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## **FY2024 Business Report**

(April 1, 2024 to March 31, 2025)

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**GLORY LTD.**

**(6457)**

**FY2024 Business Report**

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

In fiscal year 2024, the global economy was on a recovery trend despite concerns about the effects of uncertainty of the U.S. trade policy and high interest rates in the U.S. and Europe.

In Japan, there were signs of recovery in capital investment and personal consumption as corporate earnings and employment situations improved, although the yen-dollar exchange rate fluctuated significantly and inflation continued.

The business environment surrounding the Group saw a steady demand for self-service products in response to the ongoing need for labor-saving and operational efficiency amid soaring labor costs and workforce shortages in Japan and overseas.

Under these circumstances, the Group has promoted the 2026 Medium-Term Management Plan, which covers the three years starting in April 2024. Under the concept of “GLORY TRANSFORMATION 2026 -Shape the future with GLORY-”, the Group has promoted its business to drive customers’ Digital Transformation (DX) with its best-in-class products and software platforms combined.

In the overseas market, sales to the financial industry increased in Europe supported by steady demand for our products and services, while sales of main products decreased in the Americas. As for maintenance services, sales increased across the industry. In the retail industry, sales increased owing to steady demand for the products and services that enhance labor-saving and operational efficiency, which resulted in a rise in large-scale orders from major global retailers. The sales of the Flooid group, which the Company acquired in January 2024, also remained steady. In the Americas, profitability improved as a result of self-operation of our maintenance business and integration between consolidated subsidiaries. In the food and beverage industry, sales of the Acrelec group which operates self-service kiosk business, were favorable.

In the domestic market, sales in the financial market decreased due to a rebound effect from the previous year, when product replacements and system modifications increased due to the new banknote issuance. Also, in the retail and transportation market, sales decreased due to the termination of demands associated with the new banknote issuance. However, both the financial market sales and the retail and transportation market sales still exceeded the fiscal year ended March 2023, which was the year before the strong demand came in with the new banknote issuance. In the amusement market, sales of card systems for amusement machines remained at a high level, and sales of peripheral devices were also strong. Aiming to expand solution business for the food and beverage industry in Japan, the Company acquired additional shares of Showcase Gig Inc., which develops the next-generation store platform “O:der Platform”, and acquired it as a subsidiary in October 2024.

As a result of the above, the consolidated financial results for this fiscal year were as follows:

	The 78th Term (4/2023-3/2024) million yen	The 79th Term (4/2024-3/2025) million yen	Difference (%)
Net sales	372,478	369,017	-0.9%
- Sales of merchandise and finished goods	231,844	236,322	+1.9%
- Maintenance service	140,633	132,695	-5.6%
Operating income	51,110	35,173	-31.2%
Ordinary income	48,272	28,414	-41.1%
Net income attributable to owners of parent	29,590	16,053	-45.7%

## **Operation Results by Business Segments**

### **Financial Market**

Net sales: ¥54,432 million (down 30.6% year on year)

Operating income: ¥8,664 million (down 64.2% year on year)

Sales of this segment's main products, open teller systems and coin and banknote recycler for tellers, remained at a high level as large orders were delivered, although they decreased compared to the previous year due to termination of demand associated with the new banknote issuance. Sales from maintenance services decreased with the completion of system modifications associated with the new banknote issuance.

### **Retail and Transportation Market**

Net sales: ¥69,791 million (down 6.7% year on year)

Operating income: ¥9,808 million (down 7.4% year on year)

Sales of this segment's main product, coin and banknote recyclers for cashiers, remained at a high level, although they decreased compared to the previous year due to termination of demand associated with the new banknote issuance. Sales of ticket vending machines were strong. Sales from maintenance services were flat year on year, owing to the progression of system modifications associated with the new banknote issuance.

### **Amusement Market**

Net sales: ¥27,737 million (down 1.6% year on year)

Operating income: ¥8,503 million (down 15.2% year on year)

Sales of our main products, card systems, remained at a high level, although they decreased compared to the previous year when smart amusement machines rolled out in full swing. Sales of the peripheral device, banknote changers, were strong. Sales from maintenance services decreased with the completion of system modifications associated with the new banknote issuance.

### **Overseas Market**

Net sales: ¥210,051 million (up 13.4% year on year)

Operating income: ¥8,486 million (up 31.0% year on year)

In the Americas, sales of our main product, teller cash recycler for financial institutions (GLR-series), were sluggish, while sales of cash management solutions in the retail industry (CI-X-series) were strong.

