

Integrated Report 2024

For the Fiscal Year Ended March 31, 2024

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We create machines that create the unknown.

Creating Products Never Seen Before SHIBAURA MACHINE’s founder Kametaro Fujishima had a deep passion for realizing domestic production and building the world’s No. 1 manufacturer.

Passed down from generation to generation, this passion has become part of our corporate DNA. We continue to welcome and overcome challenges, thereby supporting society’s infrastructure.



Caution Regarding Forward-Looking Statements

This integrated report is not intended as a solicitation to invest in securities issued by the Company, nor does it constitute a guarantee or promise of any kind.

The opinions and forecasts contained in this report are those of the Company at the time this report was prepared. We offer no guarantee or promise of the accuracy or completeness of this information, which is subject to change without notice.



Editorial Policy

We have published our *Integrated Report 2024* to help a wide range of stakeholders better understand our initiatives, which are aimed at the long-term, sustained enhancement of corporate value. This report has been compiled with an emphasis on factors that are particularly important for corporate value creation, including management strategies and environmental, social, and governance initiatives. Also, we have referred to the Integrated Reporting Framework of the International Financial Reporting Standards (IFRS) Foundation and the Ministry of Economy, Trade and Industry’s Guidance for Collaborative Value Creation.

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Our Starting Point

Our founder Kametaro Fujishima embarked on an ambitious initiative that led directly to the corporate culture we subsequently developed.

In 1913, prior to the Company's founding, Japan's first turbine ship became stranded off the coast of South America. The accident was caused by the ship's imperfectly manufactured reduction gears. When the high speed rotation of the steam turbine was reduced to match the rotational speed of the screw, the load concentrated on one tooth, which consequently broke. Upon learning that the poor quality of the gears was the cause, Fujishima resolved to contribute to the development of Japan's shipbuilding industry by making the world's best machine tools for the manufacture of reduction gears. The decision reflected his understanding of how crucial the development of shipping was to Japan as an island nation.

In 1938, SHIBAURA MACHINE was founded with the mission of achieving domestic production of machine tools, which Japan had to import from Europe and the United States at the time. Following an order issued by President Fujishima, in 1951 the Company launched a concerted effort to make the world's most precise gears. In 1953, we completed the HRS-500 master gear hobbing

machine, the main operation of which was milling the master gears of hobbing machines for ship reduction gears. From then on, we relentlessly pursued ever-higher levels of precision. As a result, the seventh iteration of the master worm wheel achieved the world's highest precision with a maximum cumulative pitch deviation of four thousandths of a millimeter. Even today, this level of precision remains unsurpassed anywhere in the world. Large hobbing machines equipped with high-precision worm wheels manufactured by the HRS-500 master gear hobbing machine have been used for milling the large reduction gears of numerous ship turbines. In 2009, HRS-500 was certified as part of Japan's Mechanical Engineering Heritage by the Japan Society of Mechanical Engineers. Since our first ground-breaking achievements, each and every one of our employees has inherited a pioneering spirit that makes the "impossible" possible through untiring research and effort. Moreover, our mindset is precisely what enables us to do what others cannot and thereby solve an array of issues.

Since 1938

Our Starting Point



Founder

Kametaro Fujishima

Founder of SHIBAURA MACHINE, born in 1886. After joining Shibaura Engineering Works Co., helped establish and became president of Shibaura Machine Tool Co., the predecessor of SHIBAURA MACHINE. Established the foundations of SHIBAURA MACHINE by rolling out numerous state-of-the-art machine tools, including master gear hobbing machines.



The HRS-500 master gear hobbing machine, completed in 1953

Corporate Principles Connected to the Founding Spirit

Corporate Identity

We will contribute to maximizing value for our customers around the world.

Basic Management Policy

Adapting to the times and innovating

We remain a company which adopts the latest technologies, adapts, and innovates without fear of change.

Customer satisfaction which exceeds expectations

We not only meet expectations, but also achieve customer satisfaction which exceeds expectations.

Contributing to society by helping to create infrastructure

We take pride in our involvement in the industrial base and benefiting society everywhere.

Developing human resources for the next generation

We will continue to nurture people who are responsible, take pride in their work, and develop their skills.

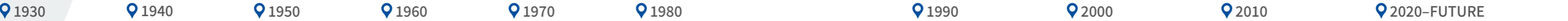
Appreciation, inspiration, and passion

We aim to share the excitement of creating solutions while remaining thankful to our customers, business partners, and families.

Our History

SHIBAURA MACHINE
Always Benefiting Key Industries

Working in close partnership with customers, SHIBAURA MACHINE has provided solutions that the Company is uniquely qualified to realize. Through the provision of machines for the manufacture of products that support society's infrastructure, we have helped develop society and enrich day-to-day life.



Changing Times and Business Evolution

1930s to 1940s
From military demand to postwar reconstruction



1950s to 1960s
High economic growth

1970s to 1980s
Oil shocks and globalization

1990s to 2000s
Collapse of Japan's asset-inflated bubble economy, global economic downturn triggered by the bankruptcy of the Lehman Brothers, and the beginning of a low-growth era

2010s to present
Digitalization, toward the realization of a sustainable society

Development of large machine tools and concentration on the textile industry





A double-column type planing machine

A textile machine

As a company aligned with national policy, we manufactured numerous large machine tools. In the post-war period, the textile industry helped drive the recovery of Japan's economy. Catering to this industry, we focused on applying core technologies for machine tools to the manufacture of such textile machinery as raw nylon yarn manufacturing equipment and spinning machines.

Concentration on heavy industry and the development of molding machine operations





The HRS-500 master gear hobbing machine

A 65mm single screw extrusion machine

Demand for large machine tools recovered due to the flowering of heavy industry. We supported the ship-building industry by completing the first domestically produced master gear hobbing machine. Further, our efforts to meet customer needs through the use of technical competence established in the field of machine tools resulted in the development of a series of molding machines that now form the basis of our core businesses.

Active forays into overseas markets






Our U.S. subsidiary

Our subsidiary in Singapore

During an era of global economic turmoil caused by oil shocks and other factors, the Company established a number of local subsidiaries in major overseas markets. Thanks to rigorous marketing, sales and service capabilities, overseas sales increased.

From processing to molding and the creation of new businesses






An electric injection molding machine

A micro-pattern imprinting machine

Our plant in China

In response to an economic recession, we advanced selection and concentration, divesting our food machinery and offsetting rotary press businesses. Meanwhile, the Company strengthened its molding machine business and established a production base in China. We also created a new business by combining ultra-precision machine tool technologies and molding technologies.

Strengthening of the global supply chain and conversion to businesses that combine products and services



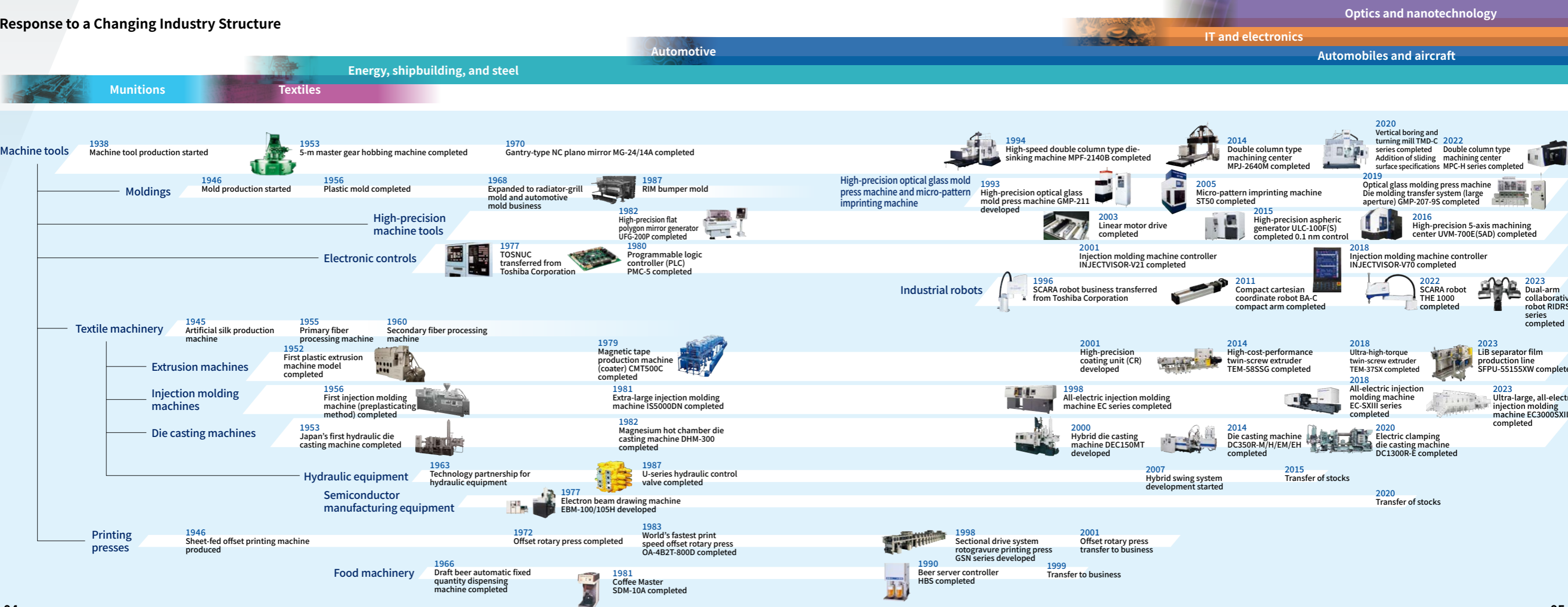
Our plant in India

Our plant in Thailand

Utilization of digital transformation

We strengthened our global supply chain through the establishment of plants in India and Thailand. By capitalizing on our technological prowess and digital transformation, we will convert to businesses focused on providing high-value-added combinations of products and services that solve the issues of key industries and help to realize a sustainable society.

Response to a Changing Industry Structure



At a Glance

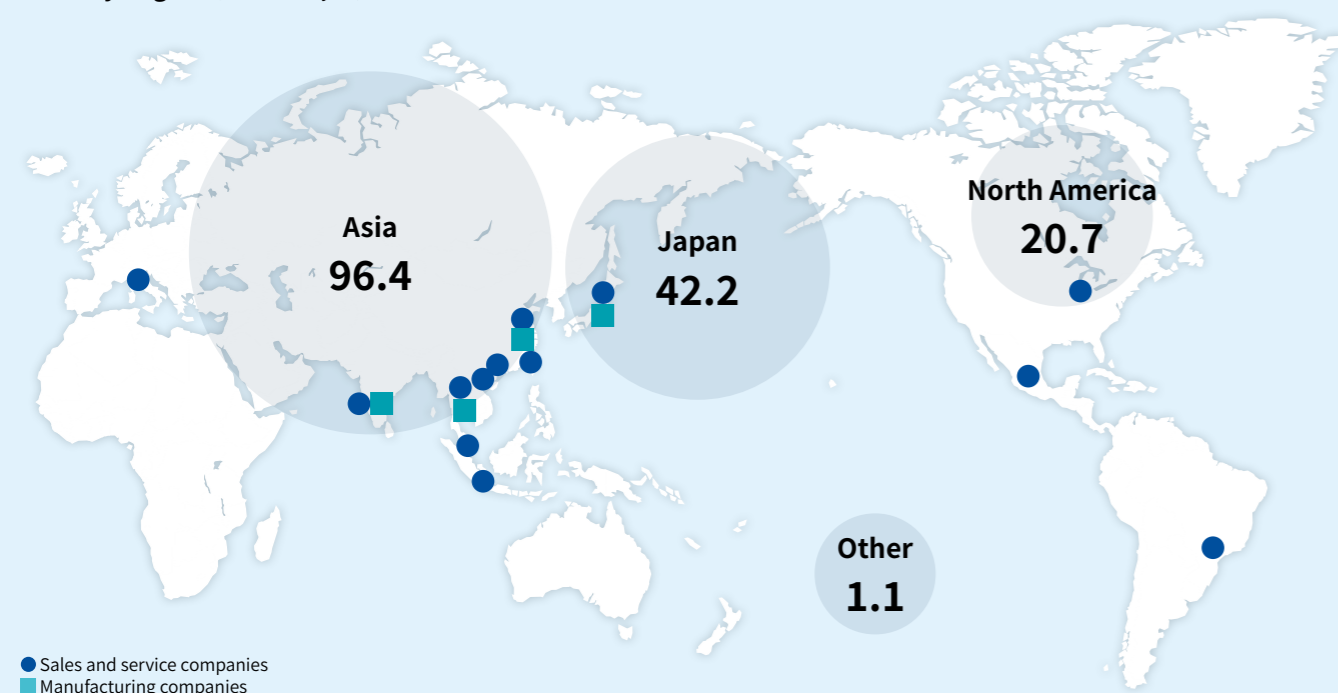
Company Overview As of March 31, 2024 (consolidated)

Founded	Net sales	Operating profit	Employees
December 1938	¥160.6 billion	¥13.6 billion	3,057 persons

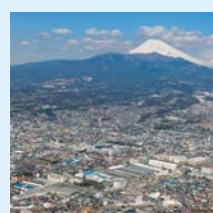
Global Business Foundation

With a global network of around 30 domestic and 40 overseas sales, service, and production bases, we contribute to the development of key industries everywhere and in all manner of situations.

Sales by Region (Billions of yen)



Manufacturing Locations



Numazu Plant



Sagami Plant



Gotemba Plant



Plant in China



Plant in Thailand



Plant in India

Introduction to Main Businesses

Metal & Plastics Industrial Machine Segment

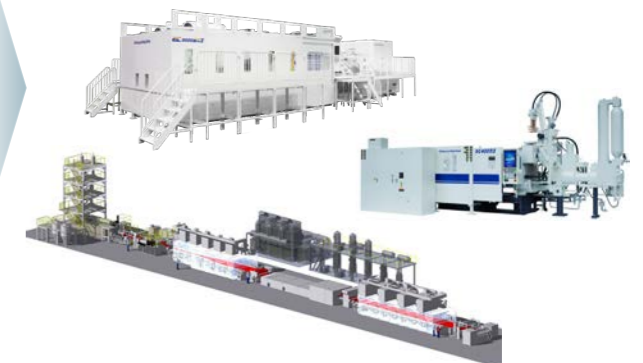
This segment handles the manufacture, sales, and servicing of injection molding machines and extrusion machines, which process plastic materials, as well as die casting machines, which process materials such as aluminum and magnesium through casting. Our products are used in a wide range of sectors, centering on automotive and including the telecommunications, optics, medical, and food-related industries.

Sales (Percentage of Net Sales)

¥123.5 billion (77%)

Main Products

- Injection molding machines
- Die casting machines
- Twin-screw extruders
- Sheet and film production units



Machine Tools Segment

This segment engages in the manufacture, sales, servicing, and retrofitting of high-precision machine tools in fields requiring ultra-large to ultra-precision equipment. These include machine tools for machining large parts, molds, and various components for energy and social infrastructure, transportation equipment such as automobiles, trains, ships, and aircraft, construction machinery, and industrial machinery, as well as high-precision machine tools and glass molding press machines, which are used in the high-precision molding of lenses in smartphones, in-vehicle cameras, and exposure devices.

Sales (Percentage of Net Sales)

¥25.9 billion (16%)

Main Products

- Double column type machining centers
- Horizontal boring and milling machines
- High-precision aspheric surface grinders



Control Systems Segment

This segment provides various types of industrial robots, including SCARA, cartesian coordinate, painting, vertical multi-articulated, and dual-arm collaborative robots etc. used for numerous conveyance and assembly applications at the manufacturing sites producing smartphones and electronic devices, electric vehicle batteries, and automotive components. We manufacture, sell, and service electronic controls, including those for our own products, and provide engineering solutions that contribute to automation and labor savings in our customers' production lines.

Sales (Percentage of Net Sales)

¥9.9 billion (6%)

Main Products

- Industrial robots
- Servo systems, Linear motors
- FA controllers
- Engineering solutions



* Segment sales exclude intersegment transactions.

SHIBAURA MACHINE Products —Supporting Manufacturing

SHIBAURA MACHINE Products —
Supporting Manufacturing

By capitalizing on its eight technological platforms, SHIBAURA MACHINE delivers differentiated value that meets customers’ demanding standards in an extensive range of industries.

For details, please visit our website.

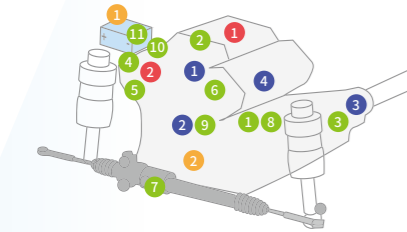
Shibaaura Machine near You
🌐 <https://www.shibaaura-machine.co.jp/en/technology/familiar/>

Product Information
🌐 <https://www.shibaaura-machine.co.jp/en/product/index.html>

* The color-coding of numbers indicates which of our products below were used.

Automotive Industry

Engine



- 1 Engine head cover

2 Intake manifold

3 Oil separator

4 Head cover

5 Valve body

6 Water pump bracket

7 Oil pump bracket

8 Front case

9 Rack housing

10 Transmission case

11 Oil pan
- 10 Engine block

11 Battery case

1 Separator film for battery

2 Fuel cell material for electric vehicles

1 Turbo impeller

2 Crank shaft

3 Clutch housing

4 Engine block mold

Body

- 1 Cowl louver

2 Sunroof

3 Door glass

4 Rear fender

5 Rocker molding

6 Over fender

7 Bumper

8 Door trim

9 Pillar

10 Rear garnish

11 Lamp cover

12 LED diffusion lens

13 Headlight lens

14 Headlight reflector

15 Clearance lamp

1 Side mirror housing

2 Brake caliper

3 Headlight case

4 Steering body

5 Seat frame

6 Wheel

7 Sub frame
- 1 Lamp covers and other heat-resistance resins

2 Tire

3 Interior decoration material elastomer sheet

4 Forming sheet

1 Door trim mold

2 Frame mold

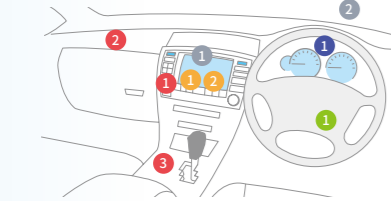
3 Bumper mold

4 Wheel

5 Constant velocity universal joint

6 Copper plate

Interior



- 1 Switch

2 Dashboard

3 Console box

1 Steering wheel

1 LCD, OLED display materials

2 Printed board

1 Instrument panel mold
- 1 Car navigation system

2 Head-up display

Company products

Injection Molding Machines



These machines mold plastic by injecting heated molten plastic into metal molds, which is then cooled and hardened.

Die Casting Machines



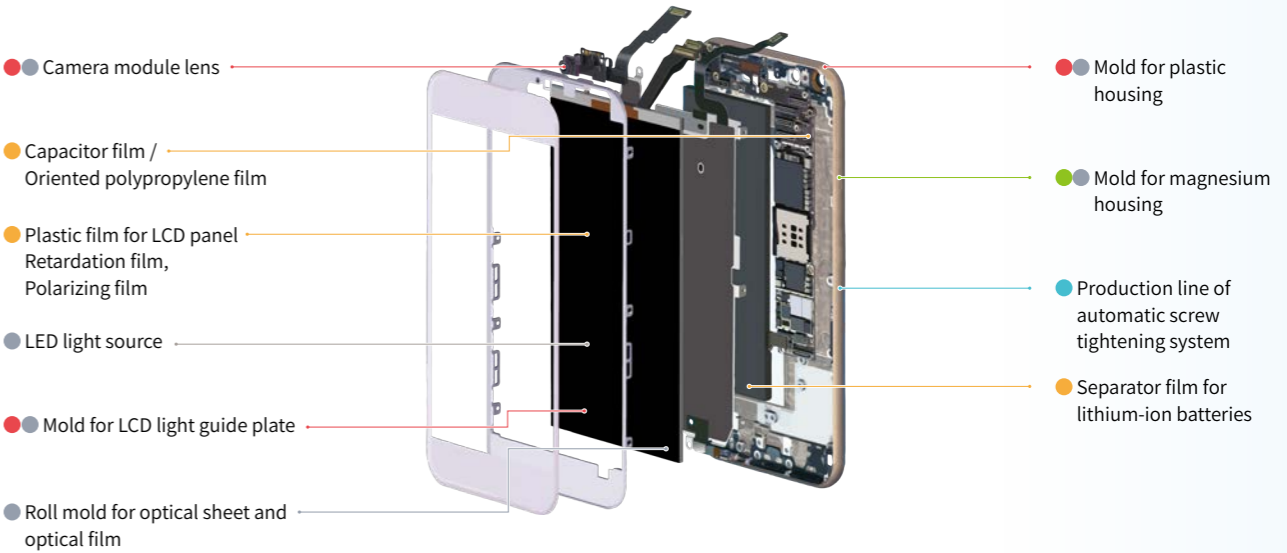
These machines cast products by applying high pressure to molten aluminum and magnesium and injecting it into molds.

Extrusion Machines



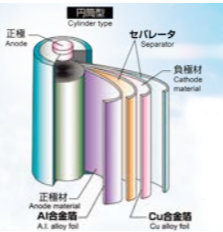
These machines form plastic by extruding heated molten plastic through extrusion ports and then cooling it by the use of air or water. Depending on the shape of the extrusion ports, the plastic is formed into sheets or hose shapes.

Smartphone Industry



Energy Industries

- 1 Separator film for lithium-ion secondary batteries
- 2 Backsheet and sealing material for solar cells



- 1 For tube plate of heat exchanger and boiler
- 2 For rotation mechanism of the wind mill



Food-Related Industries

- 1 Heat-resistant tableware made of plant-based resin
- 2 Plastic sheet for food packaging



Tableware for toddlers



Highly-functional containers for long-term food preservation and other purposes

Aircraft and High-Speed Railway

- 1 Airframe parts and landing gear
- 2 Bodies and truck frames for high-speed railway



Construction Machine

- 1 Parts of construction machine



Medical care industries

- 1 Dialyzers
- 2 Medical device/systems (MRI, CT)



Machine Tools



These machines mainly cut and grind metal workpieces into the required shapes. They are also called mother machines because they are indispensable in the manufacture of machines.

High-Precision Machine Tools



As types of machine tools, our high-precision machine tools are suitable for cutting and grinding optical and medical components that call for ultra-high-precision nanometer-level processing.

Industrial Robots, Electronic Controls

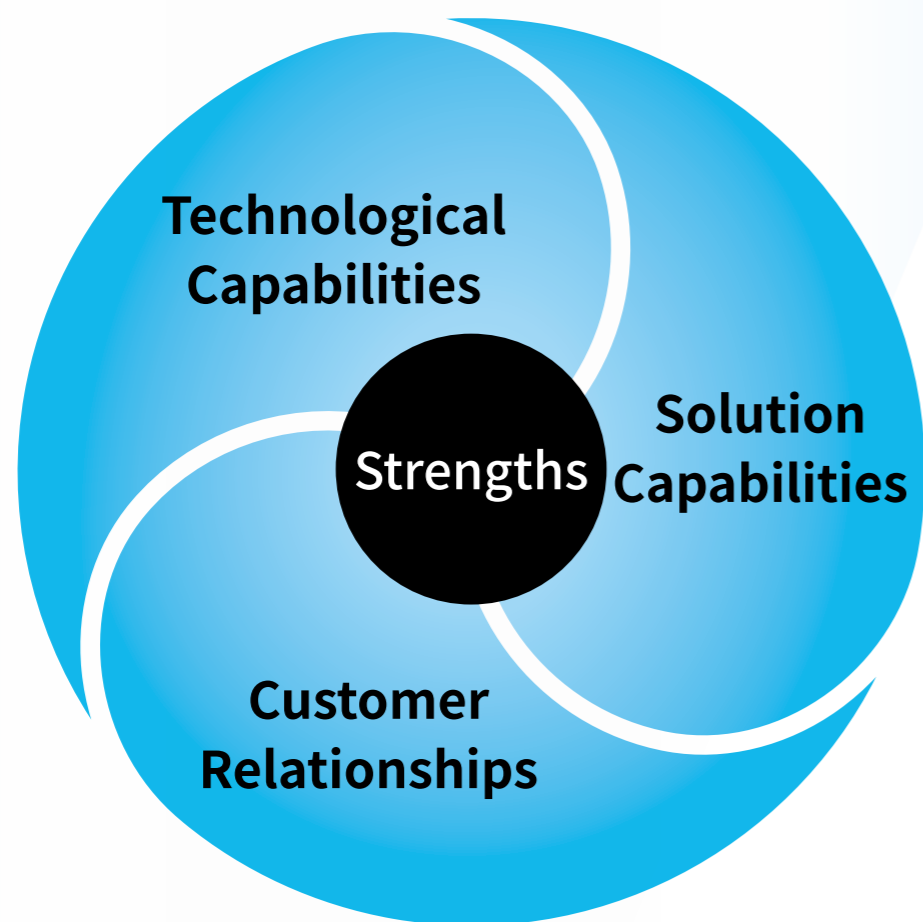


Our industrial robots include horizontal, multi-articulated (SCARA), cartesian coordinate, painting, vertical multi-articulated, and dual-arm collaborative robots. SHIBAURA MACHINE's electronic controls are used in a diverse range of equipment and include servo systems, FA controllers, and linear motors.

