



INTEGRATED REPORT 2023

For the year ended March 31, 2023



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.

Editorial Policy

This report is the third Integrated Report for the Glory Group. In the first report, published in fiscal 2021, we focused on summarizing the necessary items for an Integrated Report in an easy-to-understand manner, adhering to the basics in accordance with the International Integrated Reporting Framework and Japan's Guidance for Collaborative Value Creation. In fiscal 2022, we worked to clarify the message we wanted to convey and express it through the report. However, when we asked institutional investors and analysts for their opinions, they told us that our intended message did not resonate. Therefore, this year we will try again to convey the message in our third report.

One question often asked by stakeholders is "How will Glory respond to the advancement of a cashless society?" This gives the impression that the Group, with business centering on cash handling machines, is approaching a market brick wall. So how do we break down that wall? Our response is contained in the message we wanted to convey. For this reason, we paid particular attention to the following points.

First, we have made it easy for readers to understand the sources of our value, both past and future. The "Transition of Value Provision and Long-Term Vision" section is integrated into a single page, which not only describes the evolution of our technologies, products, and services but also explains how we will leverage those offerings to deliver value in the future. We also introduced three featured themes as specific examples of the new value we provide.

Second, we included a message from the president, who responds to the question, "How will Glory address the development of a cashless society?," and a roundtable discussion between the president and outside directors, who talk about what needs to be done to realize the Group's Long-Term Vision 2028. We believe that the president's own words and the comments of the outside directors will make readers feel enthusiasm for our efforts to realize the vision.

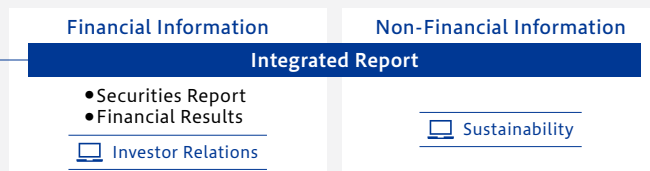
Third, we enhanced the comments and photos of employees to better convey the Company's vibrancy. It is individual employees who drive the Group's business forward, and for this reason we included employees who embody the image of businesspersons described in the Human Resources Strategy interview on the relevant pages.

Finally, we would like to express our sincere gratitude to institutional investors, analysts, and other stakeholders for their candid feedback. We are confident that this, our third report, will enable us to further deepen the dialogue between our stakeholders and our Group for future growth. We would be grateful if our customers, business partners, shareholders, employees, and local communities would give us their honest feedback on this report.

Integrated Report 2023 Project Team

About the Integrated Report

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



Disclaimer Regarding Forward-Looking Statements

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

(Reporting Period) Fiscal 2022, from April 1, 2022, to March 31, 2023

(Including certain details of business and other activities occurring in or after April 2023)

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



CONTENTS

Sources of Value	3	Editorial Policy/Contents
	4	Glory Group's Corporate Philosophy
	5	Transition of Value Provision and Long-Term Vision
	6	Value Creation Process
	7	Glory's Core Strengths
	8	Technology Foundation
	11	Glory's Business
Aspiration	14	Message from the President
	19	The President and Outside Directors—A Roundtable Discussion
	22	Megatrends and Risks/Opportunity Analysis
Special Topic Creating New Value	23	Core Business Overseas Expanding Self-Service Solutions
	24	New Business Domains Domestic F&B Business DX
	25	New Business Domains Overseas Shared Infrastructure Services
Strategies for New Value Creation	26	Long-Range Vision and Past Medium-Term Management Plan
	28	2023 Medium-Term Management Plan
	30	Overseas Business
	35	Domestic Business
	39	Function-Specific Strategies
	41	Human Resources Strategy
	43	Capital and Financial Strategy
	47	Financial/Non-Financial Highlights
Targeting Sustainable Growth	51	Addressing Climate Change
	54	Human Rights
	55	Human Resources
	57	Supply Chain Management
	59	Customer Satisfaction
Corporate Governance	61	Corporate Governance
	67	Compliance
	68	Risk Management
	71	Message from Audit & Supervisory Committee Members
	72	Board of Directors and Executive Officers
Data Section	76	Management's Discussion and Analysis
	80	Consolidated Financial Statements
	83	Domestic and Overseas Network
	84	Third-Party Opinion
		Authenticity Statement/Targeting Future Improvement Based on Third-Party Opinions
	85	Corporate Data/Share Information

About the Cover

Marble, the motif for the cover of this report, is a natural stone that has been used in historical buildings since ancient times as a symbol of prosperity. Blue marble, which is rarely seen as a natural color, is extremely precious and conjures an image of an endless sky.

The cover was designed to symbolize the trust and future expectations befitting the Company's history and efforts to emerge as a leading company that realizes its vision: "We enable a confident world."



Corporate Philosophy

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

Our corporate philosophy represents Glory's corporate goal and raison d'être.

'Striving spirit' includes our desire that 'we will strive to meet the needs of customers and society with an unyielding spirit and make the impossible possible.' It represents the eternal origin of Glory all through the ages that we can do a great job only when we combine the 'power of everyone' who shares the 'striving spirit.'

Keeping the origin in mind, Glory will contribute to the creation of a safe and secure society from now on.

Transition of Value Provision and Long-Term Vision

Having laid the foundation as a manufacturer of cash handling machines, the Group is now working to address various social issues by providing products and solutions that meet the needs of a changing environment and market.

Our customer base is expanding from Japan to overseas countries and ranges from financial institutions to retailers, restaurants, nursing care facilities, and the like.

Long-Term Vision 2028

As a pioneer of cash handling machines in Japan, we introduced many Japan-first products to the market

We provide products and services to financial institutions and retailers in more than 100 countries. Emphasis on rigorous cash management and operational efficiency

Providing global solutions for both cash and non-cash payment environments

We enable a confident world

We aim to be a company that creates "enables confidence" in a wide range of fields with cutting-edge technology that transcends the boundaries of currency processing.

Specific examples of "enables confidence"

Financial Institutions Retailers Restaurants

Special Topic

Expanding Self-Service Solutions

P.23

Retailers Restaurants

Special Topic

F&B Business DX

P.24

Financial Institutions Retailers

Special Topic

Shared Infrastructure Services

P.25

1950



1950

Financial Institutions

Developed a coin counter for Japan Mint (First in Japan)

▶Contributing to labor-saving and highly reliable financial processing

1980



1986

Financial Institutions

Developed an open teller system (First in Japan)

▶Contributing to operational efficiency at financial institutions



1992

Retailers

Coin recycler for cashiers (First in Japan)

▶Dramatically increased checkout operating efficiency

2000



2012

Financial Institutions

Developed a coin and banknote recycler for tellers

▶Contributing to the operational efficiency of financial institutions



2011

Retailers

CASHINFINITY™ System

▶Contributing to rigorous cash management at overseas retail stores



2023

Nursing Care Facilities

Developed a fall detection system

▶Contributing to early detection of fall accidents and improved productivity at nursing care sites



2020

Restaurants

Acrelec Group Acquired Revolution Retail Systems, LLC

▶Expanding diverse payment methods overseas

2020

Value Creation Process

Long-Term Vision 2028

We enable a confident world

By expanding our business domains, we aim to be a company that creates 'enables confidence' in a wide range of fields in addition to the confidence we have gained to date

Source of Value

Financial Base

Cash and deposits **¥36.7 billion**
Interest-bearing debt **¥86.6 billion**
Net assets **¥195.9 billion**
Equity ratio **50.7%**
Rating **A(R&I)**

Global Network

Production bases **11 in 4 countries**
Domestic sales/maintenance facilities **118**
Overseas sales **more than 100 countries**
(including direct sales/maintenance facilities in **30 countries**)

R&D Capabilities

Recognition/identification technology, mechatronics technology
R&D facilities **19 in 12 countries**
Percentage of engineers **13%**
Open Innovation

Global Human Resources

Group employees **10,884**
Overseas employees **5,390**

Strong Customer Base

Dominant presence and share in financial and retail markets in Japan and overseas

Energy and Resources*1

Energy input **272,892 GJ**
Control of peak power through power monitoring systems, etc., and introduction of energy-saving equipment
Development and provision of eco-friendly products

(as of March 31, 2023)

Business Model

Overseas market	Financial market	Retail and transportation market	Amusement market	Others
P.30 ▶	P.35 ▶	P.35 ▶	P.35 ▶	P.35 ▶

Automation and labor-saving solutions

▶ Self-service ▶ Next-generation store ▶ Store DX support	▶ Electronic settlement ▶ Cash management ▶ Digital service	▶ Solutions using biometrics/image recognition ▶ Solutions using robots ▶ Solutions using new cash infrastructure
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Products that meet stakeholder needs

▶ Open teller systems
▶ Coin and banknote recyclers for tellers
▶ Coin and banknote recyclers for cashiers
▶ Ticket vending machines
▶ Lobby self-service terminals
▶ Self-service kiosks, etc.

Digital transformation (DX)

▶ IoT
▶ AI
▶ Biometrics/image recognition
▶ Data analytics
▶ Data Management Platform (DMP)
▶ Online cash settlement platform

Social issues to be solved by the Group

Building a safe, secure, and reliable society

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



Value Co-Creation with Stakeholders



Financial Results

Net sales	¥255.8 billion	Maintain rating of A (R&I)
Operating income	¥0.5 billion	ROE (4.8%)
Operating margin	0.2%	TSR for the past 10 years*2 56.0% (cumulative)

Responsible Supply Chain

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

Provide various methods of payments

Cash management rationalization and labor savings

Currency circulation management

Provide confidence and security in society

Promote an automated society

Creating New Innovation

Providing new solutions through diversity of values

Patents, utility models, and designs acquired **2,312**

Expand Business Domains by Integrating Hardware with Solutions and Services

Sales in the new business domain
Increase product quality

Net sales of new business domain **25.3 billion yen**

Environmental Impact*1

CO₂ emissions **10,717 tons**
(5.4% reduction from the previous year)

Contribution to CO₂ reduction during product use **8,972 tons**
(5.2% increase from the previous year)

(as of March 31, 2023)

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

*2 TSR (Total Shareholders' Return): Total return on investment including capital gains and dividends

Material issues

Creating new value through business
P.23 ▶

Fostering environmental initiatives
P.51 ▶

Implementing human resources initiatives
P.41, P.55 ▶

Supply chain management
P.57 ▶

Improving customer satisfaction
P.59 ▶

Engaging stakeholders

Strengthening governance
P.61 ▶

ESG management

Glory's Core Strengths

We enable a confident world

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

Core Technologies

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



R&D facilities

19 in **12** countries

Refer to

📖 P. 8 Technology Foundation

Problem-Solving Capabilities

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



R&D personnel

Approx. **1,400**

Refer to

📖 P. 23 Creating New Value

📖 P. 39 Function-Specific Strategies

Customer Base

Glory has built a wide-ranging customer base in more than 100 countries around the world, delivering products and solutions that enable efficient and rigorous operations for financial institutions and retail stores, which are our core customers. We aim to extend our customer base through the shift from product-based businesses to solution-based businesses, and provide value-added services that help solve social and business management issues with the aim of building a sustainable society.



Business in more than

100 countries

Refer to

📖 P. 11 Glory's Business

📖 P. 83 Domestic and Overseas Network

Financial Base

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



Rating and Investment Information, Inc.

A rating

Refer to

📖 P. 43 Capital and Financial Strategy

Technology Foundation

Glory's core technologies are recognition/identification to accurately distinguish coins and banknotes, and mechatronics to handle individual banknotes with speed and accuracy. By developing our core technologies further, we give rise to engineering innovation that leads to the creation of new business domain.

Glory's Core Technologies

Recognition/identification

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



Bill validator reading banknotes to instantaneously identify denominations and verify authenticity



Recognizes handwritten characters written on election ballots

Mechatronics

By integrating mechanical and electrical engineering, delicate and intricate tasks can be processed at astonishing speeds. Coins from around the world, with their differing thicknesses and sizes, can be counted at a rate of up to 3,000 coins per minute, as well as being sorted and wrapped. By also applying cutting-edge technology to each of the processes of counting, sorting, and bundling, we provide user-friendly products by making products more compact, multifunctional, and energy efficient.



High-speed, large-volume coin transfer



Sealing technique that bundles 100 banknotes of the same denomination with a strip of paper

Technologies That Support New Business Domains

Data analytics

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

■ DMP business



Biometric authentication technology (facial and skeleton recognition)

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



Detects falls using skeletal recognition technology and 3D cameras

Robot/control technology

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

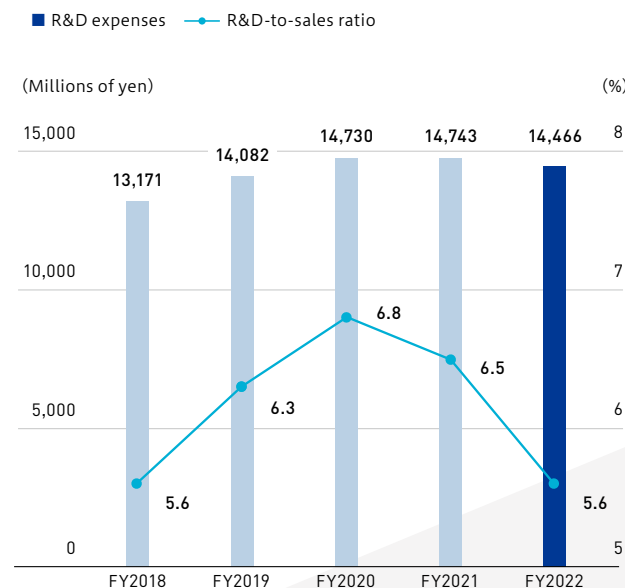


Assembly line for coin and banknote recyclers for cashiers (Saitama Factory)

R&D System That Supports Technical Innovations

It is our basic R&D policy to thoroughly engage in core recognition/identification technologies. In addition, we actively pursue research related to these, such as facial recognition technology and other biometrics. As of March 31, 2022, approximately 1,400 employees, or 13% of the Group's workforce, perform R&D-related activities, ranging from involvement in basic research fields to product development and design. R&D expenses over the three years of our 2023 Medium-Term Management Plan amounted to ¥45.0 billion, including ¥14.4 billion in fiscal 2022.

■ R&D Expenses/R&D-to-Sales Ratio



Intellectual Property Strategy That Supports Technology Innovation

Basic policy on intellectual property activities



The Glory Group pursues intellectual property (IP) activities in line with its business strategy to maintain a competitive edge on its competitors. Our basic policy is to 'implement IP initiatives to enable future business profits.' Under this policy, we strive to develop inventions and acquire IP rights in Japan and overseas. At the same time, we work to avoid IP disputes and other risks by investigating the patents of other companies. Through utilizing IP rights, we are enhancing the brand value of the Group. Our 2023 Medium-Term Management Plan sets forth the concept of 'Core and new businesses powering growth together.' With this in mind, we are advancing IP initiatives with a view to expanding our presence in new business domain while protecting our core technologies.

Framework to promote our IP strategy

We have set up the IP Strategy Conference whereby our business divisions and the Intellectual Property Department work together to ensure the smooth implementation of measures based on our IP strategy.

To facilitate effective Group-wide IP activities, the Intellectual Property Department centrally manages the IP rights of all Group companies and supervises overall IP activities. In cooperation with Group companies, the Intellectual Property Department obtains information on market trends and customer needs to be utilized for patent applications.

Deploying IP rights to strengthen market competitiveness

Acquiring IP rights for the Group's proprietary technologies and ideas for future businesses at an early stage enables us to protect our proprietary technologies and secure a business advantage over other companies.

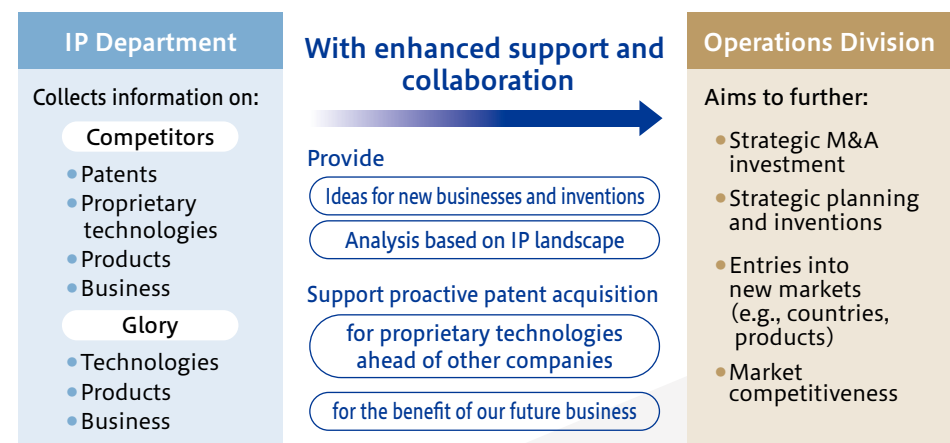
In new businesses, the Intellectual Property Department participates from the project planning stage to eliminate the risk of disputes as well as to file patent applications at the PoC stage, aiming for a superior position in the market.

To expand our presence in new business domain, we are building a patent portfolio that is linked to our business strategy, and we have designated patents of particular importance as strategic patents. We aim to increase the ratio of strategic patents to all patent applications by 10 percentage points in fiscal 2023 (compared with fiscal 2020).

IP activities contributing to business

We engage in IP landscaping, which means conducting research and analysis on internal and external IP information as well as market and company information. Based on the IP landscaping, the Intellectual Property Department works together with the operations divisions to help create business opportunities, thereby contributing to revenue growth. For example, we share our analysis of technological trends and the like with our management and development departments based on publicly available data, such as information on other companies' patents. When considering M&As or alliances with other companies, the Intellectual Property Department participates on project teams to conduct due diligence, and researches and analyzes market data and information on competitors' patents and identifies any patents owned by the potential acquisition or alliance partners or infringements of other companies' rights. By providing this information, we present our views from an IP perspective to assist with the decision-making of the projects.

Create business opportunities and contribute to revenue growth

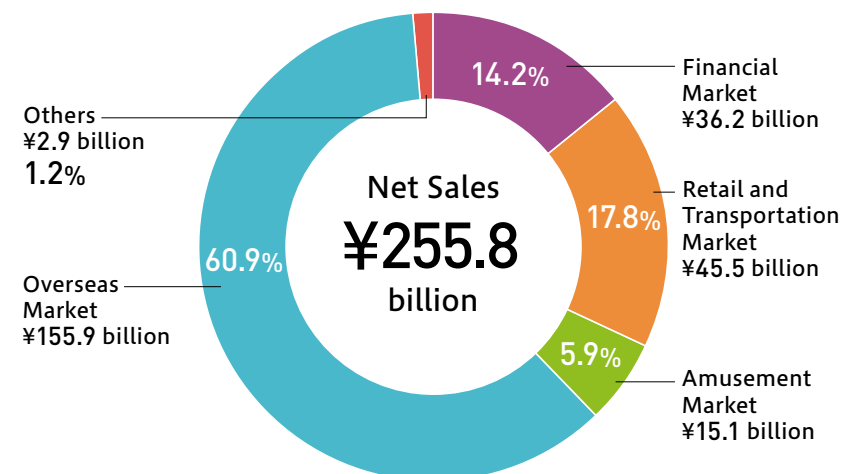




Glory's Business







The Group is active in the financial, retail and transportation, amusement, and overseas markets while also handling other products and services that fall outside of these four reportable segments. With this as our base, we are building a business model based on recognition/identification, mechatronics, and data analytics technologies.

We will work diligently to increase customer value and profitability by developing a comprehensive strategy for each market. By providing optimal products and solutions, our objective is to meet ever-changing customer needs as well as social and environmental trends.

Net Sales by Business Segment (FY2022)



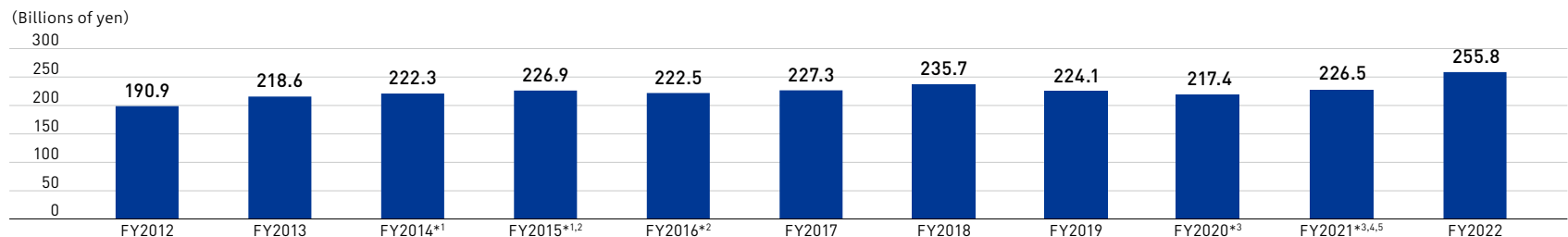
	Main customers	Main products and services	Characteristics (Market Share, Features, Competition)
Financial Market	Domestic financial institutions, OEM companies, etc.	<ul style="list-style-type: none"> Open teller systems Coin and banknote recyclers for tellers Banknote changers Security storage systems Key management systems 	<p>No. 1 domestic market share (open teller systems and coin/banknote recyclers for tellers) Source: Glory's research</p> <p>We offer a variety of products and services that contribute to business innovation at financial institutions. Our strength lies in our ability to provide comprehensive backup, from the front lines of branches and head offices to back-office operations at cash and administrative centers. This strength represents a barrier to entry for our competitors. In addition to selling products and services, we offer proposals for store construction tailored to regional characteristics and store formats. We see opportunities for customers to introduce new products and services and replace aging equipment. Companies in Japan that provide cash handling machines for financial institutions include Laurel Bank Machines Co., Ltd., and Oki Electric Industry Co., Ltd.</p>
Retail and Transportation Market	Supermarkets, department stores, specialty stores, restaurants, cash-in-transit companies, public transport companies, hospitals, local governments, and others in Japan	<ul style="list-style-type: none"> Coin and banknote recyclers for cashiers Sales proceeds deposit machines Banknote changers Coin lockers Ticket vending machines Self-order kiosks Medical payment kiosks RFID self-checkout system for cafeterias Ballot sorters for handwritten ballots Face recognition systems Data utilization services System for deferred payment of medical service expenses 	<p>No. 1 domestic market share (coin and banknote recyclers for cashiers, sales proceeds deposit machines, coin lockers) Source: Glory's research</p> <p>We provide products and services that improve the efficiency of payment processes and administrative work at retailers and other companies. Sales opportunities include the replacement of aging coin and banknote recyclers for cashiers, as well as new installations to accommodate the shift to self-service machines and to expand our installation coverage. We also anticipate increased adoption of data utilization services, facial recognition systems, and other solutions that help retailers improve profitability and security. In addition to Glory, providers of coin and banknote recyclers for cashiers include Fuji Electric Co., Ltd., and Toshiba Tec Corporation.</p>

	Main customers	Main products and services	Characteristics (Market Share, Features, Competition)
Amusement Market	Domestic amusement facilities (e.g., pachinko halls)	<ul style="list-style-type: none"> • Card units for pachinko parlors • Card systems for pachinko parlors • Banknote conveyor systems • Pachinko prize dispensing machines • Pachinko ball counters for individual pachinko machines • Membership management systems for pachinko parlors • Pachinko ball/token counters  <p>Pachinko prize dispensing machine</p>  <p>Card unit for smart amusement machines</p>	<p>In this segment, our main products are not the game machines themselves but rather the card units that are installed inside the machines to manage deposits and the counting of balls, as well as the card systems that centrally manage multiple machines. We supply to approximately 20% of all amusement centers in Japan. Since 2022, amusement centers have been replacing their machines with smart machines that allow play without touching their payouts or tokens. Therefore, we anticipate continued sales opportunities for card units for smart machines over the next five years. Companies that handle peripherals for amusement arcades include Nippon Game Card Corporation and Mars Engineering Corporation.</p>
Overseas Market	Overseas financial institutions, retailers, restaurants, cash-in-transit companies, etc.	<ul style="list-style-type: none"> • Banknote recycler for tellers • Banknote sorters • Coin and banknote recycler for cashiers • Coin and banknote recycler for back offices • Coin wrappers • Security storage systems • Self-service kiosks • Global digital service • Financial shared service  <p>Banknote recycler for tellers</p>  <p>Coin and banknote recycler for cashiers</p>  <p>Coin and banknote recycler for back offices</p>  <p>Global digital service</p>	<p>We sell banknote recyclers for tellers to financial institutions and coin and banknote recyclers for back offices and coin and banknote recyclers for cashiers to retailers in more than 100 countries in Europe, the Americas, and Asia. Through our high-quality products and services and our well-developed direct sales and maintenance network, we have built a strong market position. While back-office deposit machines are already prevalent among retailers in Europe and the United States, there is a growing need for more efficient cash management and self-service solutions. This has led to increased use of coin and banknote recyclers for back offices and coin and banknote recyclers for cashiers. In addition to Glory, companies that handle these machines include Diebold Nixdorf, Incorporated.</p>
Others	Products and goods not included in the above segments (e.g., robotics)		

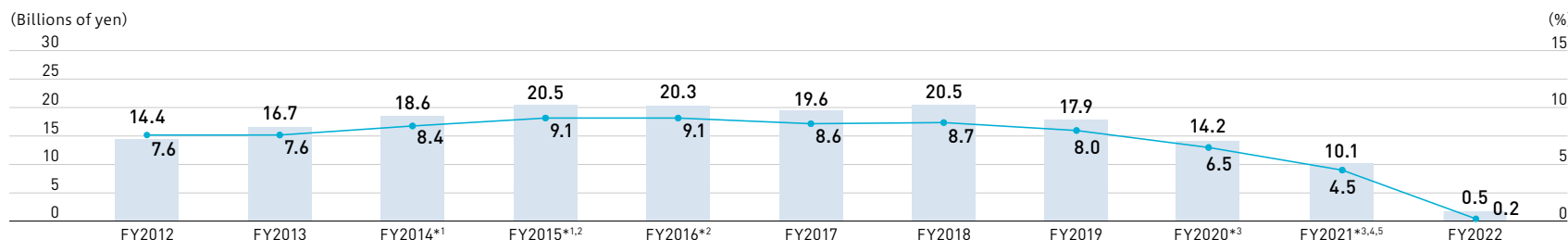
11-Year Performance

Net Sales

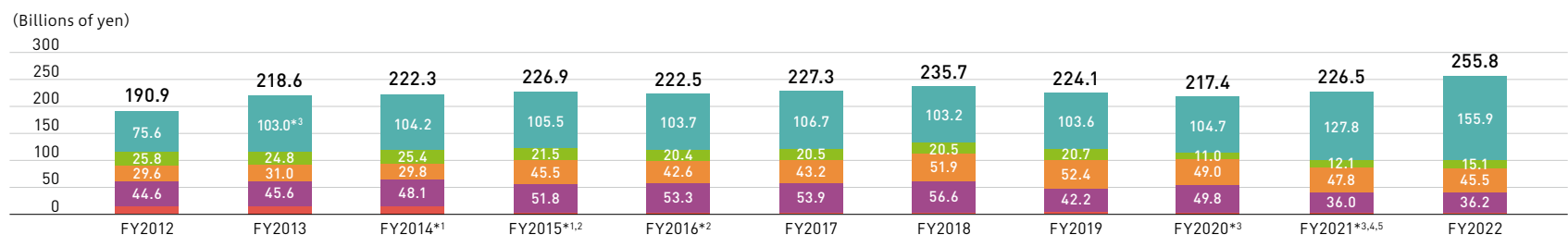
Net sales



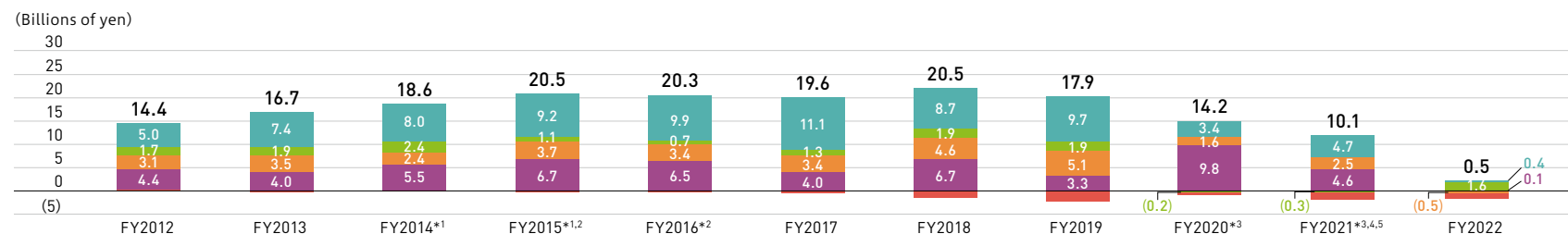
Operating Income/ Operating Income Margin

Operating income
Operating income margin


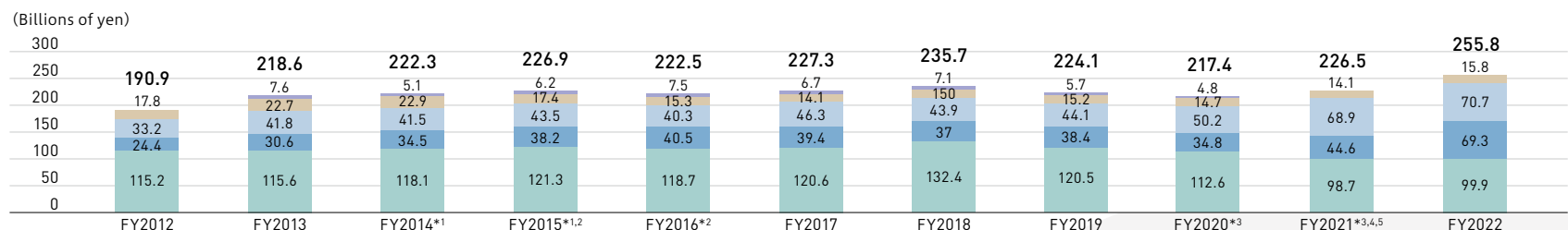
Net Sales by Business Segment

Overseas market
Amusement market
Retail and
transportation market
Financial market
Others


Operating Income by Business Segment

Overseas market
Amusement market
Retail and
transportation market
Financial market
Others


Net Sales by Geographical Segment

OEM
Asia Pacific
EMEA
Americas
Japan


*1 In fiscal 2015, we changed the translation method for income and expenses of overseas subsidiaries from the "year-end exchange rate" to the "average exchange rate." Figures for fiscal 2014 have been applied retrospectively to reflect the change.

*2 In fiscal 2016, following a review of our business segments, we reclassified part of our business (previously included in "Other") into the "Financial market" and "Retail and transportation market" segments. Figures for fiscal 2015 have been applied retrospectively to reflect the change.

*3 In fiscal 2021, following a review of our business segments, we reclassified our biometric and image recognition business and a part of our business related to electronic payments (both previously included in "Other") into the "Retail and transportation market" segment and reclassified part of our new business to the overseas market. Figures for fiscal 2020 have been applied retrospectively to reflect the change.

*4 From fiscal 2021, OEM sales are included in sales in the Americas, Europe, and Asia.

*5 Results for fiscal 2021 are shown after retrospective application of finalized provisional accounting treatment related to business consolidation.



Pursuing sustainable growth through a striving spirit and cooperative efforts

President

Motozumi Miwa

Our corporate philosophy is our starting point

Our corporate philosophy states that “We will contribute to the development of a more secure society through a striving spirit and cooperative efforts.” That “striving spirit” refers to our desire to meet the needs of customers and society, and bringing together the power of everyone who shares the “striving spirit” represents the eternal origin of Glory. However, the way in which we demonstrate our corporate philosophy should naturally evolve alongside changing social trends and business conditions.

In fiscal 2022, we faced a difficult situation and recorded a loss for the first time since our listing. Nevertheless, it was also a year in which we reaffirmed the importance of looking back to our origins and creating new changes. With this in mind, I would like to look back on our history and talk about what I consider to be the strengths of the Group.

Reaffirming our strengths in the domestic market

The origin of our company lies in the domestic financial market, which remains the foundation of our business today. Typical products include open teller systems and auto cashiers (coin and banknote recyclers for tellers). I have fond memories of GLORY’s early open teller systems.

My previous job was at a financial institution. I had just become a branch manager. When I first went to my branch, I noticed how GLORY’s open teller system was handling all the cash management tasks that had previously been done by hand. I was amazed at its excellent functions, which helped save labor and streamline operations. And when I joined GLORY, I learned that its flagship open teller system was initially developed as an automated deposit system for retail stores, such as supermarkets and department stores.

Our financial loss in fiscal 2022 reminded me of our coin and banknote recyclers for cashiers, which are also prominent in the retail market. We

launched our first such recycler in Japan in 1992. However, sales were sluggish at first, so perhaps it was ahead of its time. If we had been concerned only with return on investment, we might have withdrawn from the market, but we believed in the potential of the product and continued making improvements and emphasizing the product's market appeal. Eventually, the market recognized its functionality, and the number of GLORY-brand coin and banknote recyclers for cashiers operating in Japan has reached 500,000 units. It is important to make a profit as a business, but we also need to believe in the future, endure harsh conditions, and look for business opportunities during the seeding stage. We expect rapid growth in overseas demand for coin and banknote recyclers for cashiers, which should help us further expand our overseas business.

Building a solid foundation for our overseas business

A major turning point for our overseas business was our acquisition of U.K.-based Talaris Topco Limited in 2012. At the time, Talaris was the leading global provider of teller cash recyclers (TCRs), an overseas version of the auto cashiers I mentioned earlier. There was some debate within the Company about whether we should make such a bold acquisition, but I thought it was a challenge that we should embrace. Meanwhile, Glory had a strong reputation for its technical capabilities, but did not have sufficient sales and maintenance networks in Europe and the United States, which hampered its business expansion. Acquiring Talaris was our strategy to compensate for this weakness. Thanks to this acquisition, we built a robust business foundation and gained greater trust of our customers. This led to a chain reaction of new acquisitions and accelerated the growth of the Group's overseas business.

We now have strengths in three areas: technological excellence, a powerful sales force, and a solid maintenance network. The backbone of our business is the relationships of trust we have built with our customers, and our network is expanding domestically and internationally.

Looking back on fiscal 2022

Fiscal 2022 was a challenging year due to difficulties in procuring parts, such as semiconductors, and the impact of soaring material prices. Despite such headwinds, we placed the highest priority on product supply, with all employees working together to secure necessary parts and materials, modify designs to use alternative parts, and coordinate delivery dates with customers. At one point, we prepared ourselves for a significant operating loss, but our efforts produced positive results and we managed to deliver a significant recovery in the second half of the year. Nevertheless, we posted a net loss for the year, which we should take seriously.

