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Corporate Governance Report

CORPORATE GOVERNANCE

SHIBAURA MACHINE CO., LTD.

Last Update:

23, June, 2025

SHIBAURA MACHINE CO., LTD

Shigetomo Sakamoto, President, Chief Executive Officer and Chief Operating Officer

Contact: Public Relations and Investor Relations Department

Securities code: 6104

<https://www.shibaura-machine.co.jp/en/>

The corporate governance of SHIBAURA MACHINE CO., LTD. (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Views

SHIBAURA MACHINE group Corporate Principle is "We will contribute to maximizing value for our customers around the world". We also work to ensure that everyone is aware of this as a standard as we engage in our business from a point of view of observing the law and act according to social and Code of Conduct. Based on these corporate principles and Code of Conduct, the Company has established an appropriate internal control system based on the "Basic Policy on Internal Controls" in order to increase transparency and fairness in the nomination of directors and the compensation of directors who are not audit and supervisory committee members, the Company has established "Nomination Advisory Committee" and "Remuneration Advisory Committee" and the Company has also established an executive officer system to separate management and execution, clarify management responsibility, and make management decision-making and business execution more efficient and rapid, thereby building a highly transparent corporate governance system. In addition, the Company has established a function in which directors who are audit and supervisory committee members work together with accounting auditors and the internal audit department to monitor management.

Reasons for Non-compliance with the Principles of the Corporate Governance Code

[Principle 2-4-1 Ensuring diversity in the promotion to core human resources, etc., and measurable goals]

We are committed to promoting diversity so that employees with diversity can fully demonstrate their abilities.

We promote person-centered recruitment and promotion regardless of gender, nationality, age, etc., and workplace placement that is appropriate for each individual aptitude. Therefore, we do not set specific goals for each attribute.

We focus on the inheritance of technology, the acquisition of new technology, and the development of global human resources, and strive to develop and acquire human resources that will be the foundation of our development through hierarchical education, job-specific education, global human resources education, and company-wide common education. In addition, we have created a professional course in the new personnel system introduced in April 2021, and are working to implement a human resources

strategy to improve corporate value in the medium to long term, such as creating an environment where excellent human resources with specialized knowledge, including mid-career hires, can thrive.

We are also working to create a workplace environment where employees can work energetically and continue to be active in various fields, and to promote work-life balance.

We disclose information on our efforts to develop human resources and improve the internal environment through our integrated report and our website, etc.

Integrated Report: <https://www.shibaura-machine.co.jp/en/ir/library/report/>

Sustainability (Relationships with Employees): <https://www.shibaura-machine.co.jp/en/sustainability/>

Disclosure Based on each Principle of the Corporate Governance Code **Update**

[Principle 1-4 Cross-Shareholdings]

We believe that cooperative relationships with various companies are essential for the expansion and sustainable development of our business. From a medium- to long-term perspective to improve our corporate value, we have a policy of holding shares that are strategically necessary, taking into consideration their importance in terms of our business strategy and our business relationships with our business partners.

Every year, the Board of Directors of our company reviews the appropriateness of individual cross-shareholdings, taking into consideration the purpose of holding them, the benefits, risks, capital costs, etc. of holding them. As a result of the review, we didn't sell shareholdings in fiscal 2024.

In addition, we will review each proposal from the perspective of improving corporate value from a medium- to long-term perspective, our attitude toward shareholder returns, corporate governance, and social responsibility, and then exercise our voting rights.

[Principle 1-7 Related Party Transactions]

In accordance with Article 356 of the Companies Act, conflicts of interest transactions with directors require approval by the Board of Directors. Transactions with major shareholders, etc., are approved in accordance with the prescribed approval regulations, just like general transactions, and the details are disclosed in securities reports, etc., in accordance with relevant laws and regulations such as the Companies Act, the Financial Instruments and Exchange Act, and the Tokyo Stock Exchange rules.

[Principle 2-6 Roles of Corporate Pension Funds as Asset Owners]

With regard to the management of corporate pension funds we established corporate pension committee in February 2025 and we monitor the management institutions, i.e., life insurance companies and trust banks, through quarterly pension asset management status reports from the management institutions and appropriately manage the performance of the investment. In addition, in order to be able to perform the functions expected of us as an asset owner, we systematically appoint and assign personnel with appropriate qualities, and we improve our management knowledge and develop our personnel by participating in various training programs, etc.

[Principle 3-1 Full Disclosure]

- (i) We widely disclose our corporate principles, medium-term management plan, etc. on our website, etc.
- (ii) We disclose our basic approach and basic policy regarding corporate governance in our Corporate Governance Report.
- (iii) We publish the criteria for determining the remuneration of directors who are not and are not Audit and Supervisory Committee members in our Corporate Governance Report. However, in order to ensure greater transparency in determining remuneration, the Remuneration Advisory Committee, the chair of which and the majority of its members are outside officers, etc., will deliberate and report on the remuneration of directors who are not Audit and Supervisory Committee members and will decide the remuneration at the Board of Directors meeting. Remuneration of directors who are Audit and Supervisory Committee members is decided through discussion by the Audit and Supervisory Committee members.
- (iv) Candidates for directors are selected based on their excellent character and insight, as well as the skills and experience that will contribute to the Company's sustainable growth and improvement of its corporate value. In addition, when making appointments and dismissals, the Nomination Advisory Committee, the chair of which and the majority of its members are outside directors, etc., will deliberate and report to the Board of Directors for decision.
- (v) When nominating candidates for directors, the reference documents for the notice of the general meeting of shareholders will explain the reasons for the appointment and nomination, as well as the career history of each candidate.

For more details, please refer to our website.

Corporate Principles: <https://www.shibaura-machine.co.jp/en/company/rinen.html>

Mid-term management plan: <https://www.shibaura-machine.co.jp/en/ir/Plan.html>

For the basic approach and basic policy regarding corporate governance, please refer to "I 1. Basic approach" above.

For the criteria for determining director compensation, etc., please refer to "II 1. [Director compensation] Disclosure of the policy for determining the amount of compensation or its calculation method" below.

For the reasons for the appointment of director candidates, please refer to the reference documents for the notice of the general meeting of shareholders.

https://www.shibaura-machine.co.jp/documents/jp/ir/library/sokai/102_e.pdf

[Supplementary Principle 3-1-3 Disclosure of sustainability initiatives and other information based on the TCFD and other frameworks]

In our long-term vision and medium-term management plan, we disclose information on our sustainability initiatives, investments in human capital and intellectual property, etc.

<Fundamental Policy of Sustainability>

Pursuant to our corporate principles, we are committed to realizing a sustainable society and increasing corporate value by solving the issues of customers throughout the world using our technological strength, and by contributing to the development of key industries.

- We address global social issues with outstanding technologies our company possesses to solve the issues and at the same time increase corporate value.
- We strengthen our supply chain, taking into account the environment and human rights, which contributes to sustainable use

of resources.

- We realize fair and highly transparent business management.

Based on the above basic policy, we view addressing sustainability issues as an important management issue that not only reduces risks but also leads to profit opportunities, and we are actively and proactively working on it from the perspective of increasing corporate value in the medium to long term. As the center the Sustainability Promotion Committee, chaired by the President and CEO, discusses addressing sustainability issues and decides on policies, goals, measures, etc. The Sustainability Promotion Committee regularly reports to the Board of Directors, which then deliberates on the content and issues, and evaluates, supervises, and instructs the Sustainability Promotion Committee.

In June 2023, the Company endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

In addition, information on sustainability initiatives, investments in human capital and intellectual property, etc. is disclosed through the integrated report and the Company's website etc.

In addition, details of disclosure based on the TCFD recommendations are disclosed on the Company's website.

From now on, we will also proceed with disclosure based on the SSBJ Standards.

Integrated Report: <https://www.shibaura-machine.co.jp/en/ir/library/report.html>

Sustainability: <https://www.shibaura-machine.co.jp/en/sustainability/>

Sustainability (TCFD): <https://www.shibaura-machine.co.jp/jp/sustainability/kankyo/tcfd.html>

[Supplementary Principle 4-1-1 Scope of Delegation of the Board of Directors]

The Board of Directors of our company decides on important matters based on the laws and regulations, the Articles of Incorporation, and the Board of Directors Regulations (matters related to the general meeting of shareholders, matters related to financial statements, matters related to stocks, etc., matters related to investments and loans exceeding a certain scale, etc.).

For matters that do not fall under the resolutions of the Board of Directors, business operations are carried out through approval by the Management Committee and other meetings for each field, and procedures set forth in the prescribed internal regulations.