Strengths Honed Over More Than 80 Years

We have accumulated unique strengths through a consistent corporate stance dating back to the philosophy of our founder.

By combining and establishing reciprocal relationships among strengths honed over many years, SHIBAURA MACHINE has provided value that only it can realize. We will continue enhancing these capabilities to unleash even greater potential.



Technological Capabilities

SHIBAURA MACHINE has always placed the utmost importance on its technological capabilities and the engineers who underpin them. Also, by building the equipment needed—even if the equipment is the first of its kind—and delivering a wide variety of customized products, we have gained technological capabilities in many different fields. This innovation-focused process has led to the formation of eight technological platforms. [P.12-13](#) Based on these platforms, we are developing and manufacturing advanced machines across a broad range of industries. In evolving a business model that combines products and services, our technological capabilities are a major asset.



Solution Capabilities

The Company has been able to resolve a variety of issues by providing solutions it is uniquely qualified to realize alongside leveraging strong relationships with customers. As companies continue transforming their business models to address social issues, technological needs are expected to increase. We will realize solutions by detecting social trends more quickly, identifying new issues, and finding countermeasures, and also by leveraging the expertise and technological capabilities that our businesses have garnered. Taking advantage of our strength as a solutions provider, we will work with customers to help address social issues, thereby continuing to be an entity with an important role to play in the creation of a new society.



Customer Relationships

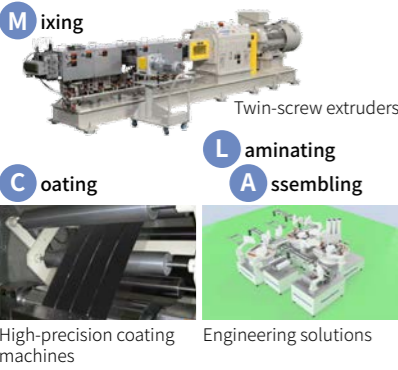
Although rarely used directly by consumers, the machines that we produce are used to solve our customers' issues, which in turn helps to address social issues. We have developed long-term relationships of trust with customers during the process of providing large, customized machines with relatively long lifecycles and in collaborating closely with customers to realize products suited to particular needs. Going forward, the long-term relationships of trust we have built with customers through intensive collaboration give us an advantage as we transform our business model.



Eight Technological Platforms

Examples of Using the Eight Technological Platforms

Developing and Manufacturing an Array of Advanced Industrial Equipment

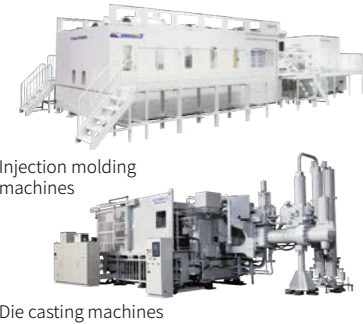


Eight Applicable Technology Platforms

- 1 2 3 4 5 6 7 8

A Combination of Mixing, Coating, Laminating, and Assembling Technologies That are Essential for Next-Generation Batteries

The secondary batteries used in battery electric vehicles (BEVs) and smartphones are moving from the liquid lithium-ion batteries that are currently mainstream to semi-solid and solid-state batteries in the interest of improving performance and safety. The technological overlaps for these next-generation batteries are the mixing and coating techniques used to make electrode materials, as well as techniques for stacking various functional films. SHIBAURA MACHINE combines its advanced extrusion molding and control technologies to help produce higher-performance, next-generation batteries that offer high productivity.



Eight Applicable Technology Platforms

- 1 2 3 4 5 6 7 8

Molding Machine Design Technology Contributing to the Automotive Industry’s Shift to NEVs

In the automotive industry, the shift to new energy vehicles (NEVs) is prompting greater demand for injection molding machines and die casting machines, particularly ultra-large-scale machines. Driving this trend is the need for lightweight vehicle bodies, improved productivity, and enhanced design, which in turn leads to the increased use of resin, aluminum, and integrated components. SHIBAURA MACHINE possesses design and control technology for the ultra-large molding machines that can mold such components, using all-electric drives to facilitate high precision, high productivity, and energy efficiency. We have also accumulated low-pressure casting technology (die casting technology). Casting at lower pressures allows for equipment downsizing.



Eight Applicable Technology Platforms

- 1 2 3 4 5 6 7 8

Technology for Machining High-Value-Added Parts without the Need for Skilled Workers

In recent years, the component machining industry has experienced a rise in demand for higher levels of final-product quality and performance, which in turn calls for more precise and efficient production of the components used. Meanwhile, production sites face such challenges as variations in worker skill levels, labor shortages due to aging populations, and insufficient knowledge transfer. SHIBAURA MACHINE has developed a precision, five-axis machining center that utilizes the ultra-precision processing technology accumulated through the processing of lens molds to accurately synchronize multiple axes and process varied parts types consistently. At the same time, we have developed a range of operator support applications providing “automatic core extraction” and “grinding wheel contact detection.” These applications help operators with less experience machine high-value-added parts to the same level as skilled operators.

Eight Technological Platforms

1Realizing one-step advanced accuracy
Professional manufacturing, assembly, and measuring technologies

2Supporting diversified application fields
Designing technologies for processing and molding machinery

3Integrative
Customizing technology

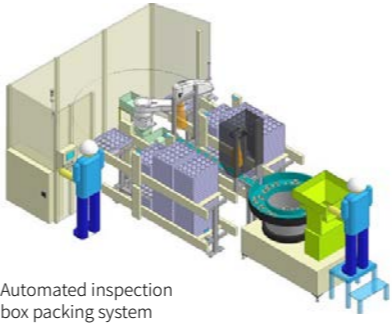
4Maximizing machine performance
Material technology

5Optimized for each machine group
Control, mechatronics, and IoT technology

6Supporting high-precision
Slide and rotation

7Based on understanding of target material
Molding technology originated from molding

8Using heat, light, and vacuum
Nano-processing technology



Eight Applicable Technology Platforms

- 1 2 3 4 5 6 7 8

Engineering Solutions Suited to Robots

SHIBAURA MACHINE works with customers to address challenges in their factories and provide the best solutions to their needs. Our technical expertise, extensive network, and reliably comprehensive capabilities allow us to offer flexible solutions that satisfy customers, ranging from small-scale systems to large-scale production lines. We develop SCARA robots, multi-articulated robots, single-axis robots, and a new product; a dual-arm collaborative robot. Leveraging components such as industrial robots and servo systems, as well as control technology, we suggest automation systems that are optimized to address the various challenges our customers face, such as automation design, labor reduction, and improving the speed of production lines.

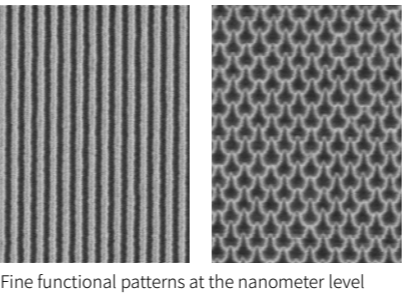


Eight Applicable Technology Platforms

- 1 2 3 4 5 6 7 8

Manufacturing Technology for Producing Large, High-Precision Machines

Components ranging from a few meters to tens of meters are used in core industries worldwide for aerospace, maritime, railway vehicles, automobiles, and power generator applications. The machines that produce these components need to be larger than the components they make. SHIBAURA MACHINE has the know-how to design ultra-large and high-precision machine tools, as well as the expertise in manufacturing large components and assembling precision machines, supported by our measurement technology. These capabilities showcase the accumulated craftsmanship of many employees.



Eight Applicable Technology Platforms

- 1 2 3 4 5 6 7 8

High-Precision Patterned Films to Control Film Transport and Liquids

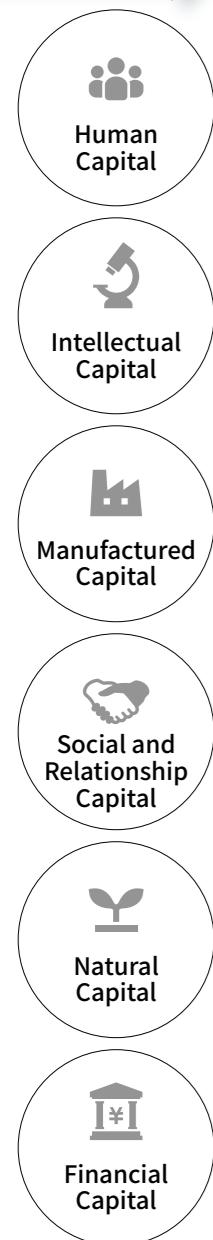
Various objects, such as televisions and smartphones, have become thinner and lighter. This is made possible by using technology to produce thin films that offer the same functionality as thicker plastic or glass panels. Adding functionality to thin and lightweight films can enhance the performance and functionality of LCD substrates, solar panels, and secondary batteries. SHIBAURA MACHINE’s advanced precision processing and control technologies enable precise film handling, control of liquid coatings on films, and the transfer of nanometer-scale fine functional patterns, leading to the creation of new functionalities.

Value Creation Process

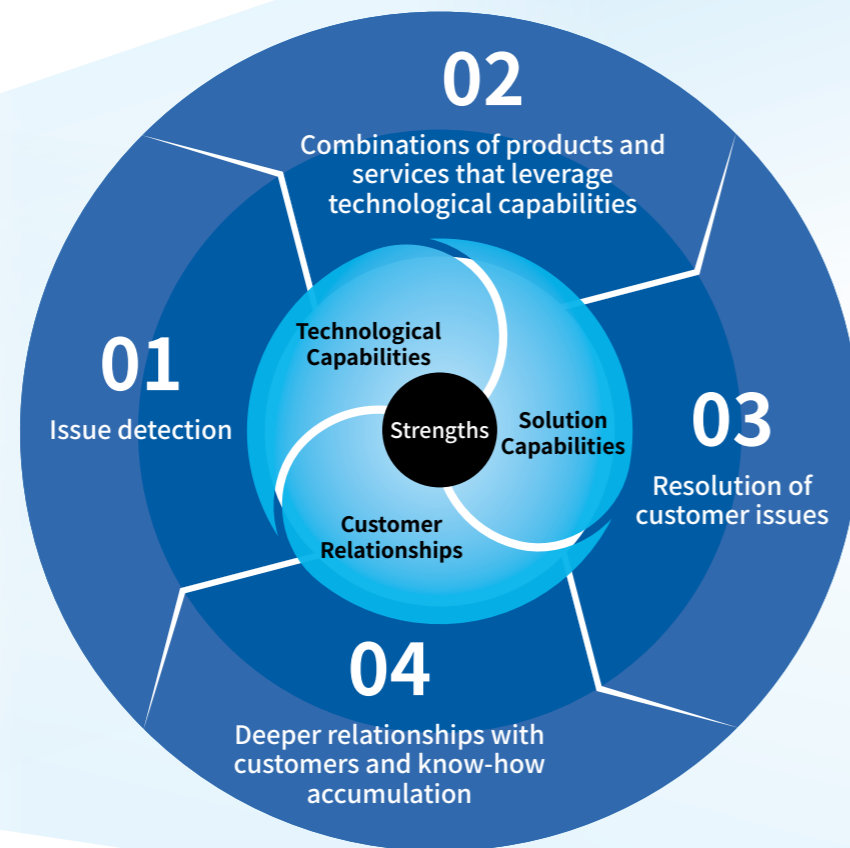
Continuing to Contribute to Key Industries

In accordance with its Corporate Principles, SHIBAURA MACHINE will partner with customers worldwide and solve their issues by utilizing technological capabilities to create combinations of products and services. Furthermore, we will work with customers to address the issues faced by global society. By deepening our relationships with customers through the provision of high-value-added solutions, we will continue driving a powerful virtuous cycle that sustains corporate value growth.

INPUT



Helping Key Industries Develop through
SHIBAURA MACHINE's Cycle for
Increasing Value

**01 Issue detection**

Detecting potential issues ahead of time and designing solutions

02 Combinations of products and services that leverage technological capabilities

Adding intangible value to products through self-improvement and utilization of internal and external resources

03 Resolution of customer issues

Solving issues by providing value that not only meets but exceeds customer expectations

04 Deeper relationships with customers and know-how accumulation

Improving satisfaction of customers to deepen relationships with them and accumulate know-how that leads to the creation of new value

OUTPUT

Our Products

Injection molding machines, Die casting machines, Extrusion machines, Machine tools, High-precision machine tools, Industrial robots, Electronic control systems

OUTCOME

Resolving issues faced by key industries

Examples of Industries to which We Contribute

Automotive, Rechargeable batteries, Medical, Renewable energy, Smartphone, Food packaging materials, High-speed rail, Aircraft

- 1 Realizing GHG*-reduced products, technologies, and materials
- 2 Realizing resource-saving and energy-saving technologies
- 3 Improving efficiency of and spreading energy creation
- 4 Improving performance of and spreading energy storage devices

- 1 Realizing robots that can symbiotically coexist with humans
- 2 Realizing autonomous production lines
- 3 Upgrading and spreading water purification technologies
- 4 Upgrading and spreading sterilization technologies

- 1 Realizing new materials that provide novel functions
- 2 Spreading next-generation communications (5G / 6G)
- 3 Upgrading and evolving weight-saving technologies
- 4 Upgrading and spreading intelligent devices

* greenhouse gas

OUTCOME

Addressing Social Issues

Contributing to the SDGs



Climate change and resource scarcity

Rapid urbanization and changes in population structures

Advancements in technology

Specific Initiatives in the Value Creation Process

In this section, we describe the history of SHIBAURA MACHINE’s value creation practices and current initiatives, as well as its initiatives for the future.

Specific Initiatives in the Value Creation Process 1

SHIBAURA MACHINE views its mission as supporting the development of key industries and contributing to future society. We have developed and manufactured various products to meet the changing needs of each era.

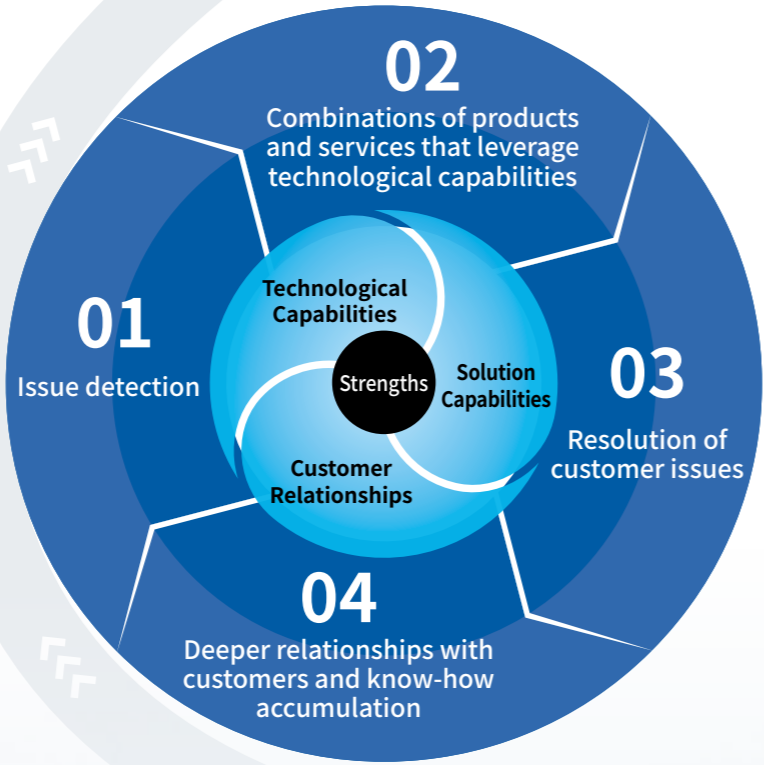
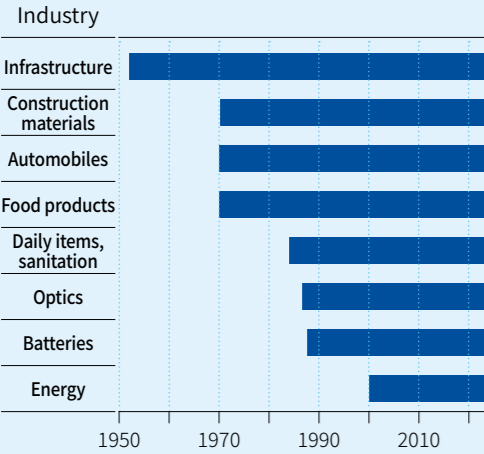
The Company strives to anticipate the challenges customers will face and works to resolve those issues through its combinations of products and services that leverage technological capabilities. The trust we gain with this approach leads to a cycle of further issue detection, contributing to the resolution of social issues.

In this section, we look at specific initiatives in the value creation process, focusing on lithium-ion battery separator film production lines. These lines comprise extrusion machines, which are a key product of our Metal & Plastics Industrial Machine Company. Sales of these lines are growing, owing to rising demand for electric vehicles (EVs) as part of the trend toward decarbonization.

04 Deeper Relationships with Customers and Know-How Accumulation

The Company entered the extrusion machine business in 1952 with the completion of its first plastic extrusion machine, used to coat wires with nylon. Since then, we have developed and provided equipment to meet the ever-changing demands of our customers in response to the changing times and external environment. As the graph below shows, we have strengthened our long-standing customer relationships with various industries and accumulated expertise that contributes to the creation of new value.

Length of time dealing with customers (extrusion machine business field)



01 Issue Detection

Building on its accumulated expertise in precision film molding for optical applications and other areas, the Company was able to anticipate customer issues and respond to their needs. As a result, for the past 30 years, we have been developing production lines for separator films, which are a key component of lithium-ion batteries. We have been accumulating technologies related to the full line in anticipation of the growing demand for turnkey business as this lithium-ion battery market expands. In fact, this business has matched the needs of film manufacturers, including new entrants, and has led to increased sales.

02 Combinations of Products and Services That Leverage Technological Capabilities

Given that separator films have a significant impact on battery performance, it is important for films themselves to be highly uniform and homogeneous. This requires using advanced technology in the manufacturing equipment used for separator film production. Lithium-ion battery separator film production lines consist of a collection of equipment with various functions, from extrusion machines to winders. Advanced technical expertise is required for each device in the separator film production process.

In particular, we provide unique value by leveraging the strengths described below.

Strength (1)	The Ability to Provide Full Lines	Separator film production equipment requires advanced technology, with specifications and functions between each piece of equipment playing a critical role. We design and manufacture all equipment, including the most important extraction and drying processes, on our own, and optimize specifications and functions between each piece of equipment to contribute to early start-up. Among major equipment manufacturers, we are the only one that can provide full separator film production lines.
Strength (2)	Shrink Tenter (Vertically Relaxed Horizontally Stretching Machines) for High-Quality Film Stretching	Replacing a horizontal stretching machine with a shrink tenter that can also provide longitudinal relaxation when the film is transversely stretched suppresses the bowing effect* and reduces longitudinal and transverse thermal shrinkage, thereby producing high-quality film applicable to diverse battery structures.

* The phenomenon of bowing in the longitudinal direction when a film is stretched in the transverse direction

03 Resolution of Customer Issues

The Company combines its technical expertise in various areas to help resolve issues for both customers and society.

Resolution of Customer Issues

The widespread adoption of EVs requires high-quality, lithium-ion batteries that enable improved driving range and safety. One crucial component of these batteries is their separator film, which needs to be extremely thin and produced in large quantities. The Company leverages its expertise in diverse fields to address this customer challenge by offering full lithium-ion battery separator film production lines that can quickly be brought online.

Resolution of Social Issues

The mass production of lithium-ion batteries has contributed to the widespread adoption of EVs, as well as electronic equipment such as smartphones and notebook PCs and rechargeable consumer electronic devices. These batteries also play a role in providing a stable power supply through the storage of renewable energy. By enriching people’s lives and contributing to the reduction of CO₂ emissions, we are helping to resolve social issues.

Specific Initiatives in the Value Creation Process 2

Here, we introduce other examples of specific initiatives in the value creation process

Helping to Realize a Decarbonized Society with Molding Technologies and Recycling

Even before the concept of a decarbonized society began attracting attention, the Company was engaging in collaborative research with customers and research institutions, in Japan and overseas, in the interests of conserving resources and saving energy.

By using foam molding technologies in injection molding machines, we have reduced weight, increased strength, and decreased resource use in automotive components such as door trim by creating micro-bubbles inside molded plastic products. Furthermore, through super high-speed injection molding technologies in die casting machines, we have decreased weight and reduced resource use in automotive subframes, making them thinner and stronger. We have also developed recycling technologies, which help reduce CO₂ emissions throughout the cycle of automobile manufacture, usage, and disposal.

01

Issue detection

Lighter and stronger automotive components

02

Combinations of products and services that leverage technological capabilities

Reduced weight and enhanced strength of automotive interior and exterior parts and decreased use of resources

Injection molding machines (foam molding technologies)

Die casting machines (super high-speed injection)

03

Resolution of customer issues

Curtailed CO₂ emissions

High-Precision Technologies Creating a Safe Society

The Company has engaged in R&D focused on high-precision machining since 1977. We have aimed to differentiate ourselves and add value by increasing the precision of machine tools. The cameras used for advanced safety devices and autonomous driving in automobiles are products that could not have been imagined when we first began, more than 50 years ago. However, our ultra-precise machining methods have enabled us to produce these high-precision, high-efficiency optical components. We have done so by anticipating and then addressing the challenges our customers face, embracing their visions for the future, and conducting research in collaboration with domestic and international research institutions.

We help to protect people's lives through the widespread adoption of advanced safety devices in automobiles and create a society that is easy to live in thanks to the automated driving of automobiles.

01

Issue detection

More precise optical components

02

Combinations of products and services that leverage technological capabilities

Higher-resolution, higher-efficiency machining of optical components

High-precision machine tools

03

Resolution of customer issues

Protect human life Create an amenable living environment

Initiatives That Look to the Future

The R&D Center will promote research and development to further enhance corporate value and resolve social issues.

Mitsunori Kokubo

Managing Executive Officer
Research & Development Center
General Manager



Policy behind the R&D Center's Initiatives

Industry is being called upon to take on significantly more responsibility as the world strives to realize a sustainable society and works to resolve social issues such as changing in population structures, climate change, and resource scarcity through the transition to a circular economy. Among the machinery and equipment manufacturers that support such industries, customer expectations are high for SHIBAURA MACHINE, which plays a crucial role in a wide range of fields. I believe it is our responsibility at the R&D Center to develop advanced technologies that meet the world's expectations and help address these challenges.

Specific Measures at the R&D Center

Based on the premise of resolving social issues, our new medium-term management plan, Medium-term Management Plan 2026, identifies new domains: energy, automobiles, social norms environment (carbon-free society), India (growing market), and automation (labor shortage). We are promoting R&D to meet needs in these domains.

In energy, we are developing machine tools to meet the increasing demand for electric power and the shift to power generation methods with less environmental impact.

In automobiles, some believe the shift toward EVs plateaued in 2024, but we are convinced that this transition will continue over the medium to long term. To accommodate this trend, we are actively developing injection molding machines to help make vehicles more lightweight and accommodate the integration and upsizing of resin components. We are also making advances with low-pressure casting technology and developing giga-casting to integrate metal components and allow them to be larger.

In the energy and automotive sectors, we will continue

to develop extrusion machines to improve the performance and productivity of lithium-ion secondary batteries. These machines will help meet rising demand for secondary batteries for stabilizing power supplies and use in xEVs. We will also continue our R&D efforts to promote the mass production of solid-state and other next-generation secondary batteries.

In addition to considerations for the environment (carbon-free society), our R&D efforts help address changing demographics and resource scarcity. SHIBAURA MACHINE is combining its technological platforms and cutting-edge R&D to create next-generation technologies. We also need the development capabilities to adapt flexibly to a rapidly changing society and efficiently drive the value creation process. To this end, SHIBAURA MACHINE intends to evolve in four areas: 1. Issue detection, 2. Combination of products and services that leverage technological capabilities, 3. Resolution of customer issues, and 4. Deeper relationships with customers and know-how accumulation. By optimizing the resources within the R&D Center, the Company aims to address various social challenges.

Toward the Further Enhancement of Corporate Value

We will continue to promote talent development aligned with the strategies of SHIBAURA MACHINE and the R&D Center. This includes strengthening research skills to identify challenges and cutting-edge technologies and translating them into future insights, enhancing technical capabilities in data science, data engineering, analysis, AI, and other areas to solve problems, and improving business skills to generate value and enhance creativity. Additionally, we will actively pursue technology adoption and collaboration between industry, academia, and government to accelerate improvements in development and problem-solving capabilities.