Under the circumstances, our employees gritted their teeth and strove hard to supply our products. As a result, we expanded market share for our main products, and I believe we have established a foothold for a V-shaped recovery in fiscal 2023.

Fiscal 2022 was the second year of the 2023 Medium-Term Management Plan. Based on the concept of "Core and new businesses powering growth together," the plan has three basic policies: "Accelerate business growth to develop the next generation," "Maximize core business profits by innovation," and "Establish a management base to support sustainable growth." In fiscal 2022, we continued pursuing various initiatives based on these policies despite the challenging environment.

Accelerate business growth to develop the next generation

In new business domains, we established a new department in April 2022 dedicated to promoting our DX business. The department has since started full-scale development of a data management platform (DMP) business. In October 2022, we began selling the FGK series of self-order kiosks, which we developed jointly with Acrelec Group S.A.S. (Acrelec). In the biometric and image recognition business, in January 2023 we developed "mirAI-EYE," a fall detection system using AI technology, in collaboration with EcoNaviSta Co., Ltd. This system is expected to help

Management's
Discussion
and Analysis
P.76

2023 Medium-Term
Management Plan
P.28

Domestic Business |
New Business
Strategies
P.37

resolve social issues in the nursing care field by providing safety and security for the elderly and reducing staff workload.

The key to developing these new business domains will be our ability to leverage the Group's amassed strengths, including its technologies, sales and service network, and customer base. In this sense, it will be extremely important to decide whether to advance or retreat, rather than blindly taking on new areas. The 2023 Medium-Term Management Plan calls for us to make strategic investments totaling ¥45 billion over three years. In M&As, the difficulty increases as we enter new domains in which we have little experience. While we should not be too afraid of failure, we will thoroughly examine risks and returns before making aggressive investments.

New trends in the domestic financial market

In the domestic financial market, our core business, the trend toward self-service solutions has become more and more pronounced. I believe that full-self-service machines like ATMs will be taken over by semi-self-service (or assisted self-service) machines, with which customers operate the machine themselves with the help of bank staff. Another trend will be product downsizing alongside the growing need for enhanced performance and multifunctionality.

This will change the way financial institutions operate, with their challenge being effective use of limited branch-front space. We hope to help resolve these issues by proposing solutions—together with our customers, the financial institutions—tailored to each region and the characteristics of each branch.

Japan's first new banknote issuance in 20 years is scheduled in July 2024. Although parts procurement instability remains, we are making Group-wide preparations to establish an all-inclusive supply system. Currency circulation is a fundamental part of a nation's infrastructure. We plan to contribute to society as a leader in currency circulation by smoothly completing work associated with the new banknote issuance, which can be considered a national event.

Overseas business is key to increasing retail market share

In our overseas business, sales of major products were severely restricted in the financial market due to production delays caused by procurement problems. In the retail market, however, sales of self-service coin and banknote recyclers for cashiers and maintenance services were strong thanks to ongoing demand for self-service machines and other favorable factors. Sales of Acrelec in France and Revolution in the United States were also strong.

As you can see, the Group is steadily increasing its share of the overseas retail market. By complementing our technologies with those of Acrelec, we plan to create new solutions for the global food and beverage (F&B) companies, including quick-service restaurants that are important customers of Acrelec. Our acquisition of Revolution has helped increase the percentage of the world's top retailers that use the Group's products and services. For those F&B companies and top retailers, the Group has become an important strategic partner, not just a vendor of products and services. We will continue expanding our business in the retail market while fulfilling our responsibility to supply products that have gained in strategic importance.

On the other hand, our business in countries such as China, India, and Brazil has stalled somewhat due to political and economic circumstances. From a medium- to long-term perspective, however, there is no doubt that these are promising markets. Accordingly, we will continue engaging in strategic business development as we monitor conditions in each country and region.

Maximizing Group synergies

I believe that the key to our future development in the retail market lies in our ability to propose solutions that combine products and services. In restaurants, for example, digitalization is rapidly progressing, including digital signage, menus, and orders using tablets. New services are

Capital and
Financial Strategy
P.43

Overseas Business |
Core Business
Strategies
P.32

Domestic Business |
Core Business
Strategies
P.37

appearing one after another, linking stores with external systems and mobile devices via the Internet.

The Group has been working to build a new business foundation in preparation for the digitalization trend. This includes our acquisition of Acrelec, which operates a self-service kiosk business, in 2020 and entering into a capital and business alliance with Showcase Gig Inc., a mobile ordering service provider, in 2021. Our unparalleled sales force and solid maintenance network are major strengths that help us propose solutions that go beyond conventional frameworks.

I have great expectations for our restaurant business in the retail market, both in Japan and overseas, and I can sense a high level of interest in it when I talk with young employees. With this in mind, we intend to maximize Group synergies to create new business pillars.



Establish a management base to support sustainable growth

One of the basic policies of the 2023 Medium-Term Management Plan is to “Establish a management base to support sustainable growth.” In building this management base, we place the greatest emphasis on strengthening internal controls. To address misconduct at a domestic subsidiary that was discovered in February 2022, we have formulated measures to prevent recurrence and are working to thoroughly implement them across the Group. These include the tightening of rules for accounting operations and the introduction of systems that minimize human intervention. We will continue creating environments with a firmly entrenched system of checks and balances and a moderate sense of tension.

In addition, the Company is diversifying its Board of Directors to enhance corporate governance. In June 2023, for example, we appointed one new female director, bringing the total number of directors to 12, of whom two are women and one is a foreigner.

Make solutions to social issues the engine of growth

In November 2021, the Group announced its endorsement of recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and set a long-term goal of achieving carbon neutrality. The 2023 Medium-Term Management Plan also includes a sustainability policy that calls for multiple initiatives, including reducing CO₂ emissions, respecting human rights and diversity, and further strengthening corporate governance.

I believe that the fundamental element to effective ESG-oriented management is the corporate philosophy I mentioned earlier: “We will contribute to the development of a more secure society through a striving spirit and cooperative efforts.” There are many ways in which we can help resolve social issues through our business, including financial inclusion

📖 F&B Business DX
P.24

📖 Message from Audit
& Supervisory
Committee Members
P.71

📖 Addressing Climate
Change
P.51

📖 Megatrends and
Risks/Opportunity
Analysis
P.22

that allows everyone to access financial services. By translating our social initiatives into an engine for growth, we will continue to improve corporate value.

Ongoing efforts to enhance human capital

Without doubt, the most important way for a company to achieve sustainable growth is to **enhance its human capital**. To recruit and develop exceptional human resources, the Group is working continuously to revise its personnel system and enhance workplace environments.

My personal impression is that many of the Group's employees are dedicated and serious about their jobs. While this is an important factor, we also need ideas and a level of boldness that transcend conventional frameworks to make great strides in our future business. I'd like to focus on developing human resources that benefit the Group and meet the expectations of society at large.

Another challenge is the development of human resources to take charge of the Group's future management. Deploying the management experience of our subsidiaries, we will create a system that encourages young employees to participate in the management of the organization, thus creating an environment in which diverse human resources can fully demonstrate their abilities.

The “less-cash society” is an opportunity for new growth

Finally, I'd like to talk about the social trends surrounding the Group's business. Institutional investors often ask us how we see the cashless society progressing in the years ahead. I've always thought that it is not easy to foresee social trends, which represent a tough challenge for us. Nevertheless, my honest opinion is that cash will not disappear in our lives, although the cashless society will progress. In our main markets of

Japan, Europe, and the United States, as well as in emerging economies that are still developing, the number of people using cash will probably decrease, but cash will continue to exist to a certain extent. In this sense, I call the coming era a “less-cash society.”

For a start, thinking about economic trends in terms of cash versus non-cash is not relevant for the times to come. Some people might view the trend toward cashless transactions as a headwind for the Group because of its position as a leading manufacturer of cash handling machines, but I disagree. The Group's business has expanded from the financial market to the retail market and is evolving into a solution-based business that combines both products and services. Leveraging our solid business foundation, we are boldly taking on the challenge of entering new business domains. So, I view the emergence of the “less-cash society” not as a risk but rather as an opportunity to achieve new growth for the Group.

Meeting stakeholders' expectations

The slogan for our **Long-Term Vision 2028** is “We enable a confident world.” I think about this vision in the same way as our corporate philosophy, which I discussed earlier. In other words, the goal should never waver, but we should modify the path flexibly as society evolves and business conditions change.

In this sense, I view fiscal 2023, the final year of the 2023 Medium-Term Management Plan, as an important period. Fiscal 2022 was a challenging year for the Group. Nevertheless, all employees practiced rigorous compliance and made efforts to ensure a stable supply of products. We are now witnessing the results of these efforts. By steadily translating growing demand into results in line with the planned issuance of new banknotes in Japan, we are determined to achieve a V-shaped recovery in our business performance. To earn the trust of society and all other stakeholders, we will aim for sustainable growth through the “striving spirit and cooperative efforts” of employees with renewed enthusiasm.

Human Resources
Strategy
P.41

Transition of Value
Provision and
Long-Term Vision
P.5

Long-Term Vision
2028 Growth |
Business Portfolio
P.27

The President and Outside Directors— A Roundtable Discussion

We will strive to realize the Long-Term Vision 2028 by steering the Group in a global direction and working relentlessly to enhance our human capital to strengthen our digital technologies.



Outside Director
Junji Uchida

President &
Representative Director
Motozumi Miwa

Outside Director
Joji Iki

Outside Director
Ian Jordan

Q.1

What challenges will the Group face in realizing the Long-Term Vision 2028?

Miwa: The Group developed its long-term vision in 2018. Since then, the world has undergone significant evolution, transformation, and turmoil. Nevertheless, we have forged ahead. We have laid the foundation for realizing the vision, and have achieved various milestones along the way. Overseas, for example, we acquired Acrelec and Revolution, while in Japan we formed capital and business alliances with AdInte and Showcase Gig. Entrenching and building on these milestones to reinforce our foundation for growth will be a challenge, but I am optimistic about our prospects for achieving the Long-Term Vision 2028. I feel we are making steady progress in fostering businesses that

could become new pillars for the future, such as DMPs and next-generation restaurant business solutions.

Iki: As President Miwa mentioned, we have taken various actions to date. Some seem to be doing well, whereas others are not producing the expected results. When discussing the challenges of our long-term vision, I prefer to take a slightly different perspective.

Overseas sales already account for more than half of the Group's net sales. In the domestic market, I expect both 'cash' and 'around-cash' businesses to remain substantial in scope and be robust sources of earnings in the future. However, we should shift the axis of our business to overseas markets going forward.

This is a major challenge as the Company's base remains in Japan. For example, many of our ideas, coming from both top management to employees, are built on Japanese culture and paradigms. These include ideas about organizational structure, personnel

systems, and investment styles. I think it's time to change this mindset. We should all recognize that we will be operating on the world stage as we move forward.



Uchida: As Mr. Iki says, I feel that the concept of dividing our business between Japan and overseas will reach its limits in the future. We should take a broader perspective and think flexibly and confidently about what value the world expects our group to deliver.

Here, we need to reaffirm our strengths. To date, we have achieved growth by developing products and launching new businesses that other companies have been unable to realize. This

has satisfied our customers and made our employees proud. Our business environment will change even more in the future, but I'm confident that we can maintain this momentum. We must not change our stance even if the format or focus of our products changes from hardware to software and services.

I believe that our attitude is embodied in the design of our products as well as our blue and white logo. These both represent cleanliness and reliability and resonate broadly beyond Japan to Europe, the United States, Asia and other parts of the world. More recently, we have launched a simple, beautiful, all-black product line to indicate our smart future. These designs are important intangible assets that give pride to Glory.

Jordan: As you both mentioned, I think Glory is on a journey to transform its business. In addition to expanding our business from Japan to the rest of the world, we are evolving from a hardware company into an international solutions business, combining the best of software and hardware maintenance services. I believe I have two roles to play as an Outside Director.

My first role is to promote digital transformation to encourage speed and acceleration in the pace of our change. In the next few years, Glory's business will undergo a major transformation. In the meantime, sales from software and services will grow to rival sales of hardware.

My second role is to encourage Glory to become more global, and my presence on the Board is a good indicator of Glory's willingness and desire to do that. Looking ahead, our

position as a company will change as a matter of course. We will evolve from a company in Japan that sells hardware internationally to a global organization headquartered in Japan that delivers services and solutions to customers around the world.



Q.2

Which parts of our business infrastructure need to be reinforced to achieve sustainable growth?

Miwa: As I was listening to you, I thought about the domestic market. Certainly, a major trend in the future will be an increase in the ratio of overseas sales. Looking at the domestic market, however, there is still room for growth in the financial market, and I see potential to continue to explore and innovate in the retail market. As head of our management team, I want to make sure this is communicated both internally and externally to ensure that employees remain engaged and motivated. However, we also must embrace the mindset of being a global company. Here, my responsibility is to balance these two aspects while enhancing our overall sense of urgency.

How about you gentlemen? What kind of foundations do you think Glory needs to strengthen to achieve medium- to long-term growth?

Jordan: As mentioned earlier, I believe that both technologies and human resources will be important. To grow our business in the future, we must constantly incorporate new digital technologies. We also need to attract people who can deploy these technologies to create actual solutions. To enhance the capabilities of our group, it is crucial that we pursue these initiatives from a global perspective.

Uchida: I think we should continue focusing on investments in technological development and the people who make such development possible. What kind of solutions do customers want? What kind of challenges in society will present themselves? To answer these questions with a sufficient level of awareness, we must develop our human resources and enhance our technologies.

To strengthen our business foundation over the medium to long term, we also need to reform our management systems. Perhaps we should build a simpler, more organized system. The key to achieving this is to ‘visualize management’ through digitalization. By increasing digitalization, we can ultimately globalize our operations and overcome language barriers, which will lead to faster management decision-making.

Nowadays, schools are focusing more attention on digital education, and young people have become more digitally literate. Right now, we should start laying the groundwork so that these young people can play active roles as soon as they enter the Group.

Iki: Since I became an Outside Director, I have always felt that Glory has market-leading technological strengths, especially in the areas of recognition and identification. However, the process of deploying and commercializing these technological strengths requires improvement. Mr. Uchida mentioned the word ‘awareness.’ We need to develop leadership talent with the sensitivity needed for successful commercialization. With many overseas operations, Glory should have plenty of opportunities to learn from the world in terms of markets, business, people, and technology. Fostering the next generation of technology development leaders is also essential in achieving growth over the medium to long term.



Q.3

What are your expectations for Glory in the future, and what challenges, if any, will the Group face in achieving them?

Jordan: In the past few years, Glory has enjoyed significant growth in the retail market. This indicates to me that we have great potential to expand our business in different sectors as our technologies and solutions evolve. To achieve this, we need to create a global corporate culture that drives innovation. I’m confident that Glory will boldly take on the challenge of innovation without fear of failure. Our ability to rapidly deploy innovations globally is our greatest strength. That is a real asset to our group.

Uchida: Although it might not be well known, the Glory Group is passionate about human resource exchanges. We promote such exchanges within the Group by inviting personnel from Europe, the United States, and Asia to Japan. As a company, we are proud of our Japanese roots and we are keen to step up the number of these exchanges in the future. I want employees from diverse countries and regions to mix with each other and create a chemical reaction that will create the next chapter of Glory.

Iki: As I mentioned earlier, I want as many engineers as possible to experience the joy of deploying the latest technologies to create new businesses. I’d like to share that joy with our young engineers.

Miwa: Thank you very much for sharing your valuable insights today. In the future, it will be difficult to make decisions on M&As and other deals based solely on the knowledge and experience of internal directors. Indeed, the broad knowledge and impartial perspectives of outside directors will become increasingly important on more and more occasions. Globalization is a major theme today, and my sense is that Glory has finally graduated from the school of internationalization and is moving toward real globalization. Combining the strengths of our directors and employees, I look forward to taking concrete steps to achieve our long-term vision.



Megatrends and Risks/Opportunity Analysis

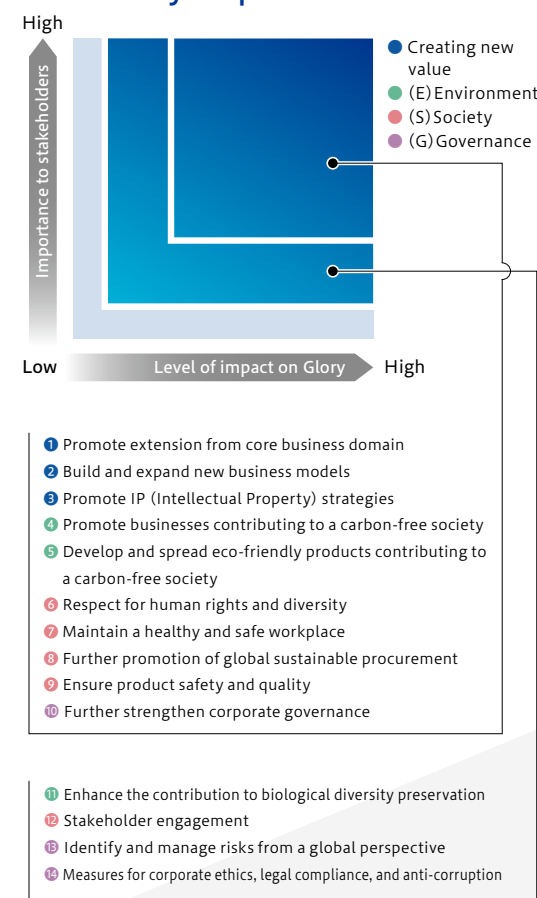
2023 Medium-Term Management Plan Basic Policy

- I** Accelerate business growth to develop the next generation
II Maximize core business profits by innovation

- III** Establish management base to support sustainable growth
IV Contribute to the sustainable growth of society and promote measures to improve corporate value

Notable social issues based on megatrends	Implications for the Company		2023 Medium-Term Management Plan Basic Policy P.28 2023 Medium-Term Management Plan	Key related sustainability themes P.50 2023 Medium-Term Management Plan Non-Financial KPIs
	Risks	Opportunities		
Rapid emergence of new payment mechanisms and digital currencies	<ul style="list-style-type: none"> Shrinking demand for cash handling machines with the shift to a cashless economy 	<ul style="list-style-type: none"> Increasing demand for new solutions that combine cash handling machines and non-cash payment solutions Increasing demand for non-cash payment-related products and services amid the shift to a less-cash society Expanding the fintech market 	I	<p>1 2 9</p> <p>P.25 Special Topic: Shared Infrastructure Services</p>
Growing middle class in emerging economies	<ul style="list-style-type: none"> Impact on business due to laws and regulations of countries and regions, including rapid changes in the political and/or economic situation and protectionist trade policies Impact on business from slowing growth in emerging markets due to geopolitical risks Shortages and price fluctuations of parts and materials 	<ul style="list-style-type: none"> Expanding demand for cash handling machines and non-cash payment-related products and services in emerging markets 	I II IV	<p>1 2 8 13</p> <p>P.57 Supply Chain Management P.61 Corporate Governance</p>
Increasing speed of new technology adoption	<ul style="list-style-type: none"> Decline in competitiveness due to delays in the development of advanced technologies and their application to products and services Decline in technological competitive advantage due to new entrants Occurrence of unexpected quality issues mainly attributable to uncertainties associated with more sophisticated product and service functions Infringement of intellectual property rights Lack of digital human resources 	<ul style="list-style-type: none"> Seizing growth opportunities by acquiring new core technologies Increasing demand for mechanization in financial institutions and retail stores due to advances in AI and robotics technologies Creating new products and services using cloud service and other network technologies 	I III IV	<p>1 2 3 8 9 13 14</p> <p>P.24 Special Topic: F&B Business DX P.8 Technology Foundation P.41 Human Resources Strategy</p>
Increasing global attention to social and environmental issues	<ul style="list-style-type: none"> Impact on business mainly due to extreme weather events and large-scale natural disasters Impact on business from complying with stricter international environmental regulations Impact on recruitment and retention of human resources due to an aging and declining working population 	<ul style="list-style-type: none"> Increasing demand for environmentally friendly products Increasing demand for mechanization and automation solutions amid a declining working population Increasing demand for medical and nursing care solutions that utilize recognition technology 	I II III IV	<p>2 4 5 6 7 8 11 12 13</p> <p>P.51 Addressing Climate Change P.55 Human Resources P.57 Supply Chain Management</p>
Threats to safety and security	<ul style="list-style-type: none"> Impact on business activities mainly due to pandemics of infectious diseases Information system failures and data leaks mainly due to cyberattacks and computer virus infections 	<ul style="list-style-type: none"> Increasing demand for contact-free and self-service products and services due to changes in lifestyle Increasing demand for security-related solutions that use recognition technologies 	I II III IV	<p>1 2 7 9 10 13 14</p> <p>P.23 Special Topic: Self-Service Solutions P.68 Risk Management</p>

Materiality Map



Expanding Self-Service Solutions

Background social issues

In retail stores, labor shortages and rising labor costs are making it difficult to attract workers, highlighting the need to improve the efficiency of store operations. There is also growing demand for self-service solutions from the perspective of hygiene.

Financial institutions are engaging in branch transformation programs to improve operating efficiency. In conjunction with this, there is growing need for labor-saving solutions for over-the counter operations.

Voice

For more than 10 years, our EMEA team has been proudly promoting cash management solutions across Europe, the Middle East, and Africa. With the newly launched CI-X series, we are tapping new markets, such as Switzerland and Poland, where we have not been able to expand our business, while further strengthening our position with the highest-quality solutions in the market. The solutions we provide to major European retailers, do-it-yourself companies, and restaurants have been well received by a wide range of customers and employees. We are confident that our market share will grow further as awareness of our brand spreads.



EMEA Retail
Markets
Vice President
Hagen Hoehl

Solutions

For the domestic and international retail and financial markets, the Group provides self-service solutions that allow customers to make cash deposits and withdrawals themselves.

The new CI-X series of CASHINFINITY™ cash management solutions, targeting the overseas retail industry, supports the currencies (with differing sizes, thicknesses, materials, and shapes) of 60 countries. This has significantly increased the number of regions where our self-checkout systems can be deployed. Global retailers with stores in multiple countries can now use the same system and promote self-service checkouts at their stores in each country at once.

For overseas financial institutions, our lineup includes the GLR series of banknote recyclers, which support self-operation of over-the-counter transactions, as well as TellerConcierge™, a lobby-mounted assisted self-service machine for large cash transactions and check deposit automation. These systems will accelerate the spread of self-service solutions and allow a significant reduction in bank branch teller operations.

Retail Self-service solutions using CASHINFINITY™



Self-checkout systems in supermarkets



Kiosk systems in quick service restaurants

Finance Self-service solutions in bank lobbies



GLR-200 banknote recycler for self-operation of over-the-counter transactions



TellerConcierge™ Assisted self-service operation with a teller standing beside you

Impact

Social impacts

Retail

- Reduction of labor and cash transportation costs; stricter control of cash in stores

Finance

- Enhanced efficiency of branch operations with a small number of employees

Economic impacts on the Group

- Increased opportunities to introduce systems to global retailers and thus expand the scale of business negotiations
- Increased demand to replace conventional systems with self-service systems and demand to newly introduce self-service solutions, leading to increased earnings from products and maintenance services

Creation of business opportunities

The CI-X series and GLR series can be connected to UBIQULAR™, a global digital service provided by the Group. This service enables operators to perform remote monitoring of product operation and software updates. By also visualizing and analyzing data that can be collected, we are working to add new solution-based functions, such as cashiering and arranging delivery of cash reserves. By developing solutions that support next-generation store development and operational efficiency, we will help retail stores and financial institutions resolve issues they face and help them increase customer satisfaction.



Next-generation restaurant business solutions

F&B Business DX

Background social issues

Due to COVID-19 restrictions, the food and beverage (F&B) industry has been forced to make major changes, such as introducing contactless ordering and payment options and launching delivery services. Another serious challenge is a labor shortage due to the decline in Japan's working population. Amid such changing conditions, the F&B industry is increasingly eager to transform itself using DX. They need to address customers' diversifying needs, including for delivery, mobile ordering, and drive-through options, by introducing machines to enable self-ordering and self-payment. They also require solutions to increase store revenues, such as the need for more efficient ways to attract customers and increase average spending per customer.

Voice

Finding ways to reduce customer service staff while still providing a satisfying customer experience is a key challenge in the F&B industry, which is facing a labor shortage. With this in mind, we propose a variety of solutions, such as self-service kiosks, and welcome inquiries and requests from a wide range of restaurant. By connecting data with BUYZO in combination with coin and banknote recyclers for cashiers, and facial recognition systems, we can coordinate the entire operation of a restaurant, which underscores the strength of our proposals. Amid changing business conditions for restaurants in the post-COVID era, we will engage in sales activities with a broad perspective and a sense of speed. Our aim is to convince F&B industry to choose Glory as their partner in creating the next generation of restaurants.



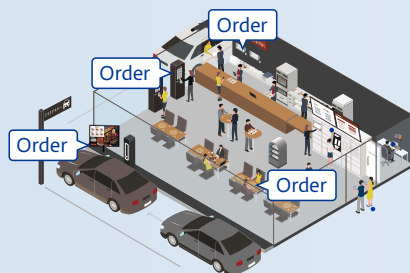
DX Business
Promotion Div.,
Sales Headquarters,
Domestic Business
Company
GLORY LTD.
Ryosuke Obi

Solutions

We provide comprehensive solutions for restaurants, from ordering to payment and store analysis, as well as proposals for measures to attract customers.

The FGK series of self-service kiosks, jointly developed with Acrelec, provides self-ordering and payment functions. It also offers an optimal menu of options tailored to the attributes of customers using the kiosks, which will help increase average spending per customer. In addition, the kiosks can be used in combination with other solutions for customers who order after being seated, including the O:der Table® table ordering system and the O:der ToGo® mobile ordering system, which can also be used for takeout, to streamline store operations and meet the wide-ranging needs of customers.

In addition to sales of products for restaurants, such as coin and banknote recyclers and ticket vending machines, the Group offers solutions using these products in combination with IoT services. We also offer drive-through solutions for restaurants that have relocated to the suburbs due to COVID-19. These are some of the major differentiating factors that are highly valued by our customers.



Impacts

Social impacts

- Customers can order and pay for food and beverages themselves, making store operations more efficient
- Includes a self-operated settlement with variety of payment methods (e.g., cash, credit cards, e-money, and QR code), as well as multi-language support
- Collected data can be used to monitor the status of store operations, determine the effectiveness of measures taken, and conduct competitive research aimed at improving customer appeal

Economic impacts on the Group

- We are currently proposing the deployment of our solutions to restaurant chains nationwide, covering around 50,000 restaurant stores.
- By providing solutions that directly resolve issues faced by restaurants, we anticipate an increase in revenues.

Creation of business opportunities

In addition to self-service kiosks and mobile ordering platforms, we leverage our data management platform (DMP) to help the restaurant and retail industries attract and create new customers and engage in sales promotion. In this way, we provide new value to those industries. For brick-and-mortar stores that find it difficult to monitor the behavior and preferences of customers. We offer the BUYZO data utilization service, a solution that proposes effective measures for restaurant and retail industries by analyzing both offline data collected from customers' smartphones, and online data, such as purchase data collected and stored in self-service kiosks, coin and banknote recyclers, and other devices. We have also begun using BUYZO to distribute coupons and web advertisements matching the preferences of customers to their smartphone apps. We intend to focus on translating our analytical services, aimed at improving customer satisfaction and workflow in brick-and-mortar stores, into a new source of revenue for Glory.

* AIBeacon is an IoT sensor that combines a Wi-Fi sensor and iBeacon, originally developed by AdInte, with which we formed a capital and business alliance in May 2020.

Shared Infrastructure Services

Background social issues

Financial institutions in Europe and the United States are closing branches at a rapid pace. More than 4,000 financial institution branches have closed in the United Kingdom since 2015. As a result, the lack of access to financial services is becoming a social problem for those who wish to conduct cash transactions, especially in suburban and rural locations that are not profitable for financial institutions. To improve the situation, the U.K. government has introduced legislation requiring banks to maintain the minimum necessary level of cash access services in regional communities as part of its Financial Services and Markets Bill. Similar social conditions exist in North America, causing increased inconvenience to retail and restaurant businesses in depositing their daily cash sales proceeds. Therefore, retail stores are expected to become the new access point for financial services.

Voice

In the English town of Knaresborough, branch closures over the years have left the locals no choice but to go on a forty-minute car journey just to deposit cash. In addition to Knaresborough, this is happening in hundreds of towns across the country. So in 2022, when Newcastle Building Society partnered with OneBanx to offer basic banking services, it generated a lot of coverage in national newspapers. Offering ease and convenience to people and businesses dependent on cash, this service provides a lifeline to the community. I am proud of this service and aim to expand it to other regions in the future.



Chairman of
OneBanx
Javed Anjum

Solutions

Unified Financial Limited ("OneBanx"), a company in the Glory Group, is a start-up that operates a financial shared platform business. It provides a shared platform that can handle cash deposit and withdrawal transactions for multiple financial institutions in a single location, enabling financial inclusion in suburban and rural locations. Clip Money, another company in which we have invested, provides deposit agency services. It has set up shared devices in shopping malls and selected big box retailers in the United States and Canada to provide cash deposit services for businesses, for example. It also offers a dashboard function offering customers detailed transaction histories, robust analytics as well as a change ordering and delivery service.



Image of shared service locations



Image of shared post
installation (in Square
One Shopping Center,
Canada)



Image of the app screen before
posting (cloud-based platform)

Impact

Social impacts

- Minimizes the impact of branch closures on local residents
- Helps retail and restaurant businesses improve the efficiency and convenience of cash sales deposit operations
- Enables financial institutions to promote measures to improve operating efficiency, including by closing unprofitable branches and outsourcing the business cash deposit process

Economic impacts on the Group

- By increasing the number of affiliated financial institutions, retailers, and restaurants that use the shared services of bank branch operations, we aim to generate new commission income.
- Offer new services and combining these offerings with the Group's products and services will lead to increased sales of our existing products.

Creation of business opportunities

OneBanx and Clip Money represent the core of the Group's shared infrastructure services. By combining the technologies and solutions of those companies with the Group's products and services, we will create greater added value and expand our business. In addition, we will add shared services to the Group's lineup of solutions to help further improve the operating efficiency of financial institutions, retailers, and restaurants. In Japan and other countries more and more financial institutions are transforming their branch operations. In response, the Group will work to expand its range of shared financial services that contribute to "financial inclusion and access," where no one is left behind and everyone has access to financial services.

Long-Range Vision and Past Medium-Term Management Plan

Long-Range Vision 2018

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

2014 Medium-Term Management Plan (FY2012–FY2014)

Implement a growth strategy and strengthen profitability to achieve the Long-Range Vision 2018
Operating margin of 10% or higher

Formulated to achieve our first-ever long-term vision
Positioned the overseas business as a growth field

[Business Strategy]

- Domestic business:
 - Expand profits in each domestic business segment
 - Strengthen sales support capabilities and improve employee education schemes
 - Create core products for the next generation
 - Introduce new products and capture untapped markets through deeper market penetration
- Overseas business:
 - Realize synergies from 'One GLORY'
 - Pursue global marketing of GLORY products utilizing the direct sales and service network
- New businesses:
 - Expand electronic payment services and other new businesses
 - Promote commercialization of biometric authentication technology and conversation privacy protection technology

[Constitutional Strategy]

- Product development strategy, Production and procurement strategy, and Quality assurance strategy

[Corporate Management Strategy]

- Group structure, Personnel strategy, Capital and financial strategy, Fostering of the Group corporate culture

2017 Medium-Term Management Plan (FY2015–FY2017)

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

Continuing with the strategy for the 2014 Medium-Term Management Plan, we endeavored to expand the overseas business

[Business Strategy]

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

[Constitutional Strategy]

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

[Corporate Management Strategy]

- Reinforce the Group's management structure
- Group governance strategy, Human resources strategy, Capital/financing strategy, and Information system strategy

Long-Term Vision 2028

We Enable a
Confident World

2020 Medium-Term Management Plan (FY2018–FY2020)

Preparation for realizing the long-term vision

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

Basic Policy ① Core business

Build foundations for realizing sustainable business management

- Overseas business: Further growth of the financial market and acceleration of the retail business
- Promote solution proposals

Basic Policy ② New business

Strengthen collaboration with various partners to solve social issues

- Promote new business domain
- Acquire new core technology
- Proactively allocate management resources for new businesses

Basic Policy ③ Management base

Realize higher productivity and a robust corporate constitution that directly links to results

- Work-style reform and operational reform to improve productivity
- Organizational reform to realize a culture of open innovation

Positioning

Strategy
overviewResults
and
Evaluations

Issues

KPIs

- While achieving our net sales, overseas sales ratio, and ROE goals, we fell short of our operating margin target.

While we made concerted efforts in Japan to expand sales of core products into the untapped markets of restaurants and specialty stores, we were unable to make plans for products that would become new mainstay items.

Outside Japan, we acquired Talaris Topco Limited and its subsidiaries ('Talaris', now part of the Glory Global Solutions group), a U.K.-based company engaged in the manufacture and sales of cash handling machines, which subsequently boosted the Group's overseas sales ratio from 24% to 47%. This increased the number of countries capable of conducting direct sales and service and served to further fortify the sales system of our overseas business.

The new businesses of electronic payment and conversation security demonstrated sluggish growth, and we narrowed these down to biometric and image recognition.

With regard to functionality, together integrating the Glory Global Solutions group with sales locations, we secured our global production framework and enhanced productivity by raising the ratios of both overseas production and overseas procurement.

- Addressed the need to create products that will become new mainstay items in Japan
- Addressed the need to strengthen our overseas sales structure by region; addressed global development, quality assurance, and other aspects in terms of function

- Targets not met for net sales, operating margin, overseas sales ratio, and ROE
- While achieving large-scale orders (Coin and banknote recyclers for tellers, Coin and banknote recyclers for cashiers) and rolling out services that monitor the operating status of equipment, we were unable to foster any new pillar of profitability and did not achieve our target in Japan.

Overseas, as a result of focusing efforts on expanding into retail markets, net sales grew roughly fourfold (compared with fiscal 2014), and following financial markets grew into a second pillar for profit. Although by region the United States and Europe showed firm growth, escalating cost competition in emerging markets and OEM impacted expansion.

Utilizing in-house-developed production technology, the Company was able to launch a new businesses, the robot system integration business. However, we were unable to generate any other promising new ventures. With regard to functionality, we focused on building a global development system and production framework with the Glory Global Solutions group including upgrading plant facilities in the Philippines and establishing a logistics base in Europe. Moreover, we introduced a global information platform and improved our domestic information network.