In Europe, sales of our main product, teller cash recycler for financial institutions (GLR-series) and cash management solutions in the retail industry (CI-X-series) were strong.

In Asia, sales of cash management solutions in the retail industry (CI-X-series) were steady.

### **Others (Outside the above four business segments)**

Net sales: ¥7,004 million (up 19.9% year on year)

Operating loss: ¥288 million (vs. operating loss of ¥173 million in the previous fiscal year)

(2) Capital Investment

Total of 11,983 million yen invested primarily in molds and other equipment used to manufacture new products (completed in FY2024) and for ERP systems (ongoing).

(3) Financing Activities

Major financing activities included:

- Sustainability-linked bonds (third unsecured bonds of 10 billion yen and fourth unsecured bonds of 4.2 billion yen) issued to repay loans
- Borrowing of 3 billion yen through sustainability-linked loans etc. as part of our strategic investment.

(4) Forward Mission

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

The Group formulated the Glory Group Long-Term Vision “GLORY 2028” in March 2018, following the celebration of the 100th anniversary of its founding. It depicts the Company’s vision over the 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 promoted the 2026 Medium-Term Management Plan (FY2024-2026) as the third step towards GLORY 2028. The Group will continue 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 solution businesses into its new business pillar using the strong customer base and technologies it has developed, and contribute to customers' business growth.

The 2026 Medium-Term Management Plan focuses on the three target markets of retail, financial, and food and beverage ("F&B") 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 financial services.

In the F&B market, we aim to expand our platform-based solutions businesses designed to create new-generation services, such as self-service kiosks and mobile order services, 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 businesses 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 to 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 that contribute to sustainable growth of society and to improve our corporate value.

**> Reinforce risk management**

Under this policy, we will continue enhancing our Business Continuity Planning (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's 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.

## (TRANSLATION OF AN EXCERPT FOR REFERENCE ONLY)

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

(million yen)

	The 76th Term FY2021 (4/2021-3/2022)	The 77th Term FY2022 (4/2022-3/2023)	The 78th Term FY2023 (4/2023-3/2024)	<b>The 79th Term FY2024 (4/2024-3/2025)</b>
Net sales	226,562	255,857	372,478	369,017
Operating income	10,195	522	51,110	35,173
Ordinary income/loss	10,404	-2,720	48,272	28,414
Net income/loss attributable to owners of parent	6,410	-9,538	29,590	16,053
Net income/loss per share	106.2 JPY	-167.2 JPY	532.11 JPY	287.75 JPY
Total assets	363,269	381,273	469,232	441,655
Net assets	208,607	195,984	228,660	236,067
Net assets per share	3,395.33 JPY	3,474.76 JPY	4,095.77 JPY	4,214.94 JPY

Note

- Net income per share is calculated based on the average total number of shares issued during the respective financial period. Net assets per share is calculated based on the total number of shares issued as of the end of the respective financial period. The Company's treasury shares are not included in the calculation of the average total number of shares issued during the respective financial period or the total number of shares issued as of the end of the respective financial period.
- The Company's shares remaining in the BIP (Board Incentive Plan) Trust Account and the ESOP (Employee Stock Ownership Plan) Trust Account are recorded as treasury shares and included in the treasury shares subtracted from the 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 the average number of shares during the period.
- In the 77th Term (FY2022) and the 79th Term (FY2024), the Company finalized the provisional accounting treatment for the business combination and the key management indices for the 76th Term (FY2021), and the 78th Term (FY2023) 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

Company Name	Capital	Parent Ownership	Principal Business	Head Office
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.	1,201 million (USD)	100.0	Strategic planning and management of overseas business	UK
Glory Global Solutions (International) Ltd.	670 million (USD)	100.0*	Supervision of overseas sales and service 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
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
Flooid Topco Limited	2 million (GBP)	100.0*	Development and sales of cloud software for retailers	UK

Note

- \* includes indirect holdings.
- As a result of debt-equity swap conducted on December 2, 2024, the amount of capital of Glory Global Solutions Ltd. increased from USD 1,009 million to USD 1,201 million, and that of Glory Global Solutions (International) Ltd. increased from USD 478 million to USD 670 million.
- In addition to the above subsidiaries, the Company 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.
- None of the Company’s subsidiaries falls under the category of “specified wholly owned subsidiary” stipulated in the Financial Instruments and Exchange Act.

