

Progress of “Medium-term Management Plan 2026”

FY2024 - FY2026

November 20, 2024

SHIBAURA MACHINE CO., LTD.

Medium-term Management Plan 2026

FY2024 - FY2026

1

Basic Policy

Basic Policy of Medium-term Management Plan 2026

Quantitative targets

Consolidated target value for FY2026

Net Sales
200.0 Billion yen

Operating profit margin
10.0%

ROE
9.5% or more

(Reference) ROIC 9.0% or more

Policies indicating business direction



Ascertain growing markets and change the business portfolio to maximize overall profit



Engineering solutions to help increase customer productivity
Transform to turnkey equipment sales and direct sales



Arrange business infrastructure to make the leap toward becoming a 300-billion-yen company in FY2030

Fundamental policies



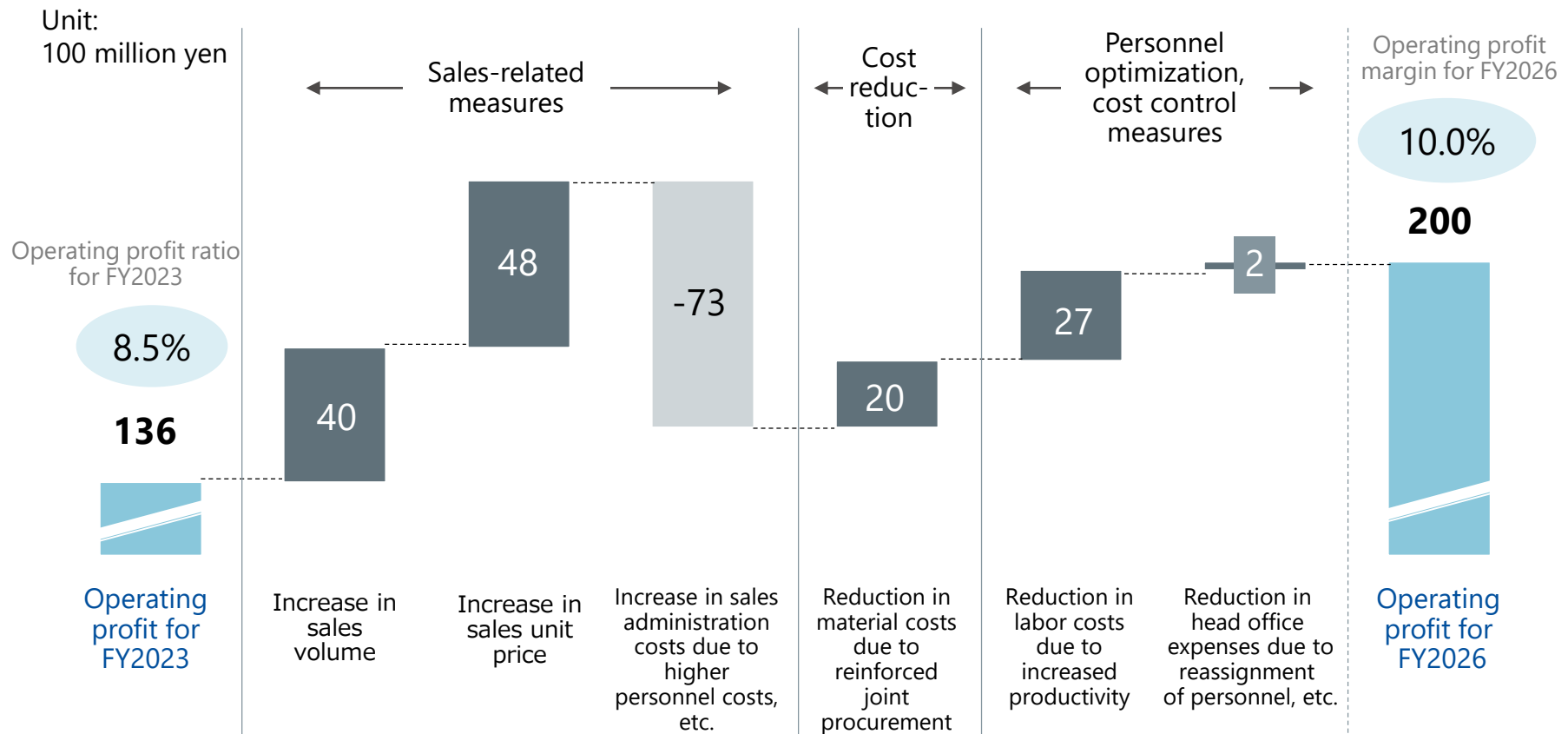
Implement a human resource strategy in connection with changes in the business portfolio