- Addressed the need to strengthen solution proposal capabilities in domestic core business and nurture new businesses, including the biometric/image recognition business
- Addressed the need to expand overseas retail businesses
- Addressed the need to bolster system development and new technology development capabilities

- Targets not met for net sales, operating margin, and ROE
- We steadily captured large-scale demand in our core business, both in Japan and overseas, and in tandem with that, secured revenue through operations to address the issuance of new ¥500 coins. However, we were unable to reach our targets due to the impact of COVID-19 and other factors. To increase revenue, we expanded sales of self-service machines and products geared toward the retail market. In Japan, we offered solutions for next-generation stores and made efforts to pioneer into the non-cash field. This did not deliver the expected results, however.

To realize our Long-Term Vision 2028 in new business domain, we undertook business and capital alliances and M&A. To enhance overseas bases, we carried out investments of approximately ¥45.0 billion. In the overseas market, we acquired Acrelec, a French company that operates in the self-service-related business space. This set in place the cornerstone for creating a new business model. In the domestic business as well, we invested in the Data Management Platform business of AdInte with the intent of promoting digital transformation (DX) for retail stores. In addition, to reinforce our management base, we undertook efforts to create an environment that would secure new ways of working, primarily with shortened working hours through work-style transformation and by working from home to address COVID-19 issues. Along with this, we conducted inaugural events for new businesses in our aim to foster a culture of rising to meet challenges. We also moved forward on measures such as introducing an ERP system to prepare for future information infrastructure development.

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

	FY2012	FY2013	FY2014	FY2014
	Results	Results	Results	Medium-Term Management Planned Target
Consolidated net sales	¥190.9 billion	¥218.6 billion	¥222.3 billion	¥210.0 billion
Consolidated operating income	¥14.4 billion	¥16.7 billion	¥18.6 billion	¥21.0 billion
Overseas sales ratio	39.6%	47.1%	46.9%	40.0%
ROE	4.3%	5.6%	6.6%	6.0%

	FY2015	FY2016	FY2017	FY2017
	Results	Results	Results	Medium-Term Management Planned Target
Consolidated net sales	¥226.9 billion	¥222.5 billion	¥227.3 billion	¥260.0 billion
Consolidated operating income	¥20.5 billion	¥20.3 billion	¥19.6 billion	¥28.0 billion
Overseas sales ratio	46.5%	46.6%	47.0%	50.0%
ROE	4.5%	5.4%	5.3%	8.0%

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

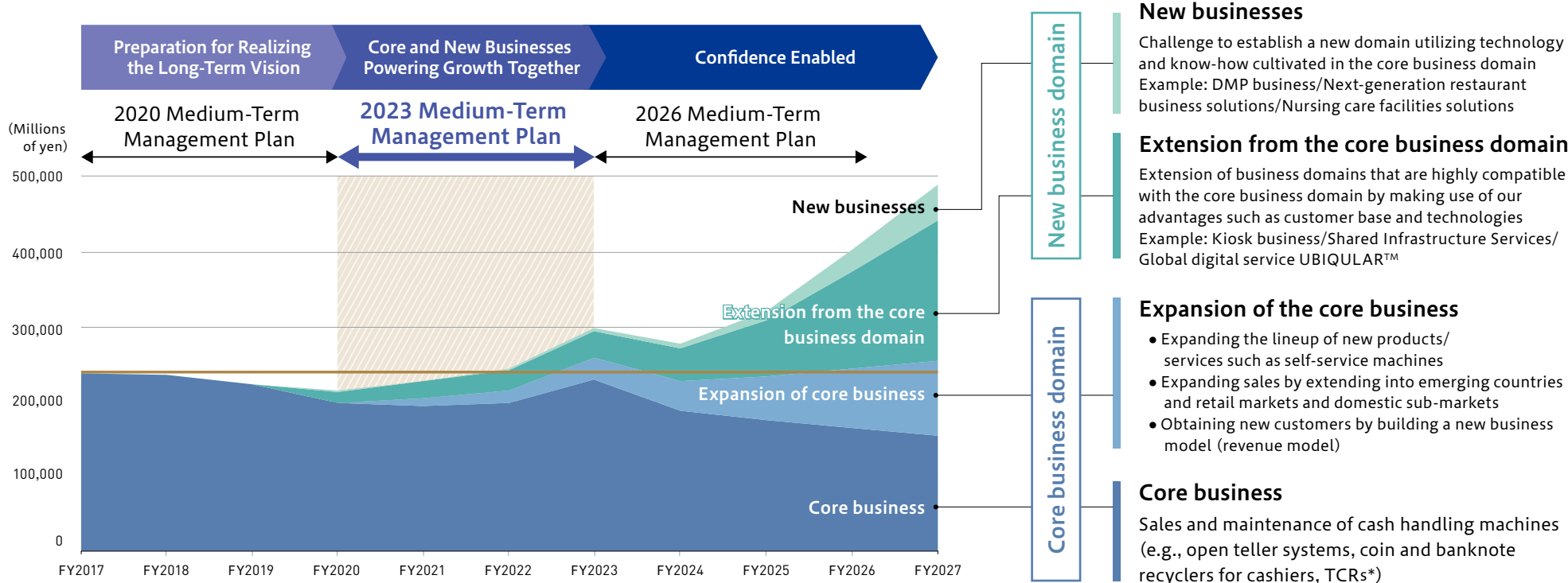
Long-Term Vision 2028 Growth

Business portfolio Capital and Financial Strategy Business portfolio management P.44

Our core business, centered on product sales and maintenance services for cash handling machines, generates stable revenue and posted record-high sales in fiscal 2022. We expect sales from this business to increase in the future as we expand our sales network in the overseas retail market and yet-untapped markets in Japan while generating sales of self-service products and other solutions. However, we feel that sustainable growth over the long term will be limited due to the global consolidation of financial institutions' branches and the development of a cashless society.

In new business domains, we aim to expand into businesses that align closely with our core business by leveraging our strengths in such areas as customer base and technology. Here, the Acrelec Group, which operates a kiosk business, part of our new business domain, has begun delivering successful outcomes, with sales of around ¥22.4 billion in fiscal 2022.

The Group will strategically allocate cash generated from its core businesses to new business areas and mutually utilize management resources. In this way, we will accelerate the growth of our new business and enable to create new confidence.



Note: Figures for FY2024 and beyond are projections.

*TCRs (Teller Cash Recyclers): A banknote recycler

Characteristics of the Group's business

Because we are in the cash handling business, we benefit from increased demand for equipment replacements and system modifications when new coins or bills are issued. In Japan, new notes are issued around every 20 years, and regularly in many other countries as well, so we frequently perform equipment and software updates.

Especially in Japan, where mechanization is progressing, there is a large number of machines in operation, so the impact on our business performance is significant when new notes are issued. The issuance is scheduled for July 2024. We anticipate a year-on-year increase in net sales in fiscal 2023 due to concentrated demand for equipment replacements and system modifications ahead of the issuance. On the other hand, earnings will decline temporarily in the following year, when demand settles down. This explains the large decline in core business sales in fiscal 2024, as shown in the chart below.

2023 Medium-Term Management Plan (FY2021–FY2023)

Core and New Businesses Powering Growth Together

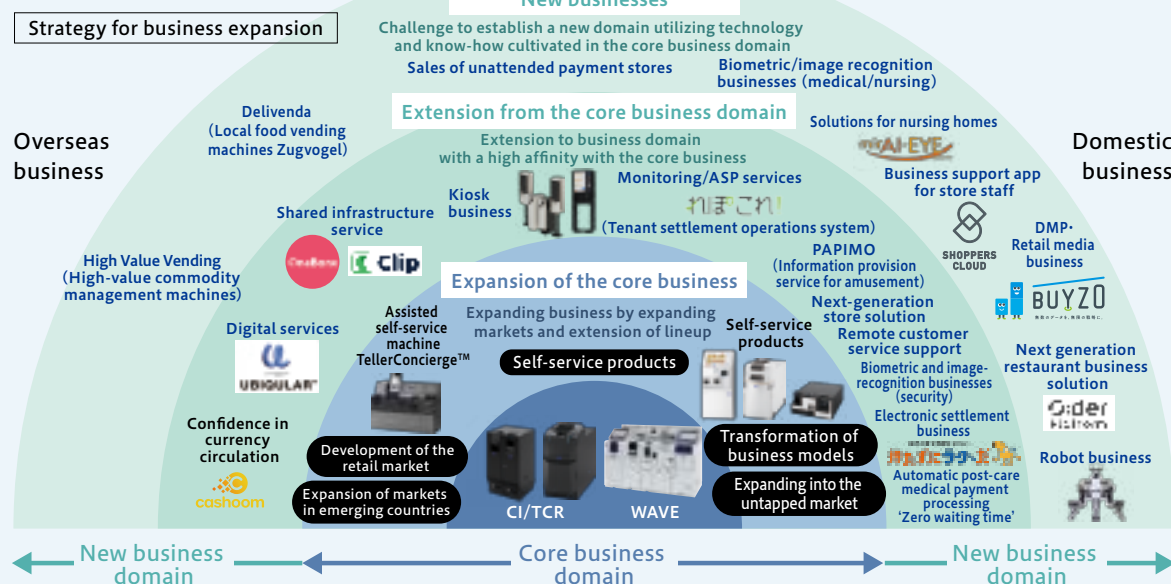
The Group is promoting the 2023 Medium-Term Management Plan, which covers the three-year period from April 2021. The Group positions the plan as an intermediate step toward realizing its Long-Term Vision 2028: 'We enable a confident world.' Under this plan, we aim to achieve sustainable growth by combining our core business centered on cash handling machines with new businesses to be realized by combining our accumulated technology and expertise with AI, DX, and other advanced technologies.

The Direction of Growth Strategies

Aim at continuous growth and business expansion by core and new businesses powering growth together

Black letters: cash-related products/services

Blue letters: non-cash products/services



Basic Policy and Performance Targets

Concept Core and new businesses powering growth together

Basic Policy

Business Strategy	<ul style="list-style-type: none"> Accelerate business growth to develop the next generation Maximize core business profits by innovation
Management Base	<ul style="list-style-type: none"> Establish a management base to support sustainable growth
Sustainability Policy	<ul style="list-style-type: none"> Contribute to the sustainable growth of society and promote measures to improve corporate value

2023 Medium-Term Management Plan Performance Targets (FY2023)

Net sales	Operating income	ROE	Operating margin
¥300 billion*	Before amortization of goodwill ¥35 billion	Before amortization of goodwill 12.0% or more	10.0%
New business domain ¥40 billion	After amortization of goodwill ¥30 billion*	After amortization of goodwill 9.5% or more	

* Consolidated performance for FY2023 is expected to exceed the targets of the 2023 Medium-Term Management Plan, with net sales of ¥345 billion and operating income (before amortization of goodwill) of ¥40 billion.

Investment Plan








Strategic investment in core and new business domain (including M&A)

(Billions of yen)	2020 Medium-Term Management Plan	2023 Medium-Term Management Plan
45.5		45.0
Strategic investment (3-year total) ¥45.0 billion 2020 Medium-Term Management Plan results 3-year investment ¥45.5 billion		

(Billions of yen)	2020 Medium-Term Management Plan	2023 Medium-Term Management Plan
28.7		30.0
Capital expenditure (3-year total) ¥30.0 billion 2020 Medium-Term Management Plan results 3-year capital expenditure ¥28.7 billion		

(Billions of yen)	2020 Medium-Term Management Plan	2023 Medium-Term Management Plan
41.9		45.0
Development investment (3-year total) ¥45.0 billion 2020 Medium-Term Management Plan results 3-year R&D expenses ¥41.9 billion		

Key Initiatives

	Basic policy	Key initiatives	Main products/services
Business Strategy	I Accelerate business growth to develop the next generation	<ul style="list-style-type: none"> Expand business domains having a high affinity with the core business domain (self-service kiosks, DMP^{*1}/electronic settlement services, etc.) Improve profits in the biometric/image recognition and robot businesses by utilizing domestic business sales channels 	 Self-service kiosks  Global digital service  Data utilization service
	II Maximize core business profits through innovation	<ul style="list-style-type: none"> Provide product/service lines that cater to the need for contact-free, self-service devices Release the latest-model products, including teller cash recyclers (TCRs^{*2}) and coin and banknote recyclers for cashiers Seize replacement demand to coincide with the issuance of new banknotes in Japan [P.8] Technology Foundation 	 Open teller systems  Coin and banknote recyclers for cashiers  GLR series  CI-X series
Management Base	III Establish a management base to support sustainable growth	<ul style="list-style-type: none"> Enhance cash-generating ability to support growth investment and ensure shareholder returns Promote DX for speedy management decisions through such measures as introducing a new ERP system Improve employee engagement [P.41] Human Resources 	

^{*1} DMP (Data Management Platform): A platform to utilize the AIBeacon of AdInte, with which we have a capital and business alliance, to conjugate, divide, and normalize various internal and external data, and preserve and manage it

^{*2} TCRs (Teller Cash Recyclers): A banknote recycler

Sustainability policy

Contribute to the sustainable growth of society and promote measures to improve corporate value

- Reduce CO₂ emissions by 15% (compared with FY2013) to contribute to a decarbonized society [P.51] Addressing Climate Change
- Respect human rights and diversity
- Strengthen corporate governance



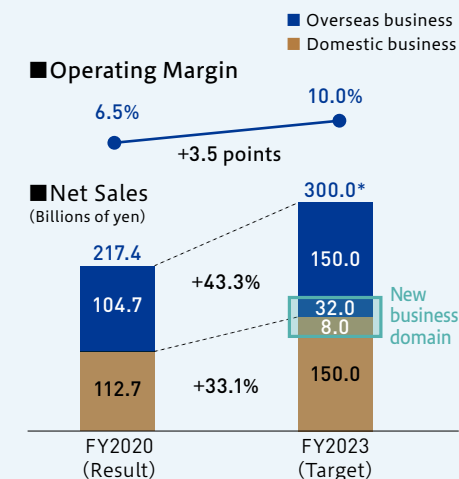
Strategies by Business

Overseas Business Strategies

	Market	Key initiatives
Core business domain	Retail	<ul style="list-style-type: none"> Expand sales of coin and banknote recyclers for cashiers capturing needs for self-service machines Enhance global expansion of back office products Boost CI series sales through integration with kiosks and digital services (UBIQUILARTM)
	Financial	<ul style="list-style-type: none"> Expand sales of the latest model of TCRs Strengthen sales of self-service products/services (G200 series, TellerInfinityTM, etc.)
New business domain		<ul style="list-style-type: none"> Realize synergy with Acrelec early Provide cash infrastructure in place of ATMs (viacash, etc.) Expand sales of new digital service solutions using a cloud service (UBIQUILARTM)

Domestic Business Strategies

	Segment	Key initiatives
Core business domain	Common	Respond to the issuance of new banknotes <ul style="list-style-type: none"> Fulfill the corporate mission of supporting social infrastructure Seize replacement demand from the issuance of new banknotes
	Financial	<ul style="list-style-type: none"> Strengthen solutions to self-service machines for next-generation stores Create added value by introducing IoT technology to products
	Retail and Transportation	<ul style="list-style-type: none"> Expand sales of self-service machines catering to the market needs for contact-free, self-service operations Expand the product line and make inroads into untapped markets by introducing new business models
	Amusement	<ul style="list-style-type: none"> Strengthen sales of products that support amusement machines reducing gambling elements
New business domain		DMP business: By combining IoT products and DMP, support promotion of DX at financial institutions, retailers, restaurants, etc.
		Electronic settlement business: Expand sales of the settlement fee business and automatic post-care medical payment processing
		Biometric/image recognition business: Expand into new domains (healthcare, long-term care, railway, logistics, etc.) that utilize biometric/image recognition technology
		Robot business: Provide total solutions by tapping into the customer base gained through the core business



*Consolidated performance for FY2023 is expected to exceed the targets of the 2023 Medium-Term Management Plan, with net sales of ¥345 billion and operating income (before amortization of goodwill) of ¥40 billion.

Overseas Business

Under the 2023 Medium-Term Management Plan, we aim to expand our core cash handling machine business and advance our business in new domains. This means generating profits in “around cash” areas and creating businesses in “non-cash” areas.

In fiscal 2022, sales of mainstay products in the financial market decreased year on year due to the difficulty in procuring parts for semiconductors and other parts, which negatively affected production. Despite such an impact, in the retail market, sales of self-service coin and banknote recyclers for cashiers and sales from maintenance services were strong. This was due to ongoing demand for contactless and self-service machines, in addition to the need to address labor shortages and rising labor costs. In addition, Revolution Retail Systems, a U.S. company we acquired in 2021, reported strong sales. As a result, sales in the overseas business reached a record high, achieving the target of ¥150 billion (as stated in the 2023 Medium-Term Management Plan) one year ahead of schedule. However, operating income declined year on year due to a temporary surge in material prices caused by difficulty in procuring parts and higher logistics costs.

On a positive note, the difficulty in procuring parts is gradually easing and production is expected to recover in the fiscal year ending March 2024. Therefore, we will aggressively promote sales of newly developed key products and services to the financial and retail markets to further expand sales and income.

01 Business Environment

The number of branches at financial institutions in the United States and Europe has been declining as institutions streamline their branch operations. In the Global South, by contrast, the number of branches and ATMs has increased, showing different characteristics according to region. In the retail market, there is a growing need for automated and self-service payment options given the need for rigorous cash management, as well as concerns about hygiene. In addition, the trend toward greater operational efficiency is expected to intensify in both markets to cope with rising costs and other factors resulting from rising inflation worldwide.

Recently, we have witnessed an upswing in start-ups handling non-cash transactions. We believe that collaborating with these companies to provide both cash and non-cash payment environments will lead to greater convenience for users and a host of business opportunities.



Member of the Board
Senior Managing Executive Officer
Head of International Business

Akihiro Harada

02 Our Strengths/Challenges

Strengths

The source of our competitiveness is our world-class product quality and our global direct sales and maintenance network. TCRs, our mainstay products in the financial market, have built a strong position in the global market, and their high-quality craftsmanship and excellent reliability are also major strengths in the expanding retail market. In both the financial and retail markets, we are one of the few companies in the world that can provide not only products and solutions but also maintenance services on a global basis, which gives us a competitive advantage in our overseas business.

Challenges

Challenges, including the difficulty in procuring parts for semiconductors and other parts, have impacted our production and caused delays in our sales activities. We strove to minimize the impact by expanding procurement sources and changing designs, but some orders were cancelled because we were unable to deliver on schedule as requested by the customer. In order to prevent similar situations from occurring in the future, we are working with related departments, such as purchasing and production, to reinforce our supply chain. We expect that the current difficulty in procuring parts will ease gradually, and production will return to normal levels during the fiscal year ending March 2024.

03 Evaluation and Analysis of Previous Medium-Term Management Plans

The acquisition of Talaris swiftly improved the performance of our overseas business in terms of both sales and operating income. However, business growth then stagnated for eight years from 2013, after the acquisition, to 2021, when the current medium-term management plan started. In the meantime, we focused on growth-oriented measures, such as integrating sales bases to improve productivity. However, due to intensifying price competition in the Global South and OEM businesses, the impact of the COVID-19 pandemic, and difficulty in procuring parts, we were unable to achieve the targets of the medium-term management plan for the second consecutive period.

Based on these results, the Group concluded that next-generation core products that address changes in the business environment will be required for the growth of our overseas business. During the period of the 2020 Medium-Term Management Plan, therefore, we made up-front investments in the financial and retail markets and developed new products and services. We are fully deploying these products and services in the market under the 2023 Medium-Term Management Plan.

04 2023 Medium-Term Management Plan: Creating Value in Overseas Market

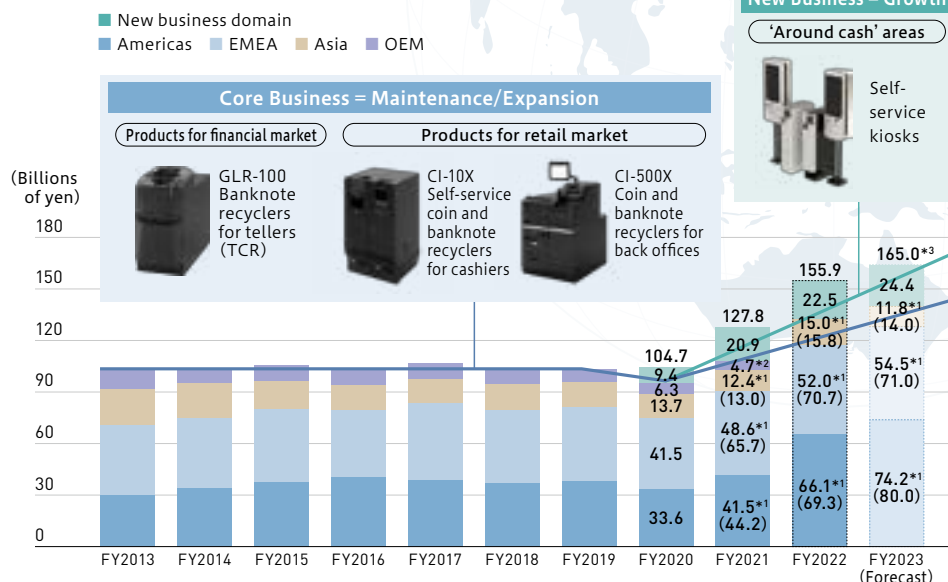
In the overseas business, our basic policy is to further expand our core business while leveraging our customer base to develop new businesses.

We believe that financial markets have matured to some extent in Europe and the United States, although there is room for growth in the Global South. In the retail market, by contrast, our business is steadily expanding in Europe and the United States, and we anticipate growth in Asia in the future. In terms of sales, the retail market has grown to become a pillar of our business alongside the financial market, and sales in the retail market exceeded those in the financial market for the first time in fiscal 2022. Going forward, we aim to grow our overall core businesses, with a focus on expanding our retail business.

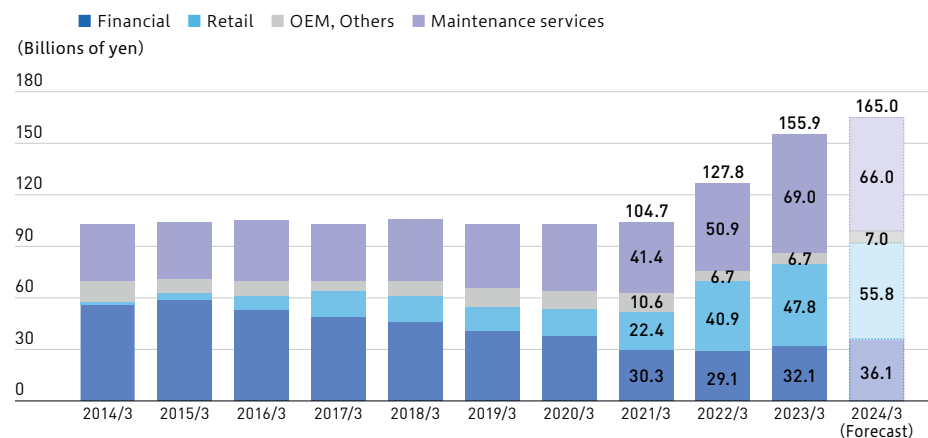
In new business domains, we will work to accelerate business expansion in “around cash” areas. With respect to innovation-driven investments in non-cash areas, we will analyze return on investment for projects we have narrowed down, identify those that should be discontinued, and prioritize investments in projects that will further accelerate the pace of innovation.

■ Sales Trend

1. By Geographical Segment



2. By Segment (Financial / Retail)



Core Business Strategies

Capture needs by bringing newly developed products and services to market

Financial market

We expect financial institutions to further automate and focus on self-service solutions in their quest to improve management and operational efficiency.

With this in mind, we will continue stepping up sales of self-service products, centering on assisted self-service machines and TCRs. Here, we will target European and U.S. financial institutions that are seeking to streamline their operations by consolidating and reducing branches, as well as institutions in Asia and other parts of the Global South that are deploying automation to enhance operational efficiency.



TellerConcierge™:
Lobby-mounted assisted self-service machines for large cash transactions and check deposit automation



GLR-200:
Coin and banknote recyclers for tellers that enable self-service cash transfers at the counter

Retail market

The Group released the CI-X, a new model in our CASHINFINITY™ series of cash management systems for retail stores that supports currencies of around 60 countries. This has significantly increased the number of regions where our self-checkout systems can be deployed. The addition of self-service kiosks to our lineup has also enabled us to broaden the reach of our products to not only retailers but also global fast-food chains. To meet growing demand for self-service solutions amid labor shortages and rising labor costs, we will continue proposing cash management solutions to such companies. Our solutions include self-checkout systems that utilize self-service kiosks and coin and banknote recyclers for cashiers, as well as coin and banknote recyclers for back offices.

The United States is particularly important in the retail market as many of the top retailers and global fast-food chains have headquarters in the United States. With this in mind, we will expand synergies with Revolution Retail Systems, the market leader in back-office recyclers in the United States, and Acrelec, which has a high market share of the fast-food chain market in Europe, with the aim of further penetrating the huge retail market in the United States.

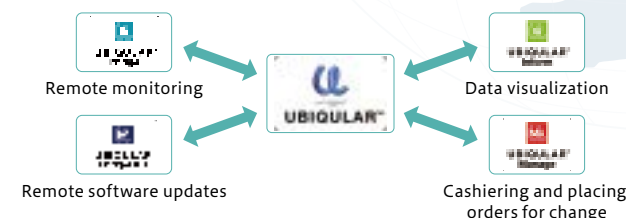


CI-10X,
a self-service coin and banknote recycler for cashiers that supports the currencies (with differing sizes, thicknesses, materials, and shapes) of 60 countries

New Business Domain Strategies

Creating solutions that add value to our products

We are focusing on creating a recurring business as an extension of our core business areas. Our UBIQULAR™ global digital service, launched in 2021, connects to the GLR series of coin and banknote recyclers for tellers of financial institutions and the CI series of cash management systems for retail stores. This enables remote monitoring of product operation and software updates, as well as visualizing and analyzing data, and even cashiering and placing orders for change. By selling this service as an addition to our products, we will strive to further improve profitability.



As part of our efforts in 'around cash' areas, we made an investment in U.K.-based OneBanx, a start-up company that provides shared services for bank branch operations. In recent years, the concept of 'financial inclusion,' where everyone can access financial services without being left behind, has been spreading worldwide. By establishing shared-service functions in retail stores, we aim to improve user convenience and help achieve the 'financial inclusion' concept. In the future, we will look to expand this business beyond the United Kingdom to other regions around the world.

Special Topic

Creating New Value -New Business Domains- Overseas
Shared Infrastructure Services

P.25

In non-cash areas, we are currently conducting proof of concept (PoC), having narrowed our focus to three initiatives related to retail store automation. Those initiatives are Zugvogel (a brand of food vending machines we are promoting in Germany), High Value Vending (high-priced product management/sales kiosks we are promoting in Germany and Australia), and unmanned payment stores (being rolled out in Europe and Singapore). In each case, we plan to decide whether to continue or withdraw from the initiative by fiscal 2023, considering its usefulness in addressing social issues and its profitability as a business.

Special Topic

Creating New Value -Core Business- Overseas
Expanding Self-Service Solutions

P.23

AMERICAS

Chris T. Reagan

Senior Executive Officer, GLORY LTD.
President, Americas,
Glory Global Solutions Inc.



Maintenance Services Strategy

Our maintenance services business is an important part of our operation that generates stable income. With the addition of the retail market to the financial market, which has been our mainstay market to date, our maintenance services business is expanding in scale. Retail stores are open for more business days and longer business hours than financial institutions, and some stores require 24/7 services. Going forward, we will leverage our global direct maintenance network and increase profitability through a variety of measures. These include expanding after-hours support and other maintenance systems and providing predictive maintenance services at appropriate times through remote monitoring using UBIQULAR™.

To maximize synergies with U.S.-based Revolution Retail Systems, which we acquired, we will promote numerous projects in the product development, production, and maintenance fields. During the fiscal year ending March 2024, we plan to fully complete our integration with Glory Global Solutions Ltd., which handles our overseas sales and maintenance services.

05 Human Resources Who Align with Our Strategy

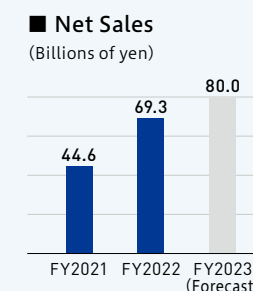
We will continue to maintain and expand our core hardware business. At the same time, we will aim to increase sales from new business domains, including system products, data analysis services, and other solution-based businesses. To this end, in addition to software engineers, AI engineers, and data scientists, and we must train and recruit salespeople with knowledge in such areas.

For selling system products, we are focusing on training our salespeople because we have yet to fully accumulate the know-how to propose solutions. As one such measure, we established a framework that allows us to immediately share case studies and actual results of customer introductions on a global basis. We also have a system in place that allows our salespeople to update their knowledge as needed.

In 2023, meanwhile, we established local subsidiaries in Vietnam and India to develop software. By utilizing local human resources at these two locations, we will speed up the functional development of UBIQULAR™ and other system products.

Fiscal 2022 in review

Although we fell short of our profit target in fiscal 2022, we set a record for net sales, easily exceeding our target. This was driven by strong demand across all market segments, particularly in the retail market where several new, large retailers joined our customer base. In addition, our retail performance was enhanced by the 2021 acquisition of Revolution Retail Systems (RRS). Together with RRS, we will continue leveraging our sales networks to provide products and services that help improve our customers' operating efficiency.



Strategies for our next growth stage

Strategically, we focused on introducing our new product offerings to the market. In fiscal 2022, for example, we launched the GLR series of banknote recyclers for tellers, which address the need for self-service solutions at branches of financial institutions, as well as the CI-X series of cash management solutions for retail stores featuring an expanded range of supported currencies. We believe these new, best-in-class products will further differentiate Glory from its competitors and lead to further growth in the Americas.

Operationally, we are focused on two primary projects. The first project is integrating our business with that of RRS. We are working diligently to bring our organizations together as quickly as possible with minimal disruption to our customers and employees. There are many positive synergies to be gained by combining the two organizations, including improved productivity. The second project is the introduction of the global ERP system. This project is critical as we modernize our operational platform to support sustained future growth.

Vincent Nakache

Senior Executive Officer, GLORY LTD.
President, EMEA,
Glory Global Solutions (France) S.A.S.

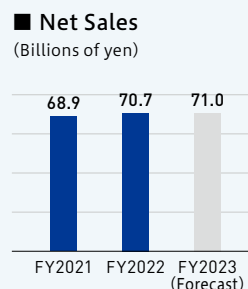


Fiscal 2022 in review

In fiscal 2022, we faced disruptions in the global supply chain, postponement of capital investments by customers due to high inflation, and reduced income from a key local partner due to Russia's invasion of Ukraine. In other words, market conditions were challenging.

Despite this, we achieved year-on-year increases in revenue and profits thanks to strong sales in the retail market and solid demand for our maintenance services.

For the year, overall sales of our CI-10 coin and banknote recyclers for cashiers reached a record-high 5,000 units in the EMEA region. This great success mainly came from France with more than 2,000 units deployed. In addition to France's top retailers, we are strengthening our brand presence in bakeries, butchereries, pharmacies, hotels, and leisure facilities.



Strategies for our next growth stage

The newly launched CI-X series of cash management solutions for retail stores and the GLR series of banknote recyclers for tellers have been well received by customers. In the EMEA region, we remain focused on three core strategies: 1) Expanding our retail business centered on Tier 1–2 strategic customers, 2) Capturing additional sales opportunities for our products and services in the financial market, and 3) Expanding software and services.

Among these, software is of particular importance. Accordingly, we will focus on promoting our UBIQULAR™ digital service by training software salespeople and hiring specialists. We will also continue investing in our EMEA Professional Services Center of Excellence, which has been instrumental in the success of our large retail rollouts.

In the kiosk business of Acrelec, we delivered some good early wins in France, Spain, and Germany, and we will continue pursuing synergy opportunities in fiscal 2023. With respect to next-generation innovation, which is a new business, we will continue promoting autonomous stores, which have received positive interest, as well as Zugvogel local food vending machines, currently being field-tested in Germany.

Ben Thorpe

Executive Officer, GLORY LTD.
President, Asia Pacific,
Glory Global Solutions (Singapore)
Pte Ltd

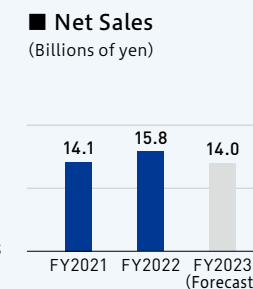


Fiscal 2022 in review

In fiscal 2022, the Asia Pacific team posted year-on-year revenue growth despite the persistent effects of COVID-19. Labor shortages and increasing staff costs led to a general push toward automation, supporting our sales growth in both the financial and retail markets, especially in India, Indonesia, New Zealand, and the Philippines.

Successful deployments in the Asia Pacific region included the CI-X series of cash management solutions for retail stores, the UBIQULAR™ digital service, and the GLR series of banknote recyclers for tellers. For Australian financial institutions, we successfully launched our TellerConcierge™ self-assisted machines. In fiscal 2023 and beyond, we will work to bring TellerConcierge™ to more banks in Australia and maintain our position as market leader. In fiscal 2022, we also realized synergies with Acrelec, resulting in steady sales of Self Check Out, Drive Thru, and other quick-service restaurant (QSR) solutions.

In fiscal 2023, we will work to drive these achievements forward while creating even more groundbreaking customer value.



Strategies for our next growth stage

In the Asia Pacific region, where we see significant business opportunities, we will accelerate growth by increasing our deployment of Glory technologies while opening new markets.

In our rapidly changing markets, we will work to foster a resilient organizational culture as we recognize the importance of providing optimal solutions to customers. To this end, we must not only develop individual human resources but also increase their professionalism and engagement with our team. Accordingly, we will organize projects and region-wide collaborative events so our entire team (not just top management and leadership of the organization) can have a culture that embraces change in a positive way.

Domestic Business

In our domestic business, we are creating added value and expanding our business domains by leveraging our customer base under the concept of “Core and new businesses powering growth together” as set forth in the 2023 Medium-Term Management Plan.

In fiscal 2022, we benefited from solid demand for our products, especially self-service offerings, as well as steady sales in the financial market. However, sales in the retail and transportation market were weakened due to delivery and production delays caused by parts shortages. In addition, sales from maintenance services declined in both markets due to our completion of system modification with the forthcoming issuance of Japan’s new ¥500 coin. In the new business domain, by contrast, we made good progress with various new initiatives. These include development of self-ordering kiosks for the domestic market and the start of proposals for next-generation store solutions for restaurants.