## b) Other significant structural changes

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.



## (7) Major Business Sites

## a) The Company

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

## b) Subsidiaries

See (6) a)

## (8) Employees

## a) The Group

Number of employees	Difference from the end of previous fiscal year
11,392 (1,215)	-6 (-4)

Note

- Number of permanent employees with annual average numbers of temporary employees shown in brackets.

## b) The Company

Number of employees	Difference from the end of previous fiscal year	Average age (years)	Average years of service
3,153 (564)	-315 (224)	43.2	19.1

Note

- Number of permanent employees with annual average numbers of temporary employees shown in brackets.
- Numbers increased/decreased mainly due to employee category changes.

## (9) Major Lenders

Lenders	Amount of loans (million yen)
Sumitomo Mitsui Banking Corporation	14,010
MUFG Bank, Ltd.	8,985
Japan Bank for International Cooperation	6,280
Development Bank of Japan Inc.	3,950
Sumitomo Mitsui Trust Bank, Limited	3,700
Mizuho Bank, Ltd.	3,594

**2. Status of Shares**

- (1) Total number of authorized shares 150,000,000
- (2) Total number of shares issued 58,938,210 (incl. 1,141,650 treasury shares)
- (3) Total number of shareholders 16,010 (decreased by 283 from March 31, 2024)

**(4) Major Shareholders**

Name of Shareholders	Shares (in thousands)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	7,997	13.8
Nippon Life Insurance Company	3,427	5.9
Custody Bank of Japan, Ltd. (Trust account)	2,610	4.5
GLORY Group Employees' Stock Ownership Association	2,582	4.5
The Master Trust Bank of Japan, Ltd. (ESOP Trust account 75838)	1,618	2.8
Tatsubo Fashion Co. Ltd.	1,500	2.6
GLORY Business Partners' Stock Ownership Association	1,165	2.0
Sumitomo Mitsui Banking Corporation	1,100	1.9
STATE STREET BANK AND TRUST COMPANY 505103	896	1.6
THE BANK OF NEW YORK MELLON 140044	797	1.4

**Note**

- The Company's treasury shares (1,141,650) are not included in the above list.
- The Company's treasury shares are not included in the calculation of shareholding ratio.
- The Master Trust Bank of Japan, Ltd. (ESOP Trust account 75838) is a trust established in conjunction with the introduction of the ESOP Trust, as a stock-based incentive plan for the Company's Executive Officers and other management employees. These shares are not included in the number of treasury shares listed above.

**(5) Shares distributed during FY2024 to Directors as Stock Compensation**

The Company has implemented a performance-based stock compensation plan (the "Plan") for its Directors (excluding Outside Directors and Audit & Supervisory Committee Members) with the aim of raising their incentives to improve the Company's business performance and improve its corporate value over the medium to long term. The shares distributed during FY2024 are as follows.

Plan Beneficiary	Number of Shares	Number of Directors
Directors (excluding Outside Directors and Audit and Supervisory Committee Members)	15,120	Five (5)

**Note**

- The above shares were distributed according to the Group's performance in the previous fiscal year (FY2023).
- In addition to the above, 6,534 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.
- The stock compensation was not paid to a Director who is not an Audit & Supervisory Committee Member (excluding Outside Director) concurrently serving as a director of the Company's subsidiaries, considering the remuneration paid by the subsidiary and the responsibilities at the Company.

(TRANSLATION OF AN EXCERPT FOR REFERENCE ONLY)

(6) Other important status of Shares

The Company has disposed of its treasury shares as follows, as per the resolution made at the Board meeting on November 7, 2024.

Type and number of shares disposed of	1,732,000 common shares
Disposal Price (Total)	¥4,331,732,000
Purpose	To maintain BIP trust account and ESOP trust account
Date of Disposal	November 28, 2024

**3. Matters regarding Officers**

## (1) Directors

Name	Position	Significant Concurrent Position(s) & Responsibilities
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 - 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
Ian Jordan	Outside Director	- Outside Director (Member of the Board) of Glory Global Solutions Ltd. - Outside Director of Acrelec Group S.A.S
Ikuji Ikeda	Outside Director	- Chairman of the Compensation Advisory Committee - Outside Director of JTEKT Corporation
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 Audit & Supervisory Board Member of Earth Corporation

