The governing divisions are responsible for the corporate management of the governed subsidiaries in liaison with the Management Planning Department and Corporate Affairs Divisions.
  - g. The Company implements effective internal controls through Information Technology and other measures to ensure no false statements, errors, or similar incorrect entries are existent in its financial reports.
  - h. In order to ensure that its financial statements are properly prepared as required by the Financial Instruments and Exchange Act, the Company has established the Internal Control Evaluation Committee, in its efforts to maintain effectiveness of its internal control systems in liaison with relevant departments. The Audit & Supervisory Committee is reported regularly by Directors and employees on internal control systems applied in the process of financial reporting.
- (6) Matters concerning employees assigned to assist in the duties of the Audit & Supervisory Committee and the independency of such employees from Directors who are not Audit & Supervisory Committee Members
- a. The Board of Directors assigns, through consultation with the Audit & Supervisory Committee, employees with sufficient knowledge required by the Audit & Supervisory Committee, as the Committee Office (the "Office") which assists the Audit & Supervisory Committee's duties.
  - b. The Office performs its duties as guided by the Audit & Supervisory Committee and are permitted to assume the office of audit & supervisory board members of relevant subsidiaries.
  - c. Rights to direct the Office belongs to the Audit & Supervisory Committee during the period designated by the Audit & Supervisory Committee to ensure the independence of the Office, which will not receive instructions or orders from any Directors who are not Audit & Supervisory Committee Members.
  - d. Any decisions on appointments, transfers, or personnel affairs regarding the Office are subject to prior consent of the Audit & Supervisory Committee.
- (7) System for directors and employees of the Group to report to the Audit & Supervisory Committee
- a. The Company's Directors who are not Audit & Supervisory Committee Members, employees or its subsidiaries' directors, corporate auditors or employees, or any person who have received a report from any of the foregoing persons (hereinafter the "Directors and Employees, Etc." in this section) report promptly to the Audit & Supervisory Committee on any matters that may cause material damage to the Group, or on facts that fraudulent conduct or material violation of laws, regulations, or the Articles of Incorporation has occurred or is likely to occur.
  - b. Within the Group, it is prohibited to give disadvantageous treatment to Directors and Employees, Etc. on the grounds of having made a report as set out in (7) a.

- c. The Audit & Supervisory Committee may receive reports and information from Directors and Employees, Etc. and inspect meeting materials and records as necessary, to which Directors and Employees, Etc. must immediately and appropriately respond.
- (8) Other practices to ensure effective execution of audits by the Audit & Supervisory Committee
- a. Directors who are Audit & Supervisory Committee Members are entitled to be present at meetings which deliberate on execution of material duties of Directors who are not Audit & Supervisory Committee Members.
  - b. The Internal Audit Department is positioned under direct control of the Audit & Supervisory Committee to facilitate its direct reporting to the committee, for the Company to ensure effective and appropriate monitoring and audits of the Group, while the Audit & Supervisory Committee cooperates with accounting auditors to improve effectiveness of audits.
  - c. Representative Directors regularly meet with the Audit & Supervisory Committee to deliberate on issues and risks that need addressing, as well as systems and processes for audits conducted by the Audit & Supervisory Committee and material issues pertaining to thereto.
  - d. The Audit & Supervisory Committee may leverage certified public accountants, attorneys-at-law, consultants, and other outside advisers as necessary in its execution of duties.
  - e. The Company will bear any expenses or debts claimed by the Audit & Supervisory Committee in the execution of its duties, unless the Board of Directors judges unnecessary.