Our Ideals

On March 5, 2020, we unveiled “Long-Term Vision 2030.”

This long-term vision is designed to ensure the Company’s sustainable growth.

Our previous medium-term management plan, the “Management Reform Plan,” concluded in fiscal 2023. Under this plan, we generated steady profits and enacted structural reforms that created a positive cycle through investment in R&D and people. On May 13, 2024, we announced a new medium-term management plan, “Medium-Term Management Plan 2026.” The new plan leverages these structural reforms and calls for us to step up to become a highly profitable company. We will move forward with the strategies outlined in this plan to achieve the ideals spelled out by our long-term vision.

Long-Term Vision 2030

Response to the megatrends
in the global manufacturing industry
with outstanding technological innovation
to resolve social issues and
enhance corporate value

📖 P.26

Fiscal 2024
to Fiscal 2026

New Medium-Term Management Plan, “Medium-Term Management Plan 2026”

Promotion of a balanced strategy of offense and defense to step us up to become a highly profitable company

📖 P.31

February 2020
to Fiscal 2023

Previous Medium-Term Management Plan, the “Management Reform Plan”

Execution of structural reforms by promoting management reforms centered on organizational restructuring on the path to becoming a highly-profitable company

📖 P.30

future

Four Directions of Long-Term Vision 2030

- Business portfolio strategy (clarification of focus areas and reduction / withdrawal fields)
- Improve profitability and expand profit opportunities through new businesses combining products and services
- Expand overseas sales
- Human resource strategy that supports technological platforms

Message from the President

Message from the President

Shigetomo Sakamoto

President
Chief Executive Officer
Chief Operating Officer



To realize our long-term vision, we will accelerate our growth to become a highly-profitable company.

The Strengths We Have Cultivated Throughout Our History

SHIBAURA MACHINE is not involved in directly producing goods that consumers use, but rather in manufacturing the equipment used to produce those goods. We aim to provide our customers with equipment capable of creating higher-value-added products than those of competitors. To do so, close collaboration with our customers is vital. Since our founding, we have always worked to understand and meet their various needs and demands.

In line with our philosophy of “discovering something unknown,” we have accumulated technical expertise

during the process of manufacturing a wide range of products tailored to customers’ needs. This technical expertise, combined with our problem-solving capabilities, has enabled us to address various challenges. Furthermore, we draw strength from the long-term relationships we have built with our customers through the provision of durable machinery that supports their needs. Many of our customers have played a leading role in the Japanese and global economies, and we have consistently provided them with solutions we are uniquely positioned to offer.

A Review of Our Management Reform Plan

The Company launched its Management Reform Plan in 2020. The plan positioned our departure from the Toshiba Group as a turning point and emphasized the need to respond to the demands of general shareholders.

The plan called for the introduction of an in-house company system to achieve overall optimization, as well as the establishment of the R&D Center and the Production Center, which would provide shared functions to improve

production efficiency and enhance quality, cost, and delivery (QCD). The plan also outlined the introduction of personnel transfers and voluntary retirements to optimize resource allocation and reduce fixed costs, and a financial strategy aimed at investment in growth areas and improving capital efficiency (ROE). Overall, the Company succeeded in implementing the main strategies and initiatives outlined in the initially formulated plan.

During the period of the Management Reform Plan, the COVID-19 pandemic led to economic stagnation and a tight supply of materials, and we faced soaring material and energy prices. Even so, our lithium-ion battery (LiB) separator film production lines contributed substantially to performance, meeting demand for investment in the electric vehicle (EV) sector. As a result, we exceeded our targets for sales, operating profit, and the operating profit ratio in fiscal 2023, the final year of the Management Reform Plan.

LiB separator film production lines showcase the Company’s strengths. In this specialized field, the ability to read trends in demand accurately is essential. Companies that specialize own in making injection molding machines cannot produce LiB separator film production lines, nor can machine tool manufacturers. While specializing in a specific field can improve a manufacturer’s efficiency, it

also makes that company more vulnerable to changes in the external environment.

SHIBAURA MACHINE operates in a number of business areas, including molding machines and machine tools. Would-be advisors sometimes cite the conglomerate discount and suggest we should restructure our operations and increase production efficiency in individual businesses to enhance investment effects. However, doing so would render us unable to benefit from the surges in demand that arise when times change. Responding to such demand is possible for a company with multiple businesses, but not for a specialized manufacturer. With regard to the current surge in demand for LiB separator film production lines, because of our structure the department responsible for injection molding machines and machine tools was able to immediately transfer its expertise and engage in the design and manufacturing process. The fact that we have multiple businesses enabled us to shift personnel flexibly. As part of the Management Reform Plan, we implemented a voluntary retirement program. We have not significantly increased our workforce since then, however, and we have been able to expand sales substantially without increasing the number of personnel. This flexibility is also a source of strength for the Company.

The New “Medium-term Management Plan 2026”

Based on the results of internal structural reforms carried out under the Management Reform Plan, we have formulated Medium-term Management Plan 2026, which concludes in fiscal 2026. The new plan targets sales of ¥300.0 billion. From there, we used backcasting to identify what needs to be done now to reach our goal. The reason for the ¥300.0 billion sales target is that this appears to be a watershed level for our industry, below which it is difficult to

conduct business sustainably and invest continuously in production facilities and talent. If profits are in the range of just a few billion yen, investment effects are limited. However, we recognize that quickly expanding to this level of sales could prove challenging, so we have positioned Medium-term Management Plan 2026 as an earlier milestone. This plan calls for us to achieve steady annual sales of ¥200.0 billion by the next three years.

Helping to Address Megatrends in Manufacturing

In 2020, the Company announced Long-Term Vision 2030, which was formulated to ensure sustainable growth. Under Medium-term Management Plan 2026, we will continue to transform our business portfolio to address the social issues arising from the megatrends facing the manufacturing industry, such as climate change, resource scarcity, changes in population structure, and technological advancements, as outlined in Long-Term Vision 2030.

To survive, we must continue manufacturing high-value-added products that align with these megatrends. In other words, we must adapt to these challenges in order to thrive. On the flip side, by responding effectively we will create a competitive advantage, putting us in a unique position for providing equipment to customers. This will remain the core of our business going forward.

Reconfiguring Our Business Portfolio to Clearly Distinguish between “Offensive” and “Defensive” Businesses

Within the Company, some segments are profitable and others are not, and certain businesses use assets more

efficiently than others. Previously, we tried to expand all segments equally, regardless of their profitability,

resulting in poor investment performance. When trying to expand all segments, the profitable segments sought to generate profits using fewer and older assets, while unprofitable segments moved into the negative cycle of cutting fixed and operating expenses in a bid to reduce spending and increase profits. Rather than taking this approach, now we are adjusting our portfolio more flexibly, shifting fixed costs, capital, and investments toward areas where we experience a surge in demand, such as for LiB separator film production lines. This process allows profitable segments to grow more, while reducing fixed costs and increasing profit margins for the unprofitable ones. This will be our initial approach. Some argue that it might be better to simply sell off unprofitable businesses, but the situation is more complicated than this. Under Medium-term Management Plan 2026, we highlight return on invested capital (ROIC) targets for each product segment and will firmly instill this mindset within the Company.

That being said, we will consider selling businesses that we judge to have limited future prospects and that are unlikely to grow even through structural reforms and investment. We will also pursue M&As and other avenues to expand in areas where we wish to grow. Striking a balance between these strategies is crucial, and this transformation of our business portfolio is a key pillar of Medium-term Management Plan 2026.

We will identify growing markets and allocate management resources to clearly differentiate between “offensive” and “defensive” businesses within each segment, aiming to efficiently expand overall profitability.

Corporate Strategies That Buttress Our Three Segments

If we think of each business segment as being a vertical profit-generating axis, we also need functions along the horizontal axis to support them. Under Medium-term Management Plan 2026, we will promote corporate strategies that build functions along the horizontal axis and shore up our management foundation. These strategies focus on areas such as sales and service, production support, talent, and ESG management.

Our first corporate strategy is “reinforcement of the Company-wide service business.” This strategy involves integrating the dispersed service divisions, making profits and losses of service and product divisions transparent, and maximizing overall profitability to improve return on investment from recurring-revenue businesses.

We are currently in the preliminary stages of spinning off our service business, in which we will combine our dispersed service divisions at the company level and then house them within an independent service company. We intend for this new company to be a profit center, with its own assets and personnel. The company will manage

We will position the manufacture of injection molding machines, extrusion machines, and high-precision machining tools as “offensive businesses.” In injection molding machines, we will achieve cost reductions through economies of scale by producing the same models at various factories worldwide. Additionally, we will work to increase production capacity at our new factory in India, where the market is growing. In extrusion machines, our focus will be on LiB separator film production lines. Taking into account geopolitical risks, we will explore markets primarily in North America and Europe, while also focusing on the development of products that cater to next-generation batteries. In high-precision machine tools, we will maximize our overseas resources for injection molding machines and aim to expand operations by exploring markets outside China, such as North America, Europe, and India.

Meanwhile, we categorize die casting machines, machine tools, and control systems as “defensive businesses.” In these areas, our focus is on improving profitability rather than pursuing scale. In the die casting machines business, we will prioritize the development of technologies to support gigacasting, establishing low-pressure casting techniques. In the machine tools business, we aim to improve profitability by eliminating waste through complete order-based production. In control systems, profitability has been affected by the decline in the Chinese market for general-purpose robots and the emergence of new markets. Therefore, we will enhance sales of engineering solutions, promote sales of dual-arm collaborative robots, and shift resources toward their commercialization to enhance competitiveness.

domestic and international service activities under specific rules, promote the consolidation of service bases, pursue operational efficiencies by consolidating back-office functions, and manage service profits and losses for the entire Group, maximizing overall profit.

Our second strategy is the “reinforcement of engineering solutions.” The Company’s current business model centers on selling individual machines. When providing machines tailored to customer requirements, all the pre- and post-processes are handled by the customers themselves. In the past, customers were willing to pay for the added value of our machines as stand-alone products. However, as competition intensifies, prices are expected to decrease. Moreover, we anticipate increasing difficulty in competing with China and other emerging countries characterized by excessive competition. To boost added value under such circumstances, we need to do more than sell stand-alone products. Rather, we must provide our technological expertise to support the entire process. We will strengthen M&As and alliances with

external partners to enhance the value of engineering solutions and transform the sales approach by proposing systems that encompass the pre- and post-processes of products at a Company-wide level.

The third policy is “development toward sustainable growth of the extrusion machines business.” Under Medium-term Management Plan 2026, we will accelerate the development of equipment that contributes to the production of the next generation of automotive secondary batteries, such as semi-solid state and fully solid-state batteries.

We have succeeded in capturing strong demand for LiB separator film production lines for the current generation

of liquid LiBs. However, the Company is not a specialized manufacturer in this field. We can also build production facilities capable of producing quickly, cheaply, and with high quality if customers need such for semi-solid-state or fully solid-state batteries. Currently, we are progressing with R&D to this end. The beginnings of the transition from liquid to solid-state LiBs is already becoming visible. This emerging demand represents a business opportunity for the Company, and we will provide new facilities as needed. We expect demand for our equipment to continue increasing, as long as we are able to remain abreast of market trends.

Strengthening ESG Management

Our Management Reform Plan prioritized reforms to our revenue structure and avoided taking actions that merely addressed the formalities of requests for ESG-related disclosure. However, now that we have made a certain degree of progress on reforming the revenue structure, going forward we will clearly incorporate ESG into our management as spelled out in Medium-term Management Plan 2026, and focus on transparent disclosure.

We consider it our mission to help resolve the societal issues customers face in the context of megatrends affecting the manufacturing sector. We aim to provide high-value-added equipment in various areas, such as renewable energy, secondary batteries (for EVs and energy storage), the reduction of automobile weights, autonomous driving, and recycling.

Of the Company’s ESG efforts, one area that requires immediate attention is our talent strategy. While the Management Reform Plan recognized the urgent need for a talent strategy, we believed that moving forward on the personnel front before clarifying the type of talent we needed would simply lead to confusion and hinder progress. Therefore, we decided to first clarify our talent

requirements by formalizing our structure, rules, and organization, and then proceed with our talent strategy.

In addition to focusing on education, Medium-term Management Plan 2026 identifies institutional improvements to secure excellent talent and enhance employee skills. Additionally, we will strive to establish a foundation that facilitates the flexible movement of talent, allowing timely changes to the business portfolio in response to market fluctuations. As Japan’s birthrate is likely to continue declining, it will be essential for us to provide more opportunities for women to excel. Securing outstanding talent will become increasingly crucial. We are committed to addressing these challenges proactively and swiftly.

We remain steadfast in our commitment to being a good company that is necessary for society, but our perception of what it means to be a good company has evolved. A good company is now defined as one that can generate profits consistently. In the past, even companies that had low profits were considered good companies if they contributed to society, but that is no longer the case. We also see a growing emphasis on the effective use of profits and efficient investment to generate further profits. Metrics such as ROE and ROIC evaluate how effectively a company generates return on investment. Building on our achievements under the Management Reform Plan, in formulating Medium-term Management Plan 2026 we have placed a greater emphasis on profits.

We will continue implementing various measures to enhance profitability. In doing so, we kindly ask for the continued support and guidance of our stakeholders, including shareholders and investors, as we strive to become a highly-profitable company.

August 2024

President
Chief Executive Officer
Chief Operating Officer

A. Sakamoto



Long-Term Vision 2030

On March 5, 2020, we announced SHIBAURA MACHINE Long-Term Vision 2030. We formulated this long-term vision to ensure sustained growth.

Long-Term Vision 2030: Our Ideal Role and Four Overriding Strategies

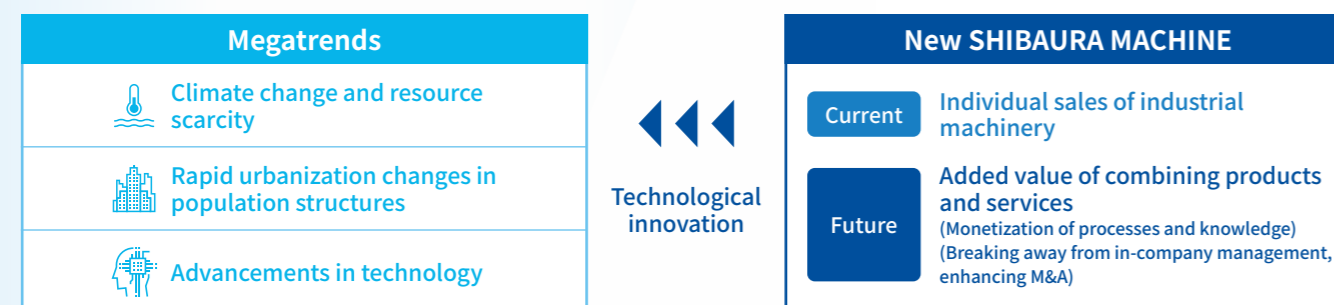
Setting out our ideal role, Long-Term Vision 2030 calls on us to address social issues and enhance corporate value through outstanding technological innovations that help the global manufacturing industry adapt to megatrends. In line with this vision, we believe that our social mission—and the way to sustainably enhance corporate value—is to assist key industries in overcoming the challenges of a new era.

Under Long-Term Vision 2030, we aim to transform into a highly-profitable company that continuously secures ROE above 10.0%. To achieve this target, we will move forward based on four overriding strategies: evolving our business portfolio, developing new businesses that combine products and services and thereby increase profitability and earnings opportunities, growing overseas sales, and fostering personnel to support our technological platforms.

SHIBAURA MACHINE Long-Term Vision 2030 (Outline)



Address social issues and enhance corporate value through outstanding technological innovations that help the global manufacturing industry adapt to **megatrends**

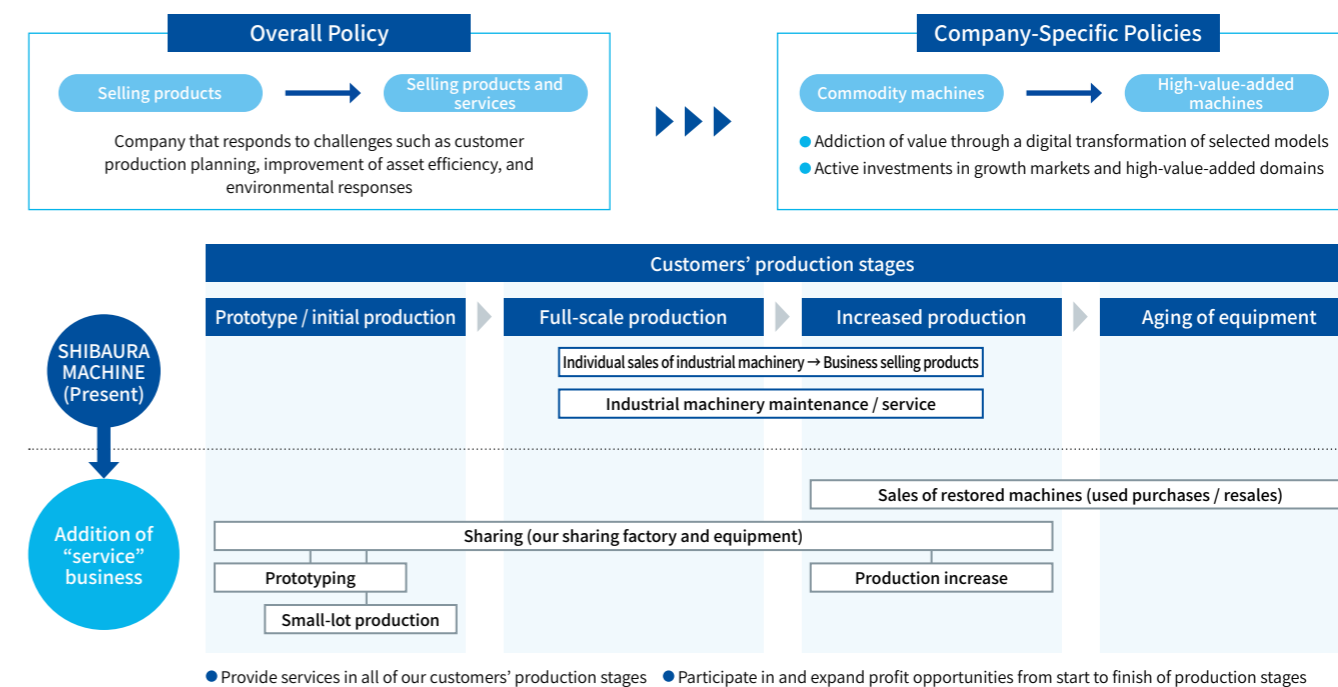


Four Directions of Long-Term Vision 2030

- Business portfolio strategy (clarification of focus areas and reduction / withdrawal fields)
- Improve profitability and expand profit opportunities through new businesses combining products and services
- Expand overseas sales
- Human resource strategy that supports technological platforms

Developing New Businesses That Combine Products and Services and Thereby Increase Profitability and Earnings Opportunities

We will increase profitability and earnings opportunities by not just selling products that meet customer needs but also creating businesses that combine products and services to solve customer issues, such as increasing the efficiency of production plans and assets and enhancing environmental friendliness.



Evolving Our Business Portfolio (Strategies for Respective In-House Companies)

We will clarify priority fields and fields in which we will reduce business or withdraw from and actively invest in growth markets and high-value-added fields.

	Basic policy	High-value-added / Market expansion areas		Reduce / Withdraw
		New	Expand / Enhance	
Machine Tools Company	Focus on specific domains by model selection Energy, Aircraft, Optics, Devices	• Multifunction machines • Ceramic cutting machines • Dissimilar material joining machines	• Large machines • Special, dedicated machines • High-precision machine tools	• Small and general-purpose machines
Metal & Plastics Industrial Machine Company	Injection molding machines and die casting machines → Expand local production for local consumption overseas Automobiles, Resource-saving Extrusion machines → Business expansion through investment Energy, Devices, New materials	• Engineering solutions • High-pressure continuous presses (batteries, etc.) • Reactive extrusion machines (biomass, etc.)	• Injection molding machines • Die casting machines • Extrusion machines	• Domestic production of standard hydraulic machines • Conical-type extruders
Control Systems Company	Specialize in external sales and strengthen engineering solutions Automation, Labor saving	• Collaborative robots • AMR*	• Robots • Servo motors, controllers	• NC, controllers (utilization of external alliances)
New Business	Establish technology for adding new functions via surface structure control Automation, Devices	• Film casting equipment: Electronic circuit market (next-generation communications) • Coaters: High-performance films, devices market (batteries, ceramic capacitors, optical components, etc.) • Imprint equipment: Water purification and sterilization market (Deep-UV LEDs)		

* Autonomous Mobile Robot

Evolving Our Business Portfolio (Expanding Existing Businesses)

We will continue to expand and strengthen existing businesses to provide added value through a wide range of products and help address social issues. Amid the global trend toward decarbonization, we offer a variety of products that can contribute to decarbonization initiatives.

Contributing to reducing greenhouse gases

Power generation and storage

High-pressure continuous press machines

Enhanced productivity through continuous processes



SE: solid electrolytes

Rechargeable batteries

All-solid-state batteries



Source: FY2018 NEDO Advanced Battery and Hydrogen Technology Department Results Report Meeting (B1-03) LIBTEC Materials

New materials

Reactive extrusion machines

Creation of new materials via continuous reaction of naturally occurring raw materials



Biomass

Wood plastics



Resource-saving

Injection molding machines and Die casting machines

Realization of lightweight and high-strength parts



Weight saving and recycling

CFRP parts

Aluminum car frames



Evolving Our Business Portfolio (Creating New Businesses)

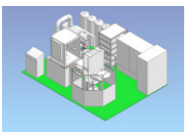
Through the provision of film casting equipment, coating machines, and imprinting equipment that add new functionality through surface structure control, we will enable our customers to generate profits. We will differentiate ourselves by realizing new added value.

Realizing the addition of new functions via surface structure control

Electronic circuits


Film casting equipment

Function improvement via adding dissimilar materials to surfaces



Next-generation communications

Laminated wiring boards




Source: Website of Shin-Asahi Electric Ind. Co., Ltd.