Promote ESG management

Profit/Loss Improvement Waterfall (FY2023 ⇒ FY2026 Operating Profit)

Profit is assumed to be improved by **about 6.4 billion yen** compared to FY2023 through the implementation of cost reduction and other measures, including **increasing sales quantities, higher unit prices, joint procurement and personnel optimization** (personnel increase control and reassignment).



Impact of the U.S. New Administration on Our Business(Observations)

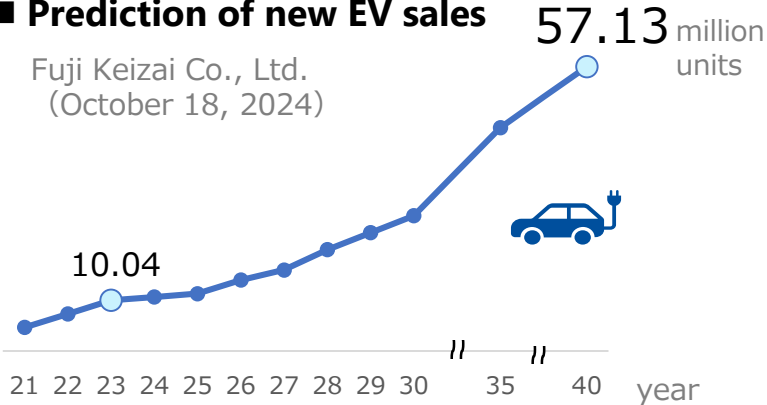
| Policy | Threat | Opportunity |
|---|--|---|
| Strengthening trade sanctions against China | Prolonged stagnation in the Chinese market ⇒ Demand decrease for Metal & Plastics industrial machines Operational deterioration in China plant | — |
| Tariffs on imported cars from Mexico | Stagnation of capital investment by Japanese automakers in Mexico ⇒ Demand decrease for Metal & Plastics industrial machines | — |
| Tariffs on products made outside the U.S. | Decreasing price competitiveness of export machine from our plant in Japan, Thailand, India ⇒ Avoid getting caught up in price competition. Focus on engineering solutions | Increase capital investment because of manufacturing returns to the U.S. ⇒ Demand increase for Metal & Plastic molding machines and machine Tools in the U.S. |
| «Policy of environment and energy» Emphasis of fossil fuels → Oil and gas production increase | Temporary stagnation of EV shift ⇒ Net sale and production decrease for LiB separator film production lines in extrusion machine ※ However, there is speculation that the spread of EVs will not slow down significantly. ※ Shift to EV in EU and China and the trend towards decarbonization and renewable energy remains unchanged in other than the U.S. . | A temporary swing back to gasoline cars and HVs ⇒ Demand increase for die casting machines for Engine block Oil and gas drilling increase Construction of oil and gas tankers ⇒ Demand increase for machine tools for milling for construction machine, mining machine, pump, tanker engine block and screw |

Basic Policy for achieving the FY2026 target due to delays in orders received for LiB separator film production lines

Shibaura Machine

■ Prediction of new EV sales

Fuji Keizai Co., Ltd.
(October 18, 2024)



As of 2023 survey

In 2035, expected to 57.74 million units

As of 2024 survey

In 2040, expected to slow to 57.13 million units

EV adoption delayed by five years

Further delays possible because of the U.S. new administration

Delays in orders received for LiB separator film production lines compared to plan

Net sales in FY2025 decrease in extrusion machine business that it has been driving our sales to date