**Outline of system/framework implemented to ensure appropriate business operations**

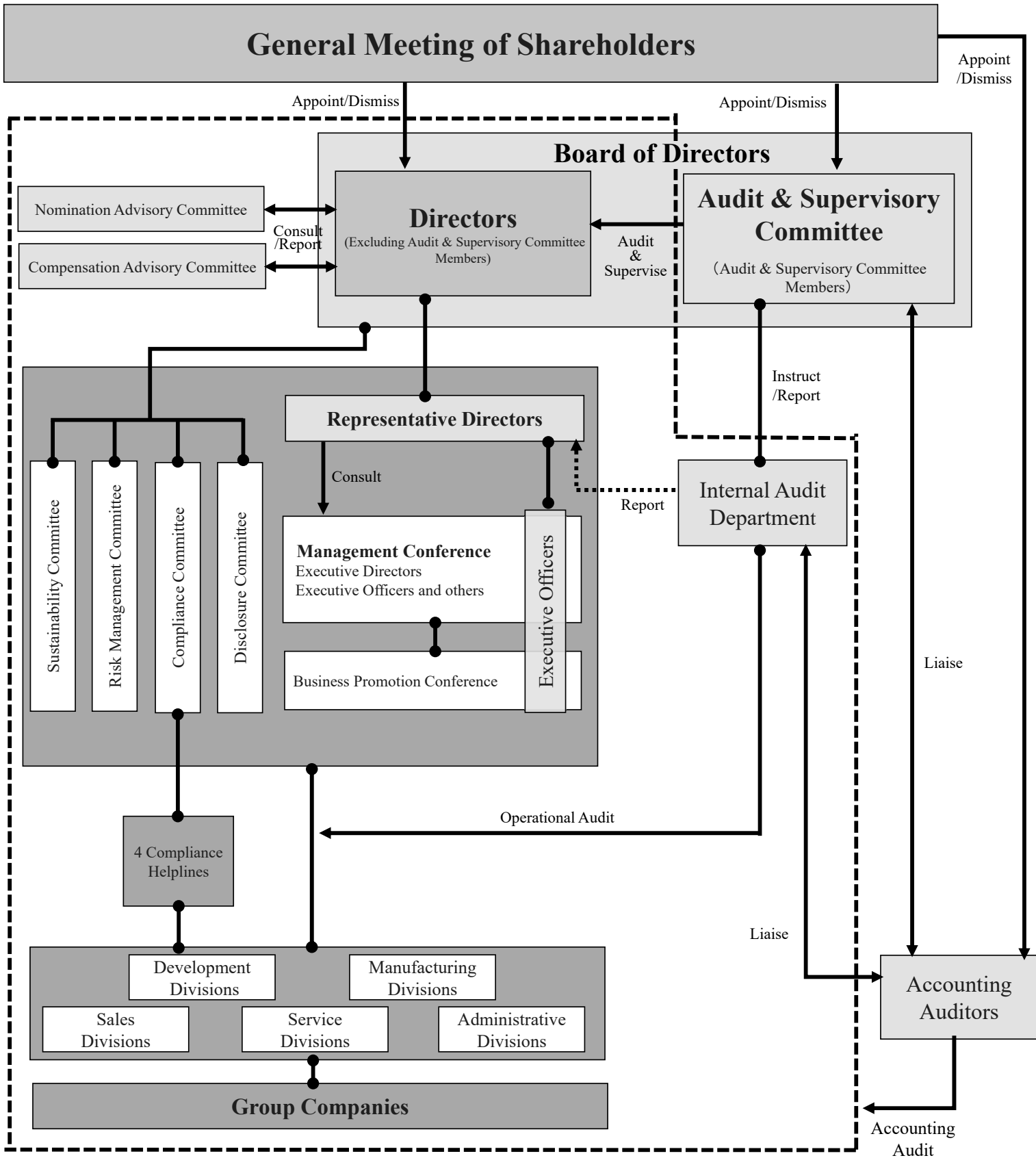
The Basic Policy on the Internal Control System implemented in this fiscal year is outlined as follows.

- (1) Framework to ensure compliance with laws and regulations, and the Articles of Incorporation
  - In accordance with applicable laws and regulations, the Articles of Incorporation, the Rules on the Board of Directors, and other relevant rules, the Company's Board of Directors has made decisions on important management matters for the Group, received reports on the status of its business execution, and supervised the appropriateness and efficiency of the execution of duties and operations by its officers and employees.
  - To promote the Company's corporate philosophy and corporate management in accordance with applicable rules and regulations, and corporate ethics, the Compliance Committee has deliberated on compliance issues and provided promoted awareness amongst officers and employees of the Group through training.
- (2) Risk Management Framework
  - The Company organized a series activities based on the priority measures determined by the Risk Management Committee for FY2023, including Business Continuity Plan (BCP) drills conducted at the Company's subsidiaries with manufacturing functions to verify the effectiveness of the current emergency rules and manuals.
  - The Company has established a framework led by a Director who serves as a Chief Information Security Officer appointed by the Board, and conducted audits and training across the Group under the "Rules on Information Security", in the aim of optimizing information system/network management minimizing the impact security incidents such as cyberattacks that may lead to information leaks/loss. Audits were conducted at the Company's subcontractors to confirm the effectiveness of their information management.