In fiscal 2023, we expect production activities to recover as parts procurement problems subside. With this in mind, we will capture demand for machine replacement and system modification in preparation for the issuance of new banknotes, scheduled for July 2024. As a company that supports social infrastructure, we will strive to fulfill our social mission and maximize earnings.

01 Business Environment

In the financial market, we expect ongoing branch consolidations and closures aimed at enhancing efficiency, while the shift to cashless stores and other function-specific outlets will continue.

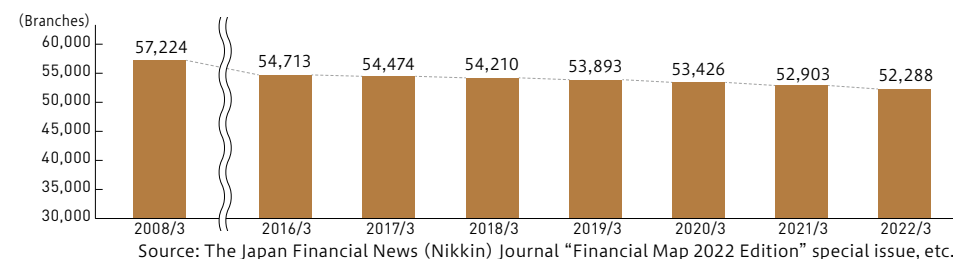
In the retail and transportation market, there is an ongoing need for self-service solutions to address labor shortages and improve the efficiency of store operations. Retailers, especially supermarkets, are introducing back-office cash management solutions and coin and banknote recyclers for cashiers. Meanwhile, other types of businesses, such as specialty stores and restaurants, are also accelerating the shift to self-service payment systems for similar reasons. In the amusement market, business conditions for pachinko parlors remain challenging as user numbers decline. Here, pachinko halls introduced smart pachinko-slot machines in November 2022 and smart pachinko machines in April 2023. There are high expectations for these machines, which offer new playing styles. Over the next several years, we anticipate a shift from current machines to smart machines.



Member of the Board
Senior Managing Executive Officer
Head of Domestic Business

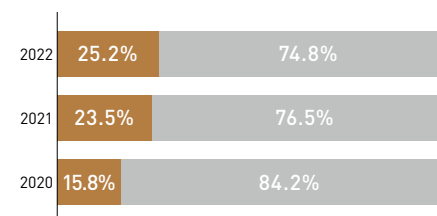
Hideo Onoe

■ Number of Financial Institution Branches



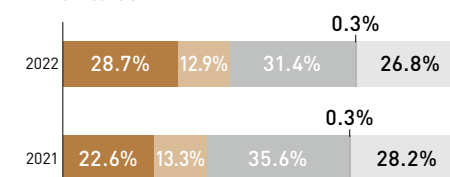
■ Installation Status of Self-Checkout Systems (Industry estimates)

■ Installed ■ Not installed



■ Intention to Install Self-Checkout Systems (Industry estimates)

■ Want to install new systems
■ Want to increase the number of systems
■ Neither ■ Want to reduce the number of systems
■ No intention



Source: Supermarket Annual Statistical Survey 2022

02 Our Strengths/Challenges

Strengths

As a leading provider of products and services that support currency circulation and payments, the Group boasts a high market share for many of its products. Our competitiveness stems from our broad lineup of products and services supported by unique technological solutions that reflect the current situation in which financial institutions, self-service providers, and retail businesses have been streamlining their operations and saving manpower. We will continue leveraging our relationships of trust with customers to create products and services that help resolve issues faced by financial institutions and retailers.

We see the trend toward a cashless society as a new business opportunity for the Group. This is because the Group's solutions, which provide both cash and non-cash payment platforms, allow us to meet the increasingly diverse needs of our customers. For example, more and more supermarkets are installing self-checkout systems, while stores that limit payment methods to non-cash only, such as electronic money and completely unmanned stores, are on the rise.

Challenges

One challenge we are currently facing is the difficulty in procuring semiconductors and other components, which has impacted our production and sales activities and could affect our response to the issuance of new banknotes in 2024. Initially, we planned to use the two years before the issuance as a preparation period to align our production volumes, but the production impacts have forced us to shorten this preparation period. Consequently, production processes and modifications related to the issuance will be concentrated in fiscal 2023. To cope with this, we are working closely with other departments to review the schedule of development, production, delivery, and maintenance. We are also promoting smart factories to improve productivity. Through these efforts, we will provide products and services in a timely manner so that customers can address the issuance of new banknotes without delay.

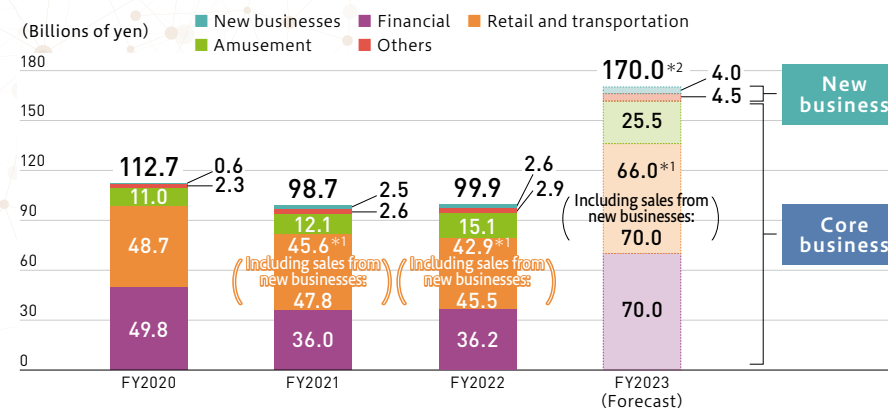
03 Evaluation and Analysis of Previous Medium-Term Management Plans

In the domestic business, we set challenging sales targets and strove relentlessly to achieve them since we started promoting our business under Medium-Term Management Plans since 2006. Despite our efforts, however, we unfortunately continued falling short of our targets. Amid drastically changing business conditions, we came to realize the importance of expanding our business domains to address such changes and achieve our performance targets.

Viewing such changes as an opportunity, in 2018 we formulated our Long-Term Vision 2028 with the aim of further advancing our core technologies and promoting open innovation to deliver new levels of value. Under the 2020 Medium-Term Management Plan, the first phase of the long-term vision, we did not achieve our targets due to the impact of COVID-19. However, we established a foundation for expanding our solutions business while advancing our hardware-driven core business. Under the 2023 Medium-Term Management Plan, we are working to create and expand new businesses, centering on solutions designed to provide new value to our customers.

04 2023 Medium-Term Management Plan: Creating Value in the Domestic Market

Sales by Market



*1 In this table, sales from new businesses, originally included in sales in the retail and transportation market, are included in "New businesses." Accordingly, sales after FY2021 differ from published figures.

*2 Consolidated net sales in fiscal 2023 are expected to exceed the target of ¥150 billion (as stated in the 2023 Medium-Term Management Plan).

Core Business Strategies

In both the financial market and the retail and transportation market, we expect that moves to address labor shortages and the shift to self-service solutions will continue, and accordingly, demand for self-service products and services will remain firm.

For financial institutions, we are actively proposing transformative solutions that enable small-branch operations. Our plan is to create next-generation stores using a variety of solutions, including self-service products installed in lobby areas and services that can be delivered remotely to customers in the store. We are also working with some financial institutions on specific studies and plan to expand these next-generation stores in fiscal 2024 and beyond.

■ Self-Service Products Installed in Branch Lobbies



■ Next-Generation Store Solutions for Financial Institutions

Proposing solutions to realize next-generation branch formats for financial institutions



For retail outlets, we are focusing on expanding sales of self-service solutions, such as coin and banknote recyclers for cashiers, ticket vending machines, and medical payment kiosks. To facilitate the introduction of coin and banknote recyclers cashiers and ticket vending machines, we offer subscription services and sales through e-commerce sites. These address the need of various business types and store operations and have accelerated sales to medical clinics, pharmacies, and restaurants. In addition, supermarket operators who use our coin and banknote recyclers for cashiers are supportive of our machines for being mostly trouble-free and allowing easy fixes in the event of a problem. We will continue delivering high-quality, user-friendly products to meet customers' expectations.

■ Self-Service Products for Retailers



■ Expansion of Sales Methods



POS cash register + Coin and banknote recycler subscription service



E-commerce site (ALMOTT)

In the amusement market, we see a new businesses opportunity with the spread of smart amusement machines that offer new styles of play. The introduction of smart machines started in November 2022, and we expect the switchover to proceed over the next five years. To coincide with this market rollout of smart amusement machines, the Group is promoting sales of adapted card systems and peripherals. We are also focusing on our online-to-offline (O2O) member service, which encourages visitors of pachinko fan sites to visit physical stores, as well as our PAPIMO paid service for players to increase sales outside pachinko parlors.

Direction of domestic payment methods

The main cashless payment methods in Japan include credit cards, debit cards, e-money, and code payments. The percentage of cashless payments is increasing each year, with credit card and code payments rising particularly fast. While code payments increased sharply for a time, we believe they will eventually reach a certain equilibrium. Meanwhile, supermarkets and other retailers will need to support a variety of payment methods, and this may entail greater administrative tasks and staffing requirements, which should be avoided. As a provider of multiple payment platforms, including cash-based ones, the Group will help raise the efficiency of its customers' store operations.

New Business Domain Strategies

In new domains, we will focus on business development in areas that have a high affinity with our core business. With this in mind, we established a department dedicated to spearheading our digital transformation business and promoting the digital transformation of retailers and restaurants.

Targeting restaurants, the Group launched the FGK series of self-ordering kiosks, developed jointly with Acrelec. It can flexibly handle a variety of in-store orders and payment methods and can transmit signage advertisements. It is a next-generation retail solution that can be linked to the ordering platform of Showcase Gig, with which we have a capital and business alliance, to provide table ordering, mobile ordering, drive-through service, and other solutions. In this way, we will promote the digital transformation of restaurants.

Special Topic

Creating New Value -New Business Domain- Domestic
F&B Business DX

P.24

Through our BUYZO data utilization service, launched in 2022, we are expanding into the retail media business, which covers data analysis reporting services and advertisement distribution, as well as targeted distribution of digital advertisements at retail stores based on customer attribute analysis. This is the third year of our capital and business alliance with AdInte Co., Ltd., which operates a data management platform business. After two years since our joint launch of BUYZO, we are now positioned to generate profits. In addition to personnel tasked with developing this solution, we will train sales staff who can make proposals that fit our customers' needs, which will further bolster earnings.



In the biometric/image recognition and robot businesses, we will concentrate on priority themes and target the swift generation of profits.

In the biometrics/image recognition business, we are expanding our solutions to encompass new fields, such as medical and nursing care. Here, the Group developed AI image recognition technology that can accurately recognize posture from the human skeleton and launched “mirAI-EYE,” a fall detection system that applies this technology. We will link this system, which we developed jointly with EcoNaviSta Co., Ltd., to “Life Rhythm Navi® + Dr.,” a monitoring system for elderly care facilities offered by that company. We will continue introducing this system to elderly care facilities to help ensure the safety and security of residents and reduce the burden on nursing care staff.



In the robot business, we will concentrate our resources on system integration, mainly in the food, medical, and pharmaceutical fields, as well as on service areas that utilize recognition/identification technology, which is one of our strengths, in order to generate revenue. In addition to customizing systems for each product, we will focus on developing and providing general-purpose robot systems that enable us to offer single solutions to multiple customers. By also optimizing the allocation of relevant personnel, we will transform this into a profitable business.

Maintenance Services Strategy

The Group provides solutions for financial institutions and retailers that are essential to store operations, such as teller services and payments. Here, we fully recognize our responsibility to our customers, which is to keep products and services running without interruption. For financial institutions, we offer a remote monitoring service to enable preventive maintenance with the aim of ensuring more stable branch operations. In addition, we have established around 120 directly managed service centers in Japan, enabling us to quickly restore the operations of financial institutions and retail businesses in the event of a malfunction.

Regarding the issuance of new banknotes, we have assigned dedicated maintenance personnel to handle system modifications, and we are systematically working on a market-by-market basis.

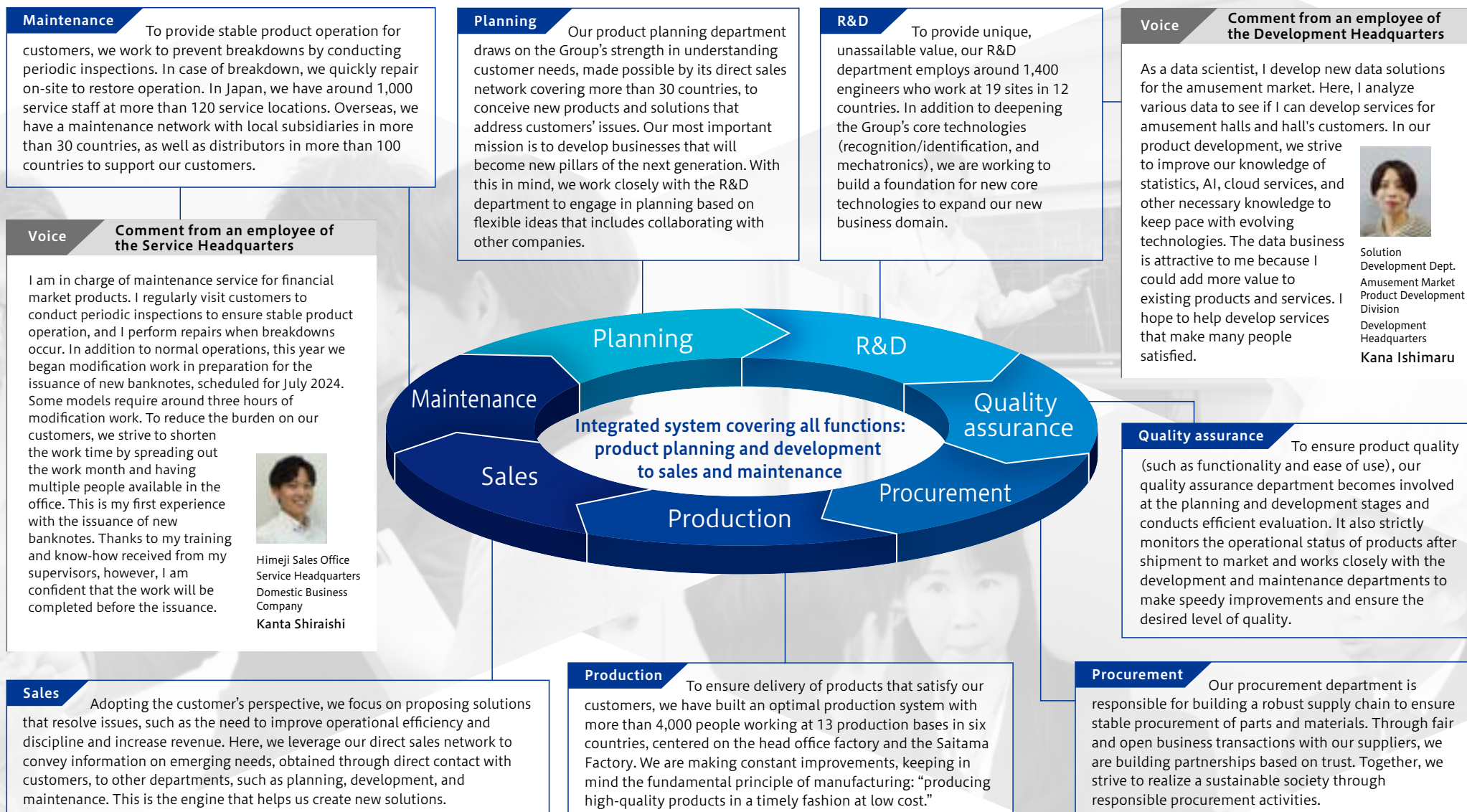
05 Human Resources Who Align with Our Strategy

Attracting talented human resources is an important effort in promoting new businesses. To this end, the Group focuses on recruiting and training software personnel with an emphasis on developing data scientists. Meanwhile, the Group's technical collaboration with AGIFT Co., Ltd., established to conduct R&D and promote DX, is progressing well. On the other hand, we need more sales personnel who can explain the results of data analysis or work together with customers to propose business solutions. To further develop our data business, including BUYZO, we are currently promoting on-the-job training offered by employees with extensive experience in the data business.

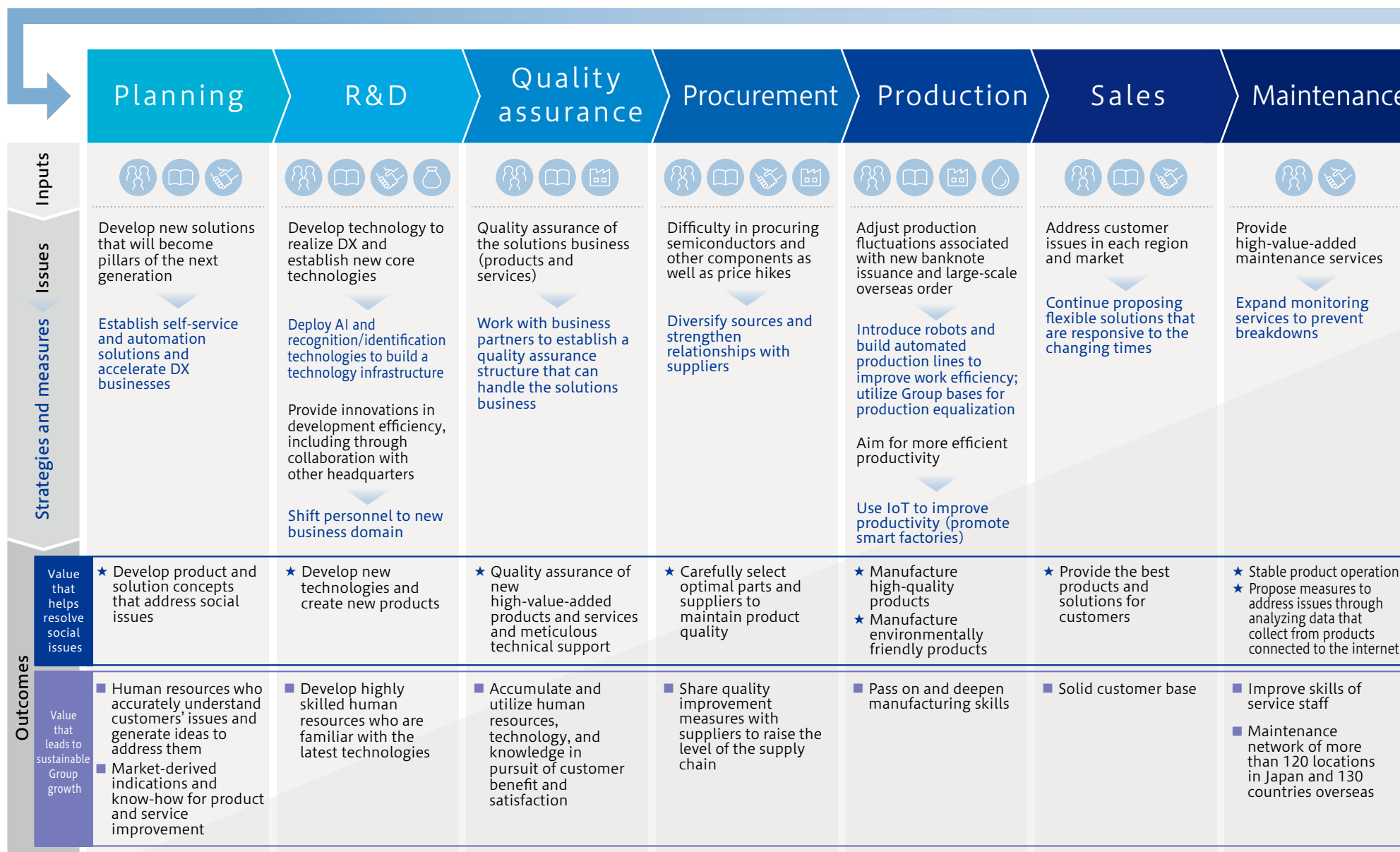
Function-Specific Strategies

Glory provides value demanded by society through an integrated system covering all functions, from product planning and development to sales and maintenance.

Our departments work in close collaboration with each other to promote strategies and enhance execution throughout the value chain. In this section, we introduce the strategy of each function and the value it provides.



Function-Specific Strategies



Human Resources Strategy



**Bringing together
people with diverse values
to provide a new
growth source**

Executive Officer;
Senior General Manager,
Human Resources Division,
General Affairs Headquarters

Yoshihiro Yatsutani

Q . What kind of human resource strategy do you envision under today's changing business environment?

One major social trend is the ongoing shift in values from “goods/services” to “experiences.” Digitalization is another key word. I feel similar changes in our business. In the past, our business has mainly been driven by customer needs, but recently we have been asked to propose solutions from our end. Our manufacturing traditionally requires expertise in mechatronics technology, which combines mechanical engineering and electronic engineering, which are both our strengths. In addition to mechatronics technology, the importance of software technologies required for digitization, such as algorithms and communication networks, is increasing every year.

Amid these changes, what kind of human resources should we develop? Our Long-Term Vision 2028 states that we want our organization and employees to be open-minded, act with

speed beyond expectation, represent a global company, and embrace a challenging spirit. Personally, I also want people capable of expressing their thoughts and ideas to others. It will be essential to collaborate extensively with diverse people inside and outside the Group with an open mind, sometimes bouncing ideas off each other to get the job done. We also need ideas and proposals that reach beyond immediate “experiences” to the “passion” that lies beyond those experiences. To this end, bringing together people with diverse values to resolve social issues will become increasingly important.

Q . What are your thoughts on digital transformation (DX) human resources?

Hiring and training DX personnel is extremely important to our human resource strategy, and we are working on this issue with the Development Headquarters and other divisions. In hiring, we are making extensive efforts in mid-career recruitment. In a society characterized by labor shortages, recruiting is becoming more and more difficult. For those considering joining our company, however, we will step up recruitment by promoting our solid business foundations—the technologies, products, and services we have developed and the markets we serve—and pursue initiatives to achieve DX and greater synergies based on those foundations.

In DX personnel development, we are strengthening human resource development and reskilling of mechanical and electrical engineers. We also emphasize education and training to develop personnel with knowledge of DX in our sales departments. In addition, we must resolve issues by identifying customers' immediate needs and thinking together about how to meet those needs. I want to focus on education and training to help employees gain such knowledge and skills.



Training and discussions held in the Digital Innovation and Development Department

Human Resources Strategy

Q . What reforms are you currently pursuing as a priority strategy?

As a priority strategy, we are pursuing reforms along two axes: revision of the personnel system (to be introduced in fiscal 2024) and talent management.

Key points of the former are to clarify the roles of each position at the management level and to evaluate the scope and difficulty of the roles using methods that are widely deployed around the world. This enables us to reward people fairly and appropriately based on the results of the aforementioned evaluations. Meanwhile, we will continue rewarding non-management-level employees according to their abilities, as we have to date, while encouraging them to continue developing those abilities.

In personnel evaluations, we will again clarify our approach and standards so that employees will feel they are being evaluated fairly and impartially. We evaluate the performances of individuals twice a year and reward them with bonuses. In addition to performance evaluations, we perform separate assessments of their actions, abilities, and other competencies, which can lead to regular pay rises, promotions, and other advancements.

In talent management, we are working to create a system built on company-wide perspectives. In addition to succession management, we regularly monitor the development status of all employees according to their class and reflect our findings in their future work experience and training required for their skills development.

This is where visualization of employee knowledge and skills becomes important. As a part of our DX, we plan to introduce a new human resource information system that visualizes employee evaluations.

We are also working to reform our education and training systems to coincide with the revision of our personnel system. By aligning the knowledge and skills required at each level and building a training system with content linked to such knowledge and skills, we will create a system enabling employees to learn effectively and efficiently.

Q . Tell us how you plan to develop the executive personnel who will lead the next generation.

For management-level employees and candidates, our programs focus on selective training. The GLORY Business College offers one such program over a seven-month period. In addition to helping employees acquire the knowledge and skills required for executive positions, the program functions as a forum for expanding internal and external personal networks through external seminars and cross-industry exchanges.

Our overseas sales account for more than 50% of consolidated net sales and are increasing every year. With this in mind, we are collaborating with overseas



Training for executive personnel development

Group companies to consider introducing career paths and other mechanisms that will allow young employees to gain overseas business and management experience.

Q . What are your thoughts on workforce diversity?

One key priority is the advancement of women. The percentage of women in our workforce is still not high, so there is much to be done. In addition to hiring and expanding job opportunities, we must create environments where female employees can play active roles by reforming work styles and helping employees balance work and family life. The key here is changing the mindset of management and negating any stereotypical ideas about women in the workforce. For this reason, we conduct regular training sessions to keep our management style in line with the times.

Regarding diversification of human resources, we are focusing on hiring and training mid-career workers and foreign nationals. We are committed to providing optimal solutions for an increasingly diverse society. To achieve this, we, as creators of such solutions, must also adopt diverse values. To translate our workforce diversity into an organizational strength, it is important to meet and talk directly with employees. The COVID-19 pandemic has given us opportunities to communicate through various means, but face-to-face communication is still very important. We can all gain new insights and ideas through direct exchanges of opinions with peers with different attributes, even on matters that have no correct answers. I believe that creating an environment in which a diverse workforce can excel is an important strategy for our future.

Q . What are your thoughts on employee engagement?

Unlike the old days, people's value perceptions about companies and work styles have been diversifying recently along with the changing times. This seems to be particularly true among the younger generation. Under such circumstances, I believe that improving engagement is important for motivating employees to work and grow, and for connecting the results of such motivation to growth of the Group.

With this in mind, in fiscal 2023 we established a company-wide, cross-functional working group consisting mainly of young and mid-career employees with different backgrounds. The aim of the group is to promote frank exchanges of opinions about issues and specific measures related to employee engagement. We will incorporate the results of those exchanges in our next medium-term management plan and monitor progress to make consistent improvements. We also conduct employee engagement surveys and incorporate the feedback into our policies.

Our strength lies in our ability to cover everything ourselves, from product planning and development to manufacturing, sales, and maintenance. And in line with our Corporate Philosophy of "a striving spirit and co-operative efforts," our strength comes from the power of our employees. In order to encourage employees to work in a positive manner with ambition, we will continue to improve employee engagement as we pursue a human resource strategy that is unique to our company.

Capital and Financial Strategy



**We will strive to improve
ROE and increase
corporate value.**

Managing Executive Officer
Executive General Manager,
Finance Headquarters

Yukihiro Fujikawa

Q. What is your general view of the Group's performance in fiscal 2022?

The business environment was uncertain due to the global shortage of semiconductors and soaring component prices, as well as sharp exchange rate fluctuations. However, demand for products and services in the financial and retail markets in Japan and overseas remained strong due to the ongoing need to address labor shortages and provide contactless/self-service solutions. We also posted record-high net sales thanks to revenue of Revolution, which we acquired, and the yen's depreciation. However, operating income declined significantly year on year, as we were unable to fully pass on cost increases, resulting from soaring material prices, to the selling prices of our products. We also posted a loss of entities accounted for using equity method, extraordinary losses associated with the impairment of goodwill of the Acrelec group and impairment losses associated with the partial termination of the development of an enterprise resource planning (ERP) system. As a result, we posted an ordinary loss and a net loss attributable to owners of parent.

Regarding the ERP system, there was a large gap between the functions initially envisioned in the adopted system and the actual functions. For this reason, we stopped implementing some functional components. To enable faster management decision-making on a global scale, however, it is essential that we link and centrally manage management information across the entire Group. Therefore, we will review our plans in this area and utilize existing systems to maximize effectiveness in a cost-conscious manner.

Q. How is the 2023 Medium-Term Management Plan progressing?

Under the plan, covering the three-year period from April 2021 to March 2024, we set consolidated performance targets of ¥300 billion in net sales and ¥35 billion in operating income before goodwill amortization (¥30 billion after goodwill amortization). We expect to exceed these targets in fiscal 2023, thanks partly to increased demand for our products related to the issuance of new banknotes, scheduled for July 2024.

We are also focusing on bolstering operating cash flows to enable strategic investments and enhance shareholder returns. However, we posted net operating cash outflow of ¥16.4 billion (compared with net inflow of ¥10.3 billion in the previous year). This was a significant deterioration from the assumptions made when we were formulating the medium-term management plan. The difference was mainly due to a temporary increase in work-in-process inventories resulting from the manufacture of products without parts that are difficult to procure, as well as a sharp increase in working capital requirements due to soaring procurement costs caused by rising parts and materials prices. In fiscal 2023, we anticipate improved performance and reduced product inventories as the parts procurement issue subsides and production recovers. We also expect operating cash flow to improve significantly.

In terms of capital efficiency, we are working to achieve a more efficient capital structure by using leverage, with a focus on reducing the weighted average cost of capital (WACC). Our ROE targets under the plan are 12.0% or higher before goodwill amortization and 9.5% or higher after goodwill amortization, both of which exceed the assumed cost of shareholders' equity (around 6%). In fiscal 2022, we posted ROE of -4.8%, a significant deviation from the target, due to the net loss. In fiscal 2023, we will strive to achieve a marked improvement in ROE by significantly increasing our bottom line and implementing various measures, including business portfolio management, to enhance profitability.

■ 2023 Medium-Term Management Plan: Consolidated performance summary

(Millions of yen)	Full year					Year-on-year change	
	FY2021	Ratio	FY2022	Ratio	FY2023 (forecast)		
Net sales	226,562	100.0%	255,857	100.0%	345,000	+89,143	+34.8%
Maintenance sales	83,894	37.0%	100,793	39.4%	117,000	+16,207	+16.1%
Operating income	10,195	4.5%	522	0.2%	40,000	+39,478	+7,562.8%
Ordinary income	10,404	4.6%	-2,720	-	38,500	+41,220	-
Net income attributable to owners of parent	6,410	2.8%	-9,538	-	23,000	+32,538	-
EBITDA*	27,505	12.1%	18,988	7.4%	58,500	+39,512	+208.1%
Exchange rates	US\$	¥112		¥135	¥130		-¥5
	Euro	¥131		¥141	¥135		-¥6

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

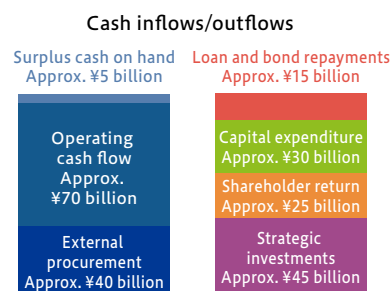
Capital and Financial Strategy

Q. What is the status of fund allocation during the period of the plan?

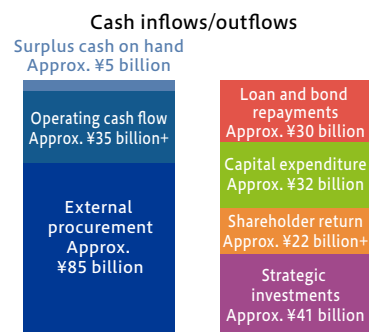
We consider the allocation of cash generated by business activities from the perspectives of investments in growth and capital investments, returning profits to shareholders and employees, and raising capital efficiency, so making proposals for such management is a mission of the utmost importance.

During the period of the plan, we initially planned to allocate funds to debt repayment and bond redemption (¥15 billion), capital expenditure (¥30 billion), shareholder returns (¥25 billion), and strategic investments (¥45 billion), based on operating cash flow above roughly ¥70 billion and fund procurement from external sources. However, operating cash flow over the plan's three-year period is expected to fall below our initial forecast due to our declining performance in fiscal 2022. In addition, we were forced to make a major revision to our cash allocation plan by using short-term borrowings to cover the increased working capital requirements. As mentioned earlier, however, we expect cash flow to improve in fiscal 2023, and we will work to reduce such borrowings, which were greater than anticipated. We are scheduled to redeem ¥10 billion in five-year corporate bonds in December 2023 and at that stage plan to undertake refinancing.

■ Initial Plan



■ Forecasts

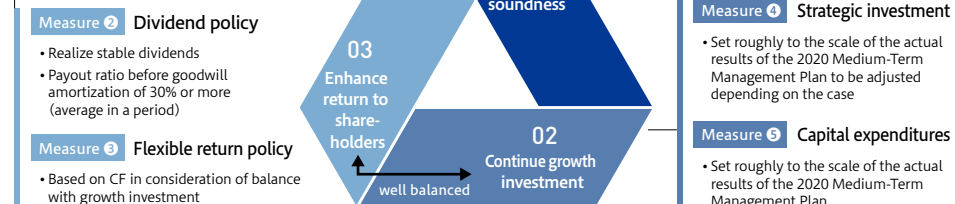


Basic policy on financial strategy

The Company's financial strategy reflects its basic philosophy of first securing financial soundness and then making aggressive investments for growth while providing robust shareholder returns. Under the 2023 Medium-Term Management Plan and based on maintaining an "A" credit rating, we set an equity ratio of 50% or more and a D/E ratio of 0.6 times or less as guidelines for financial soundness. We will implement our capital policy flexibly, taking into consideration the balance between growth investments and shareholder returns. We plan to maintain a stable dividend payout ratio of 30% or more before amortization of goodwill, but when strategic investments are required for growth investments, we might need to procure from external sources.

■ Capital and Financial Strategies

- Adoption of IFRS assumed
- Enhance cash-generating ability to support growth investment and fulfilling shareholder returns

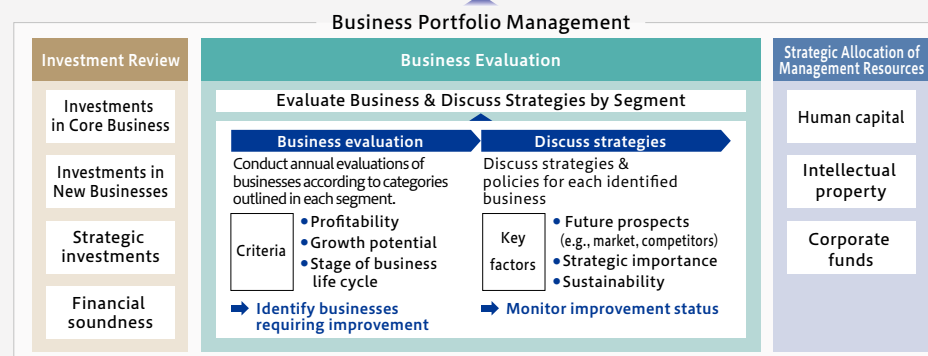


Business portfolio management

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

■ Business Portfolio Structure

Enhance corporate value with improved profitability and capital efficiency. (ROE to exceed cost of equity)



Capital and Financial Strategy

Strategic investment criteria and basic policy

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

Investing in intangible assets

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

To expand our data business, we need to reinforce our human resources, including IT and AI engineers. In addition to strengthening human resource development programs and hiring new graduates and mid-career workers, we will pursue M&As and capital/business alliances to reinforce our human resources.