To achieve targets in FY2026, we implement recovery plan in the following businesses

Injection molding machine

Die casting machine

Machine tools

High-precision machine tools

Explained in the next chapter

M&As proactively proceed in parallel

Medium-term Management Plan 2026

FY2024 - FY2026

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Company Strategy

Injection Molding Machine Business (1/2)

Chinese market (Improve profit ratio)

- Intensifying trade tensions between the U.S. and China
- Real estate downturn
- **Rising labor costs** in Shanghai



China (Shanghai) plant

- Accelerating the sale of stock machines, switch to new machines (globally strategic machines)
- Suppression of deterioration in operations by **personnel reduction**
- Considering original equipment manufacturing in China, then **narrow down production volume** in China plant

Expansion of North American market (Expand business scale)



- Revitalization of the U.S. manufacturing
- Larger size of auto parts
(Expansion the needs for weight reduction and **reduction in production processes**)

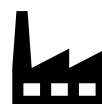
Increase in inquiries for medium to large machines



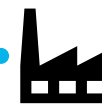
Electric medium to large size machine



Hydraulic medium to large size machine



Japan plant



India plant



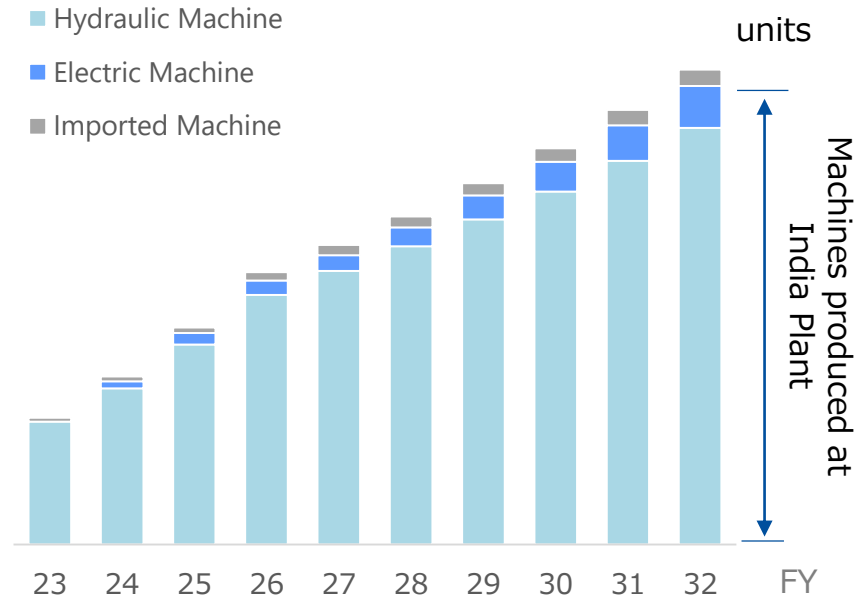
Injection Molding Machine Business(2/2)

Plan to Increase Production and Sales at India Plant

Shibaura Machine



■ Sales plan in India (Injection molding machine) FY2032 target: 4000 units



□ Production of small **electric injection molding machines**
(Starting production in FY2024)

