

March 18, 2022



News Release

Company name: GLORY LTD.  
Representative: Motozumi Miwa, President  
Headquarters: 3-1, Shimoteno 1-chome, Himeji,  
Hyogo, JAPAN  
Securities Code: 6457  
Stock Exchange: Tokyo (1st Section)  
Accounting Term: March

**Notice Regarding the Disclosure of the Summary of the Investigation Report  
for the Incident Occurred at Domestic Subsidiary**

Following the “Notice Regarding the Disclosure of the Results of the Investigations by the Internal Investigation Committee” released on March 14, 2022, GLORY LTD. (the “Company”) hereby discloses the summary of the investigation report as attached.

**About GLORY LTD.**

GLORY LTD., headquartered in Himeji, Japan, is a pioneer in the development and manufacture of money handling machines and systems. GLORY provides a variety of products such as money handling machines, cash management systems, vending machines, automatic service equipment, and cash management solutions that are built on its leading-edge recognition/identification and mechatronics technology. Committed to meet society’s wide-ranging needs, GLORY serves the financial, retail, vending machine, amusement and gaming industries in over 100 countries around the world. GLORY has approximately 11,000 employees worldwide. For more information about GLORY, please visit GLORY Group website at <https://www.glory-global.com/>

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**Investigation Report  
(Executive Summary)**

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**March 14, 2022**

**Internal Investigation Committee  
GLORY LTD.**

## 1. Outline of the incident

“X”, an employee, who was dismissed on disciplinary grounds as of March 11, 2022, of the Company’s domestic subsidiary, GLORY Service Co., Ltd. (“GS”), embezzled cash and bank deposits of GS from around 2009 to February 3, 2022 (the “Embezzlement”). The Embezzlement was carried out by the following methods;

- (1) X embezzled cash of GS from around 2009 to early February 2022 (the "Cash Embezzlement") either by;
  - Embezzling cash handed over by other GS employees to X which should have been put into the designated depository safe at GS.
  - Embezzling cash stored in the depository safe, opening it with the key managed by X.
- (2) X transferred funds deposited in one of the accounts of GS at Y Bank to X’s personal account at W Bank by online banking transfer from July 16, 2020 to February 3, 2022 (the "Deposits Embezzlement”).

To prevent the Embezzlement from being discovered, X falsified the documents to be verified by X’s supervisor, including the bank statements of the GS account and reconciliation report attached to it. In addition, X manipulated accounting journal entries to conceal the Embezzlement.

## 2. Total damage incurred by GS due to the Embezzlement and the use of embezzled money

• Due to the Cash Embezzlement:	JPY	569,444,809
• Due to the Deposits Embezzlement:	JPY	1,586,000,000
<b>(Total)</b>	<b>JPY</b>	<b>2,155,444,809</b>

The embezzled money was found to have been used for betting on horse racing (at least JPY 1,763,557,590) and for other entertainment expenses.

## 3. Causes of the Incident

### (1) Direct Causes

- Dependence and concentration of authorities on a particular employee over the long term for accounting tasks
- Workflow for cash collection and deposit defective from the perspective of preventing incidents like the Embezzlement
- Non-compliance with GS accounting rules by employees of GS regarding bank transfer and remittance
- Inadequate supervision and vigilance within the department to which X belonged
- Inadequacy of rules to implement appropriate internal controls in GS and of awareness by employees of GS towards existing rules

(2) Other underlying causes for the Embezzlement

- Inadequate human resources for the tasks allocated to the department to which X belonged
- Inadequate attention by the Company to its subsidiary credit assessment
- Inadequate awareness of key issues in auditing by GS corporate auditors and the Company's internal audit department

**4. Measures proposed by the Internal Investigation Committee to prevent recurrence of similar incidents**

- To avoid dependence on particular employee(s) and decentralize authorities
- To improve accounting workflow
- To ensure full compliance with GS accounting rules
- To provide necessary trainings to GS managers
- To provide education necessary to ensure strict adherence to GS rules by employees of GS
- To enforce appropriate assignment of human resources
- To ensure strict approval process for credit to subsidiaries by the Company
- To enhance the quality of audits

**5. Existence of misconducts similar to the Embezzlement**

No misconduct similar to the Embezzlement was found within the Company group.

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