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

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

Initiatives to enhance corporate value

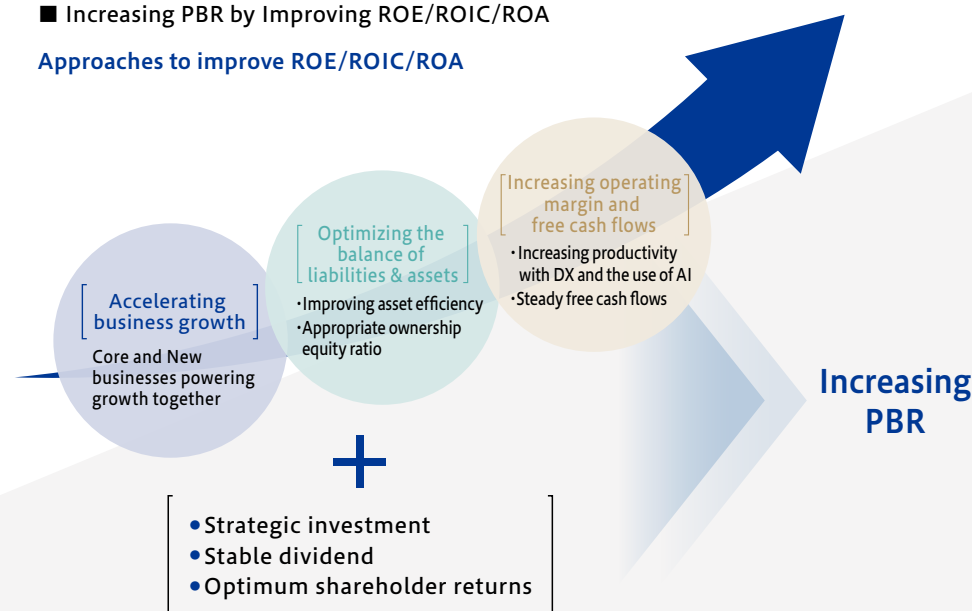
The Company strives to enhance corporate value by managing and improving the three indicators of ROE, ROIC, and ROA, among others.

To improve the three indicators, we will work to accelerate business growth, optimize our debt and capital structure, improve profit margins, and enhance our cash generation capability. We also aim to achieve a price-to-book value ratio (PBR) of more than 1x by allocating generated cash to strategic investments in priority areas, increased growth investments, and flexible shareholder return measures, including stable dividends and share buybacks.

We are currently considering specific numerical targets for each indicator as we formulate the 2026 Medium-Term Management Plan, a three-year plan that starts in April 2024.

■ Increasing PBR by Improving ROE/ROIC/ROA

Approaches to improve ROE/ROIC/ROA



ROE, ROIC, and ROA targets are currently being discussed along with the 2026 MTP

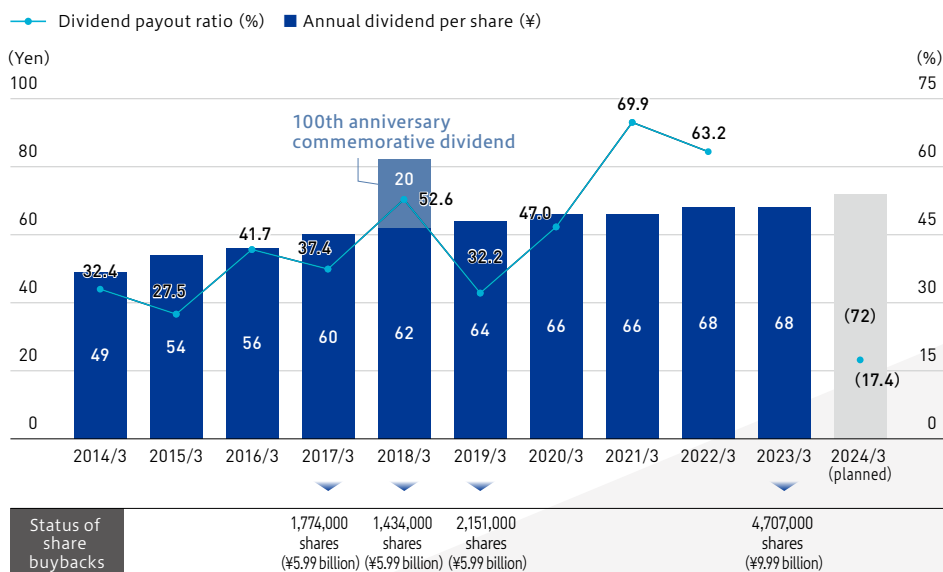
Approach to shareholder return

We consider the return of profits to shareholders to be an important management task and retain a policy to continue stable dividends while striving to maintain and enhance a sound financial position in preparation for future business growth.

Dividend payments for the period of the 2023 Medium-Term Management Plan are based on the dividend payout ratio before goodwill amortization on a consolidated basis, with a view to shifting to International Financial Reporting Standards in the future. In addition, we aim for a three fiscal year average dividend payout ratio before goodwill amortization on a consolidated basis of 30% or more. We will maintain a positive attitude toward growth investment while improving return to shareholders within a range of financial soundness.

With regard to purchasing treasury shares, we will take an appropriate approach that considers future business development, investment plans, internal reserves, and performance trends. Our policy is to keep treasury shares within approximately 5% of total shares issued by retiring any treasury shares in excess of that amount.

■ Annual Dividends, Dividend Payout Ratio, and Share Buybacks



Total shareholder return

Our total shareholder return (TSR) over the past 10 years is a cumulative +56%, or +4.5% on an annualized basis, which unfortunately is below the TOPIX and TOPIX Machinery Sector averages. We believe this is due to our continued failure to achieve medium-term management plan targets and our inability to show the future growth potential of our business as a Group involved in the cash handling business amid the global trend toward cashless transactions.

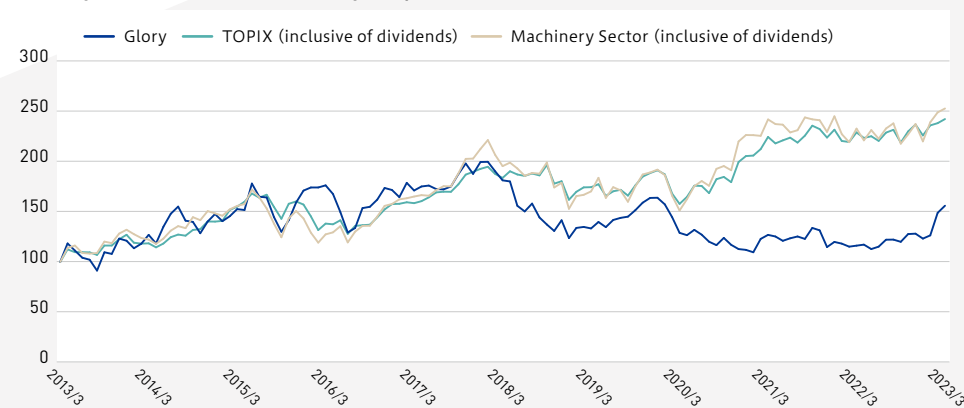
Although stock prices are influenced by various factors in addition to business performance, such as market trends and economic conditions, we will aim to improve our TSR by achieving the targets of the 2023 Medium-Term Management Plan and its successor and realizing our Long-Term Vision 2028.

■ Total Shareholders' Return (TSR)

Investment period	1-year	3-year		5-year		10-year	
	Cumulative/Annualized	Cumulative	Annualized	Cumulative	Annualized	Cumulative	Annualized
Glory	43.0%	24.4%	7.5%	-15.0%	-3.2%	56.0%	4.5%
TOPIX	5.8%	53.4%	15.3%	31.8%	5.7%	142.1%	9.2%
TOPIX (Machinery Sector)	8.6%	67.1%	18.7%	29.3%	5.3%	152.6%	9.7%

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

■ Glory Stock Performance (10-year period)



Note: Changes in stock indexes inclusive of dividends, where the closing price data on March 31, 2013, is set to 100

Financial/Non-Financial Highlights

Financial Highlights GLORY LTD. and consolidated subsidiaries

Financial data		(Millions of yen)	FY2012	FY2013	FY2014* ¹	FY2015* ^{1,2}	FY2016* ²	FY2017	FY2018	FY2019	FY2020* ³	FY2021* ^{3,4,5}	FY2022
Net sales			190,938	218,632	222,356	226,952	222,581	227,361	235,762	224,170	217,423	226,562	255,857
(By business segment)	Financial market		44,679	45,654	48,116	51,819	53,301	53,970	56,636	42,262	49,877	36,079	36,248
	Retail and transportation market		29,670	31,007	29,886	45,531	42,657	43,216	51,985	52,487	49,078	47,859	45,595
	Amusement market		25,845	24,811	25,432	21,506	20,434	20,570	20,511	20,753	11,020	12,131	15,139
	Overseas market		75,688	103,002	104,241	105,595	103,787	106,758	103,287	103,621	104,765	127,803	155,902
	Others		15,055	14,156	14,679	2,498	2,400	2,845	3,341	5,045	2,680	2,688	2,971
(By geographical segment)	Japan		115,250	115,630	118,115	121,357	118,794	120,603	132,475	120,549	112,658	98,759	99,955
	EMEA		33,289	41,895	41,534	43,579	40,350	46,374	43,963	44,119	50,288	68,967	70,758
	Americas		24,499	30,693	34,594	38,291	40,574	39,482	37,072	38,459	34,891	44,684	69,336
	Asia Pacific		17,899	22,718	22,990	17,468	15,339	14,106	15,098	15,267	14,730	14,151	15,806
	OEM		—	7,695	5,123	6,258	7,524	6,796	7,155	5,775	4,854	—	—
Cost of sales			117,266	131,512	134,757	137,357	135,907	140,174	147,274	137,109	131,962	136,800	164,630
Selling, general and administrative expenses			59,213	70,401	68,905	69,042	66,307	67,570	67,912	69,134	71,259	79,566	90,704
Operating income			14,458	16,718	18,693	20,552	20,365	19,615	20,576	17,927	14,201	10,195	522
Ordinary income			13,695	19,764	22,211	17,583	17,205	17,553	20,575	15,514	14,137	10,404	(2,720)
Net income attributable to owners of parent			6,873	9,939	12,887	8,829	10,382	9,892	12,256	8,486	5,705	6,410	(9,538)
Capital expenditure			8,218	7,234	8,499	8,881	8,043	8,706	8,322	10,687	9,739	11,423	11,064
R&D expenses			12,091	13,174	12,869	12,590	13,965	14,119	13,171	14,082	14,730	14,743	14,466
Depreciation and amortization			8,897	9,281	10,350	10,327	9,469	9,450	8,945	10,133	10,706	11,952	11,762
Cash flows from operating activities			14,704	17,623	21,106	28,142	30,087	14,585	24,300	24,555	28,443	10,315	(16,486)
Cash flows from investing activities			(52,336)	(4,770)	(3,425)	(7,714)	(6,632)	(8,609)	(11,388)	(13,032)	(21,666)	(25,739)	(9,364)
Free cash flows			(37,632)	12,853	17,681	20,428	23,455	5,976	12,912	11,523	6,777	(15,424)	(25,851)
Dividends paid			2,890	3,218	3,547	3,689	3,877	5,186	3,949	4,010	4,010	4,132	3,855
Acquisition of treasury shares			0	0	0	0	5,999	5,999	5,999	0	0	0	10,570
Total assets			319,077	340,943	346,613	321,672	312,821	302,825	318,228	308,431	330,608	363,269	381,273
Total equity			168,464	190,804	204,544	198,287	191,443	192,165	193,257	186,668	196,332	208,607	195,984
Interest-bearing debt			86,298	75,687	64,982	51,556	50,412	37,188	49,492	49,607	48,296	56,790	86,654

Per share data

Net income	(Yen)	104.64	151.31	196.19	134.38	160.35	155.96	198.71	140.45	94.38	106.02	(167.02)
Equity	(Yen)	2,537.23	2,865.09	3,066.53	2,966.22	2,939.78	3,003.62	3,133.54	3,056.75	3,195.82	3,395.33	3,474.76
Dividend (annual)	(Yen)	44.00	49.00	54.00	56.00	60.00	82.00	64.00	66.00	66.00	68.00	68.00

Financial indicators

Operating margin	(%)	7.6	7.6	8.4	9.1	9.1	8.6	8.7	8.0	6.5	4.5	0.2
Overseas sales ratio	(%)	39.6	47.1	46.9	46.5	46.6	47.0	43.8	46.2	48.2	56.4	60.9
Return on equity (ROE)	(%)	4.3	5.6	6.6	4.5	5.4	5.3	6.5	4.5	3.0	3.2	(4.8)
Return on assets (ROA)	(%)	5.2	6.0	6.5	5.3	5.4	5.7	6.6	5.0	4.4	3.0	(0.7)
Equity ratio	(%)	52.2	55.2	58.1	60.6	60.1	62.0	59.5	59.9	58.4	56.5	50.7
D/E ratio	(Times)	0.52	0.40	0.32	0.26	0.27	0.20	0.26	0.27	0.25	0.28	0.45
Payout ratio	(%)	42.0	32.4	27.5	41.7	37.4	52.6	32.2	47.0	69.9	63.2	—
Total return ratio	(%)	42.0	32.4	27.5	41.7	95.1	113.1	81.2	47.0	69.9	63.2	—
Stock price	(Yen)	2,259	2,829	3,350	3,825	3,650	3,795	2,656	2,490	2,380	2,072	2,895
Price earnings ratio (PER)	(Times)	21.6	18.7	17.1	28.5	22.8	24.3	13.4	17.7	25.2	19.5	(17.3)
Price book-value ratio (PBR)	(Times)	0.89	0.99	1.09	1.29	1.24	1.26	0.85	0.81	0.74	0.61	0.83
Dividend yield	(%)	1.95	1.73	1.61	1.46	1.64	2.16	2.41	2.65	2.77	3.28	2.35

*1 In fiscal 2015, we changed the translation method for income and expenses of overseas subsidiaries from the "year-end exchange rate" to the "average exchange rate." Figures for fiscal 2014 have been applied retrospectively to reflect the change.

*2 In fiscal 2016, following a review of our business segments, we reclassified part of our business (previously included in "Other") into the "Financial market" and "Retail and transportation market" segments. Figures for fiscal 2015 have been applied retrospectively to reflect the change.

*3 In fiscal 2021, following a review of our business segments, we reclassified our biometric and image recognition business and a part of our business related to electronic payments (both previously included in "Other") into the "Retail and transportation market" segment and reclassified part of our new business to the overseas market. Figures for fiscal 2020 have been applied retrospectively to reflect the change.

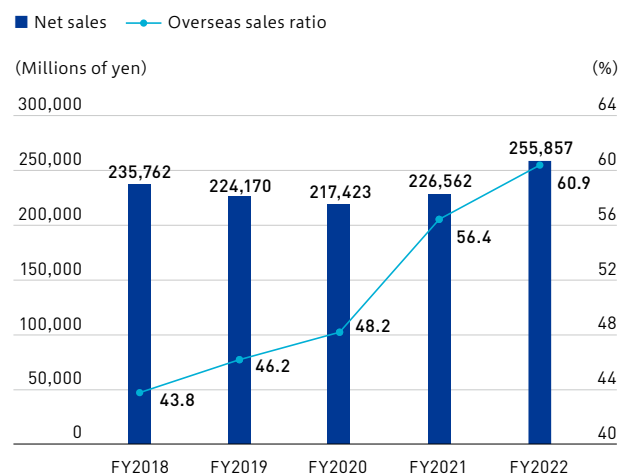
*4 From fiscal 2021, OEM sales are included in sales in the Americas, Europe, and Asia.

*5 Results for fiscal 2021 are shown after retrospective application of finalized provisional accounting treatment related to business consolidation.

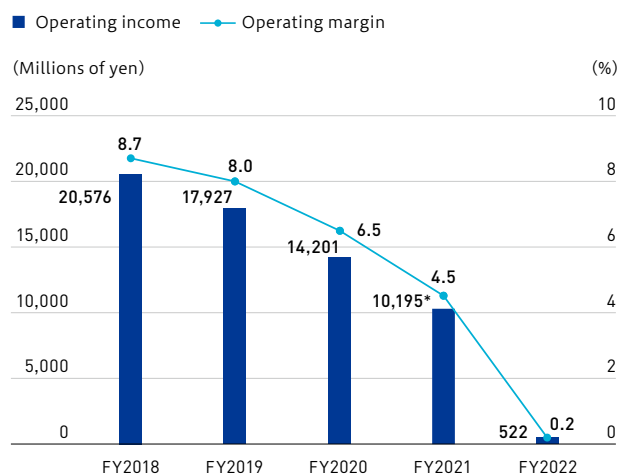
Financial Highlights

GLORY LTD. and consolidated subsidiaries

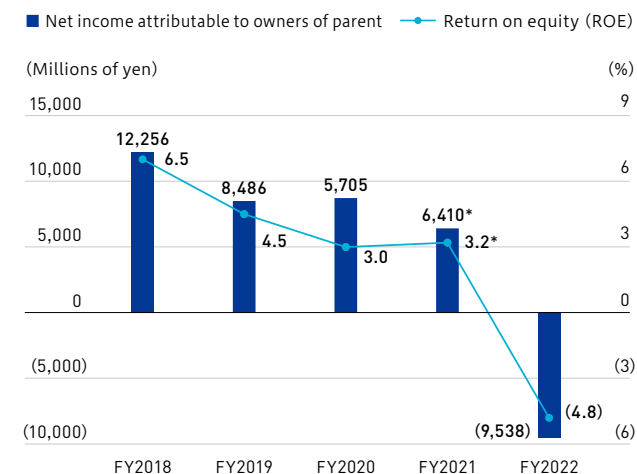
Net Sales/Overseas Sales Ratio



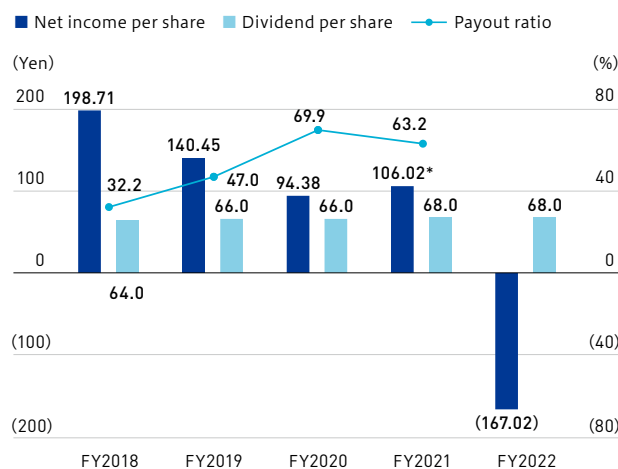
Operating Income/Operating Margin



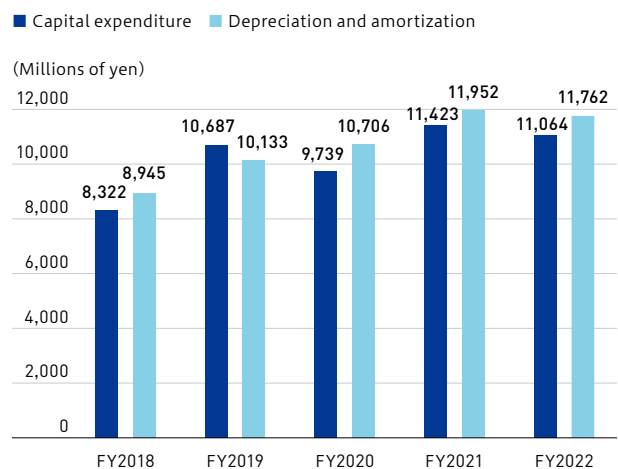
Net Income Attributable to Owners of Parent/Return on Equity (ROE)



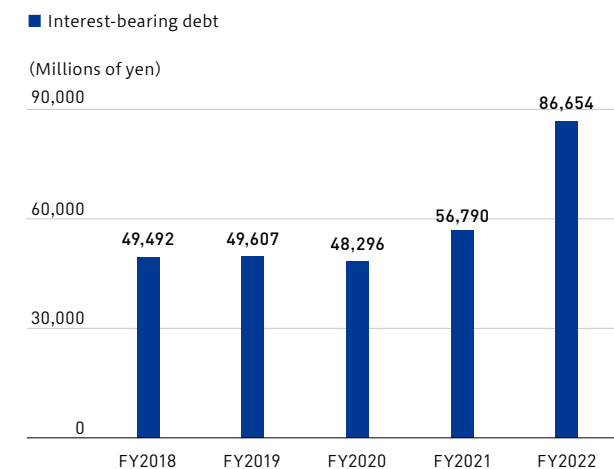
Net Income per Share/Dividend per Share/Payout Ratio



Capital Expenditure/Depreciation and Amortization



Interest-Bearing Debt



* Figures are retroactively applied to reflect the finalized tentative accounting treatment for corporate consolidation.

Five-Year Non-Financial Highlights

 ESG Data

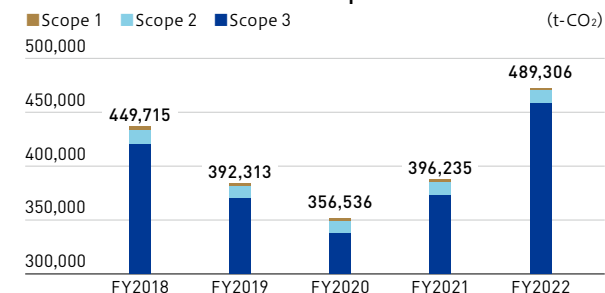
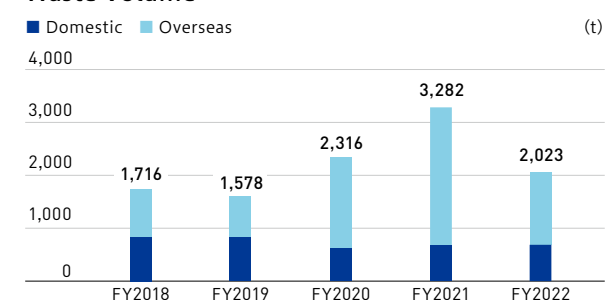
			FY2018	FY2019	FY2020	FY2021	FY2022
E Environment							
CO ₂ emissions from business operations* ¹	Domestic	(t-CO ₂)	13,753	11,703	11,159	11,334	10,717
	Overseas	(t-CO ₂)	3,468	3,539	3,887	4,527	4,480
	Total	(t-CO ₂)	17,222	15,242	15,047	15,862	15,197
CO ₂ emissions for each scope* ²	Scope 1	(t-CO ₂)	3,110	3,016	2,816	2,744	2,697
	Scope 2	(t-CO ₂)	14,112	12,226	12,231	13,118	12,501
	Scope 3	(t-CO ₂)	432,494	377,072	341,490	380,373	474,109
	Total	(t-CO ₂)	449,715	392,313	356,536	396,235	489,306
Waste volume* ¹	Domestic	(t)	825	820	609	667	692
	Overseas	(t)	891	758	1,707	2,615	1,331
	Total	(t)	1,716	1,578	2,316	3,282	2,023
Water use* ¹	Domestic	(Thousand tons)	91	82	75	72	71
	Overseas	(Thousand tons)	34	34	32	35	36
	Total	(Thousand tons)	125	116	107	107	107
S Society							
Permanent employees	Male	(Persons)	3,000	3,016	3,038	3,034	3,019
	Female	(Persons)	447	457	465	472	479
	Total	(Persons)	3,447	3,473	3,503	3,506	3,498
Number of managers	Male	(Persons)	1,060	1,069	1,042	1,040	1,040
	Female	(Persons)	16	17	21	28	29
	Total	(Persons)	1,076	1,086	1,063	1,068	1,069
Ratio of female managers		(%)	1.49	1.57	1.97	2.62	2.71
Number of employees with disabilities* ³		(Persons)	112	117	120	124	123
Ratio of employees with disabilities* ³		(%)	2.23	2.23	2.39	2.46	2.46
Ratio of days taken paid leave		(%)	66.7	66.7	65.6	66.1	70.2
Annual actual working hours per employee		(Hours/year)	2,020	2,004	2,039	2,025	2,013
Training expenditures per employee		(Yen/person)	71,947	54,420	25,827	48,203	21,154
Number of occupational accidents			8	11	10	8	9
G Governance							
Number of whistleblowing cases			20	22	16	28	13
R & D							
Number of patents, utility models, and designs applied for and acquired	Domestic		1,191	1,213	1,229	1,085	1,176
	Overseas		862	960	1,114	1,057	1,136
	Total		2,053	2,173	2,343	2,142	2,312

*¹ GLORY LTD. and domestic/overseas consolidated subsidiaries that have acquired ISO 14001 certification*² Boundaries for each scope are as follows.

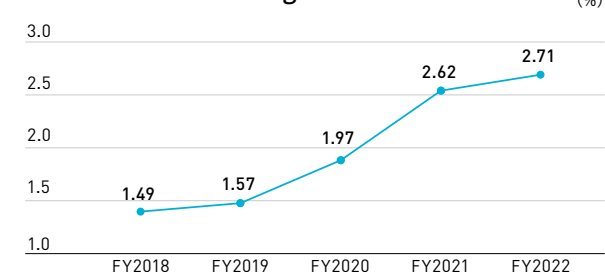
Scope 1: GLORY LTD. and domestic and overseas Group companies that have acquired ISO 14001 certification (excluding fuels of vehicles owned by the company)

Scope 2: GLORY LTD. and domestic and overseas Group companies that have acquired ISO 14001 certification

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

*³ Includes data from GLORY Products Ltd., GLORY Friendly Co., Ltd., GLORY System Create Ltd., and GLORY Mechatronics Ltd.CO₂ Emissions for Each Scope*²Waste Volume*¹

Ratio of Female Managers



2023 Medium-Term Management Plan Non-Financial KPIs

 Key Sustainability Issues

	Key sustainability themes	Materiality	Fiscal 2023 KPIs		Fiscal 2021 results	Fiscal 2022 results
Creating new value	Creating new value through business	<ul style="list-style-type: none"> Promote extension from core business domain Build and expand new business models Promote IP (Intellectual Property) strategies 	<ul style="list-style-type: none"> Provide retail solutions that meet contactless and self-service needs Support the promotion of DX in restaurants and retail outlets Number of domestic patents filed/registered Number of overseas patents filed/registered 	Case studies Case studies Disclose results Disclose results	Supported retailers' promotion of self-checkout	Aggressive expansion of self-service kiosks into global F&B
					Active development of the DMP business and the kiosk business Number acquired in Japan: 171 cases Number of applications in Japan: 1,085 cases Number acquired overseas: 75 cases Number of applications overseas: 1,057 cases	Active development of DMP business and kiosk business Number acquired in Japan: 125 cases Number of applications in Japan: 1,176 cases Number acquired overseas: 54 cases Number of applications overseas: 1,136 cases
Environment E	Fostering environmental initiatives	<ul style="list-style-type: none"> Promote businesses contributing to a carbon-free society Develop and spread eco-friendly products contributing to a carbon-free society Enhance the contribution to biological diversity preservation 	<ul style="list-style-type: none"> Reduce CO₂ emissions throughout business activities Reduce CO₂ emissions in product usage Biological and botanical survey/Forest conservation activity (plant and thin out trees) 	15% reduction (compared with fiscal 2013) 20,000 tons (compared with fiscal 2013) Disclose results/Plan achievement rate: 100%	25.9% reduction (compared with fiscal 2013) 8,499 t Conduct vegetation survey, improve carbon fixation by 18%/10 years Plan implementation rate: 100% Thinning: 0.94 ha, tree planting (tree raising): 13 trees	32.7% reduction (compared with fiscal 2013) 8,972 t Establish new activity plan "Yumesaki Forest 2030" Thinning: 0.5 ha Cultivating trees Arakawa-Riverbank Cleanup Activities
Society S	Implementing human resources initiative	<ul style="list-style-type: none"> Respect for human rights and diversity 	<ul style="list-style-type: none"> Ensure the diversity of board members Ratio of female employees at time of hire Number of female managers Number of foreign employees (including number of managers) Ratio of mid-career hires in management positions Increase in employment rate of people with disabilities Training on human rights* Number of consultations on human rights* *Matters related to harassment Understanding training costs per employee (education investment) Number of whistleblowing cases Annual actual working hours per employee 	Disclose results More than 25% (FY2025) 44 (FY2025) Disclose results Disclose results Above 2.3% Attendance rate 100% Disclose results Disclose results Disclose results Disclose results	1 female member 15.6% 28 13 23.1% 2.46% e-learning participation rate of 99.8% 13 cases ¥48,203 28 cases 2,025 hours	1 female member 17.4% 29 15 22.1% 2.46% e-learning for Ethics Month (November): 99.5% participation rate Compliance training at Production Headquarters (held 3 times online) 8 cases ¥21,154 13 cases (including 8 consultations on harassment) 2,013 hours
			<ul style="list-style-type: none"> Promote health management Number of days taken paid leave per employee Lost-time injury frequency rate/severity rate 	Implement measures More than the previous year Less than the previous year	Initiatives such as prevention of and response to COVID-19 and promotion of vaccinations and the like 14 days Frequency rate: 0.52, Severity rate: 0.005	Initiatives such as prevention of and response to COVID-19 and promotion of vaccinations and the like 14.9 days Frequency rate: 0.53, Severity rate: 0.020
			<ul style="list-style-type: none"> Maintain a healthy and safe workplace 			
			<ul style="list-style-type: none"> Further promotion of global sustainable procurement 	Implement the voluntary checklist Response rate of 100%	Response rate of 100%	Response rate of 100%
			<ul style="list-style-type: none"> Number of occurrences of serious product accidents (PL)/Number of severe incidents of non-compliance with laws and regulations (product safety)/Number of PL litigations about quality Implementation rate of product safety assessment of newly developed products 	0 cases Achievement rate of 100%	0 cases 100%	0 cases 100%
			<ul style="list-style-type: none"> Enhance facility tours and dialogue for stakeholders 	Disclose results	Number of implementations such as meetings with investors and others: 216	Number of implementations such as meetings with investors and others: 263
			<ul style="list-style-type: none"> Supply Chain Management 			
			<ul style="list-style-type: none"> Improving customer satisfaction 			
			<ul style="list-style-type: none"> Engaging stakeholders 			
			<ul style="list-style-type: none"> Further strengthen corporate governance Identify and manage risks from a global perspective Measures for corporate ethics, legal compliance, and anti-corruption 	Disclose results Disclose results 0 cases Achievement rate of 100% 0 cases	Implemented third-party evaluations 17 times (including temporary board of directors) 0 cases General training participation rate of 99.8%, etc. 1 case	Conducted an evaluation of the effectiveness of the Board of Directors; Evaluation results are shared with the Board of Directors, and various measures are being devised and promoted 16 times 0 cases General training participation rate of 99.8%, etc. 0 cases
Governance G	Strengthening governance		<ul style="list-style-type: none"> Analysis and evaluation relating to effectiveness of Board of Directors Number of meetings of Board of Directors Number of serious information security incidents Information security education Number of serious compliance violations 	Disclose results Disclose results 0 cases Achievement rate of 100% 0 cases		

Addressing Climate Change



Basic Policy

 Environmental Vision and Environmental Policy

 Environmental Management

Through GLORY GREEN CHALLENGE (slogan: “Leading the way for a prosperous Earth with dynamics and technology through cooperative efforts”), we are working to prevent global warming as one of the action themes of our environmental vision. In addition to reducing our own greenhouse gas emissions closer to zero, we help achieve carbon neutrality throughout our value chain.

Information Disclosure Based on the TCFD Recommendations

 Addressing Climate Change

Since November 2021, the Glory Group has been supporting the Task Force on Climate-related Financial Disclosures (TCFD). We are committed to disclosing information regarding risks and opportunities that climate change presents to our business.



► Governance

Towards carbon neutrality and sustainable society, we promote sound management practices to reduce the environmental burden in every aspect of our business activities. To ensure sound decision-making and supervision for our business execution, we have put in place the following procedure.

Climate-related issues are first dealt by the Environmental Management Committee, chaired by the executive officer who is delegated the authority and responsibility by the President for environmental management. The Environmental Management Committee deliberates upon climate-related matters, of which material issues are reported to and approved by the Sustainability Committee chaired by the President.

Finally, these issues are reported to the Board of Directors and this process is stipulated in the Sustainability Committee regulations.

► Strategies

Below is the list of our climate-related risks and opportunities with key drivers and possible impacts on our business over the medium to long term.

Going forward, we will conduct analysis and evaluation throughout our value chain based on the multiple scenarios including B2DS (Beyond 2°C Scenario).

The impact of climate-related risks and opportunities on the Company's business and the Company's responses are assumed as follows.

Risks & Opportunities		Key Drivers	Business Impacts	Financial Impacts	Countermeasures
Transition Risks		Increase in social demand for reduction of greenhouse gas emissions	• Increased capital investment for energy conservation and renewable energy	Large	• To execute medium- to long-term environmental plans • To invest in energy-saving facilities and renewable energy according to the plan
		Introduction of carbon tax & emissions trading	• Increased business costs	Medium	• To improve renewable energy ratio
		Broadening and increased complexity of laws and regulations	• Increased costs associated with compliance with applicable laws and regulations	Medium	• To develop technologies and products that comply with laws and regulations • To facilitate dedicated staff to monitor the trends of laws and regulations in the countries we operate
	Market & Technology	Growing market demand for energy-saving products and services	• Increased costs for research and development to maintain market competitiveness • Decreased sales due to delays in the development of environmentally friendly products	Medium	• To develop technologies and products based on market and industry trends



Risks & Opportunities		Key Drivers	Business Impacts	Financial Impacts	Countermeasures
Transition Risks	Reputation	Growing demand from stakeholders for decarbonization	<ul style="list-style-type: none"> • Deterioration of investors' decisions due to insufficient decarbonization efforts and information disclosure • Increased costs to meet the demanding ESG disclosure standards 	Large	<ul style="list-style-type: none"> • To execute medium- to long-term environmental plans and promote fair and proactive disclosure of ESG initiatives
		Intensification of natural disasters	<ul style="list-style-type: none"> • Suspended operations at our production sites prone to the damage from typhoons, floods, etc. • Increased costs for repair and replacement of damaged equipment • Increased costs for countermeasures and insurance premiums • Interrupted parts procurement due to suppliers being unable to operate 	Large	<ul style="list-style-type: none"> • To evaluate water risks at production sites and formulate business continuity plans (BCPs) • To diversify risks such as raw material suppliers, supply systems, and transportation routes
Physical Risks	Acute	Sea level rise	<ul style="list-style-type: none"> • Suspended operations at low-altitude production and distribution sites 	Large	
		Average temperature rise	<ul style="list-style-type: none"> • Increased operating costs due to greater load on air-conditioning equipment • Decreased work efficiency of employees 	Small	<ul style="list-style-type: none"> • To implement energy-saving measures and energy-efficient air-conditioning equipment • To improve renewable energy ratio
Opportunities	Products & Services	Growing demand for environmentally friendly products	<ul style="list-style-type: none"> • Increased sales in response to the growing demand for environmentally friendly products 	Large	<ul style="list-style-type: none"> • To develop environmentally friendly products

*Financial impact ; Large=1 billion yen or more, Medium=100 million yen or more and less than 1 billion yen, Small=less than 100 million yen.

