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News Release

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Securities Code: 6457
Stock Exchange: Tokyo (Prime)
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Revision of Remuneration System and Partial Revision of Performance-Based Stock Compensation Plan for Directors

GLORY LTD. (the “Company”) hereby announces that its Board of Directors decided at its meeting today to revise the remuneration system for its directors and to submit proposals as described below to the 78th Ordinary General Meeting of Shareholders to be held on June 21, 2024 (the “Shareholders Meeting”).

1. Revision of remuneration system

Towards its long-term vision “We enable a confident world”, the Company has continued its efforts to improve profitability of core business and monetize new businesses in the domestic and overseas markets. Our strategic investment in the overseas market has been a success, bringing our overseas sales to account for more than half of the total net sales since the previous revision of remuneration system. The Company aims for further growth in the global market with its 2026 Medium-Term Management Plan newly formulated with the concept of GLORY TRANSFORMATION.

The Company seeks to revise its remuneration system to be more performance-linked, competitive, and aligned with a global standard. It is intended to increase incentives for directors’ contribution to the Company’s performance and corporate value over the medium to long term and enable onboarding of globally competent personnel across the Group, while enabling us to share values with our shareholders.

The remuneration consists of fixed cash compensation (“Fixed Compensation”), performance-linked cash bonuses (“Bonuses”), and performance-linked stocked-based compensation (“Stock Compensation”). Upon revision, the ratio of Bonuses and Stock Compensation will increase, and remuneration standard of global companies of similar business and earnings level will be considered. There will be no changes to the Fixed Compensation paid to directors with no business execution authority in the Company, outside directors, and directors who are Audit & Supervisory Committee members, considering their supervisory roles and independency.

The revision of remuneration system has been deliberated upon by the Compensation Advisory Committee with the majority of its members being outside directors and one of them serving as the Chairperson.

2. Revision of the maximum amount of cash compensation

At its 74th Ordinary General Meeting of Shareholders held on June 26, 2020, the Company obtained an approval for the present amount of cash compensation for directors who are not audit & supervisory committee members that is paid within the limit of 450 million yen per year (including 50 million yen for Outside Directors).

At the Shareholders Meeting, the Company will submit a proposal to revise the maximum amount of cash compensation at 700 million yen per year (including 60 million yen for outside director) for directors who are not audit & supervisory committee members. As before the amount of the compensation will not include the salary and bonuses paid to employees concurrently serving as directors.

There will be no changes to the amount of cash compensation paid to directors who are audit & supervisory committee members (80 million yen), which was approved at the 74th Ordinary General Meeting of Shareholders held on June 26, 2020.

3. Continuation of the performance-based stock compensation plan (the Plan) and its partial revision

The Company has implemented the performance-based stock compensation plan (the “Plan”) for its directors ((excluding directors who have no business execution authority in the Company and outside directors of the Company); the same shall apply hereinafter) (the “Directors”) and the presidents of the Company’s domestic subsidiaries (such Directors and presidents collectively referred to as the “Specified Directors”)(the Company and its domestic subsidiaries collectively referred to as the “Specified Companies”) since 2015, with the aim of improving the Company group’s business performance and increasing corporate value over the medium to long term. The Company has determined to submit a proposal to the Shareholders Meeting in order to partially amend and continue the Plan.

The amount and other contents in the revised Plan are as follows.

(i) Outline of the Plan

The Company has operated the Plan employing a trust set up by the Company (the “Trust”) by entrusting the money contributed by the Company though FY2021 to FY2023 (the period covered by the Plan hereinafter referred to as the “Plan Period”). The Company intends to extend the Plan Period for another three years from FY2024 to FY2026, and to distribute a certain number of shares of the Company and the cash conversion equivalent thereof (collectively the “Company Shares”) to each of the Specified Directors as compensation during such period.

At the expiration of the trust period of the Trust (the “Trust Period”), if it is resolved by the Board of Directors to continue the Trust by amending the trust contracts and entrusting additional money instead of setting of a new trust within the range approved by the Shareholders Meeting, the Trust Period will be extended for another three years, and the three fiscal years after the extension will be the renewed Plan Period.

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

At its 74th Ordinary General Meeting of Shareholders held on June 26, 2020, the Company obtained an approval for the upper limit of money to be contributed to the Trust as compensation for Specified Directors to be 615 million yen (of which the limit for Directors will be 300 million yen) during each Plan Period. At the Shareholders Meeting, the Company will submit a proposal to revise the limit to 1,230 million yen (of which 950 million yen will be the limit for Directors).

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

Any shares etc. remaining in the Trust at the end of the Trust Period (the “Residual Shares”) will be succeeded to the renewed Trust. The total amount of the Residual Shares and the additional money to be contributed to the Trust will be within the limit to be approved by the Shareholders Meeting.

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

At the Shareholders’ Meeting, the Company will submit a proposal to revise the upper limit of the Company shares to be acquired by the Trust from 300,000 shares (of which 147,000 will be the limit for Directors) to 340,000 (of which 260,000 will be the limit for Directors) during each of the Plan Period. As prescribed in the Company Shares Distribution Rules, Specified Directors will be awarded evaluation points (the “Points”) on the last day of May of each fiscal year during the Trust Period, based on their duties and the achievement rate of performance target for the previous fiscal year ending 31 March.

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

iv) Distribution of Company Shares to Specified Directors

Specified Directors who have satisfied the beneficiary requirements will be awarded Points calculated based on the method described above iii), at a certain time each year prescribed in the Company Shares Distribution Rules. A certain percentage of the Points to be awarded will be distributed at a certain time during a Specified Director's tenure and the remaining Points will be accumulated each year (the "Accumulated Points") until the time of retirement. The number of the Company Shares corresponding to the number of Points or the Accumulated Points will be distributed from the Trust to the Specified Directors during their tenures or upon retirement. A certain percentage of the Company shares will be converted to an equivalent cash value within the Trust before being distributed to Specified Directors during their tenures or upon their retirement.

v) Others

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

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About GLORY LTD.

GLORY LTD., headquartered in Himeji, Japan, is a pioneer in the development and manufacture of cash handling machines and systems. GLORY provides a variety of products built on its leading-edge recognition/identification and mechatronics technology, such as cash handling machines, cash management systems, vending machines, and automatic service equipment. Committed to meeting society's wide-ranging needs, GLORY serves the financial, retail, vending machine, amusement and gaming industries in more than 100 countries. For more information, please visit GLORY Group website at <https://corporate.glory-global.com/>.

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