High-performance films and Electronic devices

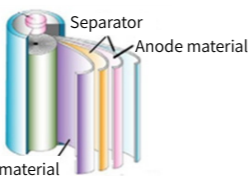
Coating machines

Function improvement via coating dissimilar materials to surfaces



Batteries, ceramic capacitors, and optical components

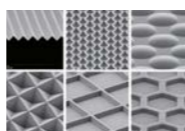
High-performance separator films



Healthcare


Imprint equipment

Function improvement via adding fine shapes to surfaces



Water purification and sterilization

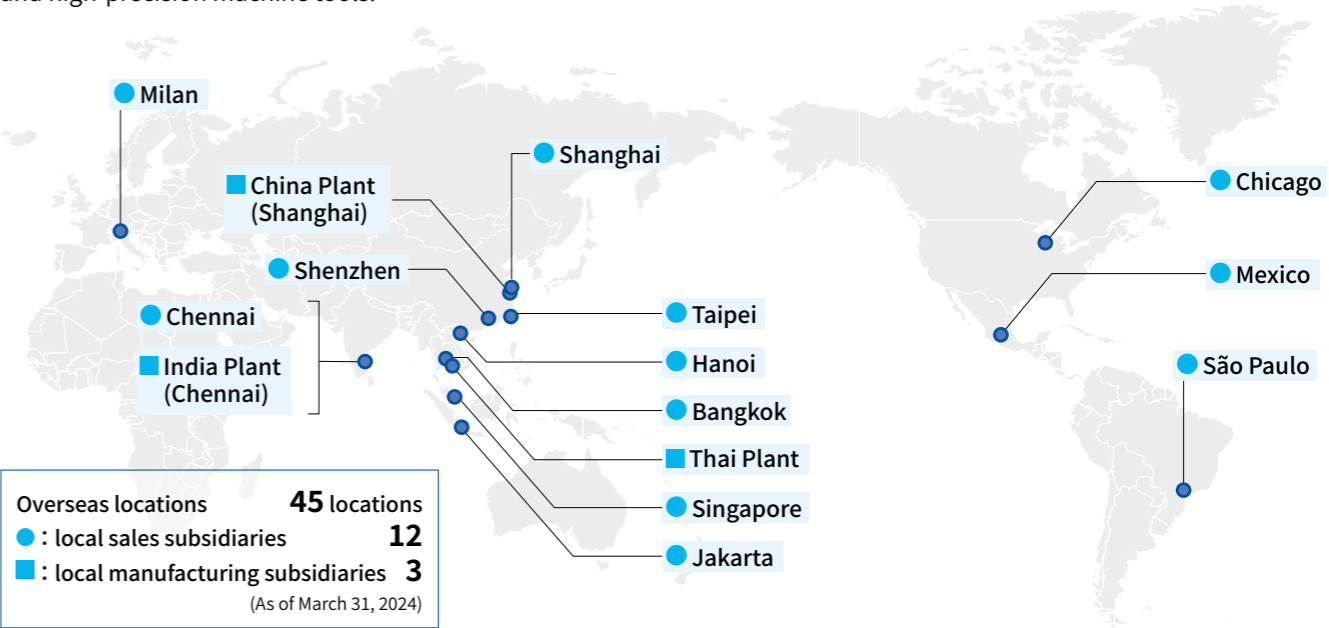
Deep-UV LEDs



Source: JST New Technology Presentation Meetings materials

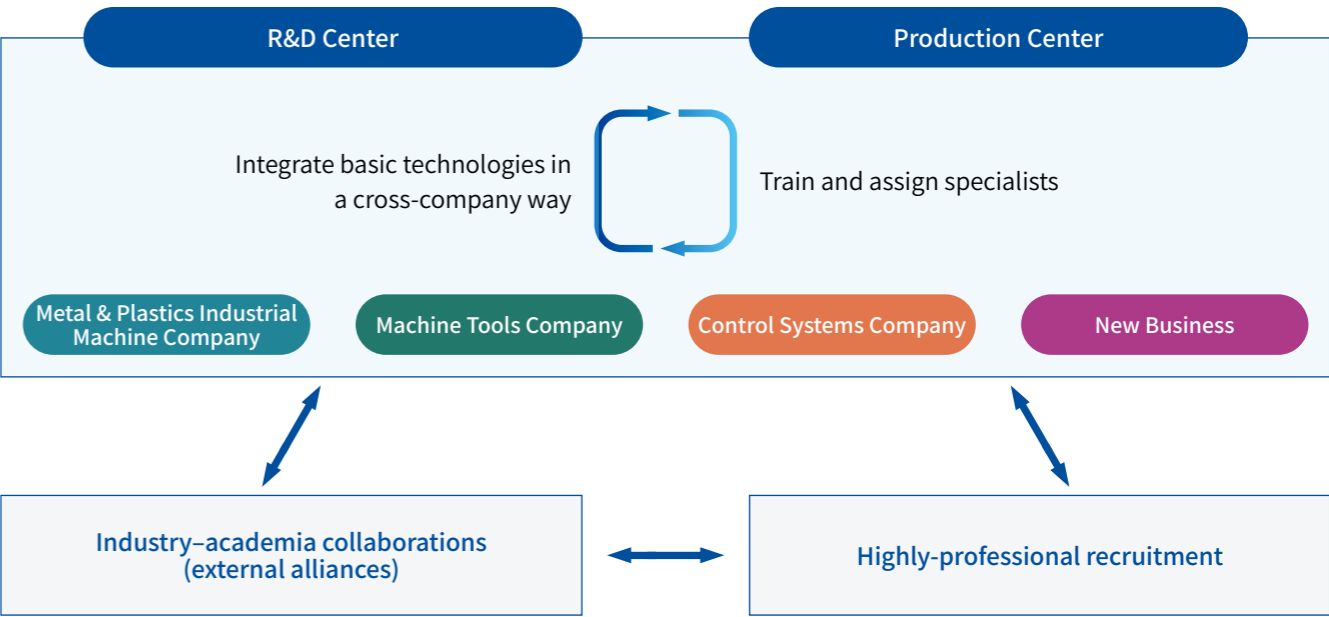
Growing Overseas Sales

At the time of the formulation of SHIBAURA MACHINE Long-Term Vision 2030, The SHIBAURA MACHINE Group's overseas sales account for more than 50% of Companywide net sales. However, overseas sales of machine tools account for around 30% of our machine tool sales, a small share given that, on average, industry peers sell around 60% of their machine tools overseas. We will heighten overseas machine tool sales as a percentage of machine tool sales by reducing general-purpose machines and focusing on fields where we can realize a competitive advantage, such as large machines and high-precision machine tools.



Fostering Personnel to Support Our Technological Platforms

The R&D Center and the Production Center, which were newly established in April 2020, will consolidate basic technologies that are laterally distributed among in-house companies as well as train and assign specialists to support SHIBAURA MACHINE's technological platforms. Further, we will utilize external resources by forming industry-academia collaborations and other external alliances and also by hiring people who have advanced professional skills.



Looking Back on the Management Reform Plan

On February 4, 2020, the Group announced a medium-term management plan called the “Management Reform Plan.” Based on this plan, which concluded in fiscal 2023, we undertook actions aimed at transforming ourselves into a highly profitable company. We promoted management reforms centered on organizational restructuring, made investments in growth areas, and introduced financial strategies aimed at improving capital efficiency (ROE).

To drive our transformation into a highly profitable company, we have moved away from a system of business divisions, adopting instead an in-house company system to further promote overall optimization. As part of this move, we have established the R&D Center and the Production Center. These centers provide functions that can be shared across the organization, driving R&D promotion, improving production efficiency, and enhancing quality, cost, and delivery, including procurement. We also introduced voluntary early retirement and job reassignments to optimize resource allocation and reduce fixed costs. Furthermore, we launched an HR system that facilitates excellent treatment of diverse talent, career development, and provides opportunities for specialized professionals to thrive.

We have implemented a restructuring plan to reassess the roles of our domestic and overseas production facilities. Against the backdrop of the global trend toward EV adoption and high demand for lithium-ion batteries (LiBs) as the power source for EVs, we have established a system to increase production capacity for the separator films used in LiBs. Additionally, in India, where sustained economic growth is expected, we are building a new factory to increase production capacity for injection molding machines. The new factory will focus on boosting production of hydraulic medium- to large-sized machines and manufacturing electric models. Furthermore, as part of the restructuring of our domestic and overseas production facilities, we have progressed with the commercialization of a logistics facility that will utilize a portion of the Sagami Plant’s premises.

Despite the economic downturn and supply chain challenges due to the COVID-19 pandemic, as well as soaring materials and energy prices, the extrusion machines business made a significant contribution during the Management Reform Plan period, owing to growing demand for EV-related investment. As a result, we exceeded our targets for fiscal 2023, the final year of the Management Reform Plan.

We will work on our capital investment plan for reorganizing the Numazu Plant, which we postponed to prioritize establishment of an expanded production system for LiB separator film production lines under the Management Reform Plan.

	Fiscal 2019 Results	Fiscal 2023 Targets	Fiscal 2023 Results
Net sales	¥116.7 billion	¥135.0 billion	¥160.6 billion
Operating profit	¥3.5 billion	¥10.8 billion	¥13.6 billion
Operating profit ratio	3.0%	8.0%	8.5%
ROE	8.6%	8.5%	17.8%
Dividend payout ratio	28.0%	Around 40%	52.1%*

* Extraordinary profit (gain on sale of land) related to the commercialization of MFLP Zama (Sagami Logistics Facility) is excluded from net profit because it was used to acquire the equity interest in the building constructed on the land of the transferred asset. Additionally, the dividend payout ratio was calculated as a total payout ratio which includes treasury stock acquisitions announced on May 13, 2024.

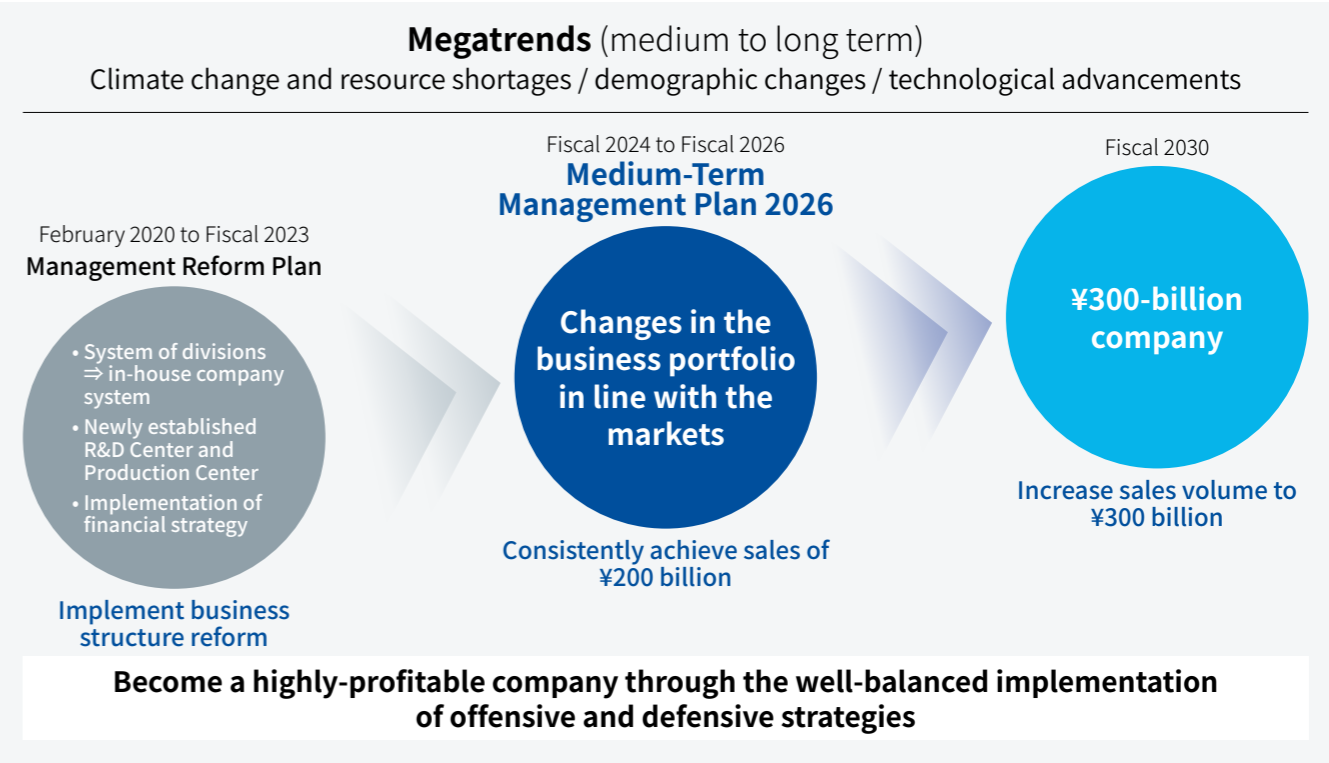
Strategies/Measures		Results	Issues
Business restructuring M&A	Reinforcing functions through M&A	Reinforced engineering solutions with the acquisition of POKKA MACHINE Co., Ltd. (currently TECHNOLINK CO., LTD.)	Numazu Plant restructuring and investment plans were postponed because priority was placed on building a system for increasing production to expand the volume of sales in response to rising EV sales and to meet growing demand for LiB separator film production lines
	Business restructuring	Improved work efficiency through the consolidation of functions and offices for each Company	
Plant restructuring Productivity increase	Numazu Plant restructuring	—	Building a system for increasing production by establishing a new plant in India
	Separation of production models between domestic and overseas plants	Increased productivity by shifting the production of general-purpose models overseas	
HR system reform	Voluntary early retirement	Reduced fixed costs	Further increasing sales per capita
	Introduction of a new HR system	Acquired and retained highly skilled professionals	Boosting recruitment through branding

New Medium-Term Management Plan, “Medium-Term Management Plan 2026”

Basic Policy of Medium-Term Management Plan 2026

Positioning of Medium-Term Management Plan 2026

Medium-Term Management Plan 2026 will propel efforts to change the business portfolio. By doing so, we will seek to address the megatrends manufacturers face—such societal challenges as climate change, resource scarcity, a shifting demographic structure, and technological advances. We will become a highly profitable company through a strategy that balances offensive and defensive approaches. By fiscal 2026, we intend to become a company that can regularly generate ¥200 billion in sales. This will be a milestone along the path to being a ¥300-billion company by fiscal 2030.



Quantitative Targets	Sales	Operating profit ratio	ROE
Target values (consolidated basis) for fiscal 2026	¥200.0 billion	10.0%	9.5% or more

Reference: ROIC of 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
Fundamental policies		Arrange business infrastructure to make the leap toward becoming a ¥300-billion company in fiscal 2030
		Implement a human resource strategy in connection with changes in the business portfolio
		Promote ESG management

Company Strategy in Medium-Term Management Plan 2026

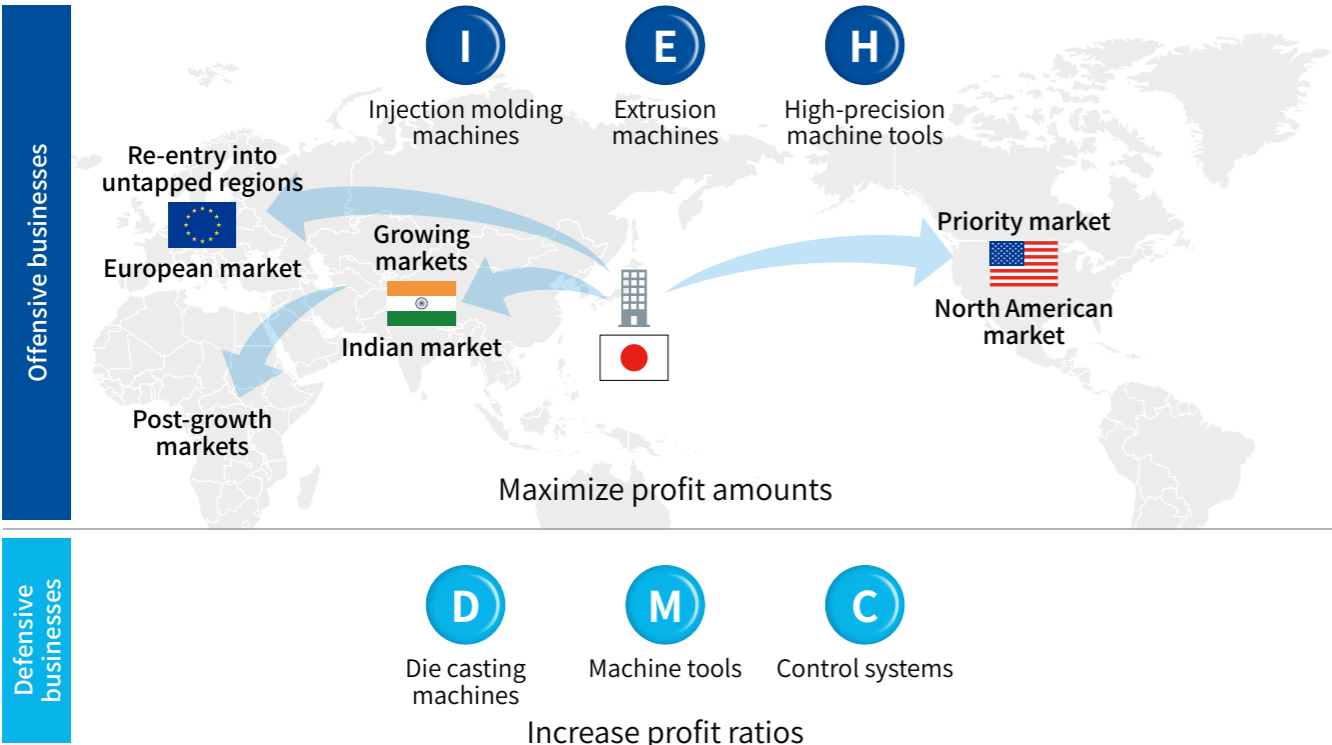
Business Domains under Medium-Term Management Plan 2026

Under Medium-Term Management Plan 2026, we will strengthen each of our businesses in their respective markets in response to the medium- and long-term megatrends facing the manufacturing industry.

	Environment (carbon-free society)	India (growing market)	Automation (labor shortage)
Energy	Wind power generation Machine tools	Power generation (mainly thermal)	
	Secondary batteries, storage batteries Extrusion machines		
Automobiles	xEV Injection molding machines Die casting machines	Automobiles Injection molding machines Die casting machines	Self-driving (sensors) High-precision machine tools
Social norms	Recycling Extrusion machines	Consumer goods Injection molding machines	Engineering solutions Control systems Injection molding machines

Divide into “Offensive” and “Defensive” Businesses

Clarify offensive and defensive businesses, and allocate management resources to expand profits.



Offensive Businesses

We are positioning injection molding machines, extrusion machines, and high-precision machine tools as offensive businesses. We will identify growing markets and invest management resources to maximize profit amounts by expanding sales.

	Management Reform Plan	Medium-Term Management Plan 2026
Injection molding machines I	<ul style="list-style-type: none">• Downturn of Chinese market• Motivation to invest in the U.S. market reaching a plateau• Brisk Indian market, establishing a new plant	<ul style="list-style-type: none">• Achieve cost reduction through the effects of economy of scale, etc. by manufacturing the same models at plants around the world• Put the new plant in India on track to increase production• Capture the recovery of the U.S. market• Handle large resin parts for automobiles
Extrusion machines E	<ul style="list-style-type: none">• Increasing EV sales• Rapid increase of BSF sales due to strong demand for batteries manufactured in China• Became the backbone of our Group	<ul style="list-style-type: none">• Explore markets primarily in North America and Europe in view of future risks in China's political environment and economy• Focus on the development of products to support next-generation batteries• Aim to achieve sales of ¥100 billion
High-precision machine tools H	<ul style="list-style-type: none">• Decreased sales of smartphone lenses (molds) in China	<ul style="list-style-type: none">• Explore markets other than China (North America, Europe, and India) by making the best use of overseas injection resources• Explore markets of products other than smartphone lenses• Aim to achieve sales of ¥10 billion

Defensive Businesses

We are positioning die casting machines, large machine tools, and control systems as defensive businesses. We will not aim to increase the level of sales compared to fiscal 2023. Rather, we will focus on increasing profit ratios by concentrating on sales of high-value-added products.

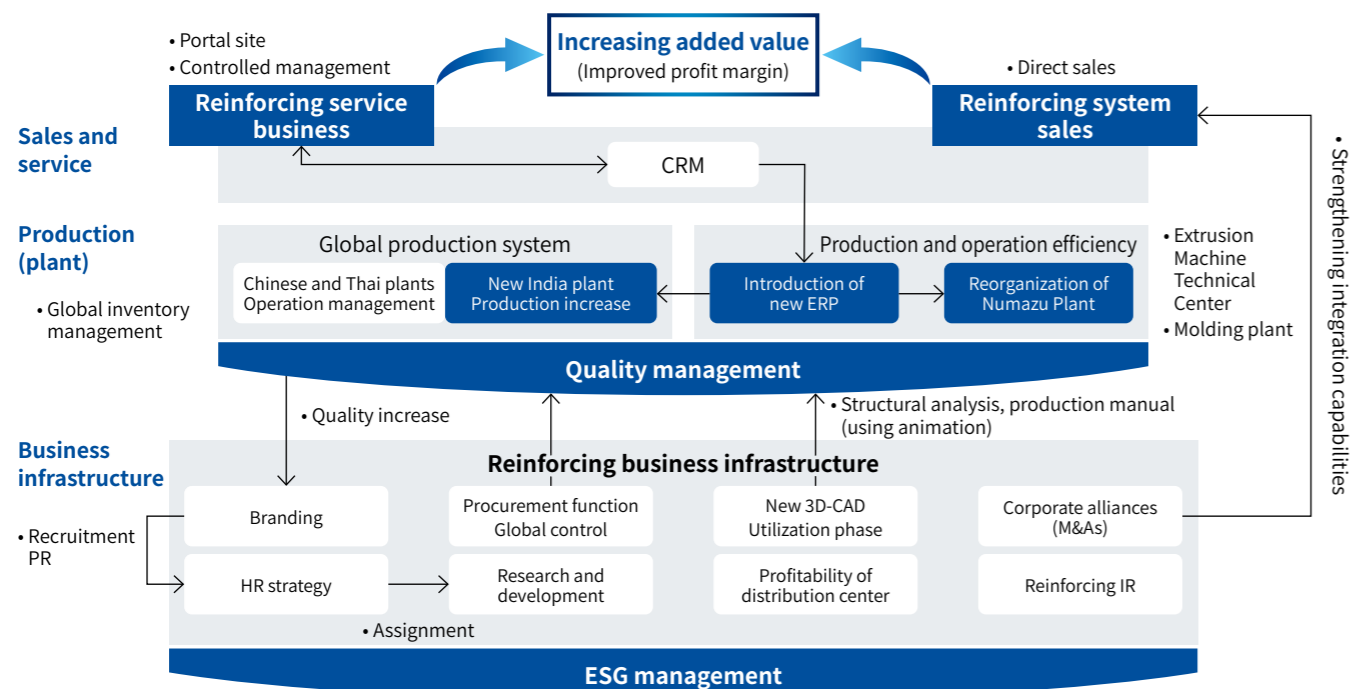
	Management Reform Plan	Medium-Term Management Plan 2026
Die casting machines D	<ul style="list-style-type: none">• Lower demand for engine blocks due to increase in EV sales	<ul style="list-style-type: none">• Produce cost-reduction effect through integration with injection molding machines• Develop technologies to enable giga-casting (establishing low-pressure casting technology*)
Machine tools M	<ul style="list-style-type: none">• Brisk environment for receiving orders in the first half of the year• Slowing down of the environment for receiving orders as capital investments reached a plateau	<ul style="list-style-type: none">• Eliminate waste through full build-to-order production• Capture opportunities to meet demand for large machine tools with increasing wind power generation and the trend toward larger molds for giga-casting
Control systems C	<ul style="list-style-type: none">• Downturn of Chinese market (general-purpose robots)	<ul style="list-style-type: none">• Boost system engineering sales through M&As and alliances• Promote sales and commercialize dual-arm collaborative robots

* Technology for realizing, for example, a die-cast molded product with clamping force of 3,500 tons, which was previously produced with around 6,000 tons of clamping force

Corporate Strategy under Medium-Term Management Plan 2026

Overview of Reinforcing the Business Infrastructure

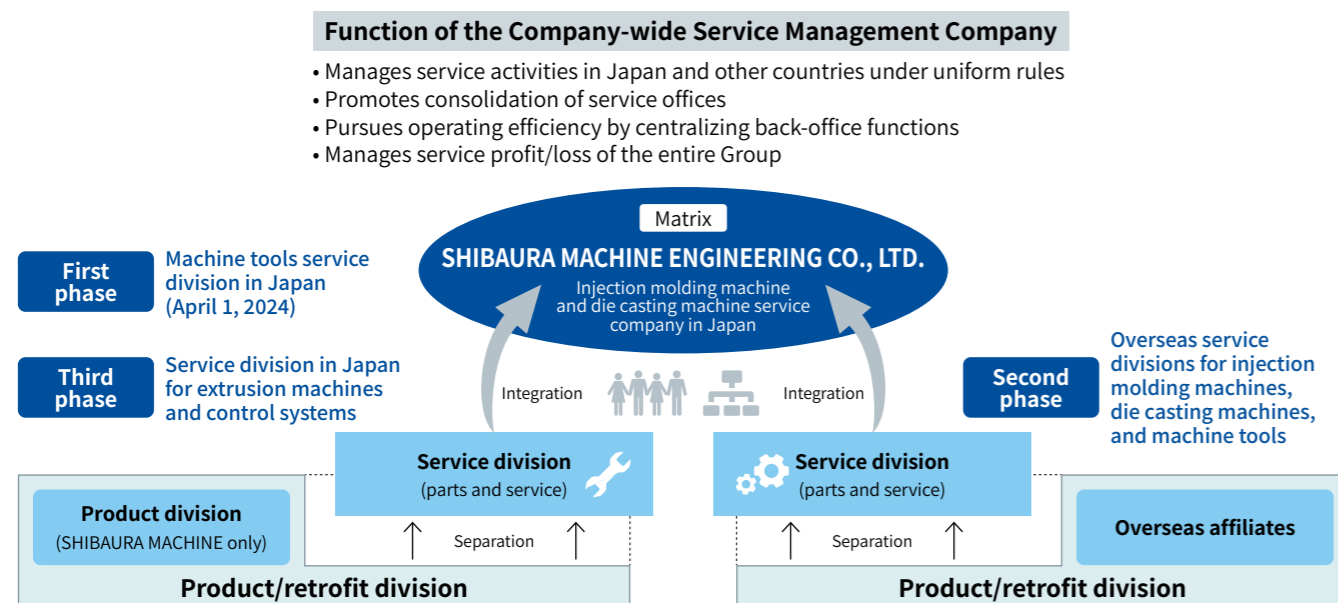
We will strengthen our service business and system sales to help improve profit margins under our corporate strategy. We will focus on strengthening our global production system, centered on increased production at our plant in India. We will also enhance production and operational efficiency through the introduction of a new ERP system. Furthermore, we will reinforce our business infrastructure through our HR strategy, branding efforts, and the promotion of ESG management.