► Risk Management

The Risk Management Committee, chaired by the President, extracts and reviews potential risks in all areas including climate change and identifies material issues.

To address these risks, we apply an environmental management system and follow the PDCA cycle in alignment with Glory's business activities.

Identified risks and opportunities are reviewed in the Environmental Management Committee.

► Metrics and Targets

The Glory Group uses CO₂ emissions as the key metrics for climate-related risks and opportunities and has set the “FY2050 Environmental Sustainability Goals,” aiming for net-zero CO₂ emissions by fiscal 2050. These goals are aligned with Glory's environmental policies and the idea of a carbon-neutral society. Casting back from the FY2050 Environmental Sustainability Goals, we have set the FY2030 Environmental Sustainability Goals as a milestone to reduce CO₂ emissions by 50% compared to fiscal 2013.

To monitor the KPIs, we have formulated the Medium-Term Environmental Plan with specific targets to be achieved within the three years covered in the plan. CO₂ emissions in FY2022, the second year of the plan were 10,717 tons, a 32.7% reduction compared to fiscal 2013.

Going forward, we will start examining the ways to reduce Scope 3 emissions in the supply chain.

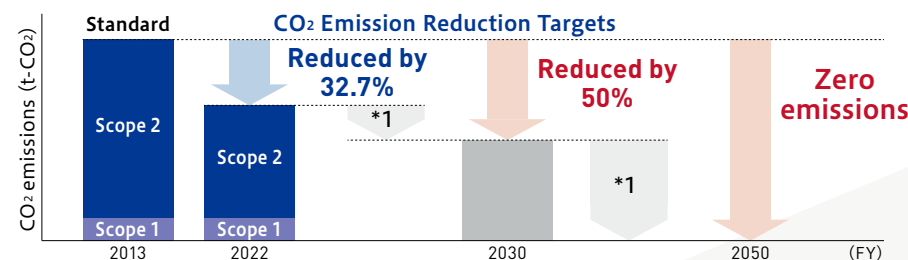
Aiming for carbon neutrality in fiscal 2050, we will continue our initiatives, such as planned updates to energy-efficient equipment at manufacturing sites, and increase the use of renewable energy through solar power generation and renewable energy procurement (purchase with Renewable Energy Certificate).

■ Long-Term Environmental Sustainability Goals



* We use the term 'CO₂' as most of our greenhouse gas emissions are CO₂.

* These goals apply to - ISO 14001 certified sites (Glory and its domestic consolidated subsidiaries)
- Scope 1 (Direct emissions by the Glory Group) and Scope 2 (Indirect emissions from purchased electricity)



*1 1) Promote energy-saving initiatives

2) Install or upgrade to high-efficiency facilities and equipment

3) Increase the use of renewable energy

(e.g., installing solar power generation equipment and securing renewable energy sources)


[ESG Data](#)
[Eco Products](#)

► Initiatives to Reduce and Control CO₂ Emissions

We monitor our CO₂ emissions regularly and disclose the figures over time for the following:

Scope 1 - Direct emissions from our business activities

Scope 2 - Indirect emissions from purchased electricity

Scope 3 - All other indirect emissions from upstream and downstream activities in supply chains

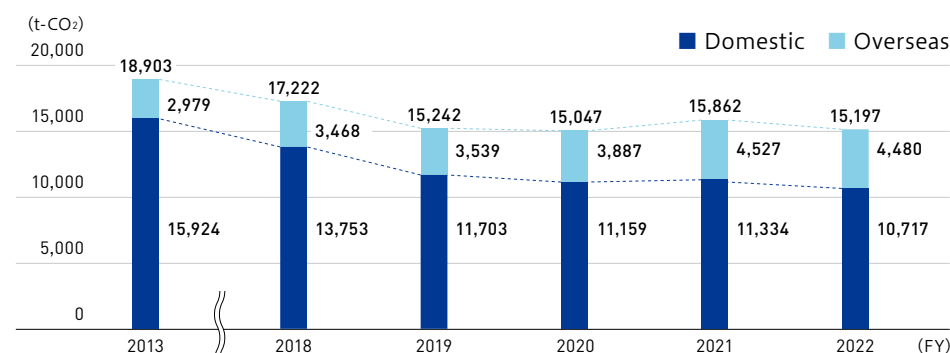
Reduce Scope 1 and 2 emissions (Domestic & Overseas)

We have established 3-year action plans and annual goals to reduce CO₂ emissions. Our initiatives include installation of an electricity usage monitoring system, LED lighting, and human detection sensors. We have also installed a solar power system on the rooftop of the Head Office buildings for the use of renewable energy. In fiscal 2022, CO₂ emissions from our domestic sites decreased by 32.7% compared to fiscal 2013.

Control Scope 3 emissions (Domestic)

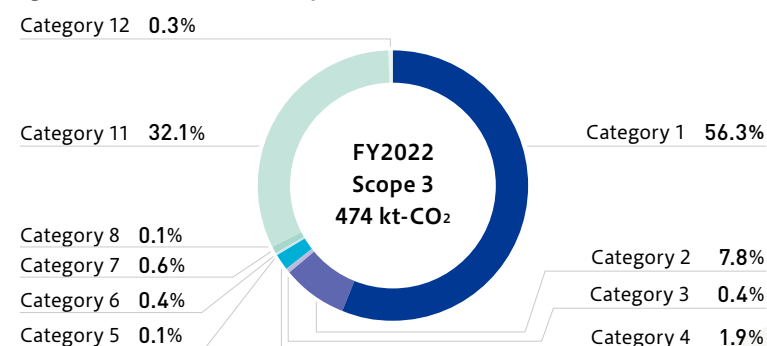
We calculate our CO₂ emissions created by our supply chains to understand the current status and to reduce the environmental impact of our business activities. In Scope 3, we categorize these emissions to visualize the trend to control the CO₂ emissions created outside our business activities. Category 1 (Purchased products and services) and Category 11 (Use of our products) are the main target for CO₂ reduction, as they account for 88% of the Scope 3 emissions.

■ Annual CO₂ Emissions



*ISO 14001 certified sites (Glory and its domestic and overseas consolidated subsidiaries)

■ Percentage of CO₂ Emissions in Scope 3



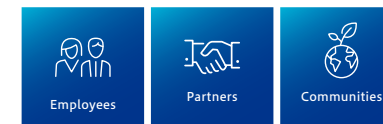
Notes:

1.Scope 3

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

2.Categories 9, 10, 13, 14 and 15 are not applicable to our business.

Human Rights



Basic Concept



All employees must abide by Glory's Corporate Action Guidelines, which stipulate rules on respect for individuals, talent development, and workplace safety. They also clearly call for respect for other employees' diversity, personalities, individual differences, and above all human rights. In addition, the Glory Legal Code of Conduct governing the laws and codes of ethics, which all Glory Group employees and business partners are expected to follow, stipulate the protection of human rights, including prohibition of discrimination and harassment, to ensure that human rights are respected in the course of conducting business and establishing the work environment. We also recognize various international rules related to human rights, such as the International Bill of Human Rights and Guiding Principles on Business and Human Rights as well as the respective laws of each nation or region.

Furthermore, the Glory Group has signed and participates in the United Nations Global Compact, which advocates universal principles covering the four areas of human rights, labor, the environment, and anticorruption. The Group will continue to ensure respect for human rights as a cornerstone of its management.

Response to Risks Related to Human Rights



The Glory Group stipulates rules on respect for human rights, such as the prohibition of child labor and forced labor, the payment of appropriate wages, and restrictions on working hours in the Glory Supplier Code of Conduct, which was formulated in March 2014 and revised in April 2018 to ensure respect for human rights throughout the supply chain and promote initiatives for compliance with business partners.

The Glory group cooperates with its suppliers to promote sustainable procurement. In addition to thorough compliance with the Glory Supplier Code of Conduct and the Green Procurement Standard, we ask our suppliers to conclude a purchasing memorandum, which requires annual submission of the "self-inspection checklist." The checklist confirms suppliers' efforts in the areas of human rights, work environment, fair trading, etc., and encourages consistent improvement in their sustainability initiatives.

Furthermore, the Group accepts foreign technical intern trainees and is committed to ensuring that appropriate technical training is given from the viewpoint of respect for human beings based on our Corporate Action Guidelines, in accordance with the relevant laws and regulations and the purpose of the technical intern training system.

Voice

Interview with an employee from an overseas Group company who came to Japan as a technical trainee intern

In 2014, I joined GLORY (PHILIPPINES), INC., which is responsible for manufacturing products for overseas markets. After working in the quality control and parts manufacturing departments, I have been working as a technical intern in Japan since 2022. In Japan, I am engaged in robotic welding processes in sheet metal fabrication. Sheet metal processing involves large equipment, so we receive training in English and Japanese on workplace rules, including safety. The team consists of eight Japanese people and two Filipinos, and our manager has experience working in the Philippines, so I feel we have a good relationship.

I will return to the Philippines in 2025 and resume my former duties. After I return, I would like to share the knowledge and experience I have gained in Japan, especially the sense of responsibility and positive attitude of Japanese employees toward their work. I also want to spread the word about our workplace improvement "Kaizen" activities.



Production
Headquarters,
Himeji Factory,
Parts Production
Dept.
Necitas Lyn Casal

Consultation and Whistleblowing System for Human Rights

Glory has set up internal and external consultation services or helplines to handle inquiries and feedback, from regular and non-regular employees, related to all compliance matters in the Group, including human rights and harassment. When any problem related to human rights is identified through these services, the Legal Affairs Department, Human Resources Department, and other relevant departments work together to address the problem and prevent future incidents. In fiscal 2022, 13 inquiries including harassment allegations were received and appropriately handled with information from the consultations.

Human Resources



Basic Policy



The Group aims to create an environment where every employee can maximize their potential and play an active role regardless of their nationality, race, religion, gender, age, or disability.

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

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

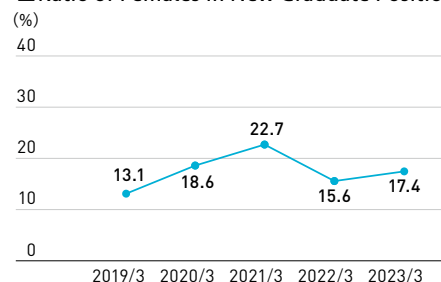
Diversity and Inclusion

►Equal Opportunities for Women and More Women in Management Positions

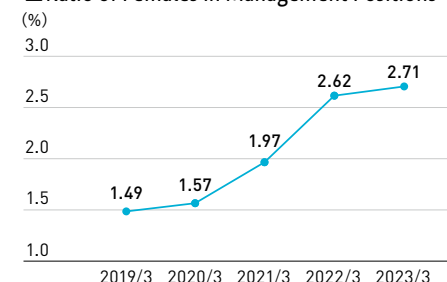
We are committed to hiring and training talented people regardless of gender, and we strive to create a workplace environment where employees can fully demonstrate their abilities. We are also taking steps to expand opportunities for women to excel. As a result, the ratio of female new-graduate hires in fiscal 2022 was 17.4%, and the ratio of women in management positions was 2.7%, or 29 women (as of March 31, 2023). We will continue working toward our fiscal 2025 targets (ratio of female employees: 25% or more; number of women in management positions: 44).

We are also making progress on the uptake of paternity leave. The uptake rate in fiscal 2022 was 60%, more than 30 percentage points higher than our target for fiscal 2025. We continue our initiatives to raise awareness in the workplace and encourage male employees to increase the number of days of paternity leave.

■Ratio of Females in New Graduate Positions



■Ratio of Females in Management Positions



Voice

Interview with an employee who took paternity leave

From April to July 2023, I took parental leave to care for my first child. During the leave, I was responsible for taking care of the baby, including feeding and changing diapers (for which I had to get up every few hours during the night), as well as putting the baby to bed and doing housework, including laundry and cleaning. My wife said that she appreciated my help, which eliminated any discrepancy in the childcare burden between the two of us, and that we were able to come to a mutual understanding.

I now understand how difficult it is for my colleagues who have small children, and I hope to use my experience to support them in the workplace. In my work, I am in charge of new business planning and obtaining feedback from customers. I hope to use the experiences and insights I gained during my absence as inspiration for new businesses.



New Business Promotion Headquarters, Business Innovation Center, Emerging Technology Dept.
Mizuki Takashima

►Promotion of Mid-Career Hires

We actively recruit personnel with a wide range of knowledge, skills, backgrounds, and careers, who can become immediate forces within the Company. In line with our management policy, we are currently promoting the recruitment of core personnel with high management skills, as well as personnel who can contribute to our new business fields with their specialized IT and DX skills. We also promote the assignment of such personnel to management or specialist positions respectively.

As of March 2023, the percentage of mid-career hires in management positions was 22.1%.



► Recruitment and Promotion of Foreign Nationals

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

Foreign nationals with diverse cultural backgrounds play active roles. As of March 2023, 15 foreign nationals including China and Australia, are working in the headquarters in Japan.

The Glory Group has more than 5,000 non-Japanese employees (approximately 49%) and our subsidiaries are managed mainly by locals in general or senior management positions (approximately 70%).

Human Resource Development



► Developing Future Executives



Glory offers a training program named 'Glory Business College', targeting management-level employees to prepare them to become next generation of executives.

The seven-month program includes training sessions and external seminars where participants can acquire the required skills and knowledge to become executives. The program also gives participants opportunities to extend their network through interaction with other participants from various divisions and other industries.

We also offers various programs, such as the Business Leader Training Program and the Next-Generation Branch Manager Candidate Training Program.



Participants in the Training

► Career-Building Initiatives

We assist employees with their career plans through the systems and initiatives to help enhance their skills and career development.

► Employee Awareness Surveys

Glory conducts employee awareness surveys targeting executive officers, employees, and senior employees on topics such as employee engagement, the environments where employees' abilities can best be utilized, awareness of harassment, and the penetration of sustainability, aiming to create a pleasant working environment. In fiscal 2017, 2,859 responded, a response rate of 86%, while in fiscal 2019, 3,375 responded for a response rate of 96%.

Creating a Pleasant Workplace



► Promoting Health Management

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

In Japan, GLORY LTD. and GLORY Techno 24 Co., Ltd. (which together account for approximately 65% of the Group's domestic employees), were recognized as a Certified Health and Productivity Management Organization by the Certified Health and Productivity Management Organization Recognition Program.



► Promoting a Sound Work-Life Balance

The Group encourages the use of telecommuting to help employees work comfortably, maximize their abilities and careers, and enhance their work-life balance. We are also working to create an environment where employees can play an active role while balancing work and childcare duties. To this end, we set up an in-house daycare center and offer subsidies to hire childcare services.



G Kids Home



Supply Chain Management



Basic Policy



Supply Chain Management



Respecting Human Rights

The Glory Group aims to create an environment where all employees can maximize their potential and play an active role regardless of their nationality, race, religion, gender, age, or disability.

Purchasing Policy

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

1. Strict compliance with legal and social norms

In addition to strict compliance with applicable laws, we respect the ethical norms of society and promote transparency, fairness, and equitability in our purchasing activities.

2. Environmental preservation

Based on Glory's Environmental Policy, "We will act in earth-friendly ways and supply environment-friendly products and services and contribute to realize sustainable society." We are committed to environmental preservation initiatives, and we have established Green Procurement Standards covering the purchasing and procurement of materials.

3. Fairness and impartiality in transactions

Glory provides opportunities on an impartial basis to all suppliers who comply with our selection guidelines, regardless of whether or not they are based in Japan and without regard to prior transaction history. We endeavor to find the best suppliers for our company by maintaining free competition and ensuring fair evaluation and selection.

4. Maintenance of quality and competitive and reasonable pricing

Our Quality Policy is "We will provide products and services in a timely manner to win the confidence and satisfaction of customers." We focus on quality, price, delivery schedules, and technology development, and we make active use of proposals from our suppliers regarding new materials and ways to lower costs.

5. Mutual advancement based on relationships of trust

Through fair transactions, we aim to establish relationships of trust with suppliers and contribute to our mutual advancement.

6. Management and protection of information

Confidential business and technical information acquired by Glory in the course of purchasing transactions is managed strictly and never divulged to outside parties without the consent of the supplier concerned.

7. Promotion of responsible procurement

We promote responsible corporate behavior in the supply chain with our business partners.

Responsible Procurement

►Efforts to Promote Sustainable Procurement

Glory periodically monitors the sustainability efforts of business partners through a survey that includes its self-inspection checklist to determine their progress in sustainability efforts. In fiscal 2022, we surveyed 583 primary suppliers of the Group and provided feedback on the results (response rate: 100%).

For our first transaction with a business partner, we ensure that they understand the legal compliance, environmental protection, and sustainable procurement requirements of our purchasing policy and ask them to comply with the Glory Responsible Procurement Guidebook and Green Procurement Standard. In addition, we execute a



memorandum of understanding on responsible procurement with business partners, including a request for cooperation on the self-inspection checklist to promote sustainable procurement together.

Also, the Group conducts conflict mineral surveys as part of its responsible procurement. The survey uses a Conflict Minerals Reporting Template (CMRT) issued by the Responsible Minerals Initiative (RMI) to identify the smelters of four minerals that we procure from.

►Strengthening Partnerships with Suppliers

We host annual supplier conferences in Japan, where we explain our procurement policy based on our business situations, future strategies, and initiatives to strengthen partnerships with our suppliers. The conference in January 2023 was attended by representatives of 111 companies.

We also regularly hold our Quality Conferences, to share information on quality and manufacturing processes and examine related issues, and Quality Improvement Activity Workshops or Substrate Quality Policy Briefings, during which suppliers present their quality improvement initiatives. These provide opportunities for suppliers to share best practices as well. In fiscal 2022, the event was held in an online format to prevent the spread of COVID-19.

Our parts acceptance unit also conducts periodic inspection visits to our suppliers for on site reviews of manufacturing processes and to offer advice for improvements.



The conference for suppliers (FY2022)

►Supplier Compliance Hotline

The Glory Group operates the Supplier Compliance Hotline as a point of contact to raise concerns about Group compliance violations in order to further encourage transparent and fair purchasing trading with them. These whistleblowing reports are filed by the relevant department of GLORY LTD., which is independent of Glory's subject procurement department, where they are properly handled through an investigation of the facts and circumstances.

No compliance violations were reported by suppliers in fiscal 2022.

Voice Interview with a business partner who supplies parts to Glory

We supply Glory with timing belts used to drive cash handling machines, flat belts and urethane belts used to convey banknotes and coins, and resin-molded parts used for machine exteriors and internal product mechanisms. We have been doing business with Glory for nearly 20 years, starting with the delivery of flat belts, and we have continued working together despite facing difficulties at times.

We deliver parts directly to Glory's factories based on information we receive from them. We try to maintain ample inventories and take all possible measures to ensure successful deliveries. In the unlikely event that we need to make adjustments, however, we consult with Glory's purchasing staff to prioritize shipments to each plant and make deliveries accordingly. When we suggested a change in material used in our parts, we discussed testing methods and procedures for evaluating the new material together with Glory's purchasing and quality assurance departments. Through our business dealings, we have established a good and cooperative relationship with Glory, which shares the same commitment to high-quality manufacturing that we do, and we hope to maintain that relationship in the future.

In response to growing concern about sustainability in recent years, we have been developing belts with low energy loss and belts made from non-petroleum-derived biomass materials. We are also working to reduce the environmental impact of our manufacturing processes by converting the fuel used in our factory from heavy oil to gas. Together with the installation of solar panels and other measures, we intend to become carbon neutral by 2050.

We are committed to manufacturing with sincerity under our basic management policy, "To contribute to society by supplying goods of high performance, high precision and high quality."

Belts, our main product, mostly operate inside of machines and are usually not visible. However, they play a key role in many machines, such as automobiles and home appliances, that would stop working when the belt breaks. We will continue manufacturing our products with honesty, taking pride that we are making people's lives more comfortable.



Mitsuboshi Belting Ltd.

Executive Officer **Mr. Masatsugu Tsuji** (Right)

Executive Officer **Mr. Hiroya Osakada** (Left)

Customer Satisfaction



Basic Concept



Glory established its Quality Policy in 1999 and seeks to ensure uniform quality based on three priority guidelines.

Thorough quality control is implemented throughout all stages of its business operations, from product planning, development, procurement, and manufacturing to sales and maintenance, so that it can respond to customer needs and develop reliable products and services.

Quality Policy	We will provide products and services in a timely manner to win the confidence and satisfaction of customers.	
	<div>Three Priority Guidelines</div> <ol style="list-style-type: none"> 1. By sensing advanced market needs, develop products that are attractive to customers. 2. Establish the quality of products at the earliest stage possible. 3. Place importance on customers' first impression of quality and on after-sales services. 	
	To achieve the above, our company will satisfy the requirements of laws and regulations and customers' requirements, and continually improve the effectiveness of the quality management system.	

Quality Management Framework

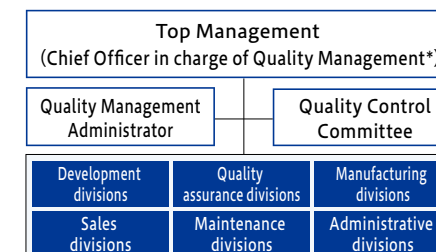
All our business sites and regional offices in Japan have acquired ISO 9001 international standard certification.

We formulate the annual quality control policy and work to improve the quality of our products and services to earn customer trust. Furthermore, we disseminate the annual quality control policy across departments, review the status of the implementation, and horizontally share information on quality problems and countermeasures across departments through the establishment of the Quality Control Committee and a management review.

Regarding our product quality management system, the Quality Assurance Department

is responsible for quality assurance from development through to the shipping of products, while the Maintenance Department handles the quality control of all post-shipping maintenance services. We also established the Quality Control Department for overall quality control, and we continue to improve our entire internal quality management system.

To prevent any recurrence of quality issues, we hold product safety meetings, attended by representatives from the related departments, to periodically evaluate the effectiveness of measures conducted through examination and discussion as well as standardization.



*Chief officer of the quality management system, entrusted by the president with all authority and responsibility to promote and maintain the quality management system.

Executing Consistent Quality Control

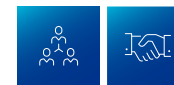
All Glory departments, from planning and development through maintenance, closely collaborate with each other and work to create products that satisfy the diverse needs of customers by conducting product and technical development from the client's perspective.



►Quality Assurance at the Planning and Development Stage

Glory attaches importance to the planning and development stage and focuses on continuous improvement of the development process. The Quality Assurance Department conducts product safety reviews at every stage and ensures that our quality and safety controls are thorough and comprehensive. Also, we maintain quality control standards and conduct thorough training for the development of products that conform to the laws, regulations, and standards of more than 100 countries around the world.

The Group also conducts user experience testing during the development process to make sure each product is user-friendly. During the testing, we focus on finding and clarifying issues. To make our products easy to use, we place the buttons in a user-friendly position and use guidance lamps to instruct the next action to be performed.



►Information Provision and Product Labeling

We focus on providing adequate information on products to enable safe customer use.

We have established guidelines for product information displays, labeling, and user manuals so customers can safely and efficiently use and maintain our products. Our guidelines stipulate type styles, writing styles, and other information to prevent misunderstanding or misreading. In addition, text is accompanied by illustrations and photos for greater clarity. Safety explanations in user manuals are provided in multiple languages so that customers around the world can use our products worry-free.

To prevent product failures from deterioration associated with long-term use, we attach precaution labels to items such as coin and banknote recyclers for tellers and banknote changers. The information is also posted on our website.

►Efforts to Improve Maintenance Quality

To ensure that customers can confidently use our products, members of our technical staff constantly improve their technical skills and response capability to provide customers with fast, reliable maintenance service. In Japan, they attend group maintenance training and engage in self-study e-learning classes. At overseas sites, we conduct group skill training and online training by the staff responsible for each product model. And maintenance managers from each region of the world meet to share their initiatives to improve maintenance quality across the entire Glory Group.



Responding to a customer inquiry via telephone support

Voice

Interview with a customer who installed our products

Before installing the FHP-S11 medical payment kiosk, we used two cash registers for accounting, but we had to manually enter the amounts each time as they were not linked to patients' electronic medical records. This resulted in long waiting times for patients, so we faced the challenge of improving the efficiency of reception operations and patient service. We selected the FHP-S11 for several reasons. First, we could link it with patient electronic medical records and automate the deposit and withdrawal processes. It also has a good user interface, making it easy to use for both patients and staff.

Since installing the machine, we have reduced accounting-related man-hours by 70%, and the average waiting time for patients is now less than five minutes. Also, Glory's service staff can fix minor maintenance-related problems on the same day, so we can use the machines with peace of mind.



Kawakita Medical Foundation
Kawakita General Hospital
Mr. Yuki Sakuma



Kawakita General Hospital



<FHP-S11>
Medical Payment Machines

Corporate Governance

Basic Policy

Based on our “Corporate Philosophy,” which embodies our determination to grow as a sustainable enterprise by contributing to a prosperous society through our commitment to product development, the Company and its subsidiaries aim to improve the corporate value by striving to exist in harmony with society and promoting sound and efficient corporate management that is trusted and supported by all stakeholders. To this end, we strive to improve corporate governance thus further improve our corporate value, through enhanced supervisory and executive functions of management, expedited, transparent, and objective decision-making, and enhanced compliance management.

Corporate Governance Framework

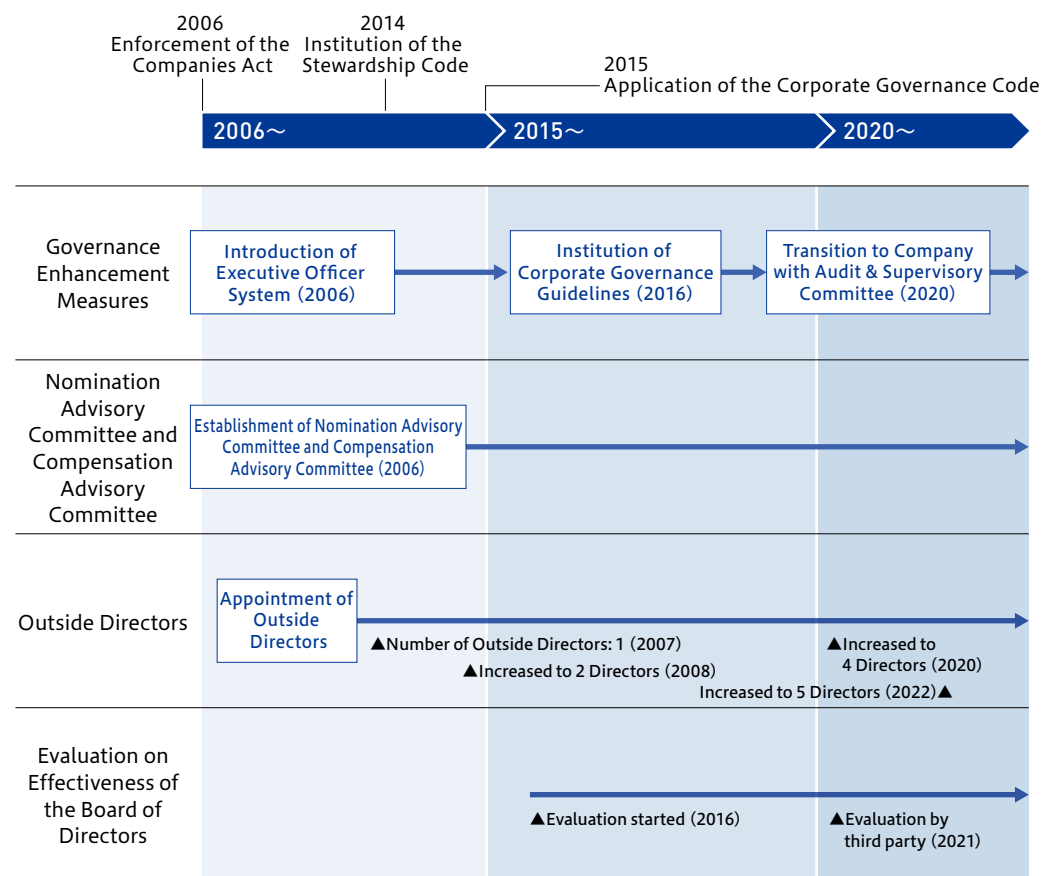


Glory has adopted a “Company with Audit & Supervisory Committee” as a form of corporate organization to further strengthen the supervisory function of the Board of Directors and increase the efficiency of management decision-making. For further enhancement of the supervisory function of the Board and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

Furthermore, the Company has established committees such as the Nomination Advisory Committee and the Compensation Advisory Committee as consultative bodies for the determination of appointment and remuneration to ensure the transparency and objectivity of management decision-making while the Audit & Supervisory Committee addresses to enhance the audit and supervisory functions. Glory’s basic policy on corporate governance is set out in the Corporate Governance Guidelines.

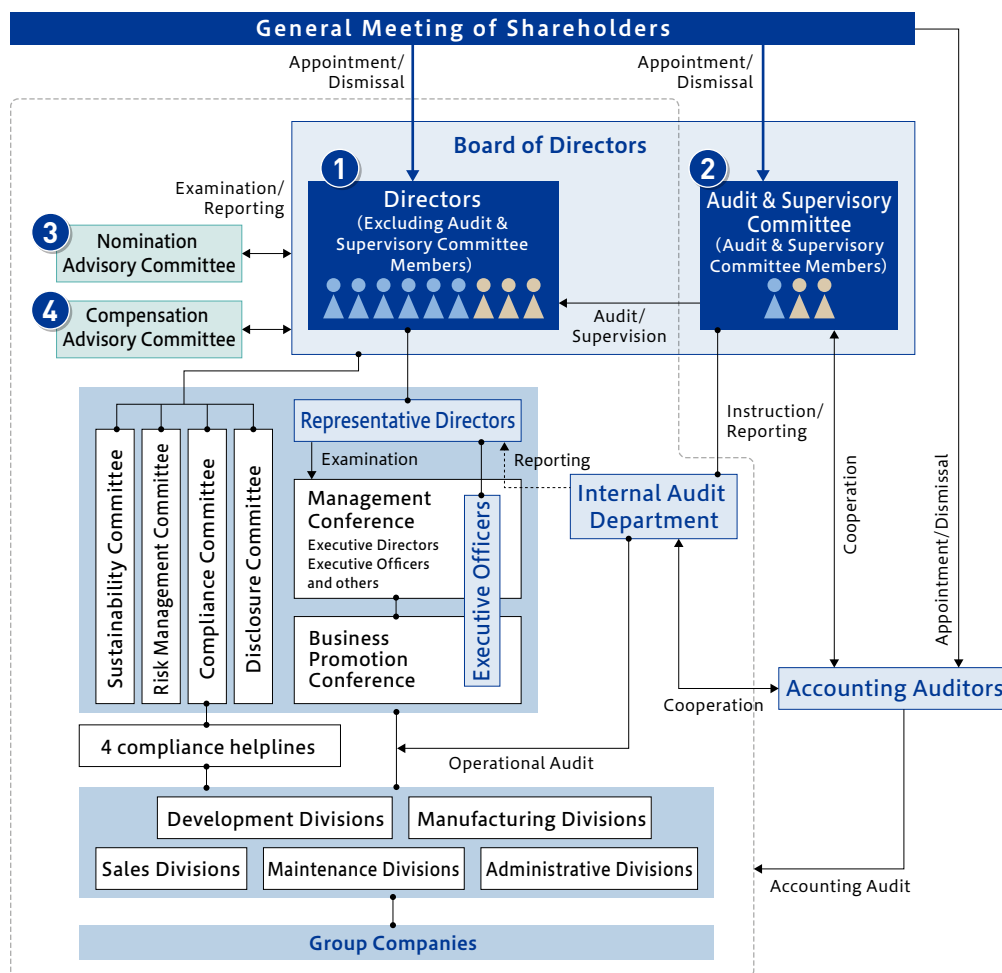
Organizational Composition and Operation	
Organization Form	Company with Audit & Supervisory Committee
Maximum Number of Directors Stipulated in the Articles of Incorporation	Directors who are not Audit & Supervisory Committee Members: 10 Directors who are Audit & Supervisory Committee Members: 5
Term of Office Stipulated in the Articles of Incorporation for Directors	Directors who are not Audit & Supervisory Committee Members: 1 year Directors who are Audit & Supervisory Committee Members: 2 years
Chairperson of the Board	President
Appointment of Outside Directors	Appointed
Number of Directors	Male: 10; Female: 2 (Percentage of female Directors: 16.6%)

Glory Corporate Governance Chronology



■ Corporate Governance Framework (as of June 23, 2023)

● Internal Directors
● Outside Directors



① Directors and Board of Directors

The Company's Board of Directors is composed of twelve (12) Directors, nine (9) of which are Directors who are not Audit & Supervisory Committee Members and three (3) Directors who are Audit & Supervisory Committee Members, including five (5) independent Outside Directors. The Board of Directors, chaired by President & Director, decides on important business policies of the Group, and supervises and receives reports on the Group's business execution in accordance with the Rules of the Board of Directors. To enable expedited decision-making, the authority regarding

decisions on execution of important operations is delegated to the Directors as necessary.

In FY2022, the Board of Directors met 16 times and made necessary resolutions and received reports on the status of business execution. Major agenda items in FY2022 included progress of the 2023 Medium-Term Management Plan and direction of the next medium-term management plan, M&As and post-investment monitoring, internal controls, Board effectiveness evaluation, procurement difficulties and geopolitical risks, and investments on major system development.

② Audit & Supervisory Committee

The Company's Audit & Supervisory Committee is composed of three (3) Audit & Supervisory Committee Members including two (2) independent Outside Directors. The Company ensures that the effectiveness of the Audit & Supervisory Committee with a full-time member and a chairperson therein. The chairperson who is a full-time committee member presides over its meetings. The Audit & Supervisory Committee works closely with the Company's Internal Audit Department positioned thereunder and the accounting auditor to conduct audits based on the committee's annual corporate audit plan in accordance with the audit policy and the assignment of duties determined thereby.