As a general rule, executive officers are responsible for the implementation of business operations in their respective fields as the heads of each division, company, etc.

[Principle 4-9 Independence Standards and Qualification for Independent Directors]

When selecting candidates for independent outside directors, the Company follows the criteria set by the Companies Act and the Tokyo Stock Exchange. In addition, the Company selects candidates who can be expected to make comments at the Board of Directors that will contribute to improving the corporate value of the Company based on their respective capabilities and experience.

[Supplementary Principle 4-10-1 Authority and roles of the Nomination Committee and the Compensation Committee]

The majority of our directors are independent outside directors. In order to ensure greater transparency, we have established a Nomination Advisory Committee and Compensation Advisory Committee, the chair of which and the majority of its members

are outside directors, etc., and they deliberate on the appointment and compensation of directors and report to the Board of Directors.

[Supplementary Principle 4-11-1 Views on the balance, diversity and size of the Board of Directors]

At present, the Company's Board of Directors excluding directors who are Audit and Supervisory Committee members comprises nine directors (maximum of 10 directors), and three directors who are Audit and Supervisory Committee members (maximum of 4 directors). Seven of the directors are outside directors, and two of the outside directors are Audit and Supervisory Committee members.

Further, with respect to the skills that are particularly important for the achievement of the current medium-term management plan, in addition to conventional abilities in the areas of business management, sales, and technological specialization, the Company emphasizes the appointment of directors who have financial expertise and an ability to communicate effectively with stock markets. Moreover, to ensure sound, sustainable growth while increasing the competitiveness of its businesses, the Company has sought a balance of knowledge, experience, and ability in the overall composition of the Board of Directors. Accordingly, the Company has appointed a range of experts as outside directors, including individuals with extensive experience in corporate management, attorneys with expertise in compliance and corporate legal affairs, a certified public accountant with expertise in financial accounting, and specialists in investor relations.

In addition, the Company has established the Nomination Advisory Committee, which is chaired by an outside director, and the majority of its members are outside officers. This committee deliberates on the appointment of directors and reports its findings to the Board of Directors.

We disclose the skill Matrix on our website etc.

<https://www.shibaura-machine.co.jp/en/sustainability/Governance/Governance.html>

[Supplementary Principle 4-11-2 Concurrent positions held by directors]

The company discloses the concurrent positions held by directors in the notice of meeting etc.

Please refer to the notice of the general meeting of shareholders for important concurrent positions held by directors.

https://www.shibaura-machine.co.jp/documents/jp/ir/library/sokai/102_e.pdf

[Supplementary Principle 4-11-3 Effectiveness Evaluation of the Board of Directors]

The Company conducts the effectiveness evaluations of the Board of Directors with the aim of improving how it functions and, ultimately, enhancing corporate value.

In light of recommendations received from external organizations, we conducted an effectiveness evaluation in the manner shown in the chart below.

In April 2025, a questionnaire was issued to all directors who comprised the Board of Directors at the time. The anonymity of the responses was ensured by having them sent directly to an external organization. Based on aggregated results reported by the external organization, analysis, discussion, and evaluation were conducted at a meeting of the Board of Directors held in May 2025.

A summary of the results of the aforementioned activities is as stated below.

From the survey responses, we believe that the Board of Directors is effective on the whole. Generally positive evaluations were received with respect to the number of outside directors relative to inside directors, ensuring the time necessary for deliberation on the Board of Directors, free and open-minded constructive discussion, understanding of agenda items in advance, etc.

On the other hand, issues were identified as needing to stimulate discussions on ESG and sustainability. Going forward, our Board of Directors will take this effectiveness evaluation into account and will promptly address the issues after giving them sufficient consideration and will continue to work to improve the functions of the Board of Directors.

[Supplementary Principle 4-14-2 Disclosure the Training Policy for Directors]

To enhance the knowledge and abilities of its directors and enable them to fulfill their roles and functions, the Company implements the following training programs. We organize external training specifically designed for newly appointed directors. We also organize external training for newly appointed presidents. Further, we provide outside directors with opportunities to deepen their understanding of the Company's business, finances, and organization. In addition, training is provided for directors as needed.

[Principle 5-1: Policy for Constructive Dialogue with Shareholders]

In order to ensure the sustainable growth of the company, we respond to meetings with shareholders to a reasonable extent. We have established a policy regarding the establishment of a system and initiatives to promote dialogue with shareholders and have disclosed this on our website. Please refer to our website for the policy regarding the establishment of a system and initiatives to promote dialogue with shareholders and the status of dialogue with shareholders.

https://www.shibaura-machine.co.jp/en/sustainability/Social/with_shareholders_and_investors.html

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Content of Disclosure Update	Disclosure of Initiatives (Update)
Availability of English Disclosure Update	Available
Date of Disclosure Update Update	June 23, 2025

Explanation of Actions

The company has accurately grasped our capital costs, and in the medium term management plan "Medium-term Management Plan 2026" announced on May 13, 2024, which was formulated based on business performance and future social and economic conditions, we have set sales of 200 billion yen, an operating profit margin of 10%, and an ROE of 9.5% or more in fiscal 2026 as management indicator targets, and we explained specific measures and progress toward achieving these targets at financial results briefings and general shareholders' meetings to deepen the understanding of investors and shareholders. We will continue to work toward management that takes into account capital costs and stock prices.

For more information, please refer to our website.

Medium term management plan: <https://www.shibaura-machine.co.jp/en/ir/Plan.html>

Financial results presentation: https://www.shibaura-machine.co.jp/en/ir/library/financial_results_summary_material/

General meeting of shareholders: <https://www.shibaura-machine.co.jp/en/ir/GeneralMeeting.html>

2. Capital Structure

Foreign Shareholding Ratio Update	30% or more
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Status of Major Shareholders **Update**

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,813,400	16.14
Custody Bank of Japan, Ltd. (Trust Account)	911,200	3.86
Nomura Securities Co., Ltd. (Proprietary Account)	703,000	2.97
Shizuoka Bank, Ltd.	596,080	2.52
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	557,934	2.36
Shibaura Machine Employee Stock Ownership Association	546,104	2.31
Shibaura Machine Suppliers' Stock Ownership Association	472,600	2.00
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AG FUND 2024-09 (LIMITED OT FINANC IN RESALE RSTRCT)	470,000	1.99
JPMorgan Securities Japan Co., Ltd.	454,103	1.92
BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE CLEARANCE ACC FOR THIRD PARTY	424,641	1.80

Name of Controlling Shareholder, if applicable
(excluding Parent Companies)

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Name of Parent Company, if applicable

No

Supplementary Explanation **Update**

In addition to the above, the Company holds 1,189,353 shares of treasury shares (4.79% of the total issued shares).

The status of major shareholders and treasury shares above is described based on the shareholder register as of March 31, 2025.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Prime Market
Fiscal Year-End	March
Business Sector	Machinery
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but fewer than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have a Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

1. Organizational Composition and Operation

Corporate Governance System	Company with Supervisory Committee
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Directors

Number of Directors Stipulated in Articles of Incorporation	14 members
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	12 members
Election of Outside Directors	Elected
Number of Outside Directors	7 members
Number of Independent Directors	7 members

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Kiyoshi Sato	From another company											
Seigo Iwasaki	From another company											
Kazumine Terawaki	Lawyer											
Chisa Hayakawa	From another company											
Eri Itagaki	From another company											
Akifumi Imamura	Lawyer											
Shigeo Ogi	CPA											

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- Person who executes business for a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/company auditor
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- Other