□ **In-house machining** of parts by introduction of large machine tools

□ Increase sales by **utilizing the new Technical Center**

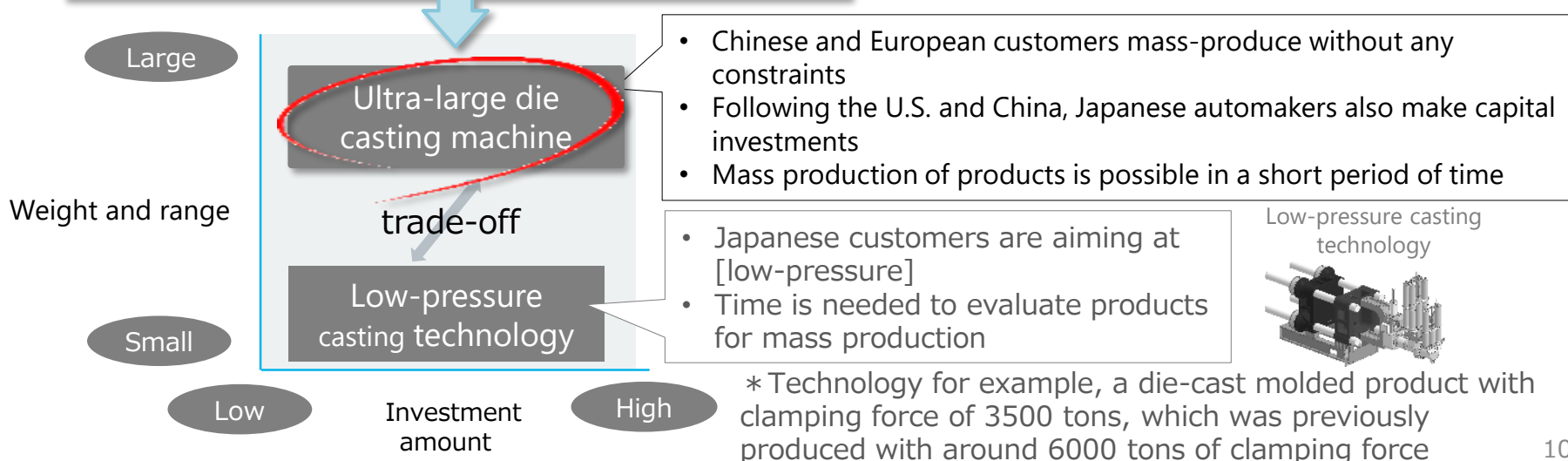
□ **Engineering solutions** sales

Die Casting Machine Business

In addition to the **low-pressure casting technology** that is currently under development, we will also enter the **ultra-large die casting machine for giga-casting**.

| | 1 year ago | present |
|-------------------|---|--|
| Customer attitude | Customers tended to be somewhat cautious about the introduction of giga-casting | Japanese automakers turn to the introduction of giga-casting |
| Our business | ➤ Low-pressure casting technology * | ➤ Low-pressure casting technology * ➤ Ultra-large die casting machine 《New entrants》 |

As space saving and service response capabilities are our strengths, we will enter the **ultra-large die casting machine**.
As the first step, die casting machine of **12000 tons** will be available for sale **in FY2025**.



Machine Tools Business

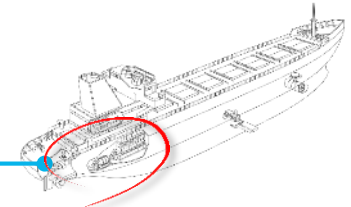
- Response to demands increasing for **oil and gas drilling** and **transporting vessel** and for **relaxation of environmental regulations for thermal power** plants under the U.S. new administration.



Milling flatbed of construction machine and mining machine



Ultra-large-scale machine tool for milling for tanker engine block transporting oil and gas



- On the other hand, outside the U.S. **the transition to renewable energy continues**. So we will response **larger offshore wind turbines**.



Milling gearbox for offshore wind turbines

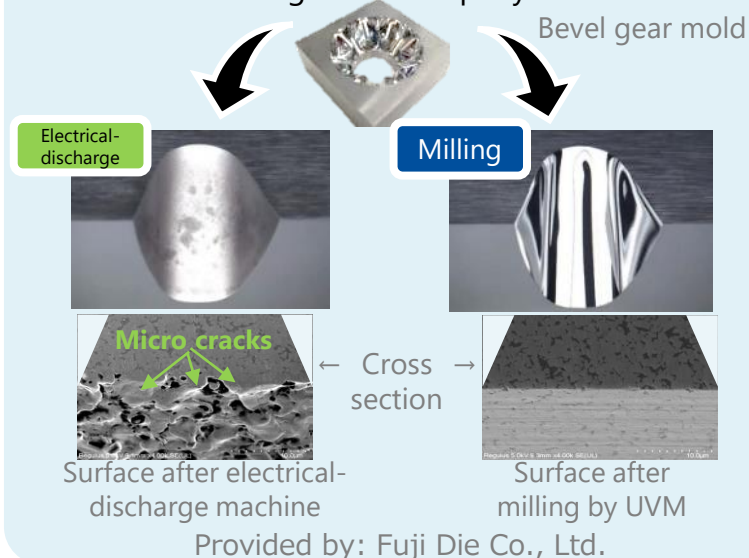


Large-scale horizontal boring and milling machine for milling gearbox for offshore wind turbines