- (3) Framework to ensure efficient execution of duties
- The Company has employed the Executive Officer System to enable prompt and efficient decision making in the Group's business execution and strengthen the Group's governance to further grow in the global market. This has enabled an optimum resource assignment on a global level, allowing timely and appropriate business execution in response to the ever-changing business environment.
  - The Company has implemented business strategies set out in the final year of the 2023 Medium-Term Management Plan.
  - The Company strengthened its business structure through acquisitions and capital and business alliances, and has taken proactive measures to expand new business domains and increase synergies with the Acrelec Group and Revolution Group, while promoting joint projects with AdInte co., Ltd., Showcase Gig Inc., and EcoNavista, Inc. In addition, the Company has consolidated sales and service businesses of its US subsidiaries, Glory Global Solutions Inc. and the Revolutions Group, for efficient operations in the US.
  - The Company has prompted timely and efficient management decisions and improved supervisory function of the Board.
- (4) Framework of the Group Management
- The Company approved its subsidiary's business executions in accordance with the Rules on Approval of Authority and the Rules on Management of the Group Companies and received reports on significant management matters as necessary.
  - The Group held its annual conference which the Group executives attended communicated the Group's medium- to long-term policies and strategies, single-year goals, and other important management issues.
- (5) Framework of audit by the Audit & Supervisory Committee
- The Audit & Supervisory Committee members attended major meetings such as the Company's Board of Directors meetings, Management Conferences, Risk Management Committee meetings, and Compliance Committee meetings to conduct audits on Directors' execution of duties and internal controls.
  - The Audit & Supervisory Committee regularly communicated and exchanged information with Directors, executive officers, etc. to confirm the adequacy of the implementation of the internal control system.
  - The Audit & Supervisory Committee communicated regularly with the Group's corporate auditors, the Company's accounting auditor, and internal audit divisions to ensure effectiveness and quality of audits conducted for the Group.



# Corporate Governance Framework



## **6. Policy on determining dividends**

In order to ensure optimum implementation of capital policies and dividends policies, the Company stipulates in its Articles of Incorporation, except as otherwise provided by applicable laws and ordinances, that dividends of surplus and other matters set forth in each item of paragraph 1 of Article 459 of the Companies Act shall be determined by resolution of a general meeting of shareholders or the Board of Directors meeting. In addition, the Company distributes dividends from retained earnings at interim and year-end.

Considering the return of profits to shareholders to be an important management priority, the Company's basic policy is to continue stable dividends while maintaining financial strength for sustainable business growth. The Company has set a target of attaining a 30% or more dividend payout ratio before goodwill amortization on consolidated basis (three years average during the 2023 Medium-Term Management Plan period).

In accordance with the above basic policy, the Company proposes a year-end dividend of ¥66 per share (Proposal 1: Distribution of Dividends of Surplus) at the 78th ordinary general meeting of shareholders scheduled on 21 June, 2024. As the Company previously paid out ¥40 per share as an interim-period dividend as resolved at the Board meeting on November 7, 2023, the total dividend for the 78th term will be ¥106 per share, which brings the payout ratio before goodwill amortization to 30.1%.

For the period of 2026 Medium-Term Management Plan (FY2024-2026) started in April 2024, our dividend policy is to pay stable dividends while strengthening our growth investment and financial position. We aim to pay progressive dividends using the annual dividend paid for the fiscal year ended March 2024 (106 yen per share) as a standard, while achieving a DOE (Dividends on Equity) of 3.0% or more.

###

## Audit Reports

Copy of independent accounting auditor's report on consolidated financial statements

### Independent Auditor's Report

May 9, 2024

To the Board of Directors of GLORY LTD.

Deloitte Touche Tohmatsu LLC  
Kobe office

Designated Engagement Partner,  
Certified Public Accountant: Keiko Hishimoto

Designated Engagement Partner,  
Certified Public Accountant: Yasunori Yamagishi

#### Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity, and the related notes to the consolidated financial statements of GLORY LTD. (the "Company") and its consolidated subsidiaries (collectively with the Company, the "Group"), as at March 31, 2023 and for the year from April 1, 2023 to March 31, 2024 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial

statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. The Audit & Supervisory Committee is responsible for overseeing the Directors' performance of their duties with regard to the design, implementation, and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Responsibilities of Management and Audit & Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for overseeing the Directors' performance of their duties with regard to the design, implementation, and maintenance of the Group's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on our independence, and if applicable, actions taken to eliminate threats or safeguards applied to reduce

disincentives to an acceptable level.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

**Notes to the Reader on Independent Auditor's Report**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act for the conveniences of the reader.

Copy of independent accounting auditor's report on non-consolidated financial statements

Independent Auditor's Report

May 9, 2024

To the Board of Directors of GLORY LTD.