Outside Directors' Relationship with the Company (2) **Update**

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Kiyoshi Sato		○	Outside Director of Mazda Motor Corporation There is no special interest between Mazda Motor Corporation, at which he is engaged in his main concurrent posts, and the Company.	Kiyoshi Sato possesses an impressive character and knowledge, and the Company expects that he will provide advice and recommendations to ensure the adequacy and appropriateness of business execution by utilizing his extensive experience and knowledge gained as an officer for other companies, including overseas business. Accordingly, we have appointed him as an outside director and an independent

				executive officer.
Seigo Iwasaki		○	There is no special interest between him and the Company.	Seigo Iwasaki possesses an impressive character and knowledge, and the Company expects that he will provide advice and recommendations to ensure the adequacy and appropriateness of business execution by utilizing his extensive experience and knowledge gained as an officer for other companies. Accordingly, we have appointed him as an outside director and an independent executive officer.
Kazumine Terawaki		○	Shin Bell Law Office Lawyer Outside Corporate Auditor of Kewpie Corporation Outside Director of Kajima Corporation There is no special interest between Kewpie Corporation and Kajima Corporation, at which he is engaged in his main concurrent posts, and the Company.	Kazumine Terawaki possesses an impressive character and knowledge, and the Company expects that he will provide advice and recommendations to ensure the adequacy and appropriateness of business execution by utilizing his extensive experience and knowledge gained as a public prosecutor and lawyer, and as an outside officer for other companies. Accordingly, we have appointed him as an outside director and an independent executive officer.
Chisa Hayakawa		○	Executive Officer and CFO, Asia Oceania Region of Calbee, Inc. Outside Director of Milbon Co., Ltd. There is no special interest between Calbee, Inc. and Milbon Co., Ltd., at which she is engaged in her main concurrent posts, and the Company.	Chisa Hayakawa possesses an impressive character and knowledge, and the Company expects that she will provide advice and recommendations to ensure the adequacy and appropriateness of business execution by utilizing her expertise as a certified tax accountant and a securities analyst and her extensive experience and knowledge gained through wide-ranging business execution. Accordingly, we have appointed her as an outside director and an independent executive officer.
Eri Itagaki		○	There is no special interest between her and the Company.	Eri Itagaki possesses an impressive character and knowledge, and the Company expects that she will provide advice and

				<p>recommendations to ensure the adequacy and appropriateness of business execution by utilizing her expertise in the field of accounting gained through years of experience at a major audit firm and a certified public accountant's office and extensive experience and knowledge gained as an outside officer for other companies. Accordingly, we have appointed her as an outside director and an independent executive officer.</p>
Akifumi Imamura	○	○	<p>Lawyer of Hibiki Law Office</p> <p>Audit and Supervisory Committee Member/Outside Director of JBCC Holdings Inc.</p> <p>Outside Audit and Supervisory Board Member of Otomo Logistics Service Co., Ltd.</p> <p>There is no special interest between JBCC Holdings Inc. Otomo Logistics Service Co., Ltd., and KYOWA Co., Ltd. at which he is engaged in his main concurrent posts, and the Company.</p>	<p>Akifumi Imamura has an impressive character and knowledge, and we expect that he will be able to reflect his extensive experience and knowledge gained as a lawyer and an outside officer for other companies. Accordingly, we have appointed him as an outside director who is an Audit and Supervisory Committee Member and an independent executive officer.</p>
Shigeo Ogi	○	○	<p>Ogi Certified Public Accountant Office</p> <p>Outside Audit and Supervisory Board Member of ALCONIX CORPORATION</p> <p>There is no special interest between ALCONIX CORPORATION, at which he is engaged in his main concurrent post, and the Company.</p>	<p>Shigeo Ogi has an impressive character and knowledge, and we expect that he will be able to reflect his extensive experience and knowledge gained as a certified public accountant and an outside officer for other companies. Accordingly, we have appointed him as an outside director who is an Audit and Supervisory Committee Member and an independent executive officer.</p>

Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	3	1	1	2	Inside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee

Appointed

Matters Concerning Independence of Said Directors and/or Staff from Executive Officers/Reasons for Adopting Current System

We have appointed employees to assist the Audit and Supervisory Committee in its work. These employees are not under the command of the Directors (excluding Directors who are Audit and Supervisory Committee Members) and perform their duties under the instructions of the Audit and Supervisory Committee Members.

Cooperation among the Supervisory Committee, Accounting Auditors and Internal Audit Department **Update**

Our audit and supervisory committee hold advance discussions on the accounting auditor's audit policy and audit plan, hears reports on the results of the first and third quarters, receiving reports on the second quarter interim review and the end of the fiscal year audit, exchanges opinions as necessary to maintain close cooperation, strive to improve the quality and efficiency of audits. In addition, the audit and supervisory committee regularly exchanges information with the internal audit department and cooperates with it.

The term of office for directors who serve as audit and supervisory committee members is two years.

Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee

Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination Advisory Committee	5	0	1	4	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Remuneration Advisory Committee	5	0	1	4	0	0	Outside Director

The Nomination Advisory Committee and the Remuneration Advisory Committee have been established as advisory bodies to the Board of Directors. In order to ensure the transparency and fairness of decision-making by the Board of Directors, etc., the majority of the members of both advisory committees are outside directors, etc. In addition, an outside director, etc., is appointed as the chairperson.

[Nomination Advisory Committee] (April 1, 2024 to March 31, 2025)

<Composition>			Meeting status and attendance
Chairperson	Outside Director	Kiyoshi Sato	3 out of 3 meetings (100%)
Member	Outside Director	Seigo Iwasaki	3 out of 3 meetings (100%)
Member	Outside Director	Chisa Hayakawa	3 out of 3 meetings (100%)
Member	Outside Director Audit and Supervisory Committee member	Akifumi Imamura	3 out of 3 meetings (100%)
Member	Representative Director and Chairman	Yukio Iimura	1 out of 1 meeting (100%)
Member	Representative Director and President	Shigetomo Sakamoto	2 out of 2 meetings (100%)

Note1. In fiscal 2024, the Nomination Advisory Committee met three times.

Note2. The different of meetings held and attended is due to the different timings of the appointment and retirement of the members.

<Agenda Items>

1. Personnel matters related to the Company's directors
2. Personnel matters related to the Company's representative directors and executive directors
3. Plan for training candidates for the position of director
4. Personnel matters related to the Company's executive officers
5. Personnel matters related to the Company's the chief executive officer, the chief operating officer, and the chief financial officer
6. Establishment, revision, or abolition of important rules and regulations related to each of the preceding items
7. Other important personnel matters on which the Board of Directors seeks advice

[Compensation Advisory Committee] (April 1, 2024 to March 31, 2025)

<Composition>			Meeting status and attendance
Chairperson	Outside Director	Seigo Iwasaki	5 out of 5 meetings (100%)
Member	Outside Director	Kiyoshi Sato	5 out of 5 meetings (100%)
Member	Outside Director	Kazumine Terawaki	5 out of 5 meetings (100%)
Member	Outside Director Audit and Supervisory Committee member	Shigeo Ogi	5 out of 5 meetings (100%)
Member	Representative Director and Chairman	Yukio Iimura	3 out of 3 meetings (100%)
Member	Representative Director and President	Shigetomo	2 out of 2 meetings (100%)

		Sakamoto	
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Note1. In fiscal 2024, the Remuneration Advisory Committee met five times.

Note2. The different of meetings held and attended is due to the different timings of the appointment and retirement of the members.

<Agenda Items>

1. The Company's system for the compensation of directors
2. Specific amounts of compensation for individual directors of the Company, excluding directors who are Audit and Supervisory Committee members
3. Establishment, revision, or abolition of important rules and regulations related to each of the preceding items
4. Other important director compensation matters on which the Board of Directors seeks advice

Matters Concerning Independent Directors

Number of Independent Directors	7 members
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Other Matters Concerning Independent Directors
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Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme
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Supplementary Explanation for Applicable Items	Update
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1. Basic Policy on Stock Compensation Plan

The stock compensation plan provides stock compensation to eligible directors—namely, directors other than outside directors or directors who are Audit and Supervisory Committee members—to increase the linkage between the compensation of eligible directors and the medium- to long-term performance of the Company.

It also promotes a shared interest among eligible directors and shareholders, with the aim of providing an incentive to achieve the performance targets of the medium-term management plan and sustainably enhance corporate value. We introduced in accordance with the following basic principles.

- (1) With a view to increasing corporate value over the medium to long term by transforming into a highly profitable company and sustaining growth, the Company shall provide fixed compensation, in the form of basic compensation, as well as variable compensation that establishes a sound incentive through the combination in appropriate proportions of (i) stockbased compensation subject to continuous service, (ii) cash bonuses linked to short-term performance, and (iii) stock compensation linked to medium- to long-term performance.
- (2) A strong incentive to achieve performance targets shall be established by linking the Company's medium-term management plan with stock compensation.
- (3) To ensure that directors share with shareholders the benefits and risks of share price fluctuations, the proportion of stock

compensation shall be increased, and directors shall be encouraged to hold more shares.

Note: The same restricted stock compensation system as that for eligible directors is also implemented for executive officers with specific titles.

Outside directors: To ensure their independence, all outside directors receive basic compensation but do not receive performance-linked compensation.

Directors who are Audit and Supervisory Committee members: Such directors only receive basic compensation given their role, which primarily entails conducting legal compliance audits.