Note

- The Company has notified the Tokyo Stock Exchange (“TSE”) of appointments of Outside Directors, Joji Iki, Ian Jordan, Ikuji Ikeda, Keiichi Kato, and Yukako Ikukawa as “Independent Directors”.
- Yukako Ikukawa, Outside Director who is an Audit & Supervisory Committee Member, is a certified tax accountant with extensive knowledge and experience in finance and accounting.
- Masato Inuga has been appointed as a full-time Audit & Supervisory Committee Member to supervise the execution of duties of the Audit & Supervisory Committee. Mr. Inuga promotes communications with Directors who are not Audit & Supervisory Committee Members and gathers information through his attendance at internal management meetings. Additionally, Mr. Inuga facilitates discussions and communications with the Company’s Internal Audit Department and other internal divisions.
- Change in Directors’ positions during FY2024:

## (a) Appointment

Ikuji Ikeda was elected as new Director who is not Audit & Supervisory Committee Member and assumed his office at the 78th Ordinary General Meeting of Shareholders held on June 21, 2024.

## (b) Retirement

Hirokazu Onoe and Junji Uchida retired from the position of Director who is not an Audit & Supervisory Committee Member at the close of the 78th Ordinary General Meeting of Shareholders held on June 21, 2024.

(TRANSLATION OF AN EXCERPT FOR REFERENCE ONLY)

(c) Change in significant concurrent positions

Ikuji Ikeda, Outside Director who is not an Audit & Supervisory Committee Member, assumed Outside Director of JTEKT Corporation as of June 25, 2024.

Yukako Ikukawa, Outside Director who is an Audit & Supervisory Committee Member, has retired from the position of Outside Director (Audit and Supervisory Committee Member) of TVE Co., Ltd as of December 24, 2024.

5. Glory Global Solutions Ltd., and Acrelec Group S.A.S. of which Ian Jordan serves as an Outside Director (Member of the Board), are subsidiaries of the Company.

There is no special interest between the Company and the companies in which Outside Directors, Ikuji Ikeda, Keiichi Kato (Audit & Supervisory Committee Member), and Yukako Ikukawa (Audit & Supervisory Committee Member), hold concurrent positions.

6. Change in Director's positions after the last day of the fiscal year.

Name	Before	After	Date of Change
Kaname Kotani	Director; Supervision of the areas of development and technology Supervision of Research & Development Headquarters Responsible for QMS (Quality Management System)	Director; Supervision of the areas of development and technology	April 1, 2025

(2) Agreements for limitation of liability

For Directors other than executive Directors to fully perform their expected roles, the Articles of Incorporation of the Company provide that the Company may enter into agreements with them 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 (5) Outside Directors; Joji Iki, Ian Jordan, Ikuji Ikeda, 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 in the perform of their duties. The policy stipulates certain exclusions, such as damages arising from criminal act or intentional breach of laws and regulations, as measures to prevent the insured from impairing appropriate execution of their duties. The premium for the insurance is fully borne by the Company and the subsidiaries.

(4) Remuneration for 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 10, 2024, following careful deliberations of the Compensation Advisory Committee, of which the chairman and the majority of members are independent Outside Directors.

The Compensation Advisory Committee has confirmed the fairness of the Company's FY2024 remuneration for individual Directors and consistency with its remuneration policies, which the Board respects in principle.

a) Basic policy

Remuneration for Directors is designed in such a manner that values can be shared with our shareholders and the level is appropriate for Directors' duties. Due consideration is given to incentives for the continued improvement of corporate performance and the 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 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.
- The amount of Fixed Compensation is determined according to the position and 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 (if achievement rate is less than 60%) to two (if achievement rate is 140% or more) times the predetermined amount set according to responsibilities of each Director.
- Stock Compensation is a 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%) based on 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 the point calculated based on the basic points set according to the responsibilities of each Director, multiplied by the performance-linked coefficient, which ranges from zero (if achievement rate less than 60%) to two (if achievement rate is 140% or more). 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.

## 4-2. Performance-based/Non-monetary remuneration

The following table shows the performance-based compensation (Bonuses and Stock Compensation) for FY2024 and performance indicators as the basis of its calculation. See 4.1. (c) for details of performance indicators.