Reinforcement of Companywide Service Business

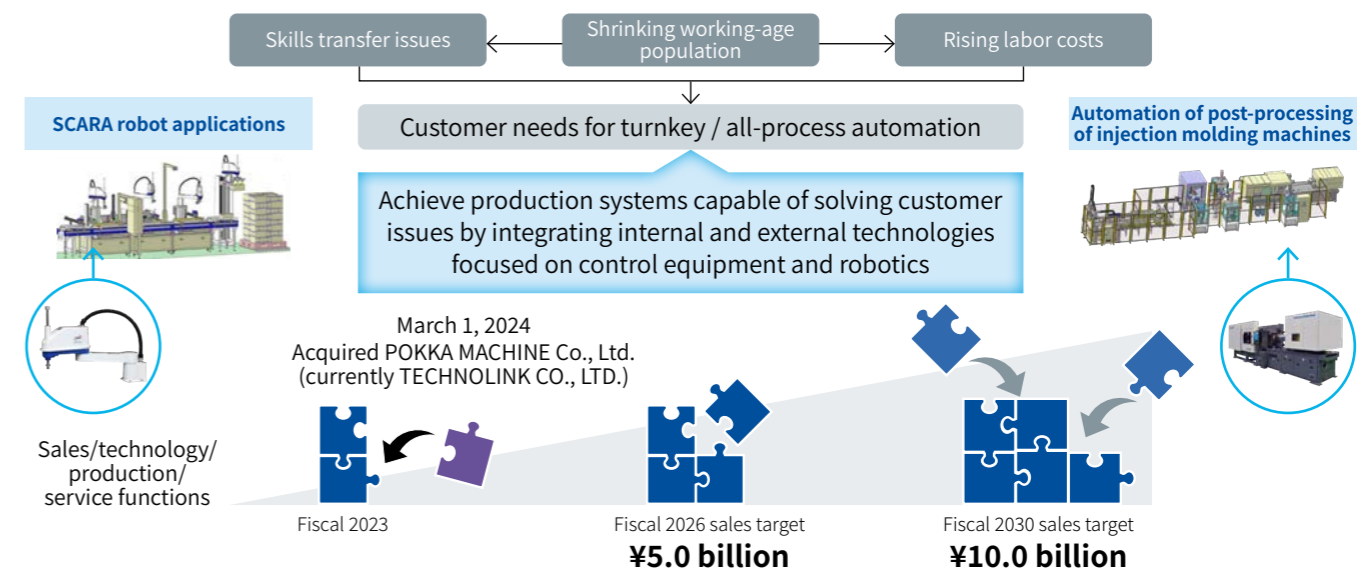
We will integrate dispersed service divisions to improve earnings as a recurring-revenue business and clarify profits and losses between the service and product divisions to maximize overall profit.

Clarify profits and losses in services and product segments to maximize overall profit.



Reinforcing Engineering Solutions (From Single-Unit Sales to System Sales)

To transition from selling individual products to selling systems, we will continue to strengthen the engineering solutions function through M&As and alliances to expand sales volume and profits.

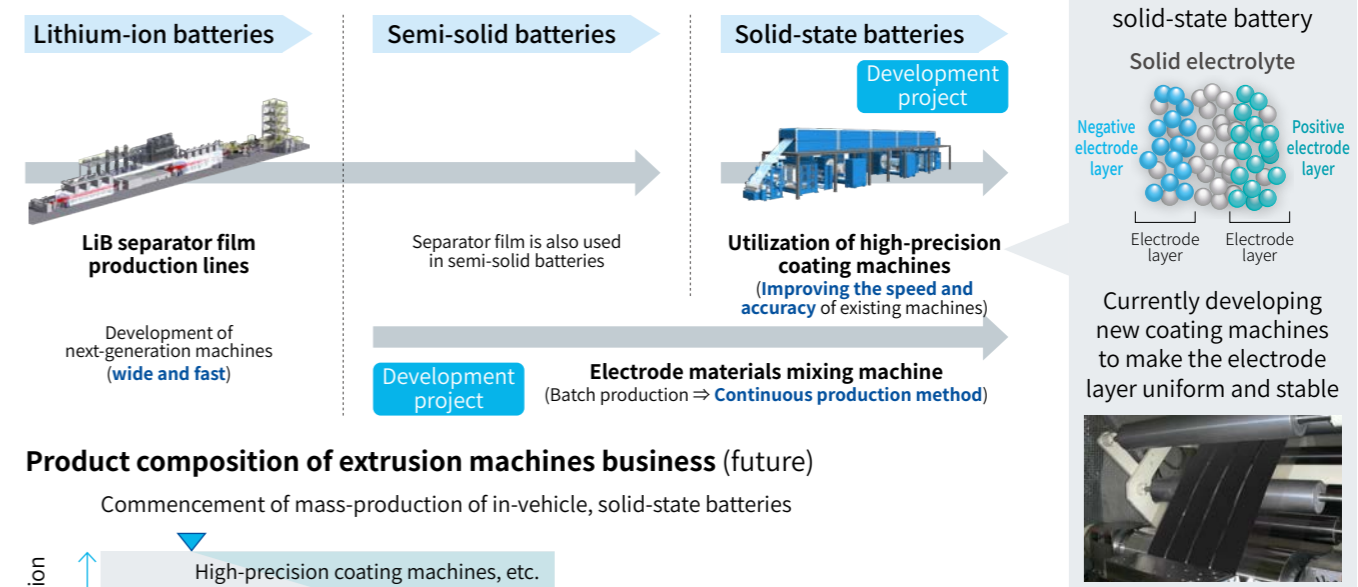


Development toward Sustainable Growth of the Extrusion Machines Business

We will develop next-generation machines (wide and fast) for LiB separator film production lines that are currently mainstream for EV batteries. We will also respond to the anticipated increase in demand for semi-solid-state batteries.

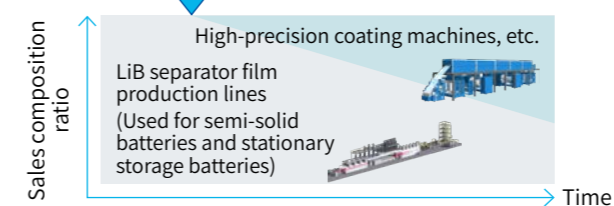
To ensure sustainable growth in the extrusion machine business, we will step up the development of electrode material mixing machines and high-precision coating machines, both used in the production of semi-solid-state batteries and solid-state batteries, the next generation of EV batteries.

Development of solid-state batteries for vehicles



Product composition of extrusion machines business (future)

Commencement of mass-production of in-vehicle, solid-state batteries

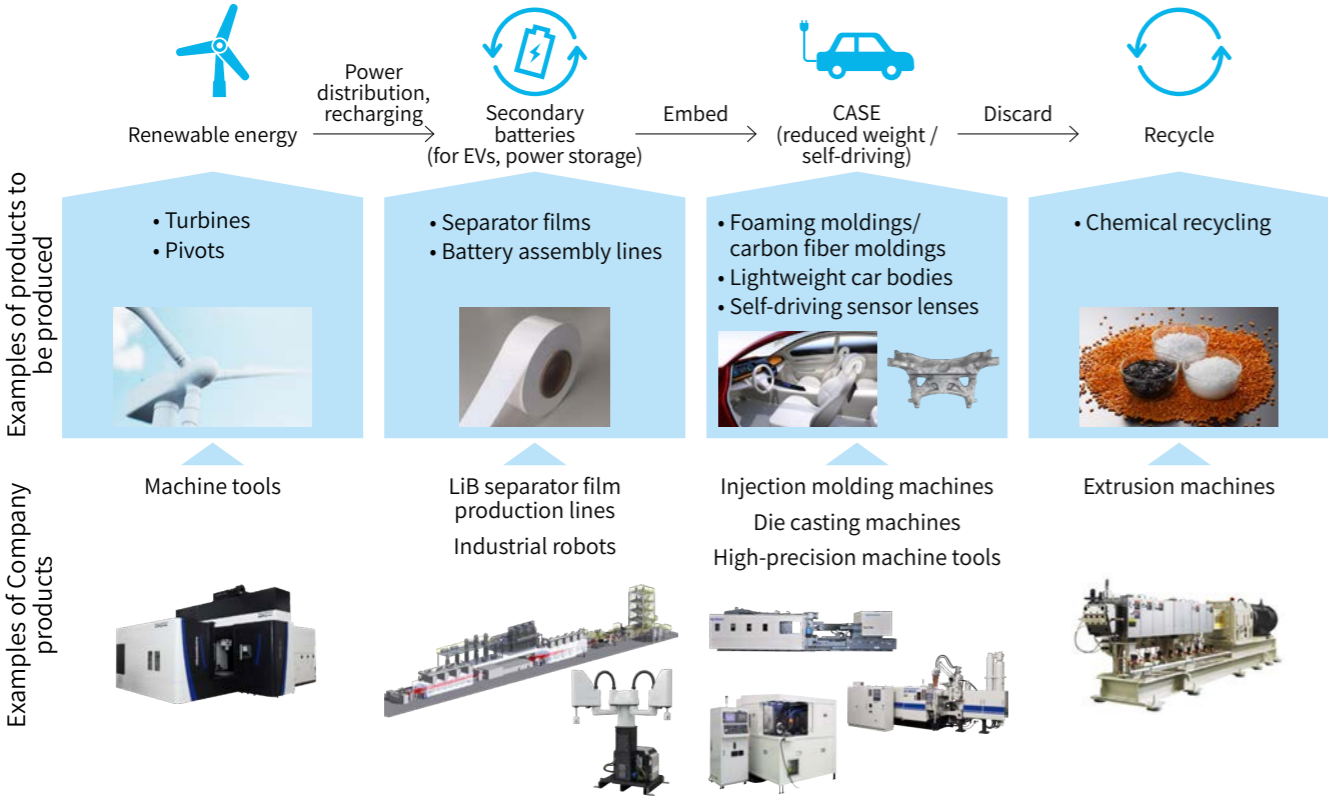


Promoting ESG Management

<div></div> <div>E Environmental</div>	<ul style="list-style-type: none">• Reduce CO₂ emissions by 50% (by fiscal 2030 compared to fiscal 2013)• Disclosure in line with TCFD recommendations (June 2024) P.63–66• SSBJ ⇒ June 2026 Disclosure• Improve CDP score (evaluation B or higher in 2026)• Create carbon-neutral products
<div></div> <div>S Social</div>	<ul style="list-style-type: none">• Expansion of appointment of non-Japanese executive officers• Increase the ratio of women in management globally• Continuously achieve targets for the legal employment of persons with disabilities• Carry out due diligence on human rights in line with UN guiding principles on business and human rights and establish a mechanism to remedy human rights violations
<div></div> <div>G Governance</div>	<ul style="list-style-type: none">• Ratio of women on the Board of Directors (June 2024: 17% (2/12) ⇒ Fiscal 2030: 30% or more)• Revise the executive compensation system (June 2024)

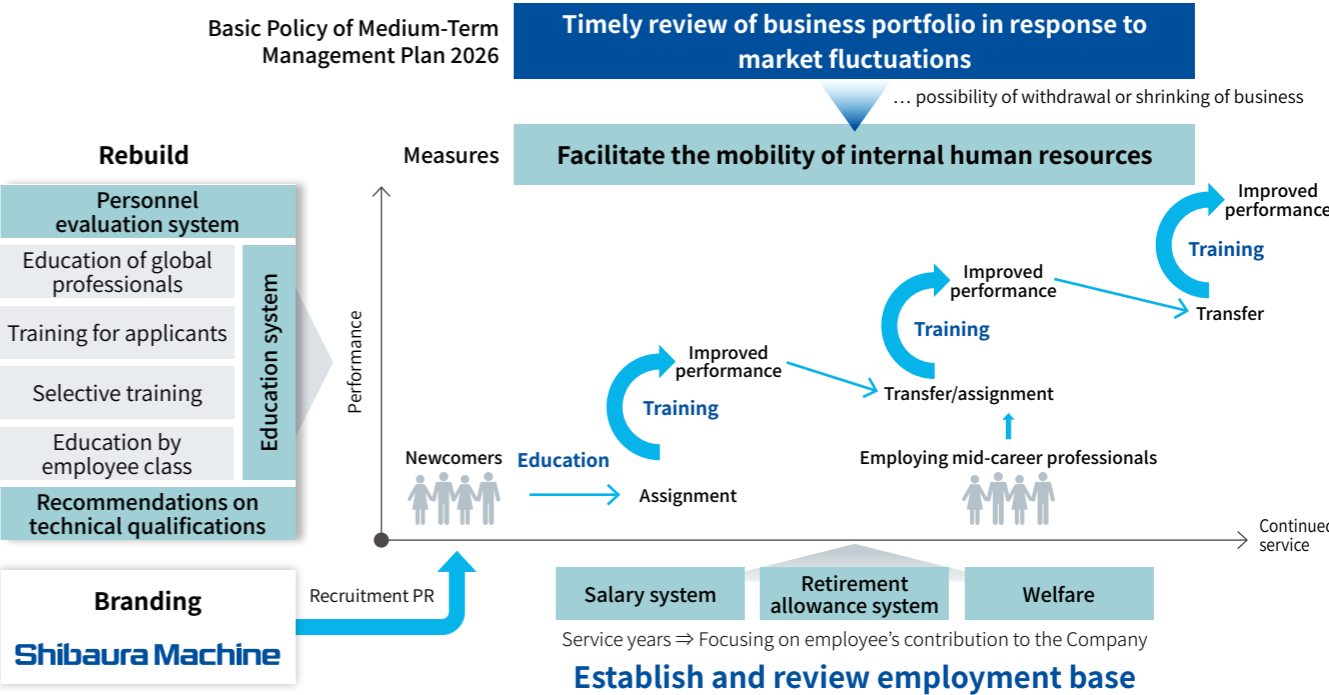
Contributions to the Global Environment (Carbon-Free Society)

We will endeavor to expand business scale and increase profit ratios by providing high-value-added products that contribute to the global environment.



Human Resource Strategy

To align with market fluctuations and changes to the business portfolio in a timely manner, we will enhance our work-force by reviewing and rebuilding personnel and training systems. We will strive to attract excellent talent through brand-ing efforts and establish a foundation for promoting internal talent mobility.



Corporate Governance

We have been promoting various corporate governance reforms on an ongoing basis. Under Medium-Term Management Plan 2026, we will continue to promote reforms that will enhance corporate value, such as increasing the ratio of women on the Board of Directors and revising the executive compensation system.

				Medium-Term Management Plan 2026
Separated business management and execution	2013	Introduced executive officer system		
	2019	Transferred to a company with an Audit and Supervisory Committee from a company with a Board of Auditors		
Outside directors	2013	Appointed outside directors	2018	Number of outside directors to one third of the total
	2019	Outside directors make up the majority		
	2020	Female outside director took office		Increase the ratio of female directors (30% or more)
Committees (advisory committees to the Board of Directors)	2015	Established Nomination Advisory Committee		
	2015	Established Remuneration Advisory Committee		
	2020	Outside director took office as the chair of the Nominating Advisory Committee		
	2020	Outside director took office as the chair of the Compensation Advisory Committee		
Director compensation	2020	Introduced share compensation system		Revised executive compensation system

Message from the CFO

We will achieve further growth by expanding our scale of operations and increasing the efficiency of our management resources.

Hiroaki Ota
Representative Director
Executive Operating Officer
Chief Financial Officer



Management Reform Plan: Results and Issues

Under the previous Medium-Term Management Plan, the Management Reform Plan, we set quantitative targets for the plan’s final year, fiscal 2023: sales of ¥135.0 billion, an operating profit ratio of 8.0%, return on equity (ROE) of 8.5%, and a dividend payout ratio of around 40%. We have been focusing on organizational restructuring aimed at transforming ourselves into a highly-profitable company, promoting investments in growth areas, and implementing financial strategies to improve capital efficiency (ROE).

To drive our transformation into a highly-profitable company, we implemented organizational restructuring focused on overall optimization. We discontinued our system of business units and moved to an in-house company system. We established the R&D Center and Production Center to provide common functions and take responsibility for promoting R&D, boosting production efficiency and enhancing quality, cost, and delivery, including through procurement, across the Company. We also conducted voluntary retirement and reassignment programs to optimize the allocation of resources and lower fixed costs.

To improve productivity, we have restructured our production sites in Japan and overseas, after reassessing their roles. Given the global shift toward electric vehicles (EVs), we have increased our capacity to deliver production lines that manufacture separator films for the lithium-ion batteries (LiBs) used in EVs. Additionally, in India, where sustained economic growth is expected, we have been building a new factory to increase our capacity to produce injection molding machines. As part of our efforts to restructure our domestic and overseas production sites, we have also progressed with the commercialization of

logistics facilities as part of the effective utilization of a portion of the Sagami plant site.

As a result of these initiatives, in the final year of the Management Reform Plan, fiscal 2023, we achieved all our numerical targets for sales; the operating profit ratio, ROE, and the dividend payout ratio.

The biggest tailwind for the Company has been the electrification of the automotive industry, which has accelerated rapidly over the past four years. Demand for LiB separator films for EVs has grown, allowing us to capture significant demand through our LiB separator film production lines. This played a major role in the success of our Management Reform Plan. We made the significant strategic decision to develop production plans to meet this demand and streamline our workforce. In the past, we faced challenges due to the siloed nature of our business divisions, making it difficult to implement such measures. However, our decision to break down the barriers between divisions has proven successful. Although we faced some painful choices, such as the introduction of a voluntary retirement plan, we consider it a significant achievement that we were able to meet the rise in demand for LiB separator film production lines without increasing our number of employees.

We have largely succeeded in implementing the major strategies and measures outlined in the Management Reform Plan, as initially formulated. However, challenges remain. In terms of improving productivity, one significant initiative was our restructuring and investment plan for the Numazu Plant. We postponed this plan, instead prioritizing an increase in production capacity for LiB separator film production lines.

In mergers and acquisitions (M&As), ultimately we acquired just one company, POKKA MACHINE Co., Ltd. (currently TECHNOLINK CO., LTD.), but I do not think our efforts in this regard were insufficient. We established a new organization called the Business Development Division to drive M&A activities. This division has been functioning effectively and is actively involved in

gathering information, raising awareness among in-house companies, and addressing various inquiries. We view M&A as a tool for business expansion and sustainable growth, not as an end in itself. Rather than executing M&As at all costs, we will pursue transactions that align with our business strategy, at the right price, and in the optimal form that aligns with our objectives.

Financial Strategy under Medium-Term Management Plan 2026

Medium-Term Management Plan 2026 sets targets for fiscal 2030, with fiscal 2026 serving as an intermediate milestone. Our targets for fiscal 2026 are sales of ¥200.0 billion, an operating profit ratio of 10.0%, and ROE of 9.5% or higher. These targets are ambitious, and achieving them will not be easy. However, we aim to meet these goals by realigning our business portfolio to meet market demands, clearly distinguishing between “offensive” and “defensive” businesses within each in-house company, and growing the scale of our operations while also improving the efficiency of our management resources.

Medium-Term Management Plan 2026 introduces return on invested capital (ROIC) as a new indicator to

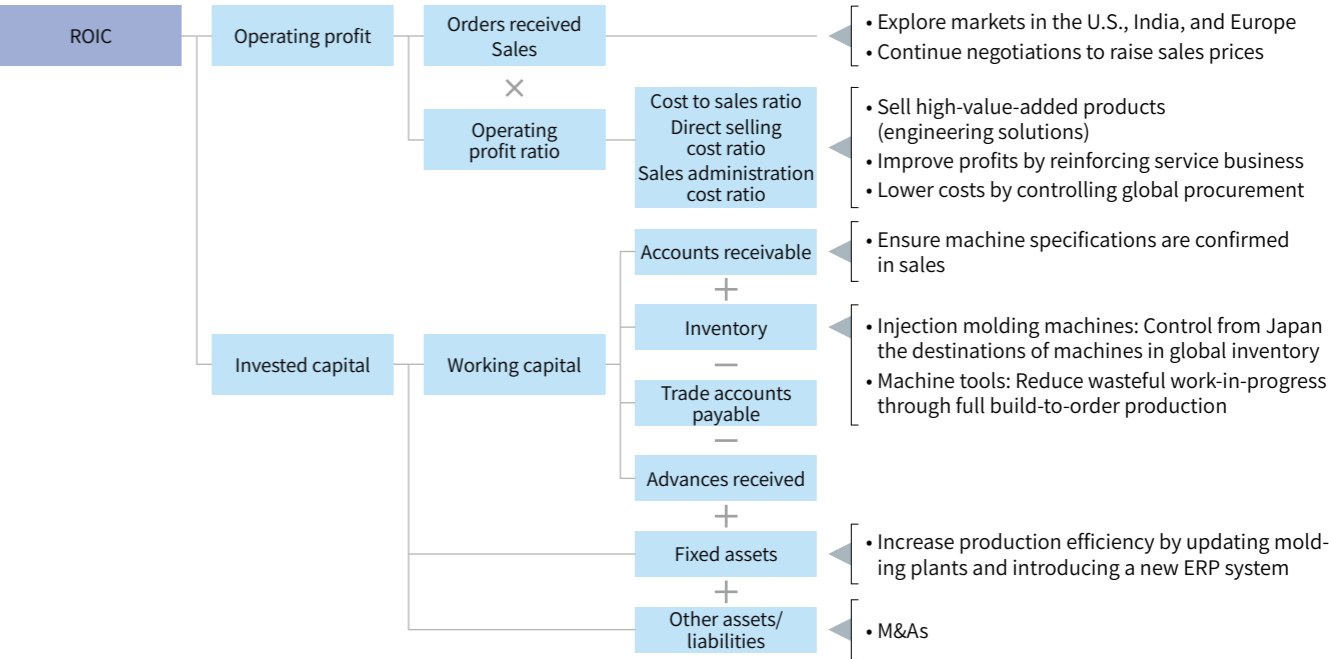
enhance operational efficiency. Under the Management Reform Plan, we focused on profits as we proceeded with our business, considering various management indicators. However, Medium-Term Management Plan 2026 recognizes the need to emphasize not only the profit and loss statement but also the balance sheet, leading us to introduce ROIC as a methodology. Notably, even under the Management Reform Plan, we had been managing business operations based on ROA within each in-house company, so ROIC is not an entirely new concept within the organization. We have now decided to introduce ROIC as an effective indicator for setting various target values for each in-house company.

Enacting ROIC Management

When implementing ROIC, it is important to firmly instill an awareness of capital efficiency among employees. ROIC can be difficult for employees engaged in various operational tasks to understand fully, but it is crucial that they have a solid understanding of what the ROIC tree represents. To achieve this, we are taking steps such as

having department managers levels participate in internal briefings and external seminars. We have set ROIC targets for each segment, and moving forward we will align the achievement of these targets with performance-based bonuses for management-level employees and above.

Permeation of ROIC Tree Management



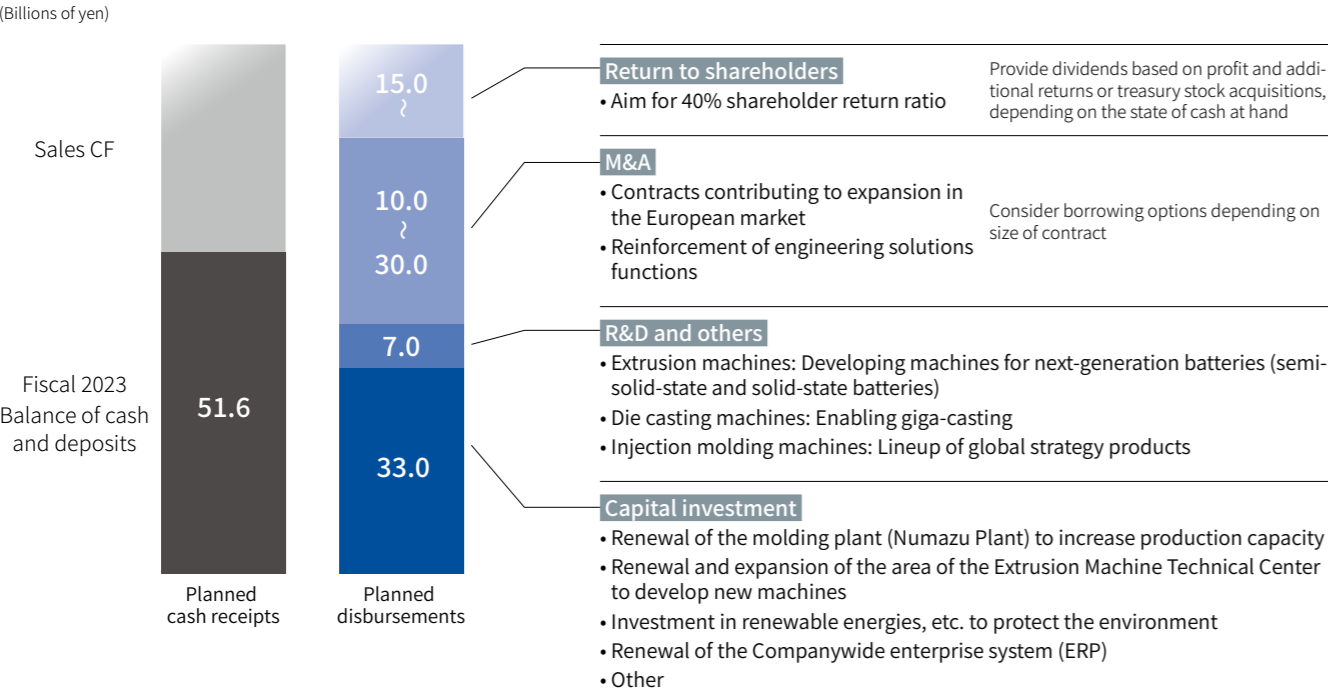
Plans for the Use of Cash Flows

We are targeting capital investment of ¥33.0 billion. This amount covers the renovation of our molding plant (Numazu Plant) to improve its production efficiency and capacity, the renovation of the Extrusion Machine Technical Center to support new device development and sales promotion, investments in renewable energy for environmental sustainability, and renewal of our Companywide enterprise system (ERP).