2. Details of the Stock Remuneration Plan

1) The Continuous Service-type Restricted Share-based Remuneration Plan

Under the Plan, the Company shall grant Eligible Directors with monetary remuneration claims for the allocation of restricted shares, and, by having the Eligible Directors make contribution in kind to the Company using all the monetary remuneration claims as contributed assets, shall issue or dispose of its common shares to the Eligible Directors and allow them to hold such shares. The Plan is the “continuous service-type restricted share-based remuneration,” which requires the Eligible Director’s continuous service for a certain period as the Company’s Director in order for the transfer restriction to be lifted. As a general rule, the date on which transfer restriction is lifted and the retirement date of a respective Director are one and the same.

The total number of common shares to be issued or disposed of by the Company under the Plan shall be set at a number not exceeding 19,000 shares annually. However, if a share split of the Company’s common shares (including an allotment without contribution of the Company’s common shares) or share consolidation of the shares on and after the date of resolution by this General Meeting of Shareholders, or in any similar event that would make it necessary to adjust the maximum total number of shares to be allotted, the Company may rationally adjust the maximum total number of shares to be allotted.

The amount to be paid in per share shall be determined by the Board of Directors based on the closing price of the Company’s common share on the Tokyo Stock Exchange on the business day immediately prior to each date of resolution by the Board of Directors concerning the issuance or disposal of the shares (if there is no transaction on such date, the closing price of the closest preceding trading day), which will be within the range not specially advantageous to Eligible Directors.

The issuance or disposal of the common shares under the Plan is carried out, as a general rule, on an annual basis and the number of shares predetermined by the Board of Directors on the basis of an Eligible Director’s position are delivered as restricted shares. The amount of monetary remuneration claims granted to the Eligible Directors shall be the amount to be paid per share of such share-based remuneration multiplied by the number of shares to be delivered. For the issuance or disposal of the common shares of the Company, an agreement on allotment of restricted shares that includes the content outlined below (the “Allotment Agreement I”), shall be entered into between the Company and each Eligible Director.

(i) The Eligible Director shall not transfer, create a security interest in, or otherwise dispose of the common shares of the Company allotted under the Allotment Agreement I (the “Allotted Shares I”) for the period from the payment date of the Allotted Shares I until the time that the Eligible Director retires from the position predetermined by the Board of Directors of the Company (the

“Restriction Period”).

(ii) In the event that the Eligible Director retires from the position, which is specified in (i) above, before the expiration of the scheduled period for service specified by the Board of Directors during the Restriction Period (the “Service Provision Scheduled Period”), the Company shall acquire, by rights, the Allotted Shares I without contribution, unless there is a reason that the Board of Directors deems justifiable. The Company shall also acquire the Allotted Shares I for no consideration in any other cases where the Board of Directors of the Company decides that it is appropriate for the Company to acquire all or a portion of the Allotted Shares I for no consideration.

(iii) The Company shall lift the Restriction of all of the Allotted Shares I upon expiration of the Restriction Period, on the condition that the Eligible Director has remained in the position, which is specified in (i) above, throughout the Service Scheduled Provision Period. However, if the Eligible Director retires from the position as provided in (i) above before the expiration of the Service Provision Scheduled Period due to the reason the Board of Directors of the Company deems justifiable, which is specified in (ii) above, the Company shall rationally adjust the number of the Allotted Shares I on which the Restriction is to be lifted, and the timing of lifting the Restriction as needed.

(iv) The Company shall acquire, by rights, without contribution the Allotted Shares I on which the Restriction has not been lifted at the expiration of the Restriction Period in accordance with the provision of (iii) above.

(v) Notwithstanding the provision of (i) above, if, during the Restriction Period, a matter relating to “Reorganization” (as defined below) is approved by a General Meeting of Shareholders of the Company (or the Company’s Board of Directors in cases where approval by a General Meeting of Shareholders is not required with respect to said Reorganization), the Company shall, prior to the effective date of said Reorganization, lift the Restriction on a number of the Allotted Shares I as rationally determined by resolution of the Company’s Board of Directors and taking into account the period from the commencement date of the Service Provision Period until the date of approval for said Reorganization. Such “Reorganization” shall collectively refer to the following matters: a merger agreement whereby the Company is a disappearing entity; a share exchange agreement, a share transfer plan or other type of reorganization whereby the Company becomes a wholly owned subsidiary of another company.

(vi) In cases provided for in (v) above, the Company shall acquire, by rights, without contribution the Allotted Shares I on which the Restriction has not been lifted as of the time immediately after the Restriction was lifted in accordance with the provisions in (v) above.

(vii) Other matters regarding Allotment Agreement I shall be determined by the Board of Directors of the Company.

2) The Performance-linked Restricted Share-based Remuneration Plan

Under the Plan, the Company shall grant Eligible Directors with monetary remuneration claims for the allocation of restricted shares, and, by having the Eligible Directors make contribution in kind to the Company using all the monetary remuneration claims as contributed assets, shall issue or dispose of its common shares to the Eligible Directors and allow them to hold such shares. The Plan is the “performance-linked and restricted share-based remuneration,” in which the number of restricted shares to be granted varies in accordance with the achievement level of the performance targets established in advance by the Board of Directors. As a general rule, the date on which transfer restriction is lifted and the retirement date of a respective Director are one and the same.

The total number of common shares to be issued or disposed of by the Company under the Plan shall be set at a number not exceeding 22,000 shares annually. However, if a share split of the Company’s common shares (including an allotment without

contribution of the Company's common shares) or share consolidation of the shares on and after the date of resolution by this General Meeting of Shareholders, or in any similar event that would make it necessary to adjust the maximum total number of shares to be allotted, the Company may rationally adjust the maximum total number of shares to be allotted.

The amount to be paid in per share shall be determined by the Board of Directors based on the closing price of the Company's common share on the Tokyo Stock Exchange on the business day immediately prior to each date of resolution by the Board of Directors concerning the issuance or disposal of the shares (if there is no transaction on such date, the closing price of the closest preceding trading day), which will be within the range not specially advantageous to Eligible Directors

The issuance or disposal of the common shares under the Plan is carried out, as a general rule, after the end of each fiscal year that forms the target period for performance evaluation, and the number of shares predetermined by the Board of Directors on the basis of an Eligible Director's position are multiplied by the level of achievement of the performance benchmarks predetermined by the Board of Directors as of the end of the fiscal year (the "Performance-based Payout Ratio") and delivered as restricted shares. The amount of monetary remuneration claims granted to the Eligible Directors shall be the amount to be paid per share of such share-based remuneration multiplied by the number of shares to be delivered.

Moreover, the Company may rationally adjust the number of shares to be delivered in accordance with the period of service of an Eligible Director during the fiscal year.

For the issuance or disposal of the common shares of the Company, an agreement on allotment of performance-linked and restricted shares that includes provisions, as outlined below (the "Allotment Agreement II") shall be entered into between the Company and Eligible Directors. The contents are to include the following items.

- (i) The Eligible Director shall be subject to transfer restrictions for the common shares of the Company allotted under the Allotment Agreement II (the "Allotted Shares II") for the period from the payment date of the Allotted Shares II until the time that the Eligible Director retires from the position predetermined by the Board of Directors of the Company (the "Restriction Period").
- (ii) The Company shall acquire the Allotted Shares II for no consideration in any other cases where the Board of Directors of the Company decides that it is appropriate for the Company to acquire all or a portion of the Allotted Shares II for no consideration.
- (iii) The transfer restrictions for all of the Allotted Shares II shall be cancelled only in the event that the relevant Director resigns from the position stipulated in (i) above due to the expiration of their term of office, death, or other reasons deemed justifiable by the Board of Directors of the Company.
- (iv) The Company shall acquire, by rights, without contribution the Allotted Shares II on which the Restriction has not been lifted at the expiration of the Restriction Period in accordance with the provision of (iii) above.
- (v) Notwithstanding the provisions of (i) above, if, during the Restriction Period, approval has been granted for matters relating to a Reorganization by a General Meeting of Shareholders of the Company (or the Company's Board of Directors in cases where approval by a General Meeting of Shareholders is not required with respect to said Reorganization), the Company shall, by a resolution of the Board of Directors of the Company, cancel the transfer restrictions with respect to the Allotted Shares II prior to the effective date of the Reorganization in question.
- (vi) Other matters regarding Allotment Agreement II shall be determined by the Board of Directors of the Company.

The Company shall deliver common shares not subject to the Restriction of a number calculated using the same formula as that aforementioned if an Eligible Director retires from his or her position, which is specified in (i) above, due to expiration of his or her term of office on or before the date of the first Ordinary General Meeting of Shareholders held after the end of each fiscal year, or on other legitimate grounds. Furthermore, in the case of an Eligible Director's retirement through death on or before the date of the first Ordinary General Meeting of Shareholders held after the end of each fiscal year, an amount of money equivalent to the monetary remuneration claims that were planned to be paid for the granting of restricted shares shall be paid to the inheritors.