Type of compensation	Consolidated performance indicators	Ratio	Target	Result	Achievement rate* <sup>1</sup>	Performance-linked coefficient* <sup>1</sup>
Bonuses	Operating income before goodwill amortization	100%	¥308 million	¥438 million	142.4%	200.0%
Stock Compensation	Net sales (excl. New Business Domain)	30%	¥2,900 million	¥3,179 million	109.6%	156.0%
	Net sales (New Business Domain)	30%	¥400 million	¥510 million	112.4% * <sup>2</sup>	
	ROIC before goodwill amortization	40%	6.5%	9.9%	152.3%	

\*<sup>1</sup> Calculated in accordance with the policy and procedures described in 4-1.

\*<sup>2</sup> Calculated with the weighing of domestic sales and overseas sales as 50:50.

## 4-3. Remuneration for Directors and Audit &amp; Supervisory Committee Members for FY2024

	Total (million yen)	Total amount of compensation (million yen)			Number of eligible Directors
		Fixed Compensation	Performance- based Bonuses	Performance- based Stock Compensation	
Directors (of which Outside Directors)	564 (39)	229 (39)	249 (-)	84 (-)	10 (4)
Audit & Supervisory Committee Members (of which Outside Directors)	43 (21)	43 (21)	-	-	3 (2)

Note

1. The remuneration for Directors who are not Audit & Supervisory Committee Members for FY2024 includes the remuneration paid to two (2) Directors (including one Outside Director) who retired at the conclusion of the 78th Ordinary General Meeting of Shareholders held on June 21, 2024.
2. The amounts paid to Directors who are not Audit & Supervisory Committee Members do not include employees salaries paid to Directors concurrently serving as employees.
3. As resolved at the 78th Ordinary General Meeting of Shareholders, the maximum total amount of cash compensation for Directors who are not Audit & Supervisory Committee Members is ¥700 million per annum (including maximum of ¥60 million for Outside Directors and excluding salaries as employees paid to Directors concurrently serving as employees. As of the close of the meeting, there were eight (8) Directors (including three (3) Outside Directors)).  
In addition, it has been resolved at the 78th Ordinary General Meeting of Shareholders that the upper limit of money to be contributed to the trust set up by the Company for the Stock Compensation plan for Directors who are not Audit & Supervisory Committee Members (excluding Outside Directors) is ¥950 million yen and the upper limit of the Company's shares to be distributed is 260,000 shares during the three fiscal years from FY2024 (fiscal year ended March 2025) to FY2026 (fiscal year ended March 2027) and for each of the fiscal years thereafter if the trust continues. As of the close of the meeting, there were five (5) Directors eligible for the plan.
4. As resolved at the 74th Ordinary General Meeting of Shareholders, the maximum total amount of cash compensation for Directors who are Audit & Supervisory Committee Members is ¥80 million per annum. As of the close of the meeting, there were three (3) Directors (including two (2) Outside Directors).
5. Performance-based Bonuses and Stock Compensation are paid to the four (4) Directors who are not Audit & Supervisory Committee members (excluding Outside Directors). To note, performance-based Bonuses and Stock Compensation are not paid to a Director who is not an Audit & Supervisory Committee Member (excluding Outside Director) concurrently serving as a director of the Company's subsidiaries, considering the remuneration paid by one of the subsidiaries and the responsibilities at the Company. 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 subsidiaries paid GBP 46 thousand as compensation to the Company's Outside Director who serves as a director of the subsidiaries.

## 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 FY2024, the amount for Fixed Compensation and Bonuses to an 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, Akihiro Harada, 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.



## (5) Outside Directors

Name	Positions	Major achievement during FY2024
Joji Iki	- Outside Director - Chairman of the Nomination Advisory Committee	Attendance at Board Meeting: 16/16  Joji Iki played 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 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.
Ian Jordan	- Outside Director	Attendance at Board Meeting: 16/16  Ian Jordan played 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, have been particularly valuable for the Group's business transformation for its growth and strategy planning for globalization and development of new businesses.
Ikuji Ikeda	- Outside Director - Chairman of the Compensation Advisory Committee	Attendance at Board Meeting: 13/13 (Since assumption of office)  Ikuji Ikeda played 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. Ikeda 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.
Keiichi Kato	- Outside Director (Audit & Supervisory Committee Member)	Attendance at Board Meeting: 16/16 Audit Supervisory Committee Meeting: 15/15  Keiichi Kato played 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-at-law.
Yukako Ikukawa	- Outside Director (Audit & Supervisory Committee Member)	Attendance at Board Meeting: 16/16 Audit Supervisory Committee Meeting: 15/15  Yukako Ikukawa played 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.