In R&D, we plan to invest ¥7.0 billion in projects such as the development of next-generation batteries for extrusion molding machines (including semi-solid-state and all-solid-state batteries), building giga-casting compatibility, including low-pressure technology for die-casting machines, and expansion of our lineup of injection molding machines as global strategic machines. We view the changing industrial structure as a positive opportunity,

and if our customers require new equipment investments, we need to develop the necessary technologies to respond adequately. For example, the market for secondary batteries is transitioning away from the current liquid-based LiBs. Semi-solid-state batteries still require separator films, but they are no longer necessary for all-solid-state batteries. As a production equipment manufacturer, we need to establish a solid position for providing equipment where it is needed. We will proceed with R&D efforts to address these needs.

We expect to spend between ¥10.0 billion and ¥30.0 billion on M&As. We have specified a broad range because the figure is subject to change according to circumstances. We will adhere to certain principles regarding pricing, and we are prepared to borrow funds for M&As, if needed.

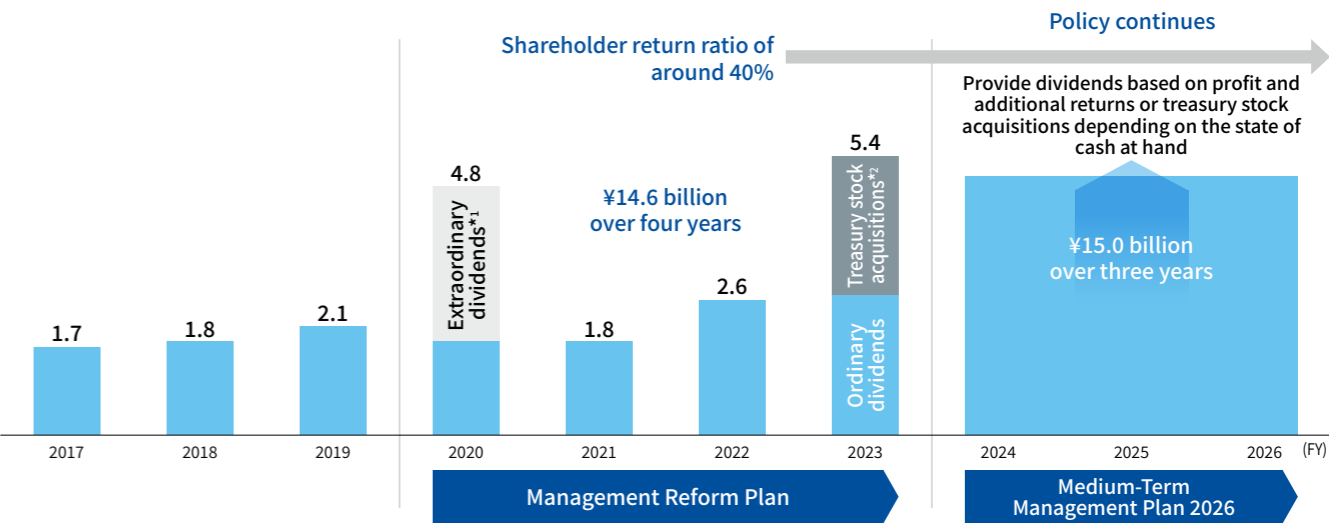


Shareholder Return Policy

During a three-year period, we are targeting shareholder returns of ¥15.0 billion. Our basic policy is to maintain stable dividends and to distribute profits in line with business performance while strengthening our management structure to improve profitability. With regard to retained earnings, we will make strategic decisions on future business development for the purpose of continuous corporate growth, and effectively invest in production facilities, technological development, overseas expansion, and other areas. We will also continue to return profits to shareholders in an appropriate manner.

Our industry is highly volatile, as it is heavily influenced by changes in our customers' business environment and investment appetite. Considering this characteristic, it would be natural for dividends to fluctuate accordingly. However, we believe that it is important for us to maintain stable dividends. Depending on our cash position, we may consider additional distributions or share buybacks, with the ultimate goal of providing ¥15.0 billion in shareholder returns over a three-year period.

(Billions of yen)



*1 Sourced from the proceeds of selling shares of NuFlare Technology, Inc.
*2 Acquisition of treasury stock announced on May 13, 2024

Increasing PBR

The price-to-book value ratio (PBR) is an important indicator that helps investors determine whether a stock is overvalued or undervalued. Our current PBR is less than 1.0, indicating that our stock is undervalued. To improve our stock price, we need to focus on maximizing profits, taking capital efficiency into account. To achieve this, we have introduced return on invested capital (ROIC) as a key metric in Medium-Term Management Plan 2026. We aim to foster an awareness of capital efficiency within each in-house company and throughout the Company as a whole.

While our business type and industry does not tend to produce highly profitable companies, we recognize the need to develop a new business strategy and improve our capital efficiency. Although we do not aim to pursue scale simply for its own sake, we understand that a certain scale of operation is necessary to compete on a global level. This is the case in the injection molding machine business. In extrusion machines, we need to respond to transformations that are underway in the industrial structure and continue to create new products. On the other hand, for businesses like machine tools where profits fail to grow despite various efforts, we will need to implement stricter management. Absent a single decisive factor for increasing our share price, we believe it is important to take a medium- to long-term perspective and proceed steadily with R&D, factory reorganization, and M&A activities.

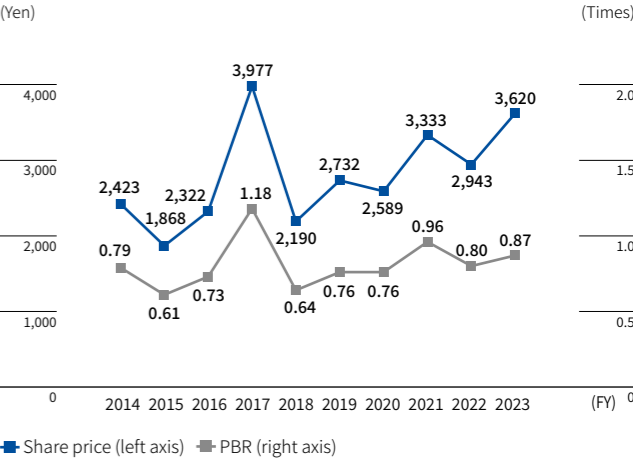
Enhancing human capital is often a point of emphasis, and the Company does need to recruit and cultivate talented employees. Our customers are essential

stakeholders, as our business relies on their support. We must also deliver profits to our shareholders, and society plays a significant role in our operations. Our mission is to help the manufacturing industry respond to megatrends and address societal challenges. We must strive to provide balanced and valuable offerings to our various stakeholders and remain their company of choice. This is the mission entrusted to our management team.

In these endeavors, we would like to ask our shareholders, investors, and all our other stakeholders for their continued guidance and encouragement.

PBR and Share Prices

- Share prices in each fiscal year are six-month moving average prices as of the end of March.
- The highest price in the period on the graph was ¥5,020 on July 3, 2023 (PBR of 1.14 times)



Management Strategy by Company

Metal & Plastics Industrial Machine Company

Metal & Plastics Industrial Machine Company

With “molding” as its key word, the Metal & Plastics Industrial Machine (M&P) Company is engaged in businesses focused on injection molding machines and extrusion machines for molding plastic resins as well as die casting machines for casting aluminum and magnesium. Primarily used in the automotive industry, M&P Company's products also contribute to a wide range of other fields, including the telecommunications, optics, medicine, and food fields.

Main Products

- ▶ Injection molding machines
- ▶ Die casting machines
- ▶ Twin-screw extruders
- ▶ Sheet and Film production units



Injection molding machine
(EC3000SXIII)



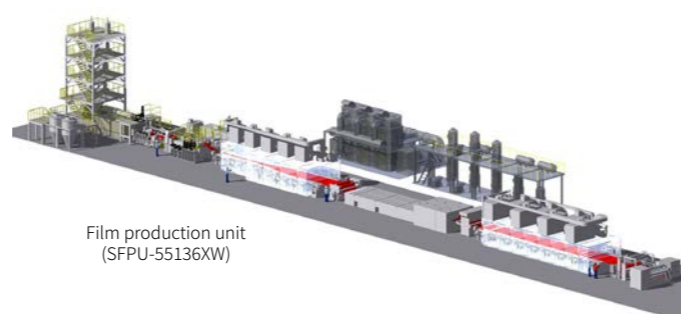
Injection molding machine
(EC230SXIII)



Die casting machine
(DC400R2-EM)



Die casting machine
(DC1300R-E)



Film production unit
(SFPU-55136XW)

Business Overview

Injection Molding Machines

Since 1956, we have been leveraging our extensive know-how in injection molding and cutting-edge technology to provide products and services that meet the needs of various industries, such as automotive, medical, and telecommunications.

We are committed to contributing to the realization of a decarbonized society and are expanding our engineering solutions that contribute to automation and labor reduction. By doing so, we aim to create customer value and offer solutions for a sustainable future.

Die Casting Machines

With the expertise and technological capabilities we have cultivated since 1953, we have established ourselves as the leading provider of die casting machines in the domestic market.

Aluminum die-cast products offer light weight and high strength. For these reasons, they are increasingly finding use as structural components in automobiles and parts for EVs, thanks to their high flexibility in shaping.

Furthermore, the application of recycled materials as secondary alloys helps to reduce CO₂ emissions throughout the automobile lifecycle.

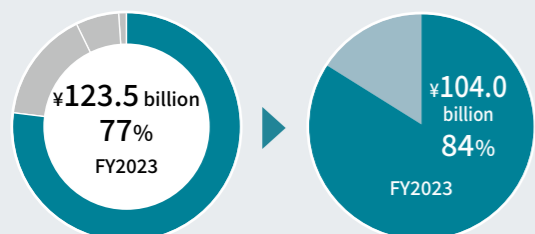
We are committed to promoting initiatives that will help realize a sustainable future.

Extrusion Machines

We manufacture twin-screw extruders, sheet and film production units, coating machines, Roll-to-roll type UV imprinting machines, and other equipment spanning the entire plastic industry, from upstream to downstream.

In addition to various manufacturing equipment for applications such as LiB separator film production lines driven by the expanding market for EVs, as well as food packaging, medical, 5G, and optical purposes, we are also actively developing cutting-edge technologies such as coating and transfer units for future solid-state batteries. We intend to contribute to the realization of next-generation technologies.

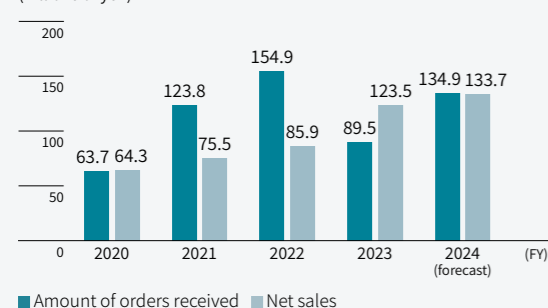
Net Sales Overseas Sales Ratio



Performance Summary

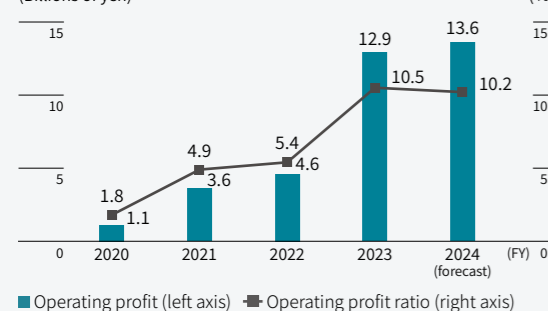
Amount of Orders Received / Net Sales

(Billions of yen)



Operating Profit / Operating Profit Ratio

(Billions of yen)



Strengths

- ▶ Global supply chain centered on four locations in Japan and overseas
- ▶ Solutions business structure comprising global sales and service locations
- ▶ In-house production technology for large cast parts and control devices for our products
- ▶ Full line of sheet and film production equipment

Opportunities

- ▶ Growing need for environment-friendly materials and recycling, with a view to achieving carbon neutrality
- ▶ Accelerating investment in the transition to EVs
- ▶ Development of new technologies and mass production technologies related to next-generation batteries to replace lithium-ion batteries
- ▶ Growing demand for automated systems due to the declining birthrate, aging population, and personnel shortages

Weaknesses

- ▶ Dispersal of resources due to diverse product lineup
- ▶ High degree of reliance on specific markets for die casting machines
- ▶ Exchange rate fluctuation risk associated with high percentage of overseas sales

Threats

- ▶ Growing trend toward plastic-free products due to marine pollution caused by plastic waste
- ▶ Impact of soaring energy costs on prices of materials
- ▶ Decline in applications for internal combustion engines due to the shift to EVs

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Aiming to Contribute to a Decarbonized Society and Maximize Profit Ratios by Focusing on Growth Areas

Jun Koike
Director
Executive Operating Officer
General Manager of
Metal & Plastics Industrial
Machine Company



Achievements under the Management Reform Plan and Issues That Remain

During the four-year period of the previous medium-term management plan, the Management Reform Plan, significant changes in the global situation had a major impact on our ability to achieve our initial targets. These factors included the COVID-19 pandemic, Russia’s invasion of Ukraine, global warming, and soaring prices for materials and energy.

Initial policies were to (1) increase market share in target regions, (2) create globally strategic and environmentally-friendly products, (3) reduce costs, (4) integrate the injection molding machine and die casting machine businesses, (5) restructure the Numazu Plant as a factory for molding machine operations, (6) achieve operational efficiency through DX, and (7) lower fixed costs.

While focusing on these objectives, demand for LiB separator film production lines in the extrusion machines business expanded beyond our initial projections, leading us to devote resources to increasing production capacity and securing production locations. Under the Management Reform Plan, we executed efficiency measures, such as building a new factory in India to meet growing market demand and consolidating production locations for injection molding machines and die casting machines. We also consolidated the production of compact injection molding machines at overseas factories. As a result, we met our targets under the Management Reform Plan.

However, we were notably affected by the soaring prices of materials and energy, especially in the injection molding machine and die casting machine businesses. As a result, profit ratios fell as we were insufficiently able to pass on costs increases to customers through higher prices, due to the highly competitive market. Improving profit ratios remains our most critical challenge. Among other challenges, on the product front we need to introduce next-generation products that offer superior price competitiveness and environmental performance. In terms of production capabilities, the task remains of reorganizing the Numazu Plant, which we postponed in favor of expanding LiB separator film production lines.

Overview of Strategies for the Metal & Plastics Industrial Machine Company

In the injection molding machine and die casting machine businesses, improving profitability is our most important challenge. To achieve this, we need to step up our ability to propose solutions that contribute to the profitability of our customers, without getting caught up in price competition. Therefore, we will focus on product development and proposals that augment productivity and reduce environmental impact, as well as reducing costs. We will review our global sourcing network and lower prices, including for overseas products, to enhance competitiveness. In Japan,

we will recommence our reorganization of the Numazu Plant and improve production efficiency in injection molding machines and die casting machines while adopting DX to enhance profitability.

In injection molding machines, it is important for us to expand our scale in growth markets. We aim to leverage our new factory in India for this purpose, using it also as a base for export to the Middle East and Africa.

In the extrusion machines business, we anticipate long-term growth in demand for battery-powered electric vehicles (BEVs) and increased investment in equipment in countries other than China. We plan to continue expanding our business while introducing LiB separator film production lines to further improve productivity. At the same time, we are actively involved in the development of various next-generation batteries and contributing to the battery industry by advancing the development of production equipment for these batteries. Additionally, demand is growing for material recycling and chemical recycling in the plastic materials sector. New materials aimed at weight reduction are also in high demand in the automotive and aerospace industries. We will strengthen our efforts toward decarbonization through these initiatives.

Thoughts on Achieving Our Goals

Under our new medium-term management plan, Medium-Term Management Plan 2026, we are working to communicate our approach to restructuring the business portfolio in a simple and relatable manner to all employees, in order to align our direction and work together as a company. A significant proportion of the Metal & Plastics Industrial Machine Company’s products are destined for overseas markets, making our global strategy and employees working at international locations crucial. We will establish guidelines from a holistic perspective, rather than aiming to optimize each location, in order to eliminate duplication between businesses and locations, increase efficiency and speed through resource allocation, and establish clear lines of responsibility.

We also need to collaborate with the Production Center and the R&D Center. We will work with the Production Center to restructure factories in Japan and India, while incorporating AI and DX. We will optimize global sourcing to remain competitive in procurement. We will collaborate with the R&D Center to strategically advance the development of next-generation technologies and evolve the core technologies that underpin our position as an industrial machinery manufacturer.

We will focus our resources on growth areas and regions, aiming to expand through the development of products that increase customer productivity and address environmental concerns. We will lead by boosting productivity, improving profit ratios, and, ultimately, meeting the goals set under Medium-Term Management Plan 2026.

Offensive Business Injection Molding Machines

Market competition, including with overseas manufacturers, is becoming increasingly intense. By deploying the same models across various global factories and centralizing production and procurement control, we aim to enhance production efficiency and introduce and expand competitive products that excel in terms of quality, price, and delivery. We will strive to hone our product competitiveness by improving basic performance factors such as stability, high cycling, and energy efficiency. Additionally, we will enhance package specifications tailored for various applications and offer engineering solutions that bolster productivity. We will also incorporate intelligent technologies into our machines, utilizing DX to enable predictive maintenance and molding condition adjustments, with the goals of keeping machines running and achieving zero defects.

In July 2024, the Company commenced production at the new India Plant, which increased production capacity. In addition to expanding our conventional production

lineup of hydraulic injection molding machines to include large models, in fiscal 2024 we expect to begin production of all-electric injection molding machines, which will help reduce environmental impact. Furthermore, we are now able to supply systems that integrate our in-house streamlining equipment, such as material supply lines, temperature controllers, and chillers. We will also expand our exports to the growing Indian market and to countries in the Middle East and Africa.

Demand for energy-efficient and productive all-electric injection molding machines is growing globally due to increased environmental awareness and productivity needs. Particularly in the automotive industry, demand is expanding for the compounding and upsizing of parts, boosting demand for large-scale, all-electric injection molding machines. We will seize this opportunity particularly in Japan and North America, and further enhance production efficiency by making innovative product proposals incorporating IoT technology.

Offensive Business Extrusion Machines

While we have been able to accommodate the rapid growth in demand for LiB separator film production lines, we are currently experiencing a plateau. This is due in part to an oversupply of BEV production in China starting in the second half of 2023. However, as reducing CO₂ emissions remains a top global priority, we expect ongoing increases in demand for BEVs, which have the advantages of emitting zero CO₂ at point of use and being compatible with autonomous driving and MaaS. Furthermore, looking at countries favoring domestic production as a growth area, we expect demand for LiB separator film production lines to increase in North America, Europe, India, and other regions. On the product side, in the highly competitive electric industry, we believe the need to lower the cost of mass production will spur demand for

higher-productivity production facilities. To meet this need, we will continue to expand in the global market by offering LiB separator film production lines that are even wider, faster, and more productive, not only in China but also in other expanding markets worldwide.

At the same time, we are seeing progress in the development of high-performance, next-generation batteries, such as solid-state batteries. In the future, we anticipate a rise in demand for both lithium-ion batteries and batteries tailored to specific applications. As a machinery manufacturer, we will collaborate with developers of next-generation batteries to establish mass production technologies and contribute to the battery industry in various aspects.

Defensive Business Die Casting Machines

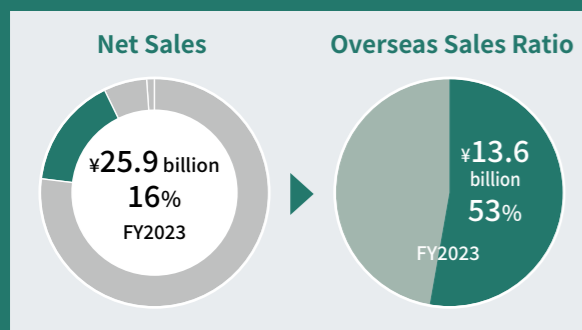
The automotive industry is undergoing a once-in-a-century transformation, as automobiles move from internal combustion engines (ICEs) to battery-powered electric vehicles (BEVs). As a result, applications for die-casting machines are also transitioning from engines and transmission cases to motors and battery cases. Additionally, attention is focusing on the use of giga-casting, which produces an entire, integrated body frame structure, to enhance efficiency. Japanese automakers have been moving forward with technology advances across all areas, including BEVs, fuel cell vehicles (FCVs), and hybrid vehicles (HVs). To enhance the cost competitiveness of BEVs, they have also expressed the intention of adopting giga-casting technology, so we expect greater demand for the use of this technology for body frames and larger battery cases. While overseas

manufacturers of die-casting machines have been leading in the field of giga-casting, we are stepping up our efforts in this area in response to the anticipated adoption by Japanese automakers. We are working to incorporate low-pressure casting technology that enhances user benefits in the field of large-scale casting. Low-pressure casting makes it possible to downsize production machinery, lowering equipment costs. Additionally, molds can be less rigid, which reduces initial costs and extends mold lifespans. Furthermore, reducing the weight of moving parts such as die plates and molds in the casting production helps accelerate the casting cycle and contributes to productivity improvements. We aim to differentiate ourselves in the market by enhancing process technology to increase customer value and improve post-delivery service.

Machine Tools Company

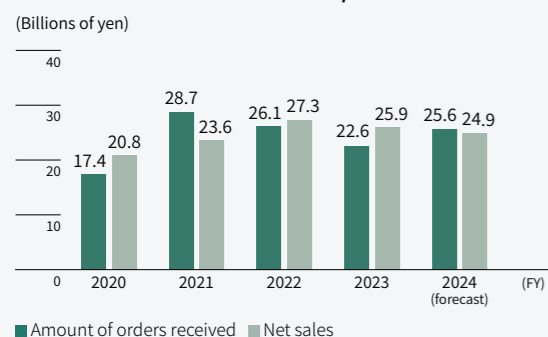
Machine Tools Company

The Machine Tools (MT) Company contributes to industrial advancement by manufacturing, selling, servicing, and retrofitting high-precision machine tools in a wide range of fields, including energy; social infrastructure; the manufacture of equipment for automobiles, railroads, ships, airplanes, and other forms of transport; construction machinery; large parts for industrial machinery; machining of dies, molds, and various types of components; high-precision molding for the lenses of smartphones, vehicle-mounted cameras, and exposure equipment; and glass molding.

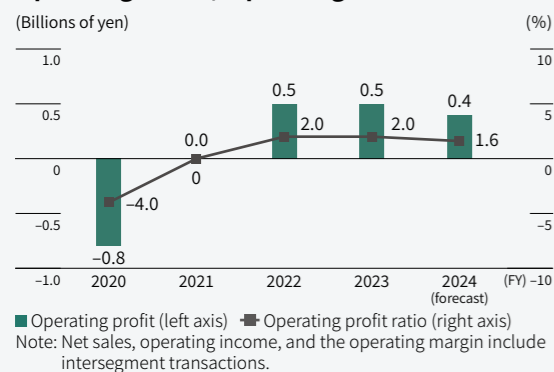


Performance Summary

Amount of Orders Received / Net Sales



Operating Profit / Operating Profit Ratio



Main Products

- ▶ Double column type machining centers
- ▶ High-precision aspheric and free-form surface grinders
- ▶ Horizontal Boring and milling machines



Business Overview

To help customers maximize value, the MT Company will establish commercial operations to manufacture, sell, service, and retrofit machine tools for a broad range of industries, from large machine tools that serve as the “mother machines” with which machine tool manufacturers produce their products, through to high-precision machine tools that are required worldwide for the manufacture of optical components.