High Precision Machine Tools Business

In Japan, expanding sales to the upper class

- Proposing existing machines for **customer using electrical-discharge machine** manufacturing other company



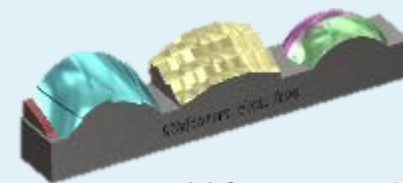
High precision machine tools UVM series



In the U.S., expanding sales to the upper class

- Increase staffing for sales and service** and focusing on existing machines for the **automotive industry** by using achievements in Japan as an appealing point

Use of the results of International Manufacturing Technology Show (in Chicago, U.S. : Sep 2024)
Exhibit and promote UVM and molds for reflector of automotive lump, lens, and medical



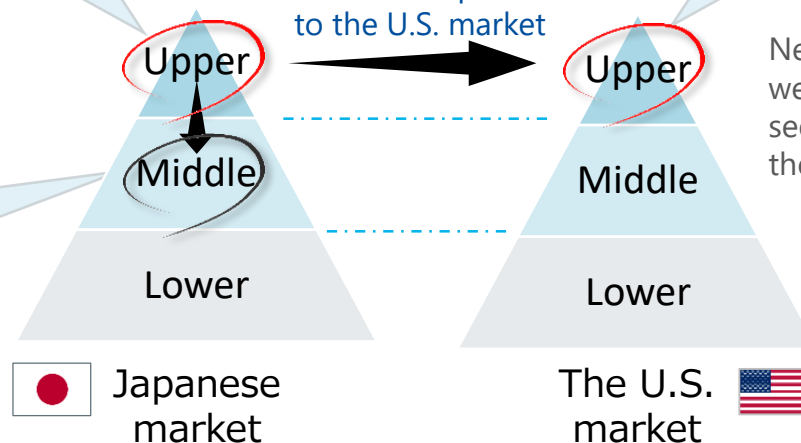
Mold for automotive lump

In Japan, expanding sales to the middle class



- Start of new model development for volume zone
(Targets in FY2025)

Horizontal expansion to the U.S. market



Next four years, we aim at expanding sales in the U.S., seeing the return of manufacturing to the U.S. as an opportunity