**4. Accounting Auditor of the Company**

(1) Name: Deloitte Touche Tohmatsu LLC

(2) Amount of remuneration:

Type of Remuneration for FY2024	Amount
a) Remuneration paid to accounting auditor	¥131 million
b) Total of cash and other financial profits payable by the Company and its subsidiaries to the Accounting Auditor	¥134 million

Note

1. The audit agreement between the Company and its accounting auditor (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 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 remuneration paid to the Accounting Auditor under Article 399, Paragraph 1 of the Corporate Law, based on its examination of audit plans and the Accounting Auditor’s execution of duties in the previous fiscal year, and in line with the calculation of remuneration etc. through reporting and materials prepared by the Company and the Accounting Auditor.

(3) Remuneration for non-audit services by the Accounting Auditor

The Company pays consideration to the Accounting Auditor for the preparation of comfort letters regarding the issuance of corporate bonds, which are services other than those under Article 2, Paragraph 1 of the Certified Public Accountants Act.

(4) Policy on dismissal and non-reappointment of the Accounting Auditor

The Audit & Supervisory Committee shall dismiss the Accounting Auditor based on the unanimous consent of all Audit & Supervisory Committee Members if the Accounting Auditor is deemed to fall under any of the items of Article 340, Paragraph 1 of the Companies Act. The Audit & Supervisory Committee Member selected by the Audit & Supervisory Committee will report such dismissal and the reason/s thereof to the nearest general meeting of shareholders.

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

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

This sector outlines the systems to ensure that the execution of duties by Directors complies with the laws and regulations and the Company's Articles of Incorporation, and other systems to ensure the properness of operations of the Group.

### **Below is an outline of the operations of the Company's Basic Policies on Internal Control Systems, which were resolved by the Company's Board of Directors on May 10, 2024:**

- (1) Systems to ensure that the execution of duties by directors and employees of the Group complies with the laws and regulations and the Company's Articles of Incorporation
  - a. The Group's corporate philosophy "*Building a more secure world through global efforts and collaboration*" expresses the Group's mission to contribute to the development of the society and grow as a sustainable company through its strong commitment to product development.

Under this philosophy, the President and the Directors take the lead to ensure that the Group practices business management and promotes its corporate activities in compliant with the laws and regulations and social ethics, so that the Group is able to co-exist in harmony with society and build relationships of trust with its stakeholders. Further, the Corporate Governance Guidelines stipulate basic concepts and policies on the Group's corporate governance.
  - b. The Company's Board of Directors (the "Board") makes decisions on important corporate matters and supervises the Directors' execution of duties in accordance with applicable laws and regulations, the Articles of Incorporation, and the 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 in the processes of nomination of Directors and Executive Officers and decision-making on their remuneration.
  - d. The Audit & Supervisory Committee audits and supervises, from an independent standpoint, Director's execution of duties, including development and implementation of the Company's internal control system.
  - e. The Company has established the Compliance Committee chaired by the President, of which members including outside experts deliberate on the Group's compliance matters and report the results of deliberations to the Board.

In addition, the Board appoints a Chief Compliance Officer from among the Directors or Executive Officers, who, in liaison with the Compliance Committee Secretariat, formulates and implements measures, supervises the Company's compliance management, and provides training for employees.
  - f. The Company has established the following whistleblowing hotlines for the Group's compliance matters: (1) Line 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 possible 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 the authorities against such threats. 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, implements training for Directors and employees as needed, and responds to emergencies in liaison with external legal counsel and the authorities.