Machine Tools

We support manufacturing infrastructure through the products we market, which include specialty and ultra-large machine tools for the energy field, social infrastructure, industrial machinery, and machine tools; double column type machining centers and horizontal boring and milling machines for the automotive industry, transportation equipment, and construction machinery; large, vertical boring and turning mills for power generation equipment, aeroengines, and aerospace applications; bridge-type multipurpose machines; horizontal high-speed machining centers for machining aircraft components; and roll grinding machines used in the high-precision grinding of mill rolls for steel and rolls for producing various types of films.

High-Precision Machine Tools

The Group contributes to the advancement of leading-edge markets by providing high-precision aspheric surface grinders used in making the molds for die machining lenses for smartphone and vehicle-mounted cameras, endoscopes, and exposure equipment; high-precision optical glass molding press machines used in making molding lenses for vehicle-mounted, security, and mirrorless cameras; and high-precision slicing machines used in slicing semiconductor wafers and for machining components used in components for optical communication.

Retrofitting

Available for our machines and machines manufactured by other companies, retrofitting is an environment-friendly method of extending the life cycles of existing machines and improving their production efficiency and precision.

Improving Profitability in both the Offensive High-Precision Machine Tools and the Defensive Machine Tools

Achievements under the Management Reform Plan and Issues That Remain — At the start of the previous medium-term management plan, Management Reform Plan, our focus was on integrating business bases and organizational structures to facilitate the use of common platforms for machine tools and high-precision machine tools. The high-precision machine tools business was originally established as a separate entity in the early 1980s, but it retains the shared DNA in machine tools that began with founding of SHIBAURA MACHINE, and this forms the core of our manufacturing, sales, and technology. As a result, integration of the businesses was relatively swift and straightforward. In the machine tools segment, we attracted domestic demand with the aid of subsidies. Overseas, we were helped by demand in the field of wind power generation, aimed at boosting renewable energy. In the high-precision machine tools segment, we incorporated demand for precision mold processing for car cameras, as well as the expansion of safety assistance systems and autonomous driving. However, the COVID-19 pandemic presented challenges to this transition, owing to a decrease in direct interaction with customers and restrictions on face-to-face meetings. Client interaction is one of our strengths, but our ability to directly communicate the vision of the newly formed SHIBAURA MACHINE Machine Tools Company was delayed as most interactions shifted online. Furthermore, the soaring prices of materials and prolonged lead times, which exceeded our expectations, made it difficult for us to build a highly-profitable structure from which to provide added value to the market.

Overview of Strategies for the Machine Tools Company

Amid persistent geopolitical risks, U.S.–China trade tensions, and exchange rate risks, the global market continues

Yoshikazu Tomita

Managing Executive Officer
General Manager of
Machine Tools Company

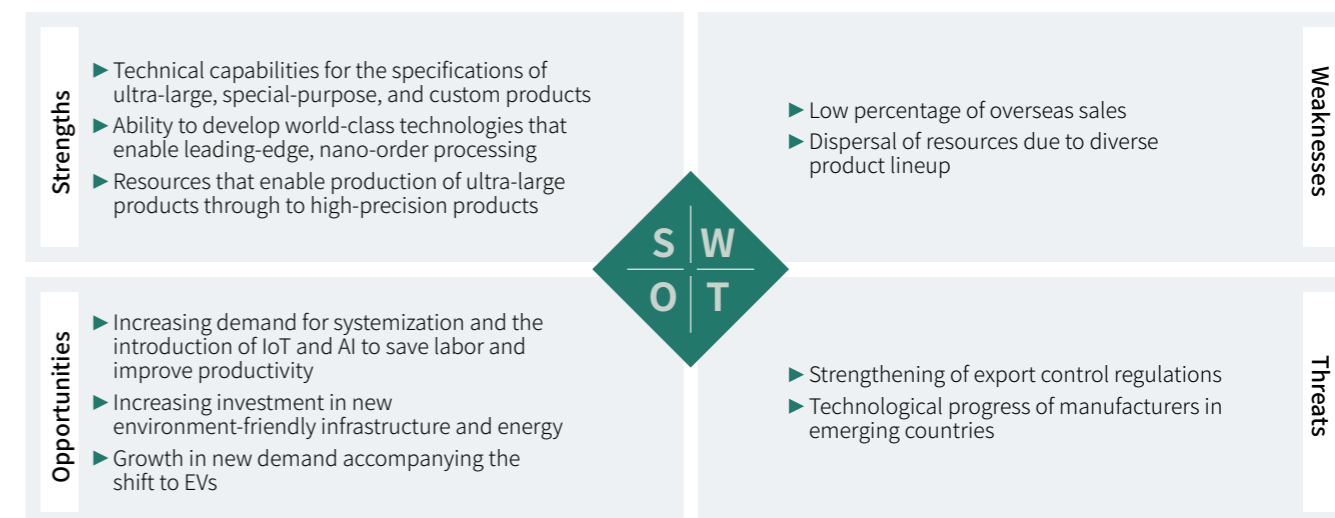


to face needs related to carbon neutrality, automation, and labor-saving measures. The high-precision machine tools we have developed will play a significant role in these areas as the energy, automotive, semiconductor, aerospace, and medical markets undergo major transformations. The Machine Tools Company has identified high-precision machine tools as an offensive business and large-scale machine tools as a defensive business. By effectively utilizing this unique combination, we will focus on growing markets, eliminating waste, improving the quality of our business, and enhancing profitability while adapting to the changing market environment.

Thoughts on Achieving Our Goals

The Machine Tools Company will begin execution under the new medium-term management plan, Medium-Term Management Plan 2026, by clearly defining its offensive high-precision machine tools and defensive machine tools. We will listen closely to our customers, sincerely address market challenges and demands, and create new added value to support the success of customers worldwide. Along the way, we expect to transform ourselves into a profitable business. However, adopting only the actions and timelines that served us in the past will delay our future development, so we will step up efforts to optimize our organization and personnel deployment.

Machine tools have been the heart and soul of SHIBAURA MACHINE since its founding, and they are the origin of all our technologies and manufacturing. We therefore feel a sense of pride as we work to restore profits in the category of machines that make other machines.



Offensive Business

High-Precision Machine Tools

In the market for optical lens molds, which require nanometer-level machining accuracy, we have earned accolades among major customers in Japan and East Asia. We are cited for the mechanical expertise that sets our equipment apart from that of other companies, our development of machining software that anticipates market needs, and our ongoing support services, which draw on our extensive machining experience from the development to mass production stages. We have contributed to the growth of the market for compact, high-precision lenses such as those used in smartphone cameras. Moving forward, we have identified high-precision machine tools as an offensive business, as demand is increasing for the machining of molds and components in such areas as advanced driver-assistance systems, onboard cameras, semiconductors, optical communications, and in the healthcare market, where compound annual growth rates are slated to increase. From a technological perspective, we will continue to enhance collaboration with universities and research institutes and invest in our own development, taking into account

market demands for the upsizing of lenses for augmented reality/virtual reality and imaging lenses, as well as further improvements in precision and efficiency. In addition to selling individual machines, we are building a collaborative framework with material suppliers, tool manufacturers, CAD/CAM providers, and measurement equipment companies. By leading the way in system and process-oriented proposals, we will expand our business toward high-value-added solutions with the goal of combining products and services. Furthermore, in pursuit of further growth, we will promote technological advances in the large market for general-purpose machines, alongside our top-end strategy in the ultra-precision space. We will also explore new markets such as ultra-hard press molds and the medical field. Regionally, in addition to the rapidly changing Chinese mold market, we will target the growing global markets of North America, Europe, and India. We will leverage the sales networks of our existing overseas subsidiaries and local trading companies to maximize scale and profits.

Defensive Business

Machine Tools

The automotive, aircraft, semiconductor, and industrial machinery industries have typically been major users of machine tools. This group has recently been joined by the energy industry, which is the focus of growing attention as part of decarbonization efforts. In the field of renewable energy, we are seeing demand for large components for offshore wind power generation on the gigawatt scale. In addition, machine tools are needed for processing large gas turbine components, which are essential for the installation and maintenance of conventional power generation systems. In the transportation sector, the focus is shifting to giga-casting, which involves the molding of integrated aluminum alloy body parts. This approach is attracting attention from automakers worldwide as a way to transform production. Machine tools are also in increasing demand for processing large components for the aerospace industry. In the shipbuilding market, there is a shift from crude oil tankers to LNG transport vessels, as well as a transition to hydrogen and ammonia fuel engines due to the utilization of renewable energy that does not rely on fossil fuels. These material changes and the manufacturing of large components are concentrated

within our domain of expertise: large and specialized machining equipment.

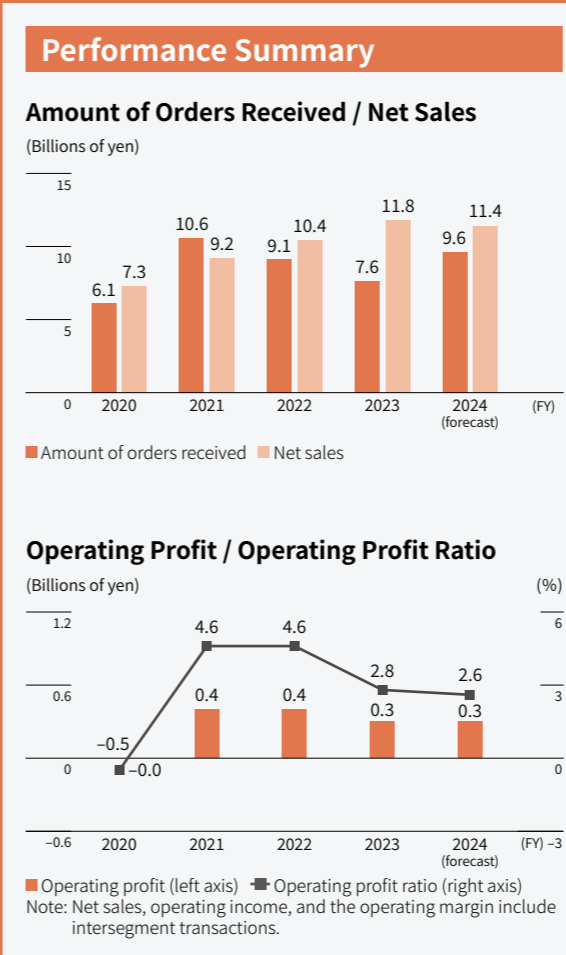
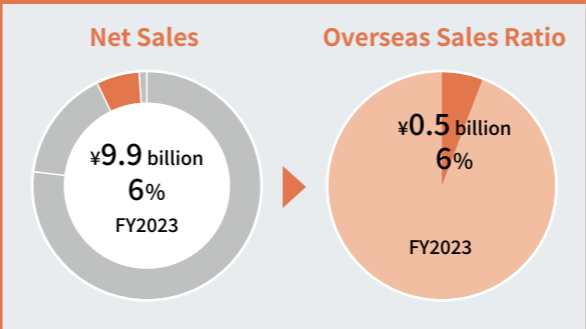
One of our strengths is the ability to propose both machine updates and retrofits to companies that own large equipment when they face the challenge of deciding how to invest in equipment most effectively. Meanwhile, in overseas markets such as the mining and aviation sectors in the U.S., Canada, and Mexico, many customers have been utilizing our horizontal and vertical lathes. However, labor shortages are also driving demand for automation and labor-saving solutions. As a result, we have embarked on the development of multipurpose machines.

Against this backdrop, we are working to meet customer demands for the right equipment and processes to produce equipment accurately. In machine tools, which we are positioning as a defensive business, we are taking a market-driven approach, offering value-added solutions on a made-to-order basis. We are working to curtail unnecessary production and keep inventory levels low while focusing on high-quality business operations and a return to profitability.

Control Systems Company

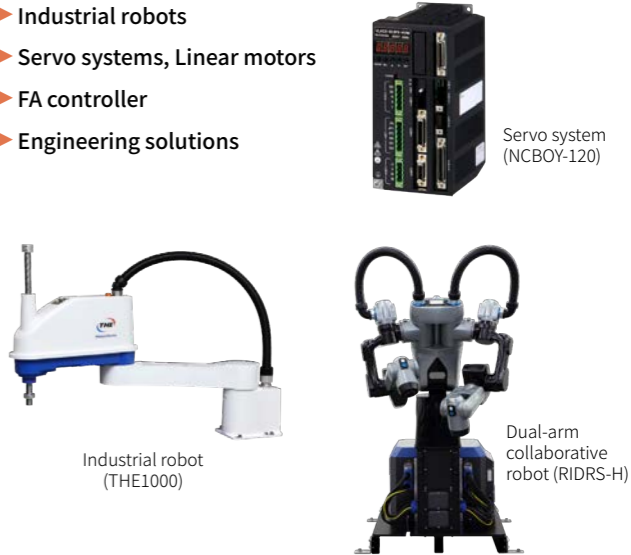
Control Systems Company

As well as unique development competence that realizes constant evolution and optimization, the Control Systems (CS) Company has adaptability that is based on a thorough knowledge of all kinds of manufacturing sites. We use these advantages to contribute to automation, labor-saving, and efficiency improvement in operations at manufacturing sites. Also, through the creation and expansion of the solutions business by using control technology to provide components and system engineering, we are contributing to the realization of a sustainable society.



Main Products

- ▶ Industrial robots
- ▶ Servo systems, Linear motors
- ▶ FA controller
- ▶ Engineering solutions



Business Overview

We develop various types of industrial robots, including SCARA, cartesian coordinate, painting, and vertical, multi-articulated robots. Our robots are used for numerous conveyance and assembly applications at the manufacturing sites of smartphones and electronic devices, EV batteries, and automotive components. In response to the increasing diversity and complexity of work, we are also currently developing dual-arm collaborative robots, intelligent, and IoT. Used in a wide range of equipment, our servo systems maintain high precision and stable performance even in harsh environments and improve cycle time by reducing settling time. Meanwhile, in engineering solutions we utilize these components and control technologies for industrial robots and servo systems to provide automation systems best suited to solving the various issues that our customers face, including the designing of production line automation as well as production line labor-saving and acceleration. By reorganizing our business portfolio, we will transition toward a company that provides system solutions based on this system engineering, and we aim to grow together with our customers.

Expanding the Engineering Solutions Business to Realize Production Systems That Meet Diverse Customer Needs

Masafumi Ito

Managing Executive Officer
General Manager of
Control Systems Company



Achievements under the Management Reform Plan and Issues That Remain

Under the previous medium-term management plan, we worked to integrate a domestic subsidiary’s engineering solutions business into the Control Systems Company. We also reviewed our cost structure and decided to establish a production facility in China to strengthen our competitiveness in general-purpose SCARA robots. Additionally, we sought to transform ourselves with an external, sales-focused approach, launching dual-arm collaborative robots in October 2023 and implementing organizational restructuring to enhance our system sales capabilities.

However, the COVID-19 pandemic posed challenges. We faced difficulty in procuring electronic components alongside price increases. To offset these issues, we placed advance orders and procured products in the general marketplace, moves that led to inventory expansion and caused our cash conversion cycle and return on assets to deteriorate. Additionally, our operating margin was below our target level, owing to insufficient new customers for our component products. We consider improving our profit margin to be our most important challenge going forward.

Overview of Strategies for the Control Systems Company

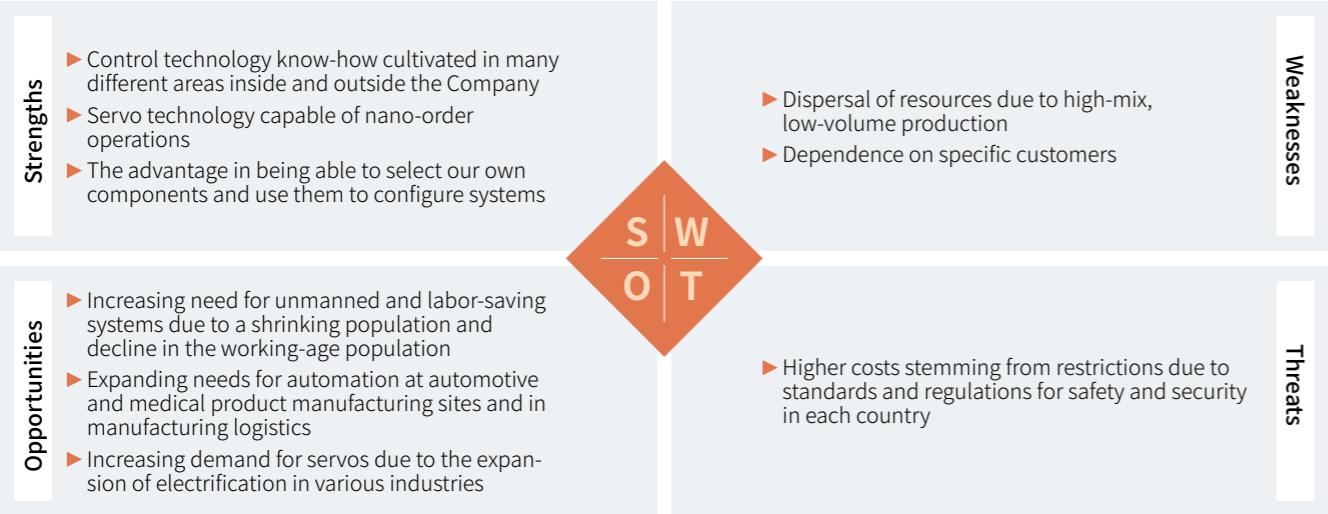
We will focus on expanding the sales of general-purpose SCARA robots, consolidating our resources by centralizing operations at the Sagami Plant, and achieving optimization and efficiency. We will position the Sagami Plant as the locus of our engineering solutions business, in a bid to maximize efficiency and profitability. We will also prioritize the development of our next pillars of business, in servos and programmable logic controllers.

As part of our initiatives in the defensive business category, we will prioritize the expansion of our engineering solutions business through M&A, alliances, and other means, as well as by promoting and entrenching the sale of dual-arm collaborative robots. Expanding engineering solutions is particularly important and will require the involvement of the entire company. The Control Systems Company will take the lead in implementing a policy of “providing production systems capable of addressing customer issues through the integration of internal and external technologies focused on control equipment and robotics to meet customer needs for turnkey/all-process automation.”

Thoughts on Achieving Our Goals

Declining working-age populations and labor shortages due to demographic aging are becoming a more prominent global challenge. As such, we anticipate a further increase in the demand for automation, streamlining, workforce reduction, and the coexistence of people and machines to improve labor productivity, improve quality, reduce costs, and enhance safety. We must ourselves boost labor productivity at our plants that produce machinery, equipment, and systems. By utilizing our expertise in control technology and robotics, we are committed to integrating various types of internal and external hardware and software to create production systems that meet the diverse needs of our customers. We will continue to stand by our customers, address their evolving needs, and embrace new challenges.

By promoting these measures, we aim to meet our target operating margin for fiscal 2026.



Defensive Business

Control Systems

Priority Measures

Expanding the Engineering Solutions Business through M&A and Alliances

To improve profitability and change the business portfolio, we are expanding our engineering solutions business, focusing on control technologies, robots, components, molding machines, machine tools, and our global network. In fiscal 2024, we established the Systems Business Promotion Project Team and integrated the previously separate teams for robot development, manufacturing design, and engineering solutions technology and manufacturing into the newly formed System Engineering Solutions Department. This change is designed to facilitate a more flexible and rapid response. As competition intensifies in the general-purpose robot market, our aim is to leverage our expertise in robot control technology and system projects, regardless of brand, to further expand our business.

As part of our efforts to strengthen our solutions business, in March 2024 we acquired POKKA MACHINE Co., Ltd., which has expertise in automatic machinery and system design, and made the company a subsidiary. In April, we changed its name to TECHNOLINK Co., Ltd., and we will work to expand its business and create synergies. TECHNOLINK has extensive experience in handling various robotics systems and has a sales channel in the food

and beverage industry, to which we have had only limited exposure to date. This presents us with opportunities to propose multi-faceted solutions going beyond robot-based solutions, and we believe it will generate significant synergies. Currently, we are collaborating with the Metal & Plastics Industrial Machine and Machine Tools companies to target automation projects for the upstream and downstream processes surrounding individual machines. By incorporating TECHNOLINK’s experience and expanding our range of services, we aim to achieve both scale expansion and improved profitability through value-added solutions.

Each internal company is considering the establishment of a solution sales division and plans to integrate with TECHNOLINK in the early stages of Medium-Term Management Plan 2026. First, we will work on consolidating organizations with different cultures. However, we recognize that the current organization and functions are insufficient to achieve the long-term target values in this business, particularly in terms of enhancing software to build turnkey solutions. For this reason, we will need to continue pursuing proposing M&A, alliances, and other measures going forward.

Priority Measures

Promoting the Sales and Commercialization of Dual-Arm Collaborative Robots

We launched a Dual-Arm Sales Promotion Project Team in preparation for the release of the RIDRS series of dual-arm collaborative robots in the second half of fiscal 2023. The project team consists of people involved in solution sales, robot development, and engineering solutions, working together to enhance awareness and promote sales of this robot through a unified approach encompassing manufacturing, sales, and technology. We offer two models: the humanoid-shaped RIDRS-H (with each arm having seven axes and the waist having two axes, for a total of 16 axes) and the SCARA type RIDRS-S (with each arm having four axes and the waist having one axis, for a total of nine axes). Notably, the RIDRS-H model, in addition to being able to handle heavy loads, is equipped with two waist axes (rotation and bending) to

replicate human movement. Leveraging its unique characteristics, we have been engaging in sales activities by proposing the incorporation of the robot into various system projects. As the demand for automation in industries such as automotive, factory logistics, and electronics increases, we have introduced the RIDRS-H model for board inspection processes in the PCB assembly stage at TOEI ELECTRIC CO., LTD., a domestic subsidiary specializing in the EMS business, contributing to labor savings. As part of our sales promotion efforts, we are transforming the production site into a showroom, enabling customers to experience the robot firsthand. Additionally, we have established a technical center within the Sagami Plant to expand sales in the domestic market and subsequently capture early demand in overseas markets.

Sustainability Management of SHIBAURA MACHINE

As a supporter of manufacturing worldwide, the SHIBAURA MACHINE Group will address social issues and enhance corporate value through outstanding technological innovations that help the global manufacturing industry adapt to megatrends. We conduct business activities in countries and regions around the world.

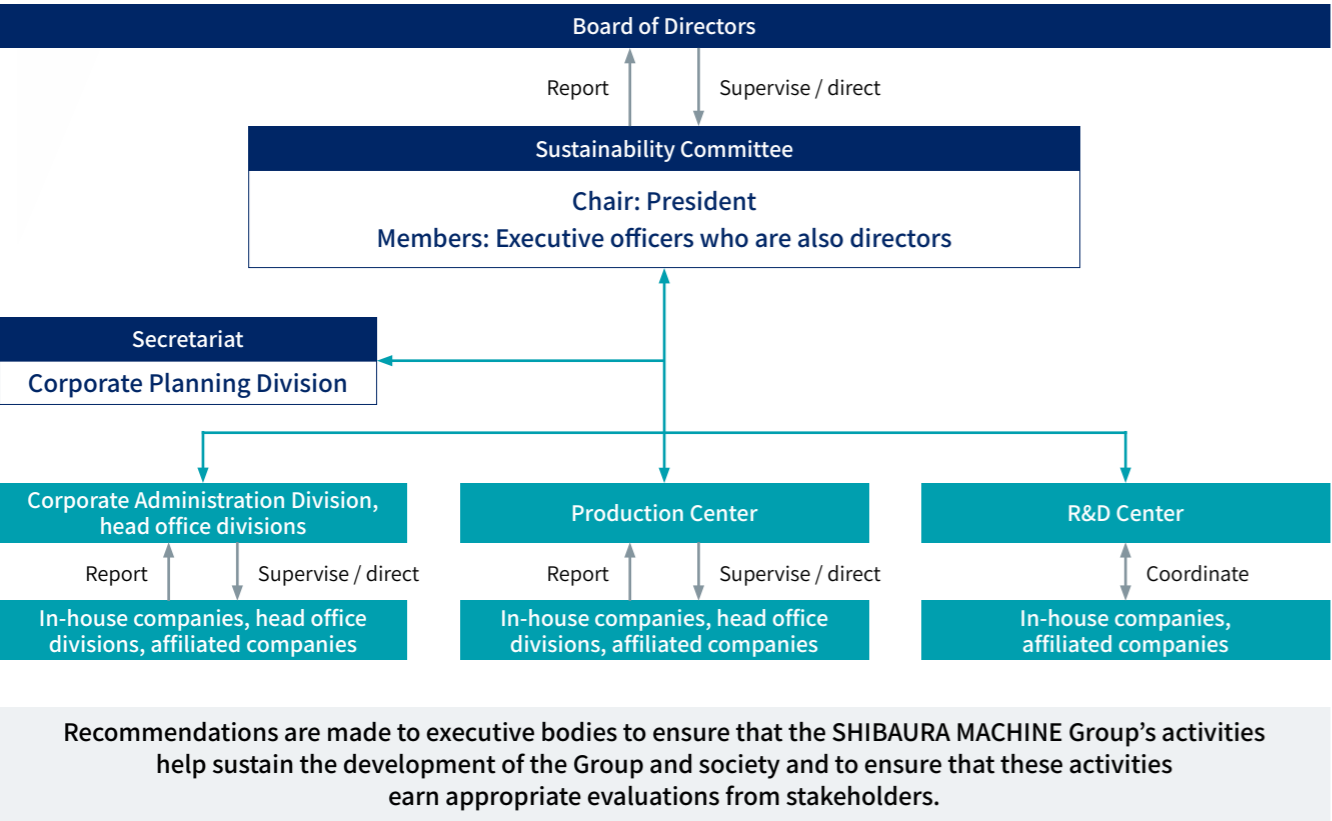
To leave a rich global environment for future generations and contribute to the sustainable development of society, we will make sustainability considerations the drivers of business management and continue to take into account the viewpoints of all our stakeholders around the world, including customers, shareholders, investors, suppliers, business partners, employees, and local communities.