Medium-term Management Plan 2026

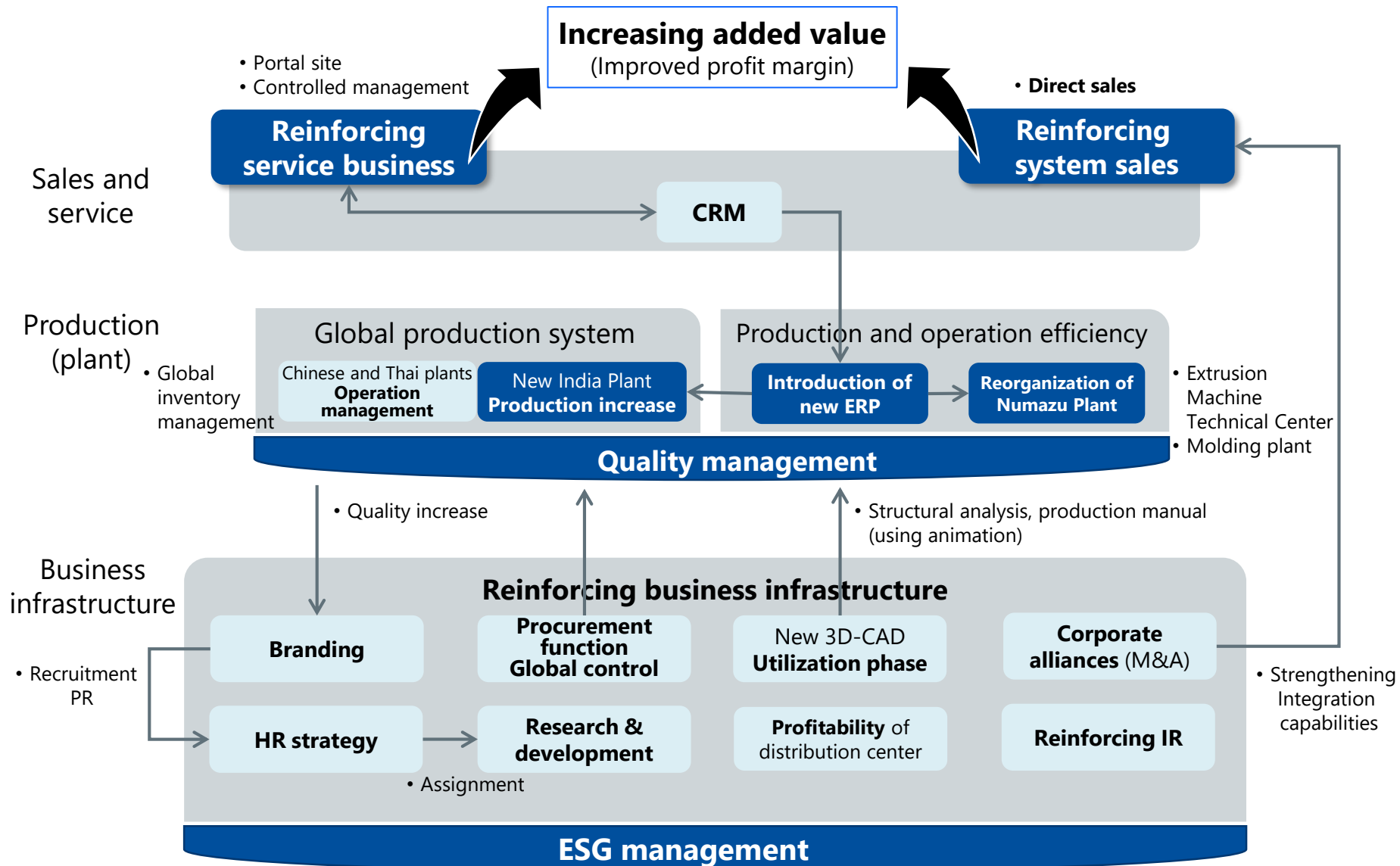
FY2024 - FY2026

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Corporate Strategy

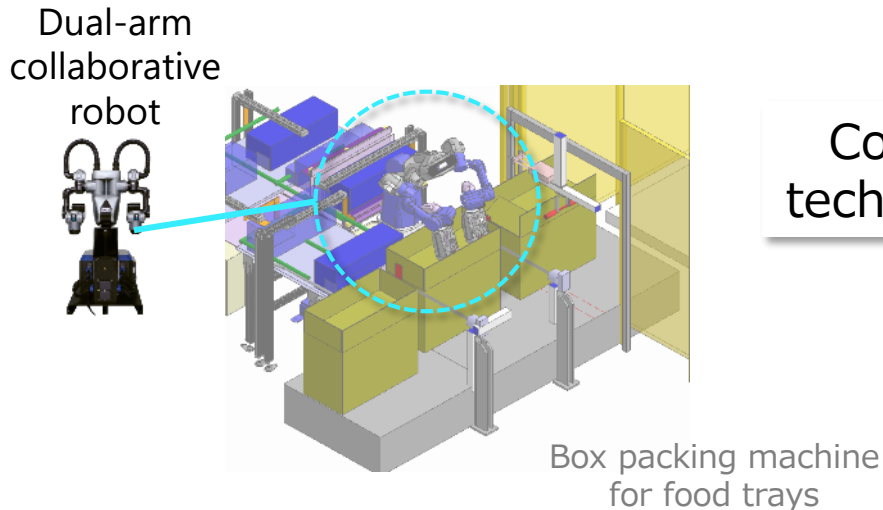
(Reinforcing Business Infrastructure)