The Company will not deliver shares if an Eligible Director retires from his or her position, which is specified in (i) above, before the end of each fiscal year, or has been involved in certain types of misconduct.

In addition, the Company shall not deliver shares if, before the end of each fiscal year, approval has been granted for matters relating to a Reorganization by a General Meeting of Shareholders of the Company (or the Company's Board of Directors in cases where approval by a General Meeting of Shareholders is not required with respect to said Reorganization; however, this shall apply only if the effective date of said Reorganization is scheduled prior to the date of share delivery under the Plan).

Persons Eligible for Stock Options

Supplementary Explanation for Applicable Items

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Director Remuneration

Status of Disclosure of Individual Director's Remuneration	No Disclosure for any Directors
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Supplementary Explanation for Applicable Items **Update**

Compensation of Directors in Fiscal 2024

	Total Compensation (¥ Million)	Total Compensation by Type (¥ Million)				Directors (Persons)
		Basic Remuneration	Bonuses	Performance-linked Restricted Share-based Remuneration	Continuous Service-type Restricted Share-based Remuneration	
Directors (excluding Audit and Supervisory Committee Members)	245	162	49	16	18	12
(Of Whom, Outside Directors)	(50)	(50)	(-)	(-)	(-)	(6)
Directors (excluding Audit and Supervisory	40	40	-	-	-	3

Committee Members)						
(Of Whom, Outside Directors)	(19)	(19)	(-)	(-)	(-)	(2)
Total	285	202	49	16	18	15
(Of Whom, Outside Directors)	(69)	(69)	(-)	(-)	(-)	(8)

Notes)

1. The above includes two directors (excluding audit and supervisory committee member) and one outside director (excluding audit and supervisory committee member) who retired at the conclusion of the 101st Ordinary General Meeting of Shareholders held on June 24, 2024.

2. The amount of remuneration, etc. for directors (excluding audit and supervisory committee members) does not include the employee salaries of directors who also serve as employees. There were no directors who also served as employees in the fiscal year ended March 2025.

3. The performance indicators for monetary remuneration (cash bonus) are the consolidated operating profit margin, consolidated ROE (return on equity) and ROIC (return on invested capital) for the fiscal year ending March 2025. These performance indicators were selected because they are indicators of the sustainable improvement of corporate value. The calculation method for the amount of monetary remuneration (cash bonus) is as described below in "II 1. [Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods." and the annual performance-based payout rate will range from 0% to 200% depending on the performance of the consolidated operating profit margin, consolidated ROE and consolidated ROIC for each fiscal year. The actual results for these performance indicators are a consolidated operating profit margin of 8.4%, a consolidated ROE (return on equity) of 11.0%, a consolidated ROIC (return on invested capital) 9.0%.

4. The based-on Performance-linked Restricted Share-based Remuneration are the consolidated operating profit margin, consolidated ROE (return on equity) and ROIC (return on invested capital). These performance indicators were selected because they are indicators of the sustainable improvement of corporate value. The calculation method for the amount of monetary remuneration (cash bonus) is as described below in "II 1. [Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods." and the annual performance-based payout rate will range from 0% to 200% depending on the performance of the consolidated operating profit margin, consolidated ROE and consolidated ROIC for each fiscal year. The actual results for these performance indicators are a consolidated operating profit margin of 8.4%, a consolidated ROE (return on equity) of 11.0%, a consolidated ROIC (return on invested capital) 9.0%.

5. The amount of Performance-linked Restricted Share-based Remuneration is the amount recorded as an expense for the fiscal year ended March 31, 2025.

6. The based on Performance-linked Restricted Share-based Remuneration is the Company's shares, and the terms and conditions of allocation are as described above in "II 1. [Incentives] Supplementary Explanation for Applicable Items" and below in "II 1. [Director Remuneration] Disclosure of the policy for determining the amount of compensation or its calculation method". In addition, 5,060 shares were issued to four directors (excluding audit and supervisory committee members and outside directors) in the fiscal year ended March 2025.

7. The Based on Continuous Service-type Restricted Share-based Remuneration is the Company's shares, and the terms and conditions of allocation are as described above in "II 1. [Incentives] Supplementary Explanation for Applicable Items" and below

in "II 1. [Director Remuneration] Disclosure of the policy for determining the amount of compensation or its calculation method". In addition, 11,391 shares were issued to four directors (excluding audit and supervisory committee members and outside directors) including two directors who retired at the conclusion of the 101st Ordinary General Meeting of Shareholders held on June 24, 2024. in the fiscal year ended March 2025.

8. The amount of monetary compensation for directors (excluding audit and supervisory committee members) was resolved at the 97th Ordinary General Meeting of Shareholders held on June 29, 2020 to be within 450 million yen per year (including 150 million yen per year for outside directors) (excluding the salary of directors who also serve as employees). The number of directors (excluding audit and supervisory committee members) at the conclusion of the said Ordinary General Meeting of Shareholders is 9 (including 5 outside directors).

9. Separate from monetary compensation, at the 101st Ordinary General Meeting of Shareholders held on June 24, 2024, it was resolved that the amount of stock compensation for directors (excluding audit and supervisory committee members and outside directors) will be within 63 million yen per year for the service-type restricted share-based remuneration, with the upper limit of the number of shares being 19,000 shares per year, and that a restricted stock allocation agreement will be concluded between the Company and the applicable directors when the continuous-service type restricted stock is issued or disposed of. The outline of the allocation agreement is as stated above in "II 1. [Incentives] Supplementary Explanation for Applicable Items " In addition, at the general meeting of shareholders, it was resolved that the amount of performance-linked restricted share-based remuneration for directors (excluding audit and supervisory committee members and outside directors) will be within 126 million yen per year, the upper limit of the number of shares will be within 22,000 shares per year, and that a performance-linked restricted stock allocation agreement will be concluded between the Company and the eligible directors when issuing or disposing of performance-linked restricted share-based. The outline of the allocation agreement is as stated above in "II 1. [Incentives] Supplementary Explanation for Applicable Items." The number of eligible directors at the time of the conclusion of the general meeting of shareholders is four.

10. The remuneration limit for directors who are audit and supervisory committee members was resolved to be within 150 million yen per year at the 96th Ordinary General Meeting of Shareholders held on June 21, 2019. As of the conclusion of the said General Meeting of Shareholders, the number of directors who are audit and supervisory committee members is three.

Policy on Determining Remuneration Amounts and Calculation Methods **Update**

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The outline of the policy for determining the content of individual directors' remuneration is as follows:

1. Policy for determining the amount or calculation method of individual directors' (excluding audit and supervisory committee member) remuneration (excluding remuneration set forth in 2 and 3 below) (including policy for determining the timing or conditions for awarding remuneration) (including policy for determining the timing or conditions for awarding remuneration)

The Company's directors are paid monthly remuneration based on their position, and the level is an appropriate level commensurate with their management ability and responsibilities, taking into consideration the standards of the machinery industry, such as molding machines and machine tools, and consistency with the treatment of employees.

2. Policy for determining the content of performance indicators for performance-linked remuneration, etc., and the calculation method for the amount or number of performance-linked remuneration, etc., among individual directors' remuneration (including policy for determining the timing or conditions for awarding remuneration)

(1) Monetary remuneration (cash bonus)

Performance-linked remuneration to improve the Company's performance is paid at a certain time each fiscal year as monetary remuneration (cash bonus) for internal directors. The monetary compensation will be calculated based on quantitative performance and qualitative evaluation, and the quantitative performance indicators will be consolidated operating profit margin, consolidated ROE (return on equity), and consolidated ROIC (return on invested capital), which are indicators of sustainable improvement in corporate value. The level of performance-linked compensation will be set at an appropriate level commensurate with management ability and responsibility, taking into consideration the standards of the machinery industry, such as molding machines and machine tools, and consistency with employee treatment, and will be calculated using the following formula:

Cash bonus amount = basic compensation by position x annual performance payment rate

Annual performance payment rate = payment rate based on consolidated operating profit margin for the fiscal year x 60% + payment rate based on consolidated ROE (return on equity) for the fiscal year x 20% + payment rate based on consolidated ROIC (return on invested capital) for the fiscal year x 20%

(2) Performance-linked restricted share-based remuneration

The share remuneration will be paid shares by multiplying the number of shares determined based on the position of the applicable director (hereinafter referred to as the "basic number of shares by position") by the achievement level of the performance indicators determined in advance by the Board of Directors at the end of the fiscal year (performance-based payment rate).