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.

Sustainability Advancement System



Themes of Sustainability Management Initiatives

	Item	Themes	Initiatives for Major Action Plans in FY2023	Major Action Plans in FY2024		
	Customers	<ul style="list-style-type: none">EngineeringQuality and safetyServices	Issued <i>SHIBAURA MACHINE Engineering Review</i> (vol. 30), featuring initiatives on improving labor productivity	Publish technical bulletins to provide customers with information on technology and new products		
			In addition to a virtual design review, promoted the creation of an environment that responds to simulations that currently can be demonstrated	In addition to virtual design reviews, create an environment to simulate current demonstration status		
			Started an injection molding machine subscription service (United States)	Expand injection molding machine subscription service (United States)		
	Suppliers and business partners	<ul style="list-style-type: none">Procurement from business partners who are promoting environmental preservation activitiesPrevention of transactions with antisocial forces	Continued three “milk run” routes covering 31 suppliers in total	Promote efficiency of supplier milk runs and transport between factories		
			Promoted electronic data interchange system registration (31 companies newly registered)	Promote use of the electronic data interchange system		
			When concluding contracts, concluded contracts on the prevention of transactions with antisocial forces (35 companies)	Work to promote appropriate transactions through environmental surveys of suppliers		
	Shareholders and investors	<ul style="list-style-type: none">Enhancing investor relations and stakeholder relations activitiesHaving more dialogues with institutional investors	Conducted dialogues with domestic and overseas securities analysts and institutional investors (240 times)	Engage in dialogue with shareholders and institutional investors		
			Participated in an investor relations conference			
			Expanded English-language disclosure materials	Enhance disclosure		
			Issued <i>Integrated Report 2023</i>	Consolidate input from shareholders and institutional investors and utilize this information in corporate activities		
				<ul style="list-style-type: none">Human resource developmentDiversitySafety and health	Fostered personnel who can think and act independently	Strengthen management-level education by job classification
					Introduced a new training program for young employees in their 10th year of employment	Augment global human resources education to develop immediate competencies
Conducted an engagement survey and held training sessions for managers						
			Utilized telecommuting system	Support diverse working styles		
			Encouraged employees to take childcare and nursing care leave	Promote the active participation of women		
			Developed our occupational safety and health management system (OSHMS), conducting health education and hygiene activities for each individual and organization	Continue to create a safe and healthy organizational culture through mental and physical health promotion from the viewpoint of wellbeing		
	Local communities	<ul style="list-style-type: none">Support for technical educationContributions to local communitiesCoexistence with local communities	Held work experience session for junior high school students in the neighborhood (2 schools, 5 students in total)	Provide learning opportunities for people who will be the future of manufacturing		
			Hosted factory tours for nearby high schools and technical colleges (3 schools, 64 students in total)	Provide work experience and conduct factory tours for children of local schools		
			Exhibited at Numazu Mirai Expo 2023			
			Hosted tour to encourage the discovery of why companies are attractive			
			Volunteered for environmental beautification activities, conducted beautification activities around plants	Contribute to the local community and environment and raise awareness of beautification		
			Conducted blood drives	Participate in TABLE FOR TWO activities		
			Participated in TABLE FOR TWO activities			
			Participated in activities held by external environmental organizations (17 organizations)	Participate in activities held by external environmental organizations (17 organizations)		
	Environment	<ul style="list-style-type: none">Strengthening the environmental management systemReducing environmental loadAddressing climate changePollution control	Reduced environmental impact	Reduce environmental impact		
			Implemented initiatives addressing the environment related Sustainable Development Goals (SDGs)	Promote goals linked to the environment-related SDGs		
			Moved forward with the 2nd Environmental Action Plan (2021–2025)	Move forward with the 2nd Environmental Action Plan (2021–2025)		
			Promoted the introduction of eco-cars to the Company-owned fleet	Promote the introduction of eco-cars to the Company-owned fleet		
			Conducted education to promote eco-driving	Conduct education to promote eco-driving		
			Began offering guidance on making the operational status of Company-owned vehicles visible	Strengthen guidance by visualizing operational status of Company-owned vehicles		
	Governance	<ul style="list-style-type: none">Further strengthening of the Group's governanceRigorous management of risk and compliance	Implemented an evaluation on the effectiveness of the Board of Directors	Implement an evaluation on the effectiveness of the Board of Directors		
			Conducted awareness measures on the SHIBAURA MACHINE Group Code of Conduct	Implement measures to ensure awareness of the SHIBAURA MACHINE Group Code of Conduct		
			Made the in-house whistle-blowing system multilingual	Provide various sorts of training for all employees		
			Provided all employees with compliance training on procurement law, anti-bribery, and whistleblower protection systems			

Human Resource Strategy

Long-Term Vision 2030 sets our sights set on “becoming a corporate group which responds to megatrends in global manufacturing industry with innovative technology.” To respond to an ever-changing external environment, we are placing particular emphasis on strengthening human resources by seeking personnel who have insight into and expertise in new aspects of R&D, digital transformation strategy, production technologies, and sales as well as in such corporate areas as planning, human resources, and finance. At the same time, we are reforming workstyles and increasing diversity with a view to achieving sustained enhancement of corporate value by retaining personnel, improving productivity, and encouraging innovation.

Under our medium-term management plan, Medium-Term Management Plan 2026, which concludes in fiscal 2026, we will ascertain growing markets and facilitate the mobility of internal human resources to enable the timely reconfiguration of the business portfolio.

Global Human Resource Policy

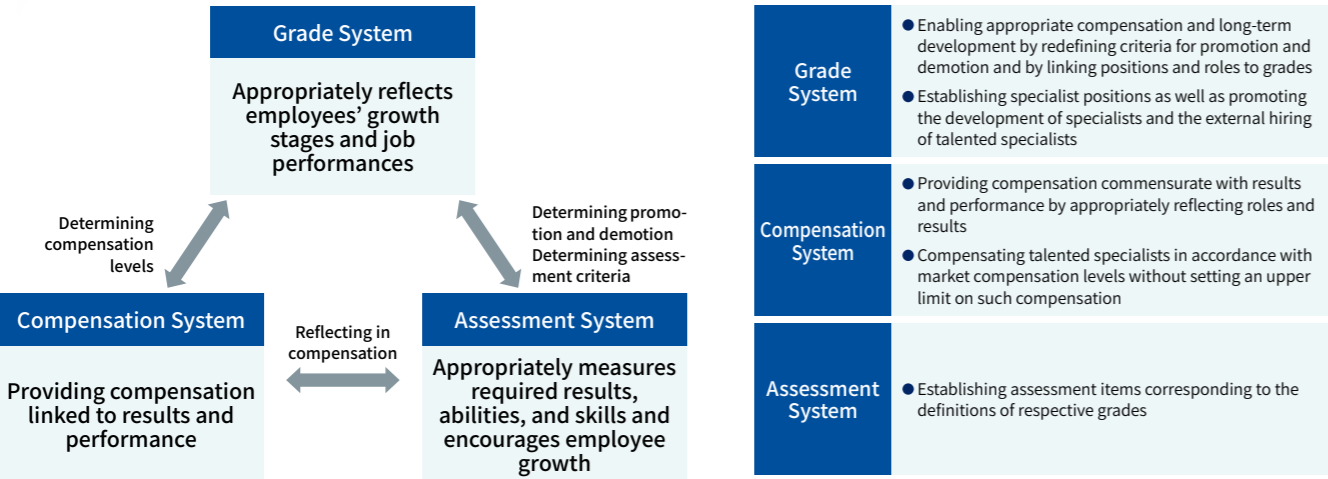
As a corporate group with bases worldwide, we have established a global policy on human resources. While advancing global strategies through the promotion of a common Companywide human resource strategy, we operate localized regional human resource systems that are tailored to suit the institutions and business practices of the countries and regions where we have bases. Our human resource systems reflect the history, culture, laws, and regulations of each country and region, and the differences between these systems must be properly understood and recognized.

The SHIBAURA MACHINE Group shall establish human resource systems that appropriately reflect the circumstances of each country and region based on the following fundamental principles.

- 1. The diverse values of individuals shall be recognized, and individuality and privacy shall be respected.
- 2. Each person shall be assessed and treated fairly and impartially. Discriminatory language related to race, religion, nationality, mental or physical disability, age, or sexual orientation or gender identity shall not be permitted. Acts of violence or sexual harassment shall not be permitted.
- 3. Efforts shall be made to create safe, healthy, and comfortable work environments.
- 4. The design and administration of respective systems shall be conducted in a manner that is satisfactory to employees.

Human Resource System

Aiming to realize Long-Term Vision 2030, we have introduced a human resource system that enables diversified employee compensation and career development as well as the utilization of diverse expert personnel.

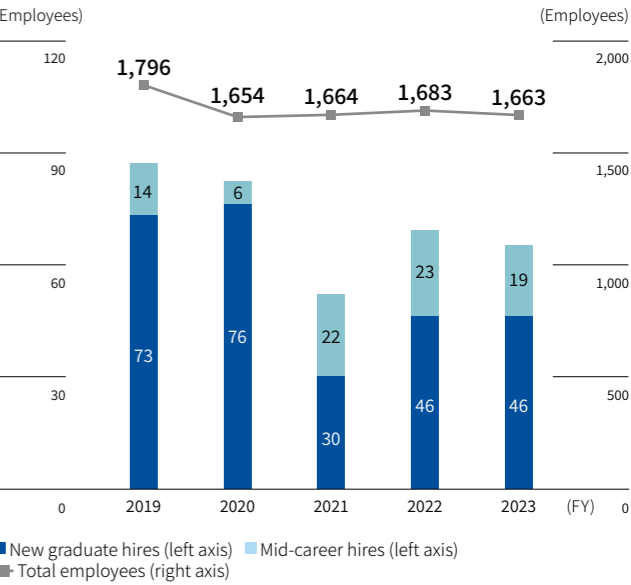


Hiring

We hire personnel based on two main approaches: the conventional mass hiring of new graduates (the continuation of membership-type employment) and the mid-career hiring of personnel with the skills needed to realize our management and business strategies. Our mass hiring of new graduates is people-centered. We focus on selecting students who exhibit leadership and an overseas orientation, regardless of their gender or nationality. We conduct training and job rotation with the expectation that, after being with the SHIBAURA MACHINE Group for five or ten years, these employees will lead the Company forward.

Meanwhile, our mid-career hiring mainly entails job based recruitment. To adapt to an ever-changing external environment, we have set out a policy of hiring specialists not only in our mainstay field of mechanical engineering but also in physics, chemistry, information engineering, and a wide range of other academic fields. Moreover, our hiring under this policy is focused on new areas related to IT and energy. For highly skilled professionals, we have established a flexible salary system that is distinct from the salary system for career-track employees.

Number of New Hires and Employees (Non-Consolidated)



Human Resource Development

Our basic policy is to both address future social issues and enhance corporate value by fostering personnel who can think and act independently and take the initiative to develop their own careers.

Engineer Training

The SHIBAURA MACHINE Group provides engineer education for mid-career and junior engineers, who will be the leaders of the future. Our training improves skills directly related to work by covering a wide range of topics, from basic technology acquisition and computer-aided design education through to the acquisition of certification as a professional engineer. As well as providing training on design and technical drawing, we ensure that our engineers acquire other essential skills and knowledge related to manufacturing technologies, production management, cost management, and other manufacturing basics, thereby developing personnel who can play active roles in many different fields.

Reskilling

As workstyles diversify and technologies progress, industry is undergoing fundamental structural changes. To ensure that our workforce has the new knowledge and skill sets necessitated by these changes, we have begun reskilling employees.

Educating Global Human Resources

We have a program aimed at cultivating human resources capable of thriving in the global market: Global Human Resources Development Education. One of the educational objectives is to foster connections across organizations and create horizontal relationships among participants undergoing training at the same time.

Efforts to Enhance Engagement

To understand and analyze the engagement status of employees and provide individual support and improve the work environment for employees to work with enthusiasm and vitality, we conduct an engagement survey along with stress checks (with a participation rate of 100% in FY2023).

The proportion of highly engaged and somewhat engaged individuals was 21.0%, while the proportion of highly stressed individuals was 11.3%. We also conduct training sessions for managers to further enhance engagement and reduce high stress levels.

Basic Policy on Respect for Human

- Basic Policy on Respect for Human
- SHIBAURA MACHINE established the SHIBAURA MACHINE Group Code of Conduct pursuant to which it will respect fundamental human rights and diversity and provide support in the realization of a work-life balance.
- We abide by the laws and regulations of all countries and regions, understand international norms regarding human rights, and respect fundamental human rights. We do not tolerate child labor or forced labor.
 - If any violation of fundamental human rights happens in the SHIBAURA MACHINE Group, we will take appropriate action. If any supplier is found to be violating fundamental human rights, we will require it to take remedial action.
 - We hold ongoing dialogues with relevant stakeholders in order to respect human rights.
 - We provide an environment in which employees can work creatively and efficiently, supporting them in the realization of a work-life balance.
 - We endeavor to realize a working environment that is safe and pleasant to work in.

Diversity and Inclusion Initiatives

The SHIBAURA MACHINE Group is working to promote diversity so that employees with diverse personalities can fully demonstrate their abilities.

- Promotion of the Employment of Diverse Personnel
- We promote employment based on personal skills and qualifications, not on gender, nationality, age, or the like, thus ensuring the assignment of the right personnel to the right positions.

Childcare and Family Care Support Programs and Their Uses

In the past five years, all eligible female employees have taken childcare leave, 100% of whom returned following the conclusion of such leave. Other mechanisms for supporting work-life balance include shorter working hours, overtime exemption upon request, and leave entitlement carryovers that, since fiscal 2019, can be used for short-term family care purposes.

Fiscal year	2019	2020	2021	2022	2023
Persons who took childcare leave (male employees in parentheses)	9 (5)	10 (7)	18 (14)	25 (21)	31 (28)
Percentage of those returning from childcare leave	100%	100%	100%	100%	100%
Persons who took family care leave	1	0	0	0	1
Persons who used the short working hour program (for childcare)	9	3	6	10	11
Persons who used the short working hour program (for family care)	0	0	0	0	0

The data includes domestic affiliates.

Work Environments Conducive to Child-Rearing and Long-Term Employment

In fiscal 2023, the average length of service of employees was 19.3 years (19.2 years for men and 20.5 years for women),* a testament to the long periods of service that characterize the Company.

* SHIBAURA MACHINE Co., Ltd., non-consolidated

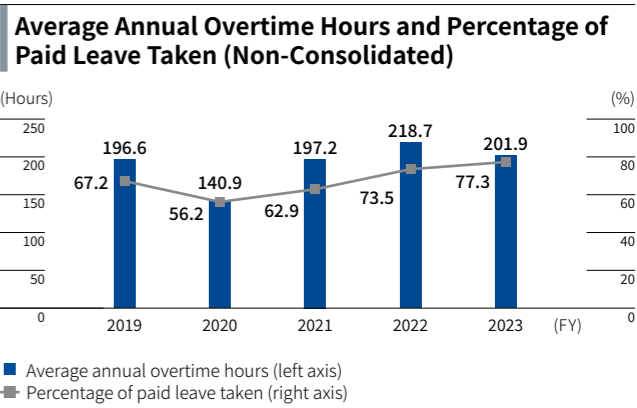
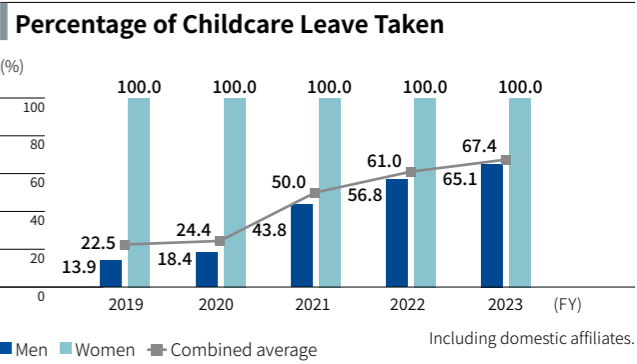
Fiscal year	2019	2020	2021	2022	2023
Resignees (female employees in parentheses)	30 (6)	19 (1)	54 (8)	54 (9)	56 (5)

The data includes domestic affiliates.

Work-Life Balance

The SHIBAURA MACHINE Group carries out various initiatives to create working environments in which all employees can take pride in their work.

Activities	
Childcare and family care leave system	We offer our employees various forms of support so that they can fulfill their childcare and family responsibilities with peace of mind. Specific forms of support available: Maternity leave, extended leave for childcare, nursing care leave, extended leave for family care, family care leave, and shorter working hours
Promotion of planning and taking annual paid leave	Taking annual paid leave in a planned manner is encouraged. For example, we have introduced a system for taking leave on important occasions (birthdays, etc.) as well as a system that allows for taking leave as required, including leave in half-day increments and leave for three consecutive days (or leave for two consecutive days twice at different times).
Accumulated reserve leave	A system for using accumulated paid leave for long-term recuperation, self-enlightenment, or volunteer activities
Setting a contact point for reporting cases of harassment	We have a contact point for consultation on harassment issues and provide education to prevent cases of harassment in order to create comfortable workplaces free from harassment of any kind (sexual, power, etc.).
Registration at public entities in relation to gender equality	In Numazu, Shizuoka Prefecture, where its Numazu Plant is located, the Company has registered both a declaration endorsing gender equality (throughout Shizuoka Prefecture) and as a promoter of gender equality (in Numazu City).



Health and Safety

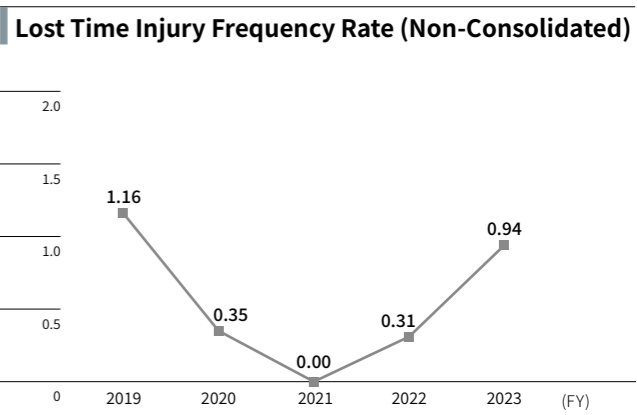
As health and safety form the foundation of business management, the entire SHIBAURA MACHINE Group will make a concerted effort to step up health and safety initiatives with the aim of establishing workplaces where all employees can work with peace of mind.

- Development of Health and Safety Activities
- The Group proactively conducts health and safety activities with the aims of creating working environments that are safe and comfortable and realizing zero industrial accidents.

- Promoting Occupational Safety and Health Management Systems
- Recognizing that health and safety are integral to corporate activities, based on a commitment to preventing industrial accidents and the spread of infectious diseases, and to promote employee health, we have acquired JISHA OSHMS* certification for our plants.

The OSHMS techniques are also applied at all Group companies to improve their health and safety management.

* JISHA OSHMS: Occupational health and safety management system approved by the Japan Industrial Safety & Health Association



Intellectual Property

Basic Approach

The SHIBAURA MACHINE Group’s corporate principles state that “We will contribute to maximizing value for our customers around the world.” Under this management philosophy, we aim to achieve “the resolution of social issues and the enhancement of sustainable corporate value” by addressing customer issues. Our intellectual property strategy is one of the foundations of this aim. The R&D Center, responsible for formulating and promoting our intellectual property strategy, works closely with the Technical Planning Division and each in-house company to create, protect, and strategically utilize intellectual property.

Intellectual Property Management System

Our Technology Planning Division’s Intellectual Property Department manages intellectual property across the SHIBAURA MACHINE Group.

We have dedicated Intellectual Property Department personnel assigned to each Product Development Department, where they provide support in researching, creating, acquiring, formulating, and maintaining intellectual property rights.

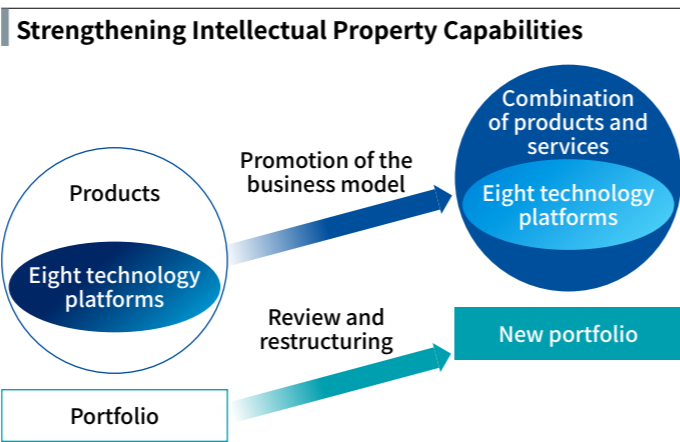
In addition, Intellectual Property Department personnel participate in the important meetings of each Product Development Department to develop and support intellectual property strategies based on technology strategies.



Strengthening Intellectual Property Capabilities

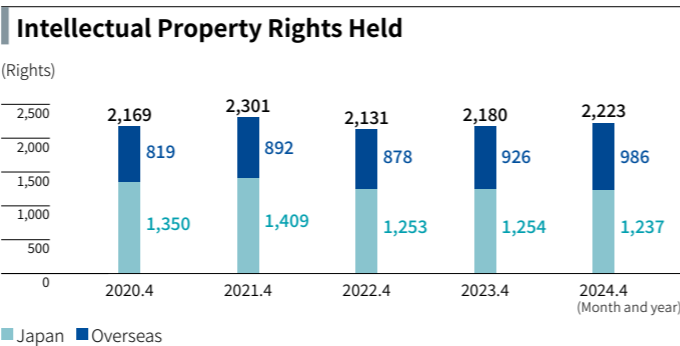
Based on the “Eight Technology Platforms” described on [P.12-13](#), the Company engages in the development and manufacture of advanced industrial equipment across a wide range of sectors. By evolving our business model to combine products and services, we sustain our strengths and continue to hone our expertise.

We protect the proprietary technologies generated from these efforts as intellectual property rights, and we have amassed a robust portfolio. We also ensure proper management of these intellectual property rights and continuously strive to strengthen our intellectual property capabilities through periodic reviews and by reconfiguring the portfolio in line with technological advancements.



Protection and Utilization of Intellectual Property

During product development, we confirm other companies’ intellectual property rights, such as patents. When conducting external lectures or submitting articles to industry magazines, we ensure the use of third-party copyrights, among other activities. Furthermore, we actively protect intellectual property generated through research and development with patents and actively utilize them in our own products.



Supply Chain Management

The SHIBAURA MACHINE Group’s Procurement Department is committed to promoting three major aspects of CSR procurement: environmental preservation, procurement standards, and compliance.

The SHIBAURA MACHINE Group’s Material Procurement Policy

- SHIBAURA MACHINE Group’s Basic Principles
1. We comply with laws and ordinances and conform to social norms.
 2. We offer both current and prospective suppliers (“suppliers”) equal opportunities for business.
 3. We engage in socially responsible procurement in cooperation with our suppliers.
 4. We ensure our procurement activity with our suppliers is based upon mutual understanding and trust.

Green Procurement

The SHIBAURA MACHINE Group is committed to promoting green procurement, which involves sourcing environmentally-friendly products, components, materials, and raw materials, with the aim of passing on a healthy environment to the next generation.

On the environmental front, we have established the Green Procurement Guidelines and set evaluation and judgment criteria related to the SHIBAURA MACHINE Group’s policies and procurement. We revised the Green Procurement Guidelines in December 2023, reviewing and adding to the list of environment-related substances, and we conduct procurement activities that consider the latest environmental concerns throughout