Overview of Business Infrastructure Reinforcing Strategy and Measures

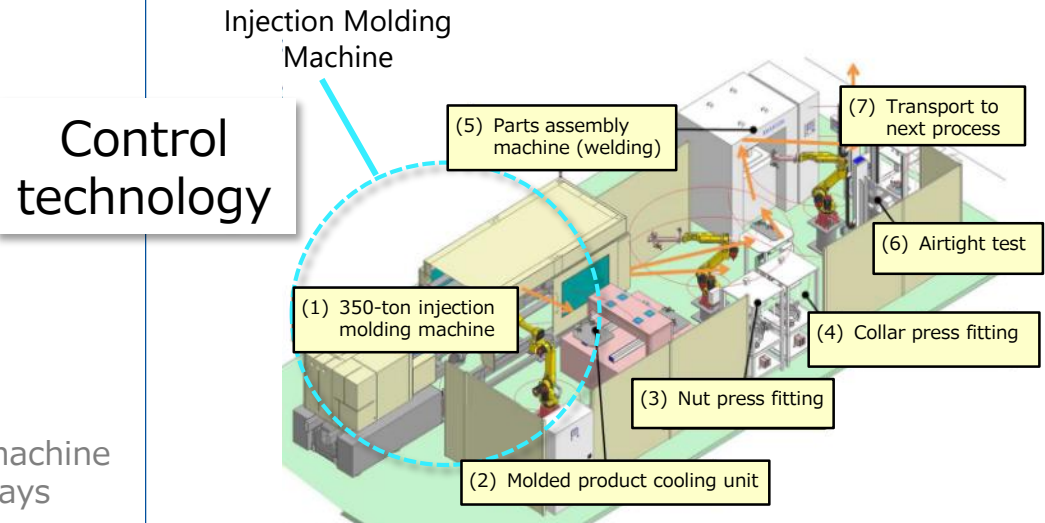


System Engineering Activities

Visualize the basic elements of the system in a matrix and combine necessary elements into a package



- ❑ Combine **packing to transportation** process with **dual-arm collaborative robot**
- ❑ Propose as a **packaged product to food container businesses**