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

The two (2) Outside Directors who are Audit & Supervisory Committee Members apply their extensive knowledge and experience in audits and supervisions of the Company's management to ensure legitimacy and adequacy.

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

Moreover, the Company assigns two (2) employees to assist in the execution of duties of the Audit & Supervisory Committee for further effective auditing.

■ Cooperation among Audit & Supervisory Committee, Accounting Auditors and Internal Audit Departments

The Audit & Supervisory Committee and the Company's accounting auditors work closely to enhance the efficiency and effectiveness of audits. They meet regularly and as required to ensure appropriateness and credibility in their execution of duties, and the meetings cover briefing, consultation, inquiries and confirmation on matters that require special attention, annual and site audit plans (including audits of consolidated subsidiaries) prepared at the beginning of each fiscal year.

Further, the Audit & Supervisory Committee works closely with the Internal Audit Department positioned thereunder to enhance efficiency and effectiveness of audits.

Each time the Internal Audit Department conducts an audit pursuant to the annual audit plan, Audit & Supervisory Committee Members receive the copies of the audit notification from the Internal Audit Department and confirm such matters as schedule, subject, purpose, method and other matters of the relevant audit stated therein. After completion of the audit, Audit & Supervisory Committee Members receive an internal audit report concerning matters pointed out and the degree of improvement, upon which they discuss and exchange opinions with the Internal Audit Department personnel. In addition, the general manager of the Internal Audit Department reports to the committee quarterly on results of internal audits and other important matters for discussion, reports to the President & Representative Director on a monthly basis, and meets with the accounting auditor regularly and as necessary for discussion.

3 Nomination Advisory Committee

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

In FY2022, the committee met 14 times to deliberate on matters including the election of candidates for Directors and Executive Officers, succession planning for executives, and future direction of the Executive Officer System.

4 Compensation Advisory Committee

The Company has established a Compensation Advisory Committee to ensure transparency and objectivity in determining remuneration for Directors and Executive Officers. As required by the Board, the Compensation Advisory Committee deliberates and reports to the Board on the fairness of the amount, structure and decision-making process in relation to remuneration consisting of fixed compensation, bonuses and stock compensation. The committee members are Mr. Junji Uchida (Chairperson, Outside Director), Mr. Joji Iki (Outside Director), and Mr. Motozumi Miwa (Representative Director).

In FY2022, the committee met four times to deliberate on matters including the amount of Fixed Compensation for Directors and Executive Officers, target values, formulas, and the amount calculated for Bonuses, and points to be awarded under the Stock Compensation Plan.

Policy and Procedures for Appointing, Dismissing and Nominating Directors and Other Officers/ Dismissal and Succession Planning for President

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

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

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

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

dismissal from the position.

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

Evaluation on Effectiveness of the Board of Directors

Board Effectiveness Evaluation Results

GLORY LTD. (the "Company") has conducted evaluation of the effectiveness of its Board of Directors (the "Board") for FY2022 in accordance with its Corporate Governance Guidelines.

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

The Company considers that strengthening corporate governance through Board effectiveness evaluation is an important management issue in order to achieve sustainable growth of the Group and to enhance corporate value over the medium to long term.

1. Evaluation Method

Board evaluation through questionnaires, followed by review and deliberations on the results.
Items covered in the questionnaire:

- Board's deliberations
- Board composition
- Board's supervision of business execution
- Incident at Glory Service
- Recent major topics
- Administration of the Board meetings
- Nomination Advisory Committee, Compensation Advisory Committee, Audit & Supervisory Committee
- General

2. Evaluation Results

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

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

- Topics selected to enhance the deliberations of important management issues
- Significant contributions by Outside Directors through quality questions and suggestions
- Diversity of the Board enhanced through the addition of female and non-Japanese Directors and expertise and experience of Directors brought to bear on the Board's deliberations
- Appropriate proceeding by the Chairperson, facilitating free and open deliberations

The areas requiring improvement:

- Deliberations focused on medium- and long-term strategies
- Enhancement of the functions of the Management Conference, Compliance Committee, Risk Management Committee, and Sustainability Committee that support the monitoring function of the Board of Directors
- Enhancement of the Glory group's corporate governance
- Enhancement of the functions of divisions which support the Board of Directors

3. Measures to Enhance Board Effectiveness

The Company will develop and implement measures to address the issues listed above.

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

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

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

Title	Name	Independent Director	Status of the Board of Directors (Fiscal 2022)				Experience, Knowledge, and Expertise, etc.								
			Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Committee meetings	Attendance at Nomination Advisory Committee meetings	Attendance at Compensation Advisory Committee meetings	Corporate Management	Domestic Business	Development & Production	Technology & DX	Human Resources	Legal & Risk Management	Accounting & Finance	Sustainability	International & Overseas Business Experience
Chairman of the Board & Representative Director	Hirokazu Onoe		○ 100% (16/16)				●	●	●						●
President & Representative Director	Motozumi Miwa		● 100% (16/16)		○ 100% (14/14)	○ 100% (4/4)	●	●			●	●	●	●	●
Director	Hideo Onoe		○ 100% (16/16)				●	●	●	●					●
Director	Kaname Kotani		○ 100% (16/16)				●	●	●	●					●
Director	Akihiro Harada		○ 100% (16/16)				●	●	●	●	●				●
Director	Tomoko Fujita		○ 100% (16/16)				●				●	●	●		●
Outside Director	Joji Iki	●	○ 100% (16/16)		● 100% (14/14)	○ 100% (4/4)	●		●	●	●			●	●
Outside Director	Junji Uchida	●	○ 100% (16/16)		○ 100% (14/14)	● 100% (4/4)	●		●		●	●		●	●
Outside Director	Ian Jordan	●	○ 100% (13/13*1)				●			●	●		●	●	●
Director (Full-time Audit & Supervisory Committee Member)	Masato Inuga		○ — *2	● — *2			●	●				●			
Outside Director (Audit & Supervisory Committee Member)	Keiichi Kato	●	○ 100% (16/16)	○ 100% (14/14)								●			
Outside Director (Audit & Supervisory Committee Member)	Yukako Ikukawa	●	○ — *2	○ — *2									●		

● Chairperson ○ Other members

*1 After appointment as Director *2 Appointed June 23, 2023

Remuneration for Directors

① Policy and Procedures for Determining Remuneration of Individual Directors

The Company has in place a set of policies 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. This followed 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 FY2022 remuneration for individual Directors and its consistency with the policy, which the Board respects the and judges that the contents of remuneration are consistent with the policy.

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 medium- 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, considering their supervisory roles and independency.
- No retirement benefits are paid to any Director.

c) Policy on determining the contents and calculation of amounts 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 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 performance indicators for Bonuses are consolidated net sales and operating income 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 level 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 amount. Bonuses will not 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 medium- 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 and operating income (both before goodwill amortization) and net sales in new business domains 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%.

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 by the ratio applied 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 deliberated upon by the Compensation Advisory Committee before being determined by a resolution of the Board of Directors within the ranges approved at a general meeting of shareholders. To enable timely decision-making, the authority is delegated to the President, who will then determine the amount to be paid to each Director upon confirmation of its fairness by the Compensation Advisory Committee.

As for Stock Compensation, the Company grants 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.

② Performance-Based/Non-Monetary Remuneration

The following table shows the performance-based compensation (Bonuses and Stock Compensation) for FY2022 and performance indicators as the basis of its calculation. See c) for details of performance indicators.

Type of compensation	Consolidated performance indicators	Compensation weighing	Target	Result	Distribution rate*
Bonus	Net sales	40%	¥245 billion	¥255.8 billion	—
	Operating income	60%	¥6 billion	0.5 billion	—
Stock Compensation	ROE	40%	5.0%	-0.14%	—
	Operating income	30%	¥15 billion	¥7.2 billion	—
	Net sales of new business domain	30%	¥27.8 billion	¥25.3 billion	7.4%

* Calculated in accordance with the policy and procedures described in ① above. No bonuses were paid, as the net income before goodwill amortization of FY2022 (loss of ¥2,834 million) did not meet the following condition for distribution. Condition: Net income before goodwill amortization for this fiscal year shall be more than the total amount of dividend paid in 2022 (¥4,132 million).

③ Remuneration of Directors and Audit & Supervisory Committee Members for FY2022

	Total (Millions of yen)	Total amount for each compensation (Millions of yen)			Number of Directors eligible
		Fixed compensation	Performance-based bonuses	Performance-based stock compensation	
Directors (including Outside Directors)	139 (32)	134 (32)	— (—)	5 (—)	10 (3)
Directors (A&SC* Members) (including Outside Directors)	35 (16)	35 (16)	—	—	3 (2)

* Audit & Supervisory Committee

Notes: 1. The compensation for Directors who are not Audit & Supervisory Committee Members includes the amount paid to one (1) Director who retired at the close of the 76th 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 portions 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 of ¥300 million is contributed by the Company to the trust set up by the Company and the maximum of 147,000 shares is distributed per 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 set at ¥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.

④ Delegation of Authority for Determining an Individual Director's Remuneration

To ensure transparency and objectivity in deciding the amount of monthly Fixed Compensation for individual Directors (excluding Audit & Supervisory Committee Members) for FY2022, an individual amount has been deliberated upon by the Compensation Advisory Committee for its fairness to report the total amount to the Board. The total amount of monthly Fixed Compensation was then determined by resolution of the Board of Directors in line with a review by the Compensation Advisory Committee and is within the ranges approved at a general meeting of shareholders. To enable timely decision-making, the authority was delegated to the President, Motozumi Miwa, who then determined the amount of monthly Fixed Compensation paid to each Director for FY2022. To ensure such authority is properly exercised, the Board delegates the authority unless the President makes decisions as what the Compensation Advisory Committee confirms as fair and appropriate.

Support for Outside Directors

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

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

Cross-Shareholding

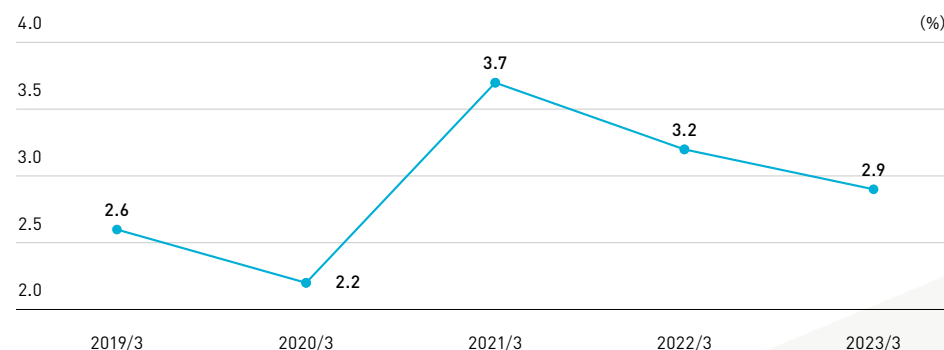
It is the Company's policy to hold shares of listed companies as cross-shareholdings only if, based on a broad consideration of factors such as business strategies and transaction status of such companies, we judge that maintaining and enhancing the relationship with such companies would increase the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

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

In FY2022, the Company continued its shareholdings based on the Board's examination of the stock name, purpose and rationale thereof including the business synergy with the investee companies and the balance of risks and returns against the capital cost.

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

■ Cross-Shareholding Valuation Ratio to Net Assets



Compliance



Compliance Framework

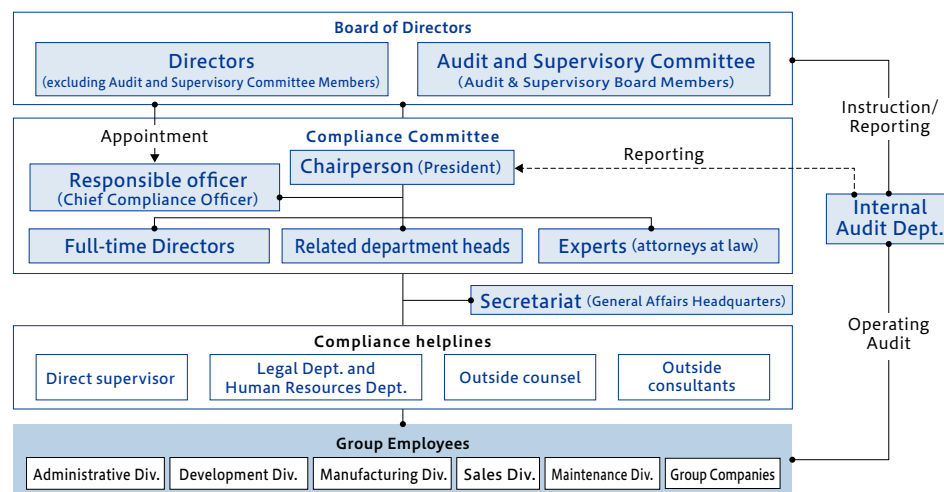
Glory views legal compliance as an important management issue, and therefore strives to maintain and improve our compliance framework. One measure taken in that regard is the establishment of the Compliance Committee.

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

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

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

■ Compliance Framework



Whistleblowing System

We have established the following whistleblowing hotlines for compliance matters occurred in the Glory group:

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

We aim to detect and mitigate issues at an early stage through these hotlines, while protecting

whistleblowers in accordance with the Glory Group Whistleblowing Code of Practice.

In fiscal 2022, 13 cases were reported, for which we have conducted fact-finding studies and taken necessary actions.

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

Legal Code of Conduct

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

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

In fiscal 2022, there were no violations of laws or regulations that had a significant impact on our business.

Compliance Education

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

In fiscal 2022, we provided training around the themes of "Reaffirming the importance of compliance" and "Reconfirming our management philosophy and other key principles", with the attendance of 6,549 employees (99.5%). Other programs include newly appointed manager training and specialized training to develop a more thorough and precise understanding of issues concerning laws and corporate ethics.

Personal Information Protection

The Glory Group recognizes the importance of its responsibility to properly manage the personal information of stakeholders, including customers, business partners, and shareholders acquired through our business activities. We therefore ensure the proper management of personal information according to the Privacy Policy.

Also, alongside the enforcement of the Amended Act on the Protection of Personal Information in April 2022, we are implementing initiatives such as maintenance regulations and carrying out training sessions to related departments to ensure proper handling.

Risk Management

Risk Management Framework



Glory has established the Risk Management Committee, chaired by the president, to maintain and strengthen risk management for the entire Glory Group. The Glory Group conducts risk assessments periodically, then works with the divisions and individuals responsible for each risk item to regularly implement precautionary measures, while establishing a system that can respond promptly in times of crisis. The committee discusses measures based on the results of these assessments, and a summary of the discussion is reported to the Board of Directors on a regular basis.

In fiscal 2022, we developed measures against critical risks in the Risk Management Committee. We have conducted the same assessment group-wide to grasp overall risk status and implemented measures accordingly to mitigate any risks identified therein.

► Risk Identification and Assessment Process

Every year, the Glory group's Risk Management Committee assesses potential risks affecting the execution of the group's business strategies based on severity and probability to determine countermeasures to be implemented. Major risks are reported at the Board of Directors Meetings for constant monitoring.

Risks identified by the Committee (January 2023) included:

- Rapid shift toward cashless transactions
- Parts/material procurement
- Information security
- Quality of software/data solutions

For more details, please refer to the Glory group's Annual Securities Report under "Business and Other Risks."

► Business Continuity Plan (BCP)

Glory has developed a BCP to continue its key activities and recover promptly in times of crisis, such as natural disasters. To ensure stable supply of products and services during emergencies, we consistently strengthen our supply chain by diversifying the risk of parts procurement and conduct regular review of our emergency manuals and regulations. In fiscal 2022, we conducted a BCP drill at our domestic subsidiaries with manufacturing capability.

In preparation for contingencies, we have strengthened our countermeasures against potential damage to important network systems that have a major impact on business continuity, expanded a safety confirmation system covered companies, installed satellite phones at main business sites, and stocked supplies of food and water. In addition, we regularly conduct disaster drills to ensure the effectiveness of our disaster countermeasures.

Risk Factors

We established our group-wide risk management system in fiscal 2018, with the Risk Management Committee playing a central role in setting priority initiatives and strengthening countermeasures, as well as reporting information on its activities to the Board of Directors. Forward-looking statements in the text below are based on the Group's judgments at the date of submission of the Annual Securities Report and are not limited to business and other risks.

Classification	Category	Content
Business Environment	Impact of COVID-19 and other infectious diseases	The Group conducts its business activities on a global scale, which means the emergence of new high-risk variants could have a significant impact on its business. Potential examples include restrictions on production activities due to supply chain disruptions caused by lockdowns, as well as major unexpected changes in customers' investment sentiment. Any of these factors could adversely affect the Group's performance or financial position.
	Rapid development of cashless economy/Strong reliance on cash handling machines	The Group is working to expand its new business domain, including such non-cash areas such as the DMP business. However, should the cashless economy develop drastically and globally in a short period of time (e.g., due to the issuance of digital currencies by central banks) before the Group's new business domain matures, the Group's performance could be adversely affected.
	Overseas business conditions	The Group is actively expanding its business in overseas markets. However, it has identified several factors that could adversely affect its performance. In addition to geopolitical risks, these include exchange rate fluctuations that exceed expectations, increases in counterfeit products, and infringement of intellectual property rights.
	Laws and regulations of countries and regions where the Group operates	The Group is subject to business permits and import and export regulations, as well as various laws and regulations in the countries and regions where it operates. Should these laws and regulations be revised or repealed, or if new public regulations were to be established, or if any other special factors influencing the market environment were to arise, the Group's performance could be adversely affected.
	Intensified competition	Intensification of competition in the Group's business areas could lead competitors to launch new products and services or engage in aggressive sales activities such as significant price reductions and might cause a shift in demand to lower-priced products. Any of these factors could adversely affect the Group's performance.

Classification	Category	Content
Business Environment	Strategic investments	The Group strategically allocates its management resources to expanding core businesses and creating new ones, with the aim of constantly improving corporate value over the medium to long term. As of March 31, 2023, goodwill and customer relationships amounted to ¥55,528 million and ¥26,428 million, respectively, and accounted for 14.6% and 6.9% of total consolidated assets, respectively. These intangible assets are subject to impairment assessment, and if the Group does not achieve expected outcomes due to changes in the business environment, it might incur impairment losses that could adversely affect its performance. In addition, if an investee company that has become an entity accounted for using equity method fails to fulfill its business plan, it might incur Share of loss of entities accounted for using equity method, which could affect the Group's performance.
	Procurement of parts and materials	In procuring parts and raw materials, the Group strives for stability in purchasing by using general-purpose items as much as possible, but suppliers are limited due to the highly specialized nature of some items. Therefore, natural disasters and/or accidents may result in suspension or interruption of suppliers' production, making it difficult to procure parts and raw materials. Moreover, the global supply/demand balance for semiconductors, raw materials, and other products is breaking down, increasing the risk of delays in product deliveries. Any of these factors could impact the Group's production activities and adversely affect its performance. In addition, inflation and other factors that raise the prices of parts and raw materials might increase the Group's business costs and affect its performance.
	Securing human resources	The Group conducts business activities on a global scale and employs people with a diverse range of nationalities, values, and expertise. Its medium- to long-term growth is highly dependent on these human resources, so attracting new talent and fostering talent among existing employees is indispensable. As such, the Group's performance could be adversely affected if it fails to attract and foster human resources who match the characteristics and growth stage of each Group company, or people with exceptional talents in the areas of development, production, sales, maintenance, and management, especially experts in digital transformation, who are indispensable to expanding our new business domain.

Classification	Category	Content
Business Environment	R&D investment	The Group is an R&D-based enterprise and continues to aggressively invest in R&D. Depending on the R&D themes, however, development periods could be longer, and costs higher, than initially planned. If such circumstances were to arise, the Group's performance could be adversely affected.
	Intellectual property rights	The Group constantly conducts research on the products of other companies to prevent infringements by its products on the material intellectual property rights of third parties, as well as those by third parties' products on the Group's intellectual property rights. As an R&D-based enterprise, however, the Group might experience intellectual property disputes with other companies. If such disputes were to materialize, the Group's performance could be adversely affected.
	Information security	To maintain its credibility and ensure smooth business operations, the Group considers it essential to prevent leakages of personal and confidential corporate information. Based on this, the Group has taken various measures, such as formulating regulations, conducting thorough in-house training, and establishing an information security system. In the event of an information leakage, however, the Group might not only suffer a loss of credibility but also be liable for damages to customers and other parties. Furthermore, the Group is implementing security measures for both hardware and software because its business activities are increasingly dependent on information systems. However, there is a possibility that information system failures might occur due to cyberattacks and/or computer virus infections. Any of these factors could adversely affect the Group's performance and/or financial position.
	Quality of products and services	The products and services provided by the Group are required to operate in a reliable manner, such as in the case of cash handling at financial institutions and retail stores. To this end, the Group focuses on providing highly reliable products by verifying quality and safety at each stage, including product design, evaluation, component procurement, and manufacturing. In maintenance services, the Group works to prevent serious product quality and safety issues by conducting regular inspections. However, unexpected quality problems might occur during the development, production, and maintenance service processes, such as uncertainties associated with sophisticated product and service functions. Any of these factors could adversely affect the Group's performance.

Classification	Category	Content
Business Operations	Fundraising	The Group raises funds for its business activities through internal funds, borrowings from financial institutions, and the issuance of bonds. However, interest rate hikes to counter inflation, mainly in the United States and Europe, as well as downgrades of our credit rating by rating agencies, might increase the cost of fundraising and adversely affect the Group's performance.
Environment	Climate change	The Group views climate change as an unavoidable and urgent issue and endeavors to develop environmentally friendly products while considering government policies and legal requirements for climate change and the demands of the market. If these requirements and demands exceed expectations, however, transition risk might increase, leading to higher procurement costs due to investment in energy-saving/renewable energy facilities and the introduction of carbon taxes, emission trading schemes, and the like, as well as lost sales opportunities and decreased corporate value stemming from damage to the corporate brand, which could adversely affect the Group's performance. In addition, physical risks might increase due to abnormal weather conditions, such as typhoons and torrential rains, which have been on the rise due to climate change, or earthquakes and other large-scale natural disasters. Any of these factors could cause damage to the Group's own factories and employees or suspension of operations of parts suppliers, which could restrict the Group's business activities and adversely affect its performance.
Internal Control	Internal Control	To ensure the accuracy of financial reporting, the Group strives to strengthen its internal control system by documenting operational processes and conducting rigorous internal audits. Even if the Group's internal control system is effective, however, it might cease to function properly in the event of operational errors or fraud on the part of employees or others. Any of these events might require the Group to revise its financial information, which could adversely affect its performance and/or financial position.

Information Security Management System

► Measures for Organizational Safety Management

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

► Enhancing Information Security Measures

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

► Technical Safety Management

We are enhancing information security measures, such as introducing ID management systems and systems to prevent unauthorized entry via the Internet or to limit the use of external storage by device control. In addition, to prevent unauthorized use by stranger, two-factor authentication has been introduced in the important systems to strengthen authentication.

► Physical Safety Management

We have introduced an entrance and exit management system with ID cards or facial recognition along with a key management system to strictly control access and automatically save records.

We also ensure the continuous operation of the IT infrastructure by installing equipment such as private power generators and a UPS (uninterruptible power system).

► Information Security Education

We respond to constantly changing technologies and social circumstances and conduct level-based employee training to prevent information security breaches. We also conduct an annual, Group-wide e-learning program in October during Corporate Ethics Month to strengthen the information security literacy of employees. Due to the increased risk of information leaks from telework, we provide employees with training on risk prevention compliance.

Message from Audit & Supervisory Committee Members

Masato Inuga

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



I was recently appointed as Director and Full-Time Audit & Supervisory Committee Member. Together with the two Outside Directors, Mr. Kato and Ms. Ikukawa, I will do my utmost to strengthen corporate governance and enhance corporate value through auditing.

As for strengthening corporate governance, we will deploy the Company's governance structure and take a risk-based approach to make our audits more substantive. We aim to build an audit structure that can pinpoint events occurring in every corner of the organization and reach newly joined Group companies and offices that are geographically distant from Japan.

As for increasing corporate value, at first glance this might seem far removed from the role of Audit & Supervisory Committee Member. As a member of the Board of Directors, however, I will actively participate in discussions on medium- to long-term business growth and monitor the progress of the 2023 Medium-Term Management Plan. Recognizing the critical importance of the next medium-term management plan in view of the post-issuance period of the new banknote, I also want to actively participate in discussions on formulating that plan. In particular, I will carefully evaluate the M&A deals we have made over the past few years and leverage this evaluation in future strategic investments. Through business portfolio management, I will also pay close attention to whether decisions on promotion/withdrawal of current businesses and allocation of management resources are being implemented appropriately. In sustainability management, we need to strengthen our commitment to the SDGs. To this end, I want to step up non-financial measures, including climate change responses and human capital allocation, bearing in mind that delays in taking such measures will pose a significant risk to the Company.

I believe that the Group has significant potential and room for growth. In my position as an Audit & Supervisory Board Member, I will work hard to prevent risks and contribute to the growth of the Group.

Keiichi Kato

Outside Director
(Audit & Supervisory
Committee Member)



Looking back on fiscal 2022, the Group was affected by severely volatile business conditions, including difficulties in procuring parts and materials, price hikes, and supply chain disruptions. In fiscal 2023, we will fulfill our social mission as a company that supports currency circulation infrastructure in preparation for the issuance of new banknotes in July 2024. I am confident that these efforts will help enhance the Group's corporate value.

As an Audit & Supervisory Committee Member, I want to help achieve our objectives of delivering sustainable growth and enhancing the Group's corporate value over the medium to long term. To that end, through audits we continue to monitor whether management's decisions are being made appropriately.

As an Outside Director, I will adopt the investor's perspective and utilize the knowledge and expertise I have gained as an attorney to audit the execution of the Group's business. With this investor's perspective in mind, I am particularly aware of and concerned about medium-term management plans and risk-based investments (such as M&As and investments in new businesses), as well as initiatives related to the SDGs, which have attracted attention in recent years. As an Outside Director, I will continue doing my utmost to deepen constructive and substantive discussions on these issues at Board of Directors' meetings and thus provide effective support for the Group's growth strategies.

Based on the concept of "Core and new businesses powering growth together" as stated in our 2023 Medium-Term Management Plan, I hope that the Group will continue to grow by addressing the trends of the times and embracing the challenges of manufacturing and technological innovation demanded by society.

Yukako Ikukawa

Outside Director
(Audit & Supervisory
Committee Member)



I was recently appointed as an Outside Director and Audit & Supervisory Committee Member. As a tax accountant, I have mainly been involved in consulting for international and domestic taxation, and Global Employer Services (GES) for international companies. As an Outside Director and a member of the Audit & Supervisory Committee of the Group, I am expected to leverage my experience to help strengthen governance and promote diversity, and I am truly humbled by the weight of this responsibility.













The Group aims to become a leading company under its Long-Term Vision 2028, with the slogan "We enable a confident world." With this in mind, we are leveraging the Group's cutting-edge technological capabilities in a wide range of fields to realize a safe, secure, and reliable society, which everyone in the world wants. Currently, we are preparing for the issuance of new banknotes scheduled for July 2024. I hope that this will be a good opportunity for all stakeholders to become more familiar with the business activities of the Group.

In my first year as an Outside Director (Audit & Supervisory Board Member), I will pay particular attention to how the Company is working to (1) ensure speedy and appropriate decision-making, (2) enhance diversity of human resources who can work from a global perspective through recruitment and education, and (3) strengthen communication among countries and regions. I am also committed to promote and improve the quality of discussions at Board meetings.

Board of Directors and Executive Officers (as of June 23, 2023)

Directors

📖 Status and Skills Matrix of the Company's Board of Directors P.64

 <p>Hirokazu Onoe Chairman of the Board & Representative Director</p>	 <p>Motozumi Miwa President & Representative Director</p>	 <p>Hideo Onoe Director & Senior Managing Executive Officer Company President, Domestic Business Company</p>	 <p>Kaname Kotani Director & Senior Managing Executive Officer Executive General Manager, Development Headquarters Chief Information Security Officer Responsible for digital solution technology Responsible for Intellectual Property Department</p>
 <p>Akihiro Harada Director & Senior Managing Executive Officer Company President, International Business Company</p>	 <p>Tomoko Fujita Director Responsible for the corporate governance of non-Japanese subsidiaries</p>	 <p>Joji Iki Outside Director Chairman of the Nomination Advisory Committee</p>	 <p>Junji Uchida Outside Director Chairman of the Compensation Advisory Committee</p>
 <p>Ian Jordan Outside Director</p>	 <p>Masato Inuga Director (Full-Time Audit & Supervisory Committee Member) Chairman of Audit & Supervisory Committee</p>	 <p>Keiichi Kato Outside Director (Audit & Supervisory Committee Member)</p>	 <p>Yukako Ikukawa Outside Director (Audit & Supervisory Committee Member)</p>

Directors

Hirokazu Onoe

Chairman of the Board & Representative Director

Number of shares owned: 35,360
Years served as Member of the Board: 22 years

Sep. 1970	Joined the Company	Apr. 2019	Chairman of the Board & Representative Director (to present)
Apr. 2000	General Manager, Vending Machine & Amusement Systems Business Division	Mar. 2021	Director (Outside) of Noritz Corporation (to present)
Jun. 2001	Director		
Jun. 2004	Managing Director		
Jun. 2006	Director & Managing Executive Officer		
Apr. 2009	General Manager, Corporate Strategy Division		
Jun. 2010	Director & Executive Vice President		
Apr. 2011	President & Representative Director		

Motozumi Miwa

President & Representative Director

Number of shares owned: 23,160
Years served as Member of the Board: 11 years

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

Hideo OnoeDirector & Senior Managing Executive Officer;
Company President, Domestic Business Company

Number of shares owned: 378,664
Years served as Member of the Board: 9 years

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

Kaname KotaniDirector & Senior Managing Executive Officer;
Executive General Manager, Development Headquarters
Chief Information Security Officer
Responsible for digital solution technology
Responsible for Intellectual Property Department

Number of shares owned: 10,440
Years served as Member of the Board: 9 years

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

Akihiro HaradaDirector & Senior Managing Executive Officer;
Company President, International Business Company

Number of shares owned: 6,630
Years served as Member of the Board: 8 years

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

Tomoko FujitaDirector;
Responsible for the corporate governance of non-Japanese subsidiaries

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

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

Directors

Joji Iki

Outside Director
Chairman of the Nomination Advisory CommitteeNumber of shares owned: 1,000
Years served as Member of the Board: 6 years

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

Junji Uchida

Outside Director
Chairman of the Compensation Advisory CommitteeNumber of shares owned: 1,800
Years served as Member of the Board: 4 years

Apr. 1974	Joined NIPPON STEEL CORPORATION ('NSC')	Jul. 2010	Managing Director (Member of the Board); Director, Flat Products Division
Jun. 2005	Director (Member of the Board); Director, Construction Products Division		Project Leader, India Continuous Annealing and Processing Line Project
Jun. 2006	Director (under the Executive Management system); Director, Construction Products Division	Apr. 2011	Managing Director (Member of the Board); Project Leader, Shanghai-Baoshan Cold-rolled & Coated Sheet Products Project
Apr. 2007	Director (under the Executive Management system); Director, Plate Division	Apr. 2012	Director (Member of the Board) of NSC Adviser of OSAKA STEEL CO., LTD. ('OSAKA STEEL')
Apr. 2009	Managing Director (under the Executive Management system); Director, Flat Products Division	Jun. 2012	Representative Director and President of OSAKA STEEL
Jun. 2009	Managing Director (Member of the Board); Director, Flat Products Division	Jun. 2017	Director and Senior Advisor of OSAKA STEEL
		Jun. 2018	Senior Advisor of OSAKA STEEL
		Jun. 2019	Outside Director (to present)

Ian Jordan

Outside Director

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

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

Masato Inuga

Director (Full-Time Audit & Supervisory Committee Member)
Chairman of Audit & Supervisory CommitteeNumber of shares owned: 1,250
Years served as Member of the Board: -

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

Keiichi Kato

Outside Director (Audit & Supervisory Committee Member)

Number of shares owned: 2,300
Years served as Member of the Board: 3 years

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

Yukako Ikukawa

Outside Director (Audit & Supervisory Committee Member)

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

Apr. 1997	Joined ORIX Corporation		
Jun. 1998	Joined Saito Accounting Office		
Sep. 2001	Joined Tadashi Furumoto Certified Public Accounting and Tax Office (now Deloitte Tohmatsu Tax Co.)		
Mar. 2003	Registered as Certified Public Tax Accountant		
Jul. 2012	Director of Tohmatsu Tax Co. (now Deloitte Tohmatsu Tax Co.)		
Oct. 2015	Representative of Yukako Ikukawa Tax Accounting Office (to present)		
Dec. 2015	Outside Company Auditor of Toa Valve Engineering Inc. (now TVE Co., Ltd.)		
Dec. 2016	Outside Director (Audit and Supervisory Committee Member) of Toa Valve Engineering Inc. (now TVE Co., Ltd.) (to present)		
Jun. 2018	Representative of KaimanaHila, LLC (to present)		
Mar. 2019	Outside Audit & Supervisory Board Member of Earth Corporation (to present)		
Jun. 2023	Outside Director (Audit & Supervisory Committee Member) (to present)		

Executive Officers

Hideo Onoe

Director & Senior Managing Executive Officer;
Company President, Domestic Business Company

Kaname Kotani

Director & Senior Managing Executive Officer;
Executive General Manager, 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, International Business Company

Katsunori Yamamoto

Managing Executive Officer;
Executive General Manager, General Affairs Headquarters
Responsible for legal compliance function, sustainability promotion,
environment management

Hirofumi Kameyama

Managing Executive Officer;
Senior General Manager, Research & Development Center

Yukihiro Fujikawa

Managing Executive Officer;
Executive General Manager, Finance Headquarters

Tokuya Shimizu

Senior Executive Officer;
Deputy Executive General Manager and Senior General Manager of Retail Market
Sales Division,
Sales Headquarters, Domestic Business Company

Yoshihiro Takada

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

Tetsuya Bogaki

Senior Executive Officer;
Head of DX Kiosk Office, International Business Company

Chris T. Reagan

Senior Executive Officer;
President, Americas, Glory Global Solutions Inc.

Vincent Nakache

Senior Executive Officer;
President, EMEA, Glory Global Solutions (France) S.A.S.