Deloitte Touche Tohmatsu LLC

Kobe office

Designated Engagement Partner,

Certified Public Accountant: Keiko Hishimoto

Designated Engagement Partner,

Certified Public Accountant: Yasunori Yamagishi

Opinion

We have audited the non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity, and the related notes to the non-consolidated financial statements, and the accompanying supplementary schedules (the "financial statements and the accompanying supplementary schedules") of GLORY LTD. (the "Company") as at March 31, 2024 and for the 78th business year from April 1, 2023 to March 31, 2024 in accordance with Item (i), Paragraph 2, Article 436 of the Companies Act. In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the accompanying supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the *Financial Statements and the Accompanying Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements and the accompanying supplementary schedules in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. The Audit & Supervisory Committee is responsible for overseeing the Directors' performance of their duties with regard to the design, implementation, and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Responsibilities of Management and Audit & Supervisory Committee for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for overseeing the Directors' performance of their duties with regard to the design, implementation, and maintenance of the Company's financial reporting process.



### Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the accompanying supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the accompanying supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the accompanying supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the accompanying supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure, and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and if applicable, actions taken to eliminate threats or safeguards applied to reduce disincentives to an acceptable level.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

**Notes to the Reader on Independent Auditor's Report**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act for the conveniences of the reader.

-END-

## Copy of Report of the Audit & Supervisory Committee

### **Audit Report**

The Audit & Supervisory Committee has audited the Directors' performance of their duties for the 78th business year from April 1, 2023 to March 31, 2024 and reports as follows in regard to the method and results of those audits.

#### 1. Method and Contents of Audits

In regard to the content of resolutions of the Board of Directors regarding the matters stated in Items (i)(b) and (i)(c) of Paragraph 1 of Article 399-13 of the Companies Act, as well as the systems developed pursuant to those resolutions (i.e., internal control systems), the Audit & Supervisory Committee periodically received reports from Directors and employees, etc. regarding the status of the establishment and operation of those systems and as necessary requested explanations and expressed opinions in regard thereto, in addition to which the Audit & Supervisory Committee conducted audits using the following methods.

- (i) In compliance with the Audit & Supervisory Committee auditing and supervising standards and in accordance with the audit policies and division of duties, etc. determined by the Audit & Supervisory Committee, and in cooperation with the internal control department of the Company, the Audit & Supervisory Committee attended important meetings, received reports from Directors and employees, etc. regarding matters related to the performance of their duties, requested explanations as necessary, viewed important decision-making documents, etc., and inspected the status of operations and assets at the head office and main business locations. Additionally, in regard to subsidiaries, the Audit & Supervisory Committee communicated and exchanged information with the directors and the audit & supervisory board members, etc. of subsidiaries and received reports on business from subsidiaries as necessary.
- (ii) The Audit & Supervisory Committee oversaw and verified whether the accounting auditor maintained an independent position and conducted an appropriate audit, received reports from the accounting auditor on the status of the performance of its duties, and requested explanations as necessary. Additionally, the Audit & Supervisory Committee received notification from the accounting auditor that, in accordance with the "Quality Control Standard for Audits" (Business Accounting Council, November 16, 2021), etc., it had developed systems in order to ensure that its duties are appropriately performed (i.e., notification of the matters stated in the items of Article 131 of the Regulations on Corporate Accounting) and requested explanations as necessary.

Using the methods above, the Audit & Supervisory Committee examined the business report, the supplementary schedules thereto, the accounting documents (i.e., the balance sheet, statement of income, statement of changes in equity, and notes to accounting documents), the supplementary schedules to the accounting documents, and the consolidated accounting documents (i.e., the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated accounting documents) for the business year.

#### 2. Audit Results

##### (1) Results of audit of business report, etc.

- (i) We find that the business report and the supplementary schedules thereto accurately present the status of the Company in accordance with laws, regulations, and the Articles of Incorporation.

- (ii) We do not find any misconduct nor any material fact constituting a violation of any law, regulation, or the Articles of Incorporation in relation to the Directors' performance of their duties.
- (iii) We find the content of the resolutions of the Board of Directors regarding internal control systems to be reasonable. Additionally, we do not find any matters that should be commented upon in regard to the statements in the business report or the Directors' performance of their duties relating to the internal control systems.

(2) Results of audit of accounting documents and supplementary schedules thereto  
We find the methods and results of the audit by the accounting auditor, Deloitte Touche Tohmatsu LLC, to be reasonable.

(3) Results of audit of consolidated accounting documents  
We find the methods and results of the audit by the accounting auditor, Deloitte Touche Tohmatsu LLC, to be reasonable.

May 10, 2024

**Audit & Supervisory Committee of GLORY LTD.**

Full time Audit & Supervisory Committee Member	Masato Inuga
Audit & Supervisory Committee Member	Keiichi Kato
Audit & Supervisory Committee Member	Yukako Ikukawa

(Note) Audit & Supervisory Committee Members Keiichi Kato and Yukako Ikukawa are Outside Directors provided for in Item (xv) of Article 2 and Paragraph 6 of Article 331 of the Companies Act.

-END-