- (2) System regarding retention and management of information related to the Directors' execution of duties
  - a. With regard to the retention and management of information related to the Directors' execution of duties, the Company's Document Management Rules stipulates the documents to be retained, retention period, and a person in charge of document management.
  - b. The Directors may at any time access information necessary for the execution of their duties, such as the minutes of the Board meetings.
  - c. The Rules on Information Security are stipulated and enforced to ensure appropriate retention and management of information.
- (3) Rules and other systems related to management of the risk of loss to the Group
  - a. The Company has implemented the Risk Management Manual and the Crisis Management Manual formulated pursuant to the Company's Risk Management Rules, for the Group to take appropriate measures to prevent risks, minimize losses, and enable prompt recovery in times of crisis.
  - b. The Company has in place the Risk Management Committee as an organ to oversee the Group's risk management. The Committee designates a responsible division and a person/s to implement preventative measures for each risk item identified. In addition, the Company has established crisis management systems to facilitate prompt responses in times of crisis.
- (4) Systems to ensure efficient execution of duties by directors, officers and employees of the Group
  - a. The Board holds 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 Directors' execution of duties.
  - b. To ensure efficient execution of duties, the Company has stipulated in the Articles of Incorporation that some important business decisions may be delegated from the Board to the Directors as necessary. In addition, the Company has employed an Executive Officer system to delegate certain business execution authorities to the Company's Executive Officers.
  - 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 its subsidiaries (collectively the "Subsidiaries" and each, a "Subsidiary") and delegates authority thereunder to enable prompt and appropriate decision-making.
- (5) Systems to ensure properness of 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 the 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 Subsidiaries and liaises with the Internal Audit Department positioned under direct control of the committee and the Accounting Auditor to ensure effective and appropriate supervision and auditing of the Group's business operations in liaison with the Group management.
  - c. The Company ensures that the Subsidiaries obtain approvals of the Board on important matters regarding their business strategies, basic management policies, and earnings plans and report on quarterly financial results and other essential matters to enable appropriate business operations of the Subsidiaries.

- d. The Company assigns its Directors and Executive Officers, etc. as necessary to directors or corporate auditors of the Subsidiaries with whom the Company works together to enhance the Subsidiaries' corporate values and internal control systems pursuant to the Regulations on Subsidiary Governance and other applicable rules.
  - e. The Company's Internal Audit Department positioned directly under the Audit & Supervisory Committee conducts internal audits of the Company and the Subsidiaries, to evaluate effectiveness and adequacy of the Group's internal control systems. Audit reports are made promptly and directly to the Audit & Supervisory Committee and the President.
  - f. The Company's Management Planning Department designates the Company's divisions that govern each Subsidiary and provides guidance on Subsidiary governance in liaison with the Company's HR, Legal, General Affairs, Information Security, Accounting, and Finance Departments (collectively the "Corporate Affairs Divisions") to ensure effective management and internal controls in the Subsidiaries. The governing divisions are responsible for the corporate management of the governed Subsidiaries in liaison with the Management Planning Department and the Corporate Affairs Divisions.
  - g. The Company reinforces effective internal controls through Information Technology or/and other measures to ensure no false statements, errors, or similar incorrect entries are existent in its financial reports.
  - h. The Company has in place its Internal Control Evaluation Committee, which maintains effectiveness of the Company's internal control systems in liaison with relevant departments, and ensures that the Company's financial statements are prepared as required by the Financial Instruments and Exchange Act. The President receives regular reports from the Directors and employees on internal control systems applied in the process of financial reporting.
- (6) Particulars regarding employees who assists the Audit & Supervisory Committee with its duties and their independence of such employees from Directors who are not Audit & Supervisory Committee Members
- a. Upon consultation with the Audit & Supervisory Committee, the Board appoints the employees who have the knowledge required by the Committee to the Committee Office (the "Office") which assists the Audit & Supervisory Committee with its duties.
  - b. The Office performs its duties as directed by the Audit & Supervisory Committee and is permitted to concurrently assume the office of corporate auditor of the Subsidiaries.
  - c. The Audit & Supervisory Committee is delegated the rights to direct the Office during the period designated by the Committee to ensure independence of the Office, which will not receive any directions from the 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 the directors and employees of the Group to report to the Audit & Supervisory Committee
- a. The Directors who are not Audit & Supervisory Committee Members or employees, or the Subsidiaries' directors, corporate auditors or employees, or any person who has received a report from any of the foregoing persons (the "Directors and Employees, Etc.") 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. The Group prohibits the Directors and Employees, Etc. to be given disadvantageous treatment on the grounds of having made a report as stipulated in (7) a.
  - c. The Audit & Supervisory Committee may request reports and information from the Directors and Employees, Etc. and inspect meeting materials and records as necessary, to which the Directors and Employees, Etc. must immediately and appropriately respond.