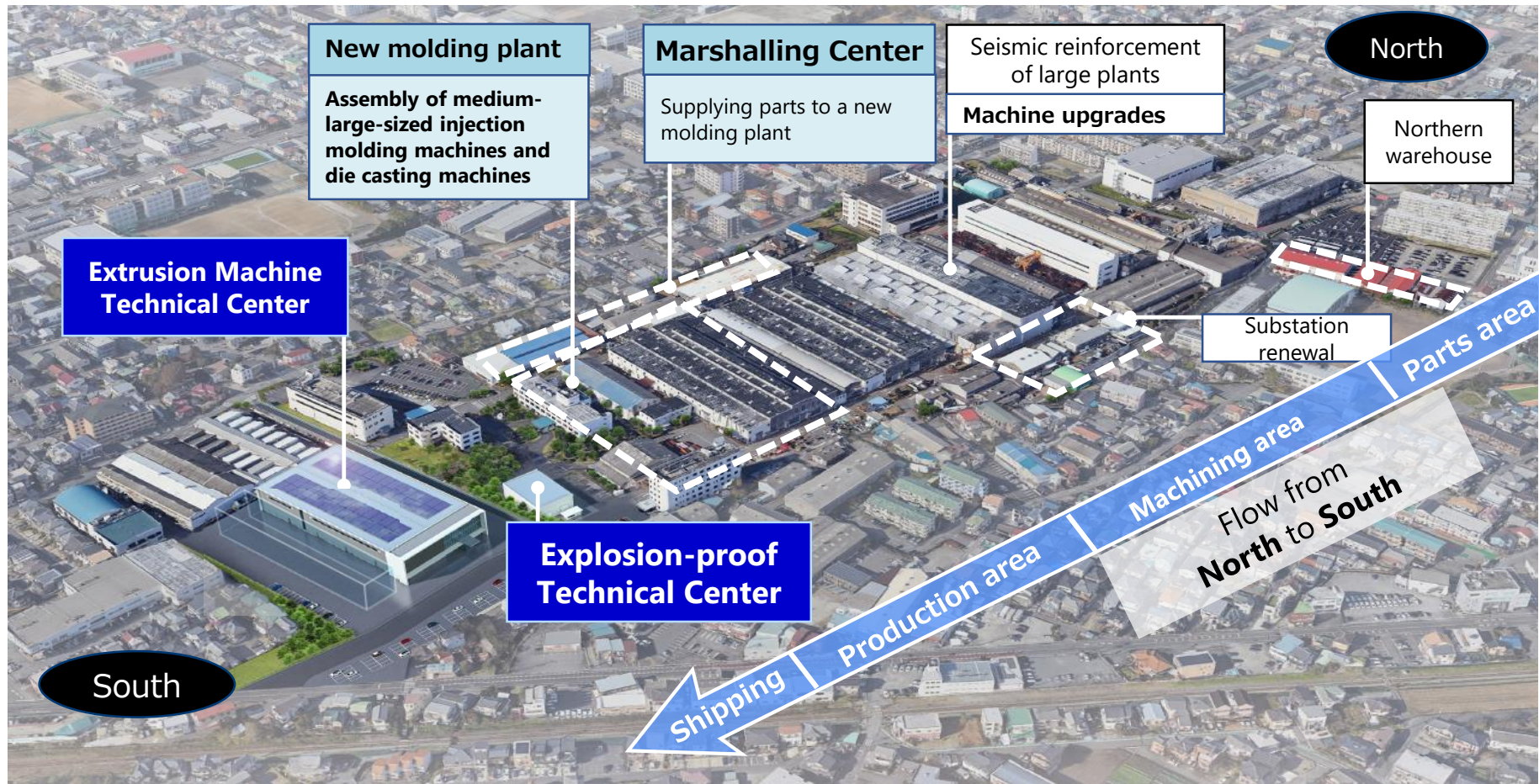
- ❑ **Automate post-process** of injection molding machine
- ❑ Propose to **automobile, food and beverage and pharmaceutical industries**

Aim at expanding sales by combining control technology of Control Systems Company and line production know-how of TECHNOLINK CO., LTD. (Subsidiary acquisition on March 1, 2024).

Technolink



2 Reorganization of Numazu Plant (Conceptual Plan)



Start **redevelopment of the southern area in Numazu plant**

First Period : Construction of two buildings Extrusion Machine Technical Center

... Using for development of molding test and next-generation machines

... Cost of demolishing the existing factory: ¥ 600 million + Cost of construction of two buildings Extrusion Machine Technical Center ¥6000 million Scheduled for completion at the end of 2026

Second Period : Construction of new molding plant and Marshalling Center

... Using for assembling injection molding machine and die casting machine

ESG Management (Results in FY2024)



TCFD

E

(Disclosure on June 24, 2024)

| | |
|--|-----------------------|
| Analysis | 2030, 2050 |
| Target temperature scenarios | 4°C, 1.5°C scenario |
| Risk, Opportunity and financial impact | Disclosure 8 items |



S

Foreign Executive Officer increased

(On June 24, 2024)

- ✓ Foreign Executive Officer
1 person \Rightarrow 2 persons **(+ 1 person)**
- ▶ Appointed Managing Executive Officer
Metal & Plastics Industrial Machine Company
Deputy General Manager
Person responsible of Europe and North America



G

Percentage of **female directors** increased

(On June 24, 2024)

- ✓ Female directors
1 person \Rightarrow 2 persons **(+ 1 person)**

* 2persons / 12persons = 17%



G

Revision of **the stock compensation plan**

(Revision On June 24, 2024)

- ✓ Expanded scope of application to include **executive officers** in addition to directors

Shibaura Machine

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