The performance-based payment rate will be determined by the Board of Directors, but it will be calculated using the following formula.

Performance-based payment rate = payment rate based on consolidated operating profit margin for the fiscal year x 60% + payment rate based on consolidated ROE (return on equity) for the fiscal year x 20% + payment rate based on consolidated ROIC (return on invested capital) for the fiscal year x 20%

-The performance-based payment rate will range from 0% to 200% depending on the performance of the consolidated operating profit margin, consolidated ROE and consolidated ROIC for each fiscal year.

-The performance-based payment rate will be reviewed each time a new medium-term management plan is formulated.

The stock compensation will be paid by granting monetary compensation claims to the applicable directors based on a resolution of the Board of Directors and having them contribute all of the monetary compensation claims to the company as in-kind assets.

The number of basic shares by rank for the Eligible Directors shall be fixed during the mid-term management plan period, and the target amount by rank for the Eligible Directors shall be divided by the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day preceding the date of the Board of Directors' resolution regarding the issuance or disposal of the shares related to the stock compensation in the first year of the mid-term management plan period (if no transaction is made on that day, the closing price on the most recent trading day preceding that). The amount of monetary compensation claims to be granted to the Eligible Directors shall be the amount obtained by multiplying the issue price per share of the stock

compensation by the number of shares to be paid. The issue price per share of the stock compensation shall be determined by the Board of Directors within a range that is not particularly advantageous to the Eligible Directors, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day preceding the date of each Board of Directors' resolution (if no transaction is made on that day, the closing price on the most recent trading day preceding that). The date on which the transfer restrictions are lifted shall, in principle, be the date on which the director retires.

3. Policy regarding the determination of the content of non-monetary compensation, etc., the amount or number of non-monetary compensation, etc., or the calculation method of such non-monetary compensation, etc., among the compensation for individual directors (including the policy regarding the determination of the timing or conditions of granting compensation, etc.)

(1) Performance-linked restricted share-based remuneration

Same as 2. (2) above.

(2) Continuous Service-type restricted share-based remuneration

As stock compensation for internal directors, in principle, the continuous service-type restricted share-based remuneration, which is subject to the release of transfer restrictions on the condition of serving as a director of the Company for a certain period of time, is paid annually. The delivery of such stock compensation is carried out by granting monetary remuneration claims to the eligible directors based on the resolution of the Company's Board of Directors and having them contribute all of such monetary compensation claims to the Company as in-kind assets. The number of shares to be paid to each Eligible Director by position shall be fixed during the period of the medium-term management plan, and shall be the target amount for each Eligible Director by the position of the Eligible Director divided by the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day preceding the date of the Board of Directors' resolution regarding the issuance or disposal of the shares related to the stock compensation in the first year of the medium-term management plan period (if no transaction is made on that day, the closing price on the most recent trading day preceding that). The amount of monetary compensation claims to be granted to the Eligible Director shall be the amount obtained by multiplying the issue price per share of the stock compensation by the number of shares to be paid. The issue price per share of the stock compensation shall be determined by the Board of Directors within a range that is not particularly advantageous to the Eligible Director based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day preceding the date of each Board of Directors' resolution (if no transaction is made on that day, the closing price on the most recent trading day preceding that).

The date on which the transfer restrictions are lifted shall, in principle, be the date on which the Director retires.

4. Policy for determining the ratio of each remuneration amount to the amount of individual remuneration of directors

The ratio of the amount of remuneration of individual internal directors in the director remuneration system is based on the basic policy of combining monthly remuneration (basic remuneration) as fixed remuneration and variable remuneration (i) stock remuneration conditional on continued employment, (ii) cash bonus linked to short-term performance, and (iii) stock remuneration linked to medium- to long-term performance in an appropriate ratio to function as a healthy incentive, and is assumed to be fixed remuneration (basic remuneration): continuous service-type restricted share-based remuneration: performance-linked remuneration (cash bonus): performance-linked restricted share-based remuneration = 55%: 10%: 25%: 10% (Note that outside directors will only receive basic remuneration.)

5. Policy for delegation of decision-making regarding the content of individual directors' remuneration, etc.

(1) Monetary remuneration (monthly remuneration and cash bonus)

The Representative Director and Chairman (or the President and Representative Director, if there is no Chairman) shall be delegated the specific content of the remuneration amount for each individual based on a resolution of the Board of Directors, and the content of the authority shall be the evaluation and allocation of bonuses based on the amount of monthly remuneration for each director and the performance of the business in charge of the internal director. The Board of Directors shall receive a report from the Remuneration Advisory Committee so that the authority is appropriately exercised by the Representative Director and Chairman(or the President and Representative Director, if there is no Chairman).

(2) Stock remuneration (Continuous Service-type and performance-linked restricted share-based remuneration)

The Representative Director and Chairman (or the President and Representative Director, if there is no Chairman) shall be delegated the specific content of the remuneration amount for each eligible director based on a resolution of the Board of Directors, and the content of the authority shall be the allocation of the target amount by position, the number of basic shares by position, the number of shares to be paid, and the amount of the remuneration claim to be paid as in-kind contribution assets for each eligible director's restricted stock remuneration. The Board of Directors will receive recommendations from the Compensation Advisory Committee to ensure that the Chairman (or the President and Representative Director, if there is no Chairman) of the Board exercises this authority appropriately.

6. Other important matters regarding the determination of the content of individual directors' compensation, etc.

When the Company's business performance deteriorates or when a director causes a scandal, payment of part of the executive compensation of each director may be suspended.

Support System for Outside Directors

Outside directors receive necessary information in advance and use their extensive experience and high level of expertise to raise issues and propose improvements at board meetings, etc., which has led to more active board meetings.

Our outside directors request information and materials from relevant departments regarding additional information necessary for the performance of their duties, and the departments requested to provide information provide the requested information, materials, etc. as appropriate. Outside directors who are audit and supervisory committee members exercise their investigative authority based on the audit plan or as necessary, requesting information and materials from the relevant departments, and the departments requested to provide information provide the requested information, materials, etc. as appropriate.

In addition, directors who are audit and supervisory committee members work with the internal audit department as appropriate to collect information.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

We have adopted a system of a company with an audit and supervisory committee, have appointed seven highly independent outside directors to strengthen the audit function of management. We also work effectively with the internal audit department and accounting auditors to build a corporate governance system.

1. Board of Directors

The Company's Board of Directors comprises nine directors (excluding directors who are Audit and Supervisory Committee members), of whom five are outside directors, and three directors who are Audit and Supervisory Committee members, of whom two are outside directors. As well as regular monthly meetings of the Board of Directors, extraordinary Board meetings are convened as required. In addition to deliberating, making decisions, and reporting on the stipulations of statutory laws and regulations and the Company's Articles of Incorporation as well as important business matters, the Board of Directors develops the internal control system and ensures its effectiveness. Furthermore, the Company has designated the seven aforementioned outside directors as independent officers.

Also, the Nomination Advisory and Remuneration Advisory committees have been established as advisory committees to the Board of Directors. The former deliberates on matters concerning the Company's directors and other important personnel matters, while the latter deliberates on the remuneration of the Company's directors, excluding directors who are Audit and Supervisory Committee members, with both committees reporting their findings to the Board of Directors. Further, both of these committees are chaired by outside officers.

2. Management Strategy Meetings/Management Meetings

The Management Strategy and Management meetings are both held monthly to deliberate, report on, and determine management policies and strategies as well as to deliberate, make decisions, and report on important matters related to business execution.

3. Board of Audit and Supervisory Committee (effort to improve functionality of auditors)

The Company's Audit and Supervisory Committee has three members, of whom two are outside directors and one is a full-time member. By attending meetings of the Board of Directors and other important meetings, Audit and Supervisory Committee members, who have voting rights, are able to audit and supervise the execution of duties by directors. In addition, the Audit and Supervisory Committee closely coordinates with the accounting auditor and the Internal Auditing Department to put system of auditing business management.

4. Internal Auditing Department

The Internal Auditing Department verifies the legality and appropriateness of business activities, reports audit results to the representative directors, and provides guidance if there are any matters requiring improvement. Further, the Internal Auditing Department comprises 13 members and is under the direct control of the representative directors. The Internal Auditing Department shares information with the Audit and Supervisory Committee and the accounting auditor in a timely manner, submits reports to the Audit and Supervisory Committee as required, and promotes mutual coordination with the committee.