- (8) Other systems to ensure effective execution of audits by the Audit & Supervisory Committee
- a. The Directors who are Audit & Supervisory Committee Members are entitled to attend the meetings which deliberate on execution of material duties of the Directors who are not Audit & Supervisory Committee Members.
  - b. The Company positions its Internal Audit Department directly under the Audit & Supervisory Committee to facilitate direct reporting to the committee to ensure effective and appropriate monitoring and auditing of the Group, while the Audit & Supervisory Committee liaises with the Accounting Auditor to improve effectiveness of audits.
  - c. The Company's Representative Directors regularly meet with the Audit & Supervisory Committee to deliberate on issues and risks that need addressing, as well as on the systems and processes applied for the audits conducted by the Audit & Supervisory Committee and material issues pertaining thereto.
  - d. The Audit & Supervisory Committee may leverage the expertise of outside specialists such as certified public accountants, attorneys-at-law, and consultants 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 judges it unnecessary.

**Below is the outline of operations of the Company's Basic Policies on Internal Control Systems in FY2024:**

- (1) Systems to ensure that the execution of duties by directors and employees of the Group complies with the laws and regulations, and the Company's 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 Board 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 corporate philosophy and enhance compliance management, the Company's Compliance Committee deliberated on the Group's compliance matters and promoted awareness amongst officers and employees through training.
- (2) Risk management systems
- The Company enhanced risk management based on the priority measures determined by the Company's Risk Management Committee. These included the BCP (Business Continuity Planning) tabletop exercises to prepare for incidents/disasters that may occur around the Himeji Headquarters, and the BCP in-factory disasters drills conducted at the Subsidiaries with manufacturing functions, followed by the evaluation of the effectiveness of the rules and regulations that are currently in place.
  - The Company established a system led by its Chief Information Security Officer appointed by the Board, and conducted audits and training across the Group under the Rules on Information Security, in order to optimize information system/network management and minimize the impact of 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) Systems to ensure efficient execution of duties

- The Company promoted prompt and efficient business operation using the Executive Officer system.
- The Company implemented the business strategies set forth in the first year of the 2026 Medium-Term Management Plan.
- The Company strengthened its business structure through acquisitions and capital and business alliances. In overseas, the Company promoted initiatives to increase synergies with the Acrelec Group and the Flooid Group, while acquiring Showcase Gig Inc. and promoting joint projects with AdInte co., Ltd. EcoNavista Inc. in Japan to expand the new business domains. In addition, the Company has consolidated the sales and service businesses of its US subsidiaries, Glory Global Solutions Inc. and Revolutions, to streamline its operations in the US.
- The Company prompted timely and efficient management decisions and improved supervisory function of the Board.

(4) Systems for the Group management

- The Company approved the Subsidiaries' 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, in which the Group executives communicated the Group's medium- to long-term policies and strategies, single-year goals, and other important management issues.

(5) Systems for audits by the Audit & Supervisory Committee

- The Audit & Supervisory Committee members attended major meetings such as the Board meetings, Management Conferences, Sustainability Committee meetings, Risk Management Committee meetings, and Compliance Committee meetings to audit on the Directors' execution of duties and internal controls.
- The Audit & Supervisory Committee regularly communicated and exchanged information with the Directors, Executive Officers, etc. to confirm the adequacy of the implementation of the Company's internal control systems.
- 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.

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

In order to ensure optimum implementation of capital and dividends policies, the Company's Articles of Incorporation stipulates, 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 the Company's general meeting of shareholders or the Board meeting, and that the Company distributes dividends from retained earnings at interim and year-end.

Returning profits to shareholders is an important management priority for the Company. We therefore set out the basic policy for the period of the Company's 2026 Medium-Term Management Plan (from fiscal year ended March 2025 to fiscal year ended March 2027) to pay stable dividends, while balancing our investment for future business growth and maintaining our financial strength. Under this policy, the Company has set a target 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 (Dividend on shareholders' Equity) of 3.0% or more.

In accordance with the above basic policy and targets, the Company is proposing to pay a year-end dividend of ¥54 per share (Proposal 1: Distribution of Dividends of Surplus) at the 79th Ordinary General Meeting of Shareholders scheduled on 20 June, 2025. If approved, the total dividend for the 79th term will be ¥108 per share (including the ¥54 per share as an interim-period dividend paid out as resolved by the Board), which brings the DOE (Dividend on shareholders' Equity) to 3.5%.



## Audit Reports

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

### Independent Auditor's Report

May 12, 2025

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, 2025 and for the year from April 1, 2024 to March 31, 2025 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 12, 2025

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, 2025 and for the 79th business year from April 1, 2024 to March 31, 2025 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 79th business year from April 1, 2024 to March 31, 2025 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 13, 2025

### **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 -