Taneyoshi Ebashi

Senior Executive Officer;
Executive General Manager, Quality Assurance Headquarters
Responsible for quality management

Masato Ishida

Senior Executive Officer;
Senior General Manager, General Affairs Division, General Affairs Headquarters

Hiroshi Uemura

Senior Executive Officer;
Senior General Manager, DX Business Promotion Division,
Sales Headquarters, Domestic Business Company

Yoshifumi Kawabata

Senior Executive Officer;
Deputy Executive General Manager and Senior General Manager of Product
Components Development Division, Development Headquarters

Yoshihiro Oota

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

Ben Thorpe

Executive Officer;
President, Asia Pacific, Glory Global Solutions (Singapore) Pte Ltd

Shigeo Suzuki

Executive Officer;
Senior General Manager, Management Division,
Service Headquarters, Domestic Business Company

Yoshihiro Yatsutani

Executive Officer;
Senior General Manager, Human Resources Division,
General Affairs Headquarters

Akihiko Hosooka

Executive Officer;
Senior General Manager, Business Planning Division,
Domestic Business Company

Toyofumi Iwami

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

Kazumasa Kishiue

Executive Officer;
Executive General Manager, Production Headquarters

Kuniaki Ogawa

Executive Officer;
Executive General Manager and Senior General Manager of Business Innovation Center,
New Business Promotion Headquarters, Domestic Business Company

Yoshinori Minoshima

Executive Officer;
General Manager, Tokyo Regional Office, Domestic Business Company

Kazumi Yamauchi

Executive Officer;
Deputy Executive General Manager and Senior General Manager of System
Development Division, Development Headquarters

Yukiya Tanaka

Executive Officer;
Executive General Manager, Management Strategy Headquarters
Responsible for brand strategies and investor relations

Management's Discussion and Analysis

I Overview of Business Results

Market Environment

In fiscal 2022, ended March 31, 2023, the global economy showed a recovery trend as socioeconomic activities gradually normalized, despite the ongoing impact of COVID-19. Nevertheless, the outlook remained uncertain due to supply chain disruptions caused by soaring materials prices, the prolonged Russia-Ukraine conflict, and increased downside economic risks stemming from global monetary tightening. In Japan, the economy continued recovering gradually, but the outlook remained unclear due to prolonged difficulties in procuring parts and materials, prolonged price hikes of such parts and materials, rising raw material prices, and a significant depreciation of the yen.

Performance

In our core business, sales of major products in the financial market were weak due to difficulties in procuring parts for semiconductors and other products in overseas markets, which impacted our production activities. In the retail market, however, we posted strong sales of self-service coin and banknote recyclers for cashiers and sales from maintenance services, thanks to solid ongoing demand for contactless and self-service solutions, as well as the need to address workforce shortages and rising labor costs. In addition, sales of the Revolution Group remained strong. We also extended the regional coverage of our self-checkout systems with the launch of the CI-X series, a new range of retail store cash management solutions capable of dealing with the currencies of 60 countries. In Japan, we posted steady sales in the financial market on the back of firm demand, especially for self-service solutions. However, sales in the retail and transportation market were sluggish, with sales of mainstay products postponed due to delays in delivery and production caused by parts shortages. Meanwhile, from maintenance services in both markets declined year on year, following the completion of system modifications associated with the issuance of the new ¥500 coin.

In the new business domain, the Acrelec Group's self-service kiosk business performed well in the overseas market. During the year, we made an additional investment in OneBanx, a U.K.-based start-up that operates a financial shared platform business. We also invested in Clip Money, Inc., a Canadian company that provides deposit agency services. It has set up shared devices in shopping malls in the United States and Canada to accept cash sales deposits from retail and restaurant businesses. In these ways, we strengthened our financial inclusion efforts by giving consumers greater access points to financial services. In the domestic market, we launched the FGK series of self-order kiosks, which accommodate diversification of store management and payment methods for restaurant operators. We also made an additional investment in Showcase Gig Inc., a mobile order service provider, thus reinforcing our lineup of next-generation store solutions for restaurants. During the year, we launched mirAI-EYE, a fall detection system developed jointly with EcoNaviSta Co., Ltd., with whom we have a capital and business alliance. Applying our AI-driven image recognition technology, mirAI-EYE accurately perceives a person's posture by recognizing the

position of his/her skeleton. The system will be used to monitor residential rooms in nursing care and other facilities.

As a result, consolidated net sales in fiscal 2022 totaled ¥255,857 million, up 12.9% year on year. Of this, sales of merchandise and finished goods increased 8.7%, to ¥155,064 million, and sales from maintenance services rose 20.1%, to ¥100,793 million. Despite efforts to pass on costs to selling prices and other measures, we were unable to absorb cost increases due to soaring material prices and other factors. Consequently, operating income fell 94.9%, to ¥522 million. For the year, we posted an ordinary loss of ¥2,720 million (ordinary income of ¥10,404 million in the previous year), due mainly to an increase in share of loss of entities accounted for using equity method. Due to extraordinary losses associated with the impairment of goodwill of the Acrelec Group and impairment losses related to the termination of the development of internal systems, we posted a net loss attributable to owners of parent of ¥9,538 million (net income attributable to owners of parent of ¥6,410 million in the previous year).

Consolidated Performance Summary

(Millions of yen)	Full year						Year on year	
	FY2020	Ratio	FY2021	Ratio	FY2022	Ratio		
Net sales	217,423	100.0%	226,562	100.0%	255,857	100.0%	+29,295	+12.9%
Maintenance sales	78,675	36.2%	83,894	37.0%	100,793	39.4%	+16,899	+20.1%
Operating income	14,201	6.5%	10,195	4.5%	522	0.2%	-9,673	-94.9%
Ordinary income	14,137	6.5%	10,404	4.6%	-2,720	-	-13,124	-
Net income attributable to owners of parent	5,705	2.6%	6,410	2.8%	-9,538	-	-15,948	-
EBITDA*	29,410	13.5%	27,505	12.1%	18,988	7.4%	-8,517	-31.0%
Exchange rate	US\$	¥106	¥112		¥135			
	Euro	¥124	¥131		¥141			

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

II Segment Overview

■ Net Sales and Operating Income by Segment

(Millions of yen)	Net sales				Operating income			
	Full year			Year on year	Full year			Year on year
	FY2020	FY2021	FY2022		FY2020	FY2021	FY2022	
Overseas market	104,765	127,803	155,902	+28,099 +22.0%	3,417	4,781	436	-4,345 -90.9%
Financial market	49,877	36,079	36,248	+169 +0.5%	9,861	4,644	152	-4,492 -96.7%
Retail and transportation market	49,078	47,859	45,595	-2,264 -4.7%	1,670	2,543	-571	-3,114 -
Amusement market	11,020	12,131	15,139	+3,008 +24.8%	-290	-366	1,624	+1,990 -
Others	2,680	2,688	2,971	+283 +10.5%	-456	-1,408	-1,118	+290 -
Total	217,423	226,562	255,857	+29,295 +12.9%	14,201	10,195	522	-9,673 -94.9%

■ Overseas Market Sales by Region

(Millions of yen)	Full year			Year on year		Local currency basis
	FY2019	FY2020	FY2021			
Americas	35,524	44,684	69,336	+24,652	+55.2%	+28.7%
Acrelec sales	1,125	2,716	3,050	+334		-
Revolution sales	-	3,774	17,758	+13,984		-
EMEA	52,981	68,967	70,758	+1,791	+2.6%	-5.0%
Acrelec sales	7,297	16,479	18,663	+2,184		-
Asia	16,259	14,151	15,806	+1,655	+11.7%	-
Acrelec sales	450	614	751	+137		-
Total	104,765	127,803	155,902	+28,099	+22.0%	-
Acrelec sales	8,873	19,809	22,464	+2,655		-
Revolution sales	-	3,774	17,758	+13,984		-

* Acrelec is included in the consolidated performance from Q2/FY2020.

* Revolution is included in the consolidated performance from Q3/FY2021 (Americas).

* The following changes have been made to the disclosure from FY2022.

(1) OEM net sales are included in Net Sales by Geographical Segment. (Retroactive adjustment for the past two years)

(2) China is included in Asia.

We reported year-on-year sales increases in all markets except retail and transportation. This was despite difficulties in procuring parts for semiconductors and other parts, which impacted our production operations. Regarding earnings, we posted operating losses in the retail and transportation market. However, we returned to profitability in the amusement market and maintained profitability in the overseas and financial markets, albeit with significant decreases in income.

■ Overseas Market

Sales of the RBG series of coin and banknote recyclers for financial institutions remained mostly unchanged year on year, but sales of the CI series of sales proceeds deposit machines for the retail industry benefited from steady ongoing demand for contactless and self-service solutions. For the year, we reported an increase in overseas sales thanks to higher sales from maintenance services and the depreciation of the yen, as well as a rise in sales of the Acrelec Group and the inclusion of the Revolution Group in the scope of consolidation. However, operating income declined significantly due to high global inflation, increased labor costs, soaring materials prices, and rising logistics costs.

In the Americas, we reported firm sales of the RBG series of coin and banknote recyclers for financial institutions and the CI series of sales proceeds deposit machines for the retail industry thanks to steady demand for contactless and self-service solutions. Overall sales in the Americas increased year on year due to the weaker yen, increased maintenance sales, and the acquisition of Revolution Group.



In Europe, we enjoyed strong demand for our products in both the financial and retail markets, but sales in those markets remained mostly unchanged due to the aforementioned impact on production. However, total sales in Europe increased year on year thanks to higher sales of the Acrelec Group, the yen's depreciation, and increased sales from maintenance services.

In Asia, we posted growth in sales on the back of steady sales of products for the financial market, as well as the yen's depreciation and higher sales from maintenance services.



(Millions of yen)		Full year				Year on year
		FY2021		FY2022		
Net sales		19,809		22,464		+2,655
	Americas	2,716	14%	3,050	14%	+334
	EMEA	16,479	83%	18,663	83%	+2,184
	Asia	614	3%	751	3%	+137
Operating Income	Before amortization of goodwill	582		-1,100		-1,682
	After amortization of goodwill	-177		-2,122		-1,945

Revolution Retail Systems

(Millions of yen)		Full year		
		FY2021	FY2022	Year on year
Net sales		Reference value (before acquisition)  11,741	 17,758	+6,017
	Percentage of consolidated net sales in the Americas region	— %	26%	— pt
Operating Income	Before amortization of goodwill	Reference value (before acquisition) ▶ 4,378	— 692	— 5,070
	After amortization of goodwill	—	— 1,947	—

*Revolution is included in the consolidated performance from Q3/FY2021 (December 2021)

Among subsidiaries, the Acrelec Group reported an increase in sales, especially from food and beverage companies (F&Bs) in Europe, but posted an operating loss due to upfront investments for business expansion in the United States.

By region, sales in the Americas remained mostly unchanged from previous fiscal year due to postponement of sales from large orders. By deploying our own sales channels, however, we are beginning to see synergistic benefits. For example, we entered negotiations with a major retailer for combination of kiosks and our CI series of self-service coin and banknote recyclers for cashiers.

Sales in Europe increased due to strong demand from F&Bs and other customers in Spain, the United Kingdom, and Sweden.

In Asia, we are making good progress in rolling out kiosks in the Philippines, Taiwan, and other countries. We are also working to expand our business in Japan, including by working with Acrelec

to jointly develop the FGK series of self-order kiosks and providing solutions that we have cultivated overseas for store operations.

The Revolution Group reported an increase in revenue compared with the year before its acquisition thanks to strong sales to food supermarkets, medium-sized retailers, and cash-in-transit companies. However, it reported an operating loss due to increased expenses associated with high inflation. Looking ahead, the Revolution Group aims to quickly return to profitability after amortization of goodwill by improving maintenance efficiency and productivity through functional integration of maintenance centers and production bases with our U.S. subsidiary.

Financial Market

In the financial market, we enjoyed strong revenue growth, with a 15.2% year-on-year increase in sales of mainstay open teller systems and a 49.5% jump in sales of coin and banknote recyclers for tellers. However, soaring material prices and other factors led to a significant decline in operating income.

■ Retail and Transportation Market

In the retail and transportation market, sales of mainstay coin and banknote recyclers for cashiers were firm, growing 6.9% year on year. However, sales of sales proceeds deposit machines to cash-in-transit companies declined 9.4%, and sales of medical payment kiosks fell 38.7%. Sales from maintenance services also declined as system modification associated with the issuance of the new ¥500 coin ran its course. Due to the decrease in sales and the impact of higher material prices, we posted an operating loss in this market.

■ Amusement Market

In the amusement market, sales of mainstay card systems increased significantly, supported by our launch of new card units for smart amusement machines. We also returned to profitability on the back on increased revenue and structural reforms.

III Financial Position

Assets, Liabilities, and Net Assets

Total assets at fiscal year-end amounted to ¥381,273 million, up ¥18,003 million from a year earlier, due to increases in inventories, notes and accounts receivable—trade, contract assets, and retirement benefit asset. This was despite a decrease in cash and deposits.

Total liabilities rose ¥30,626 million, to ¥185,288 million, due mainly to an increase in short-term borrowings.

Net assets declined ¥12,622 million, to ¥195,984 million, due to a decrease in retained earnings. This was despite an increase in foreign currency translation adjustments.

As a result, the ownership equity ratio at fiscal year-end was 50.7%, down 5.8 points from a year earlier.

IV Cash Flows and Capital Investments

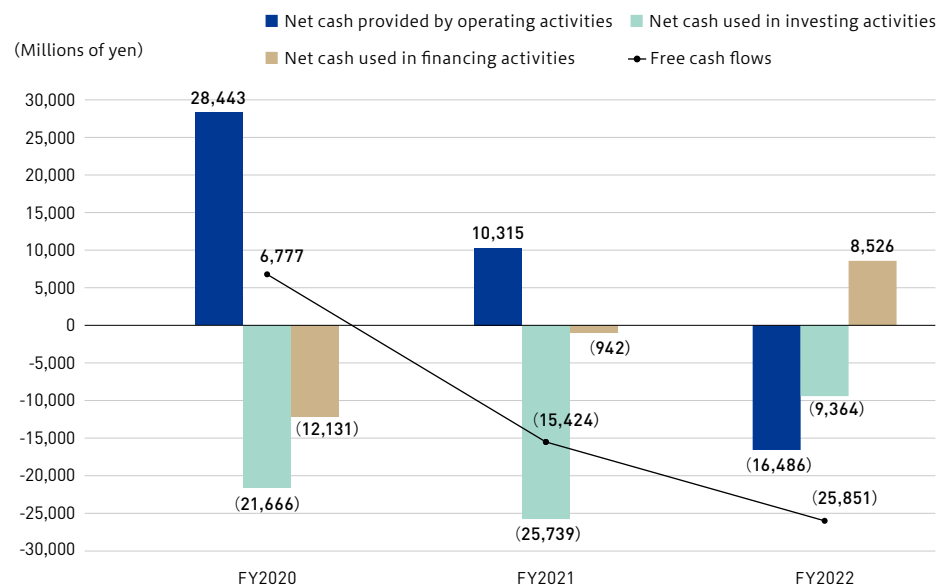
Cash Flows

Cash and cash equivalents at fiscal year-end totaled ¥36,693 million, down ¥15,622 million from a year earlier.

Net cash used in operating activities amounted to ¥16,486 million (compared with net cash provided by operating activities of ¥10,315 million in the previous year). This was mainly due to payment of income taxes and an increase in working capital. Main inflows included depreciation and amortization of goodwill.

Net cash used in investing activities totaled ¥9,364 million (compared with ¥25,739 million in the previous fiscal year). This was mainly due to purchases of property, plant and equipment in relation to molds and jigs for product manufacturing, purchases of software and other intangible assets, and the acquisition of shares in Showcase Gig, Inc., and others. As a result, the free cash flows (sum of cash flows from operating and investing activities) were minus ¥25,851 million.

Net cash provided by financing activities was ¥8,526 million (compared with net cash used in financing activities of ¥942 million in the previous fiscal year). This was mainly due to proceeds from a net increase in short-term borrowings. Main outflows included purchase of treasury shares and payment of dividends.



Capital Investments

The Group actively undertakes growth-oriented investments aimed at enhancing corporate value. Over the three-year period of the 2023 Medium-Term Management Plan, which commenced in April 2021, we plan to make a total of ¥75 billion in capital and business investments. Of this amount, we will allocate ¥30 billion to strengthen the foundation of the Group's core business.

In fiscal 2022, capital investments amounted to ¥11,064 million, down 3.1% from the previous fiscal year. This was allocated mainly to R&D, productivity improvement, and sales and maintenance activities, including ¥910 million for casting and jig tools for new product manufacturing and ¥1,086 million for software for additional ERP system investments.

V Tax Governance Initiatives

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

Consolidated Financial Statements

Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	52,376	36,753
Notes and accounts receivable—trade, and contract assets	52,420	59,787
Electronically recorded monetary claims—operating	749	1,821
Investments in leases	775	547
Securities	50	833
Merchandise and finished goods	36,657	53,175
Work in process	15,658	14,951
Raw materials and supplies	17,599	26,872
Other	12,913	10,171
Allowance for doubtful accounts	(1,240)	(1,437)
Total current assets	187,960	203,477
Non-current assets		
Property, plant and equipment		
Buildings and structures	39,176	39,905
Accumulated depreciation	(24,255)	(25,321)
Buildings and structures, net	14,921	14,583
Machinery, equipment and vehicles	15,434	15,734
Accumulated depreciation	(13,130)	(13,368)
Machinery, equipment and vehicles, net	2,304	2,365
Tools, furniture and fixtures	53,427	54,895
Accumulated depreciation	(48,211)	(48,603)
Tools, furniture and fixtures, net	5,215	6,292
Land	11,877	11,892
Right-of-use assets	10,845	13,744
Accumulated depreciation	(4,880)	(6,553)
Right-of-use assets, net	5,964	7,190
Construction in progress	201	192
Total property, plant and equipment	40,485	42,517
Intangible assets		
Customer relationships	26,790	26,428
Software	8,709	7,452
Goodwill	58,399	55,528
Other	3,007	2,315
Total intangible assets	96,907	91,725
Investments and other assets		
Investment securities	15,313	14,553
Deferred tax assets	8,266	9,981
Retirement benefit asset	9,660	14,772
Other	6,782	6,351
Allowance for doubtful accounts	(2,106)	(2,106)
Total investments and other assets	37,916	43,552
Total non-current assets	175,309	177,795
Total assets	363,269	381,273

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable—trade	14,656	18,197
Electronically recorded obligations—operating	6,975	7,276
Short-term borrowings	16,743	45,623
Current portion of long-term borrowings	2,585	1,481
Current portion of bonds payable	—	10,000
Income taxes payable	1,075	428
Contract liabilities	22,502	22,037
Provision for bonuses	7,373	7,110
Provision for bonuses for directors (and other officers)	102	54
Provision for stock grant	209	48
Other	27,673	27,244
Total current liabilities	99,898	139,501
Non-current liabilities		
Bonds payable	20,000	10,000
Long-term borrowings	11,187	12,055
Lease liabilities	4,409	5,412
Deferred tax liabilities	8,809	9,721
Provision for stock grant	247	194
Retirement benefit liability	2,327	2,166
Other	7,782	6,238
Total non-current liabilities	54,763	45,787
Total liabilities	154,661	185,288
Equity		
Shareholders' equity		
Share capital	12,892	12,892
Capital surplus	12,286	12,286
Retained earnings	166,566	141,522
Treasury shares	(9,191)	(8,161)
Total shareholders' equity	182,554	158,540
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	666	1,367
Foreign currency translation adjustment	18,050	26,672
Remeasurements of defined benefit plans	4,047	6,584
Total accumulated other comprehensive income	22,764	34,625
Non-controlling interests	3,289	2,818
Total equity	208,607	195,984
Total liabilities and equity	363,269	381,273

Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	226,562	255,857
Cost of sales	136,800	164,630
Gross profit	89,762	91,226
Selling, general and administrative expenses	79,566	90,704
Operating income	10,195	522
Non-operating income		
Interest income	222	151
Dividend income	149	187
Foreign exchange gains	480	—
Gain on valuation of derivatives	—	1,443
Other	576	503
Total non-operating income	1,429	2,286
Non-operating expenses		
Interest expenses	638	1,138
Foreign exchange losses	—	724
Share of loss of entities accounted for using equity method	58	2,978
Other	522	687
Total non-operating expenses	1,219	5,529
Ordinary income or ordinary loss	10,404	(2,720)
Extraordinary income		
Gain on sale of non-current assets	12	6
Gain on sale of investment securities	1	56
Gain on sale of shares of subsidiaries and associates	4,739	—
Total extraordinary income	4,752	63
Extraordinary losses		
Loss on sale of non-current assets	1	11
Loss on retirement of non-current assets	32	10
Loss on sale of investment securities	—	0
Loss on valuation of investment securities	49	171
Provision of allowance for doubtful accounts	1,171	1
Impairment losses	121	3,810
Special investigation expenses	100	—
Total extraordinary losses	1,476	4,004
Net income (loss) before income taxes	13,680	(6,661)
Income taxes—current	6,333	4,621
Income taxes—deferred	(97)	(2,533)
Total income taxes	6,235	2,087
Net income (loss)	7,444	(8,748)
Net income attributable to non-controlling interests	1,034	789
Net income (loss) attributable to owners of parent	6,410	(9,538)

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net income (loss)	7,444	(8,748)
Other comprehensive income		
Valuation difference on available-for-sale securities	(9)	706
Foreign currency translation adjustment	9,128	8,885
Remeasurements of defined benefit plans, net of tax	937	2,537
Share of other comprehensive income of entities accounted for using equity method	7	(16)
Total other comprehensive income	10,064	12,111
Comprehensive income	17,509	3,362
Comprehensive income attributable to		
Owners of parent	16,366	2,323
Non-controlling interests	1,142	1,039

Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Net income (loss) before income taxes	13,680	(6,661)
Depreciation	12,191	11,762
Impairment losses	121	3,810
Amortization of goodwill	5,119	6,703
Increase (decrease) in allowance for doubtful accounts	1,198	98
Increase (decrease) in retirement benefit liability	(419)	(246)
Increase (decrease) in provision for bonuses	(429)	(489)
Increase (decrease) in provision for stock grant	210	(213)
Loss (gain) on sale of investment securities	(1)	(56)
Loss (gain) on sale of shares of subsidiaries and associates	(4,739)	—
Interest and dividend income	(372)	(339)
Interest expenses	638	1,138
Loss on retirement of non-current assets	32	10
Share of loss (profit) of entities accounted for using equity method	58	2,978
Decrease (increase) in trade receivables	9,374	(5,631)
Decrease (increase) in inventories	(9,073)	(21,902)
Increase (decrease) in trade payables	1,306	1,963
Increase (decrease) in lease liabilities	(287)	200
Decrease (increase) in investments in leases	299	228
Decrease (increase) in accounts receivable—other	(2,600)	1,085
Increase (decrease) in accounts payable—other	0	(90)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(834)	(243)
Other, net	(7,692)	(3,244)
Subtotal	17,780	(9,137)
Interest and dividends received	384	347
Interest paid	(624)	(1,156)
Income taxes refund (paid)	(7,225)	(6,540)
Net cash provided by (used in) operating activities	10,315	(16,486)

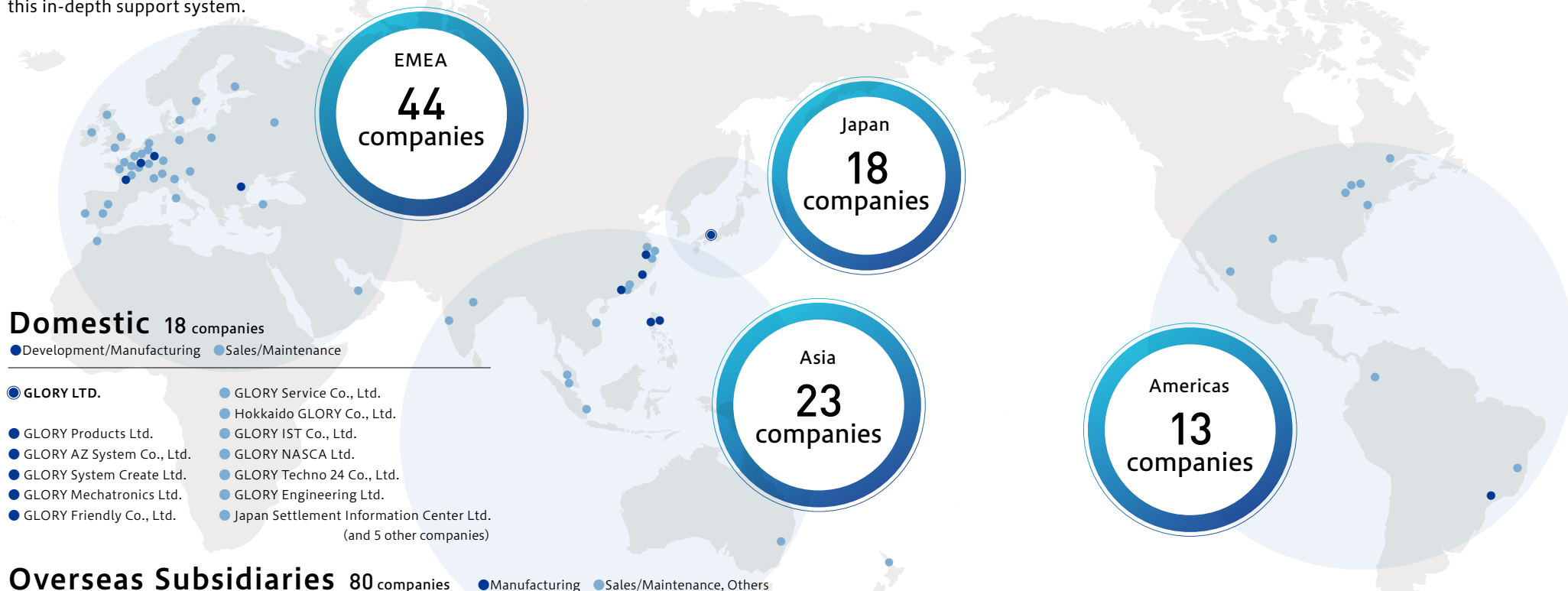
(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from investing activities		
Payments into time deposits	(60)	(60)
Proceeds from withdrawal of time deposits	130	60
Purchase of securities	—	(813)
Purchase of property, plant and equipment	(4,809)	(5,015)
Proceeds from sale of property, plant and equipment	20	13
Purchase of intangible assets	(3,424)	(1,918)
Purchase of investment securities	(3,938)	(2,076)
Proceeds from sale and redemption of investment securities	29	180
Proceeds from distributions from investment partnerships	390	487
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(20,423)	(227)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	6,201	—
Proceeds from sale of shares of subsidiaries and associates	156	—
Other, net	(11)	5
Net cash provided by (used in) investing activities	(25,739)	(9,364)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	148	28,159
Proceeds from long-term borrowings	11,531	1,185
Repayments of long-term borrowings	(5,637)	(2,681)
Repayments of lease liabilities	(1,738)	(2,041)
Dividends paid	(4,253)	(4,014)
Dividends paid to non-controlling interests	(972)	(1,510)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(20)	—
Purchase of treasury shares	—	(10,570)
Proceeds from sale of treasury shares	—	0
Net cash provided by (used in) financing activities	(942)	8,526
Effect of exchange rate change on cash and cash equivalents	2,625	1,702
Net increase (decrease) in cash and cash equivalents	(13,741)	(15,622)
Cash and cash equivalents at beginning of period	66,057	52,316
Cash and cash equivalents at end of period	52,316	36,693

Domestic and Overseas Network (as of March 31, 2023)

In addition to Glory sites in Japan, we are building a network spanning the various regions of the world through collaboration with Group companies.

Glory provides products and solutions to customers in more than 100 countries around the world through this in-depth support system.



EMEA

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

(and 25 other companies)

Americas

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

(and 7 other companies)

Asia

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

(and 11 other companies)

Third-Party Opinion



Specially Appointed Professor
Chuo University Business School

Masayoshi Miyanaga

The first thing that struck me when I read Glory's Integrated Report 2023 was the detailed explanation of strategy and resource allocation, which are important components of an integrated report. This is particularly true for strategy. The former IIRC Integrated Reporting Framework, released in 2013, called for companies to disclose information about nine elements, seven of which are especially important when explaining an organization's short-, medium-, and long-term value creation. These are organizational overview and external environment, governance, business model, risks and opportunities, strategy and resource allocation, performance, and outlook. This report reveals that Glory has a solid understanding of the importance of the seven key elements, with future strategy and a review of past strategies in medium-term management plans described in particularly fine detail. The strategy component is presented as a Special Topic and provides an explanation of Glory's strengths and aspirations, which I appreciate.

One other part that caught my attention was the "The President and Outside Directors—A Roundtable Discussion" section. That section, which looks at Glory's future vision, presents key points for future management, such as its mindset as a global company, the importance of the diversification and sensitivity of human resources, the visualization of management through DX, and the enhancement of technology commercialization. As a reader, I am curious to see how management will translate these points into value creation in the future.

Compared to the excellent integrated reports of overseas companies, however, Japanese companies are lagging in two areas—governance and performance disclosures—and Glory needs to further enhance the transparency of its content and disclosure in these areas. In addition, Glory presents material issues for the environment and society and discloses KPIs and actual values, which is excellent. However, the relationship with value creation is difficult to convey because it is not linked to business or strategy, so I feel there is room for improvement.

Amid the recent trend toward global standardization of non-financial information, integrated reporting by Japanese companies has evolved dramatically over the past several years, and good integrated reporting should be able to accommodate demand for expanded non-financial information. Glory's integrated reporting has also evolved over the years, and I look forward to further progress aimed at realizing the Group's Long-Term Vision 2028, with the slogan "We enable a confident world."

Authenticity Statement/Targeting Future Improvement Based on Third-Party Opinions



Executive Officer;
Executive General Manager,
Management Strategy Headquarters

Yukiya Tanaka

■ Authenticity statement

The slogan of Glory's Long-Term Vision 2028 is "We enable a confident world." To realize this vision, the Glory Group pursues new initiatives to address issues faced by its customers, which include financial institutions, retailers, and restaurants, through advanced technology and DX that goes beyond cash handling.

This report features case studies that address such social issues and introduces strategic initiatives related to human resources, financial capital, functional capabilities, and sustainability foundations. It also focuses on conveying real voices from inside and outside the Company and reflecting them in the report as faithfully as possible.

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

The Glory Group views this report as an important tool for dialogue with all stakeholders, including shareholders and other investors, to deepen their understanding of the value we are creating together. We will continue managing the Group with the aim of enhancing corporate value and fostering the sustainable growth of society. At the same time, we will strive to expand the content of the Integrated Report. I look forward to the frank opinions and suggestions of our readers.

■ Targeting future improvement based on third-party opinions

In publishing this report, we received a third-party opinion from Mr. Masayoshi Miyanaga, Specially Appointed Professor at Chuo University Business School, who offered a broad perspective from his standpoint as an expert.

He gave us high marks for our review of the past medium-term management plan and our explanation of the direction we aim to take with future strategies, as well as for clarifying and publishing issues for future growth from the perspective of outside directors. As stated in the Editorial Policy at the beginning of this report, we believe that our disclosure aligns with our objective of communicating the Group's growth potential to stakeholders.

However, one issue raised by Mr. Miyanaga was the lag of connection between sustainability-related materiality and business/strategy and the difficulty in conveying the relationship between these elements and value creation. With this in mind, we will deepen internal discussions about Mr. Miyanaga's suggestions and utilize them to formulate strategies for our 2026 Medium-Term Management Plan, to be announced in May 2024.

Corporate Data/Share Information (as of March 31, 2023)

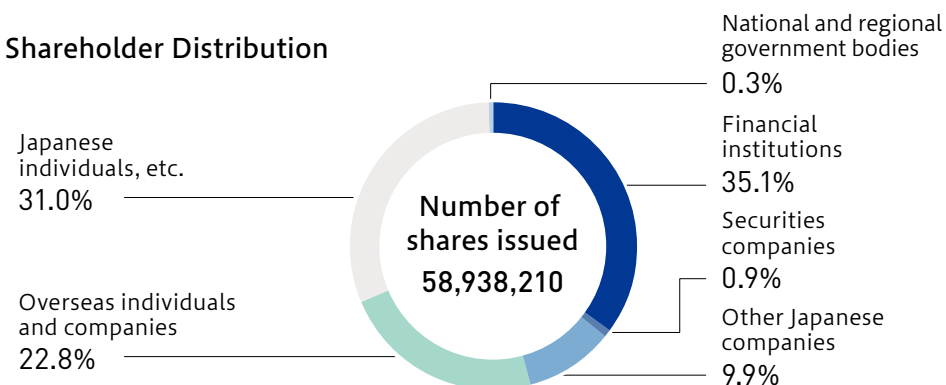
Corporate Data

Corporate name	GLORY LTD.
Established	November 27, 1944
Capital	¥12,892,947,600
Number of employees	3,498 (Consolidated basis: 10,792)
Head office	1-3-1, Shimoteno, Himeji, Hyogo 670-8567, Japan Phone: +81-79-297-3131
Offices	Head Office/Factory, Tokyo Office, Shinagawa Business Place, Saitama Factory, and Himeji Distribution Center Branches and other: 106 locations 97 Group companies (including 80 overseas companies)
Fiscal year-end	March 31
Date of Ordinary General Meeting of Shareholders	Late June
Record dates	Ordinary General Meeting of Shareholders: March 31 Year-end dividend: March 31 Interim dividend: September 30 Other such events are conducted from time to time upon sufficient notice to shareholders.
Trading unit	100 shares
Listing	Tokyo Stock Exchange (Prime)
Securities code	6457
Administrator of shareholder registry	Mitsubishi UFJ Trust and Banking Corporation

Share Information

Number of shares authorized	150,000,000
Number of shares issued	58,938,210 (including 2,873,306 shares of treasury stock)
Number of shareholders	10,734 (decrease of 1,080 from previous year)

Shareholder Distribution



Major Shareholders

Shareholder	Number of shares held (Thousands of shares)	Holding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	7,982	13.5
Nippon Life Insurance Company	3,427	5.8
GLORY Group Employees' Stock Ownership Association	2,794	4.7
Custody Bank of Japan, Ltd. (Trust account)	2,741	4.6
Sumitomo Mitsui Banking Corporation	1,600	2.7
Tatsubo Fashion Co. Ltd.	1,500	2.5
THE BANK OF NEW YORK MELLON 140044	1,186	2.0
GLORY Business Partners' Stock Ownership Association	1,135	1.9
MUFG Bank, Ltd.	879	1.4
TATSUTA BOUSEKI CO.,LTD.	726	1.2

In addition to the above, the Company holds 2,873,306 shares of treasury stock.

Inclusion in ESG Indices

FTSE Blossom Japan Index



FTSE Blossom Japan Sector Relative Index



MSCI Japan ESG Select Leaders Index

2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX
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S&P/JPX Carbon Efficient Index



Guidance on information disclosure tools

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

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

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

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

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



Confidence Enabled

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