5. Accounting Auditor and Lawyer

The Company has engaged Ernst & Young ShinNihon LLC to conduct fair, appropriate accounting audits. In addition, the Company receives timely advice from a consulting lawyer when legal decisions are required.

3. Reasons for Adoption of Current Corporate Governance System

We have adopted the audit and supervisory committee system, which we believe is effective in ensuring the effectiveness of corporate governance. Of the three audit and supervisory committee members (two of whom are external), one is a full-time audit and supervisory committee member who works with the internal audit department, which regularly conducts internal business audits, and attends important meetings such as management strategy meetings and management meetings, expressing his/her opinions as appropriate. In addition, at the board of directors, the seven external directors, who make up the majority of the members, utilize their expertise and business experience to ensure the rationality of our decision-making and improve the supervisory function for the directors' execution of their duties. Furthermore, by clearly separating the supervisory function for management from the execution of business functions through the executive officer system, we are able to speed up and streamline decision-making.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	We endeavor to send out the notice of the general meeting of shareholders as early as possible so that shareholders can fully examine the proposals for the meeting.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	We recognize that the general meeting of shareholders is a forum for constructive dialogue with shareholders and strive to set the date of the meeting so that as many shareholders as possible can attend and participate.
Electronic Exercise of Voting Rights	Starting with the general meeting of shareholders held in June 2016, we have implemented the electronic exercise of voting rights.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	In consideration of the voting rights of institutional investors, we have implemented electronic voting at the General Meeting of Shareholders held in June 2016.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	Due to an increase in foreign shareholders, we have been providing an English translation of the convocation notice (summary) since the general meeting of shareholders held in June 2016.
Other	We are working to improve the visualization of convocation notices and business reports (including color and UD fonts) to help shareholders better understand our company. We also strive to disclose and send convocation notices as early as possible.

2. Status of IR-related Activities **Update**

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	We have established a policy regarding the establishment of a system and initiatives to promote dialogue with shareholders and have published it on our website. Disclosure Policy URL: https://www.shibaura-machine.co.jp/en/ir/guideline.html	
Regular Investor Briefings held for Analysts and Institutional Investors	We hold financial results briefings twice a year, at the end of the fiscal year and in the second quarter, for institutional investors and securities analysts, where the representative explains the contents of the medium-term management plan and its progress. The most recent financial results briefing for the fiscal year ending	Held

	March 2025 was held on May 22, 2025 and was attended by 57 people.	
Online Disclosure of IR Information	Financial information, integrated reports, long-term vision, medium-term management plans, stock-related information, and other timely disclosure information are posted on our website.	
Establishment of Department and/or Placement of a Manager in Charge of IR	<p>IR Officer:</p> <p>Representative Director Executive Operating Officer</p> <p>Chief Financial Officer</p> <p>Finance & Investor Relations Division General Manager Hiroaki Ota</p> <p>IR Department: Finance & Investor Relations Division PR & IR Department</p> <p>IR Contact:</p> <p>https://www.shibaura-machine.co.jp/form/inquiry.php?i=i21</p>	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	This is stipulated in the Shibaura Machine Group Corporate Principles and the Shibaura Machine Group Code of Conduct.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	We disclose information on our website and integrated report about our environmental conservation activities, such as zero emissions, development of environmentally friendly products, green procurement, and volunteer work in reforestation and beautification, as well as our relationships with various stakeholders, including shareholders, customers, business partners, government agencies, local residents and employees.
Other	<p>We are committed to promoting diversity so that employees with diverse personalities can fully utilize their abilities. We also strive to create a workplace environment where employees can work energetically and continue to play an active role in various fields, and to promote work-life balance.</p> <ul style="list-style-type: none"> • We promote hiring based on people, regardless of gender, nationality, age, etc., and place people in the right place according to their aptitude. • We are creating a workplace environment that is easy to continue long-term, including by encouraging the use of systems to support the balance between childcare and nursing care.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

Based on our Group Corporate Principles, we recognize that it is an important management responsibility to develop and operate a system for proper business execution, and in order to achieve our management strategy and business objectives, we are developing the following system to ensure the properness of our Group's business operations, based on Article 399-13, Paragraph 1, Item 1 of the Companies Act and Article 110-4 of the Enforcement Regulations of the Companies Act.

1. System for ensuring that the performance of duties by directors complies with laws, regulations and the Articles of Incorporation

(1) Directors perform their duties based on the Shibaura Machine Group Corporate Principles and Shibaura Machine Group Code of Conduct, which set out our group's ethical policy, code of conduct, and compliance with laws and regulations.

(2) Directors have the authority and responsibility to establish a system for ensuring compliance with laws and regulations in their assigned areas.

(3) The board of directors will receive regular reports from directors on the status of their duties and will have directors report on necessary matters related to compliance with laws and regulations as necessary.

2. System for storing and managing information related to the performance of directors' duties

(1) Directors will prepare and store minutes of various meetings in accordance with laws and regulations and regulations such as the Document Storage and Management Regulations and will record and properly store information related to important performance of duties and approvals. Directors will be able to view these stored documents at any time.

(2) Directors will manage information in accordance with the Basic Policy on Information Security and the Personal Information Protection Regulations.

3. Regulations and other systems for managing the risk of loss

(1) In accordance with the "Risk and Compliance Management Regulations," the Company will appoint a Risk Management Officer (RMO) to oversee the Group's risk and compliance management and will establish a Risk Management Committee to deliberate and report on matters necessary for the RMO to accomplish his/her mission. Risk management will be managed by the legal department. In addition, the business risks of the Group will be managed by Corporate Strategic Planning Department in accordance with the "Business Risk Management Regulations."

(2) In accordance with the "Risk and Compliance Management Regulations" and "Business Risk Management Regulations," directors will continuously identify the risk factors of the Group and plan and promote measures necessary to minimize losses in the event that risks become apparent.

4. Systems for ensuring that directors' duties are performed efficiently

The Company will aim to streamline the performance of directors' duties through the following management mechanisms.

(1) The Company will introduce an executive officer system to speed up decision-making and streamline business execution.

(2) The Company's directors manage the Board of Directors, Management Meetings, and Business Strategy Meetings in accordance with the "Board of Directors Regulations" and "Top Meeting Operating Guidelines, etc." and make business

decisions in accordance with the appropriate procedures set out in the regulations.

(3) The Company's Board of Directors decides the Company's basic management policy, the Company's Group's medium-term management plan, and the annual and half-yearly budgets.

(4) The Board of Directors appropriately distributes the authority and responsibilities of the Directors and Executive Officers, and the Directors clarify the authority and responsibilities of employees in accordance with the "Organizational Regulations," "Division of Duties Regulations," "Managerial Responsibility and Authority Regulations," and "Decision-Making Authority Criteria."

(5) The directors set specific goals and roles for each department and each employee.

(6) The directors follow up on the achievement of the Company's Group's annual and half-yearly budgets and appropriately evaluate performance at the Business Strategy Meetings, Management Meetings, and monthly reporting meetings.

5. System to ensure that employees' duties comply with laws, regulations, and the Articles of Incorporation

(1) The Company's Representative Director and President ensures that employees comply with the Shibaura Machine Group Code of Conduct through the implementation of ongoing education, etc.

(2) The Risk Management Officer (RMO) will plan and promote our Group's compliance and risk-related measures based on the "Risk and Compliance Management Regulations."

(3) The directors will utilize the internal reporting system to detect problems early and respond appropriately. The "Shibaura Machine Group Code of Conduct" clearly states that no one will be treated unfavorably for using this system.

(4) The internal audit department will conduct internal audits of our Group to understand the appropriateness of employees' performance of their duties and to work to improve it.

6. System to ensure the appropriateness of business operations in the corporate group consisting of our Company and its subsidiaries

(1) The Company will provide appropriate management control of our subsidiaries based on the "Shibaura Machine Group Basic Policy on Governance."

(2) Subsidiaries will adopt and implement the "Shibaura Machine Group Code of Conduct" and establish internal reporting systems according to the circumstances of each country.

(3) The Company will establish a system to guide, manage, and monitor the establishment, development, and operation of subsidiaries' internal control systems and have the subsidiaries promote it.

(4) The Company will establish a system whereby, in the event that any important matters arise regarding the business operations of its subsidiaries, they will be reported to the Company based on "Advance Discussion Memorandums" etc.

(5) Domestic subsidiaries will establish an auditing system for auditors based on the "Shibaura Machine Group Auditor Audit Policy".

(6) The Company will conduct management audits of subsidiaries, including the efficient execution of duties and risk management, as necessary, and will have subsidiaries conduct voluntary audits using self-assessment programs as necessary.

7. Matters concerning employees who will assist the duties of the Company's Audit and Supervisory Committee, and matters concerning ensuring the independence of such employees from directors and the effectiveness of instructions given to such

employees

(1) When the Company's Audit and Supervisory Committee requests staff to assist with operations, the directors other than the Audit and Supervisory Committee members and the Audit and Supervisory Committee members will promptly exchange opinions regarding the personnel affairs and treatment of such staff.

(2) The said employees will not be under the chain of command of directors (excluding directors who are Audit and Supervisory Committee members) and will carry out their duties under the instructions of the Audit and Supervisory Committee members.

8. System for reporting to the Audit and Supervisory Committee

(1) The directors and employees shall report necessary matters to the Audit and Supervisory Committee in accordance with the "Rules for reporting to the Audit and Supervisory Committee."

(2) The directors (excluding directors who are Audit and Supervisory Committee members) and employees shall report to the Audit and Supervisory Committee on a regular basis in accordance with the "Rules for reporting to the Audit and Supervisory Committee." In addition, when an event that is deemed to have a significant impact on management or business performance occurs, they shall report to the Audit and Supervisory Committee as soon as possible.

(3) Auditors of domestic subsidiaries shall regularly report the status of their subsidiaries to our Audit and Supervisory Committee.

(4) The Representative Director and President shall grant the Audit and Supervisory Committee members the authority to attend important meetings that the Audit and Supervisory Committee members deem necessary, such as management meetings.

9. System for ensuring that persons who report to our Audit and Supervisory Committee are not treated unfavorably because of their report

The "Rules for reporting to the Audit and Supervisory Committee" clearly state that officers and employees of our Group who report to our Audit and Supervisory Committee will not be treated unfavorably because they have made the report.

10. Matters concerning the policy for the procedure of prepayment or reimbursement of expenses incurred in the execution of duties by the Audit and Supervisory Committee and the processing of expenses or debts incurred in the execution of such duties

When the Audit and Supervisory Committee requests the Company to prepay expenses, etc., based on Article 399-2, Paragraph 4 of the Companies Act, in relation to the execution of the duties of the Audit and Supervisory Committee, the Company will promptly process such expenses or debts after deliberation in the relevant department, except in cases where the expenses or debts related to the request are deemed not necessary for the execution of the duties of the Audit and Supervisory Committee.

11. Other systems to ensure that audits by the Audit and Supervisory Committee are carried out effectively

(1) The President and Representative Director of the Company will exchange information with the Audit and Supervisory Committee on a regular basis.

(2) The directors (excluding directors who are Audit and Supervisory Committee members) and employees will report to the Audit and Supervisory Committee on the status of the execution of duties through hearings, etc., at the request of the Audit and Supervisory Committee.

(3) The internal audit department will report the results of the implementation of the self-assessment program related to management audits to the Audit and Supervisory Committee on each occasion.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

1. Basic approach to excluding antisocial forces

Under the Shibaura Machine Group Corporate Principles, we have established the Shibaura Machine Group Code of Conduct as a company-wide rule, which states, "We will refuse involvement in the business activities of antisocial forces. Furthermore, we will not encourage their activities. (Note)" By establishing this code of conduct, we ensure that all executives and employees of our group have absolutely no relationship with antisocial forces or groups.

(Note) Actions that encourage their activities: Subscription to journals or books, purchase of goods, sponsorship of advertisements, transactions such as the provision of services, provision of money or goods, and other benefits.

2. Preparations for the elimination of antisocial forces

Regarding the preparations, we established the Basic Regulations for Public Relations Supervision in April 2008, which appoint a Public Relations Supervision General Manager and set up a contact system and voluntary audits to build an implementation system for the elimination of antisocial forces.

We also strive to gather information on antisocial forces and groups by exchanging information with the local police station, legal advisors, and neighboring companies, and use this information to take measures to prevent damage.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation for Applicable Items	
-	

2. Other Matters Concerning the Corporate Governance System

Overview of the timely disclosure system

(1) Internal system for timely disclosure

- The PR & IR Department and the Finance Department are responsible for disclosure, and the General Manager of the Finance/IR Division is responsible for handling information.
- The disclosure department will collect important internal information, determine whether timely disclosure is necessary based on relevant laws and regulations such as the Financial Instruments and Exchange Act and rules set by the stock exchange, and promptly disclose information.

(2) Timely disclosure of determined facts

- Decided facts that are subject to timely disclosure related to our company and subsidiaries are submitted and reported to the board of directors, and after obtaining approval from the representative director, the disclosure department will disclose them in a timely manner.

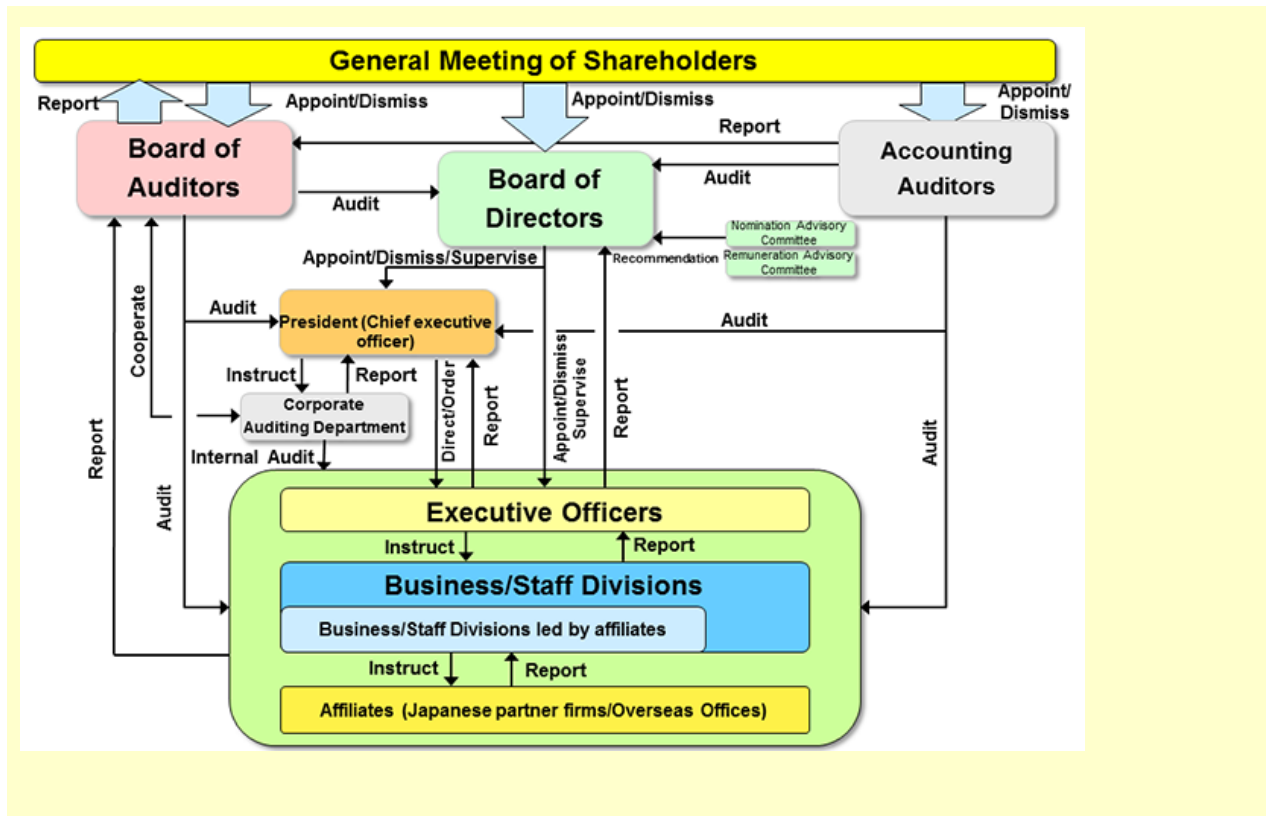
(3) Timely disclosure of occurring facts

- Accidental facts that are subject to timely disclosure related to our company and subsidiaries are reported to the representative director, and after obtaining approval from the representative director, the disclosure department will disclose them in a timely manner.

(4) Timely disclosure of financial information

The PR & IR department and the finance department will take the lead in preparing disclosure documents for financial information, which will then be reviewed by the relevant departments, submitted to and reported by the board of directors, and after approval by the representative director, the disclosure department will make timely disclosure.

Please refer to the diagram below for our Group's "Corporate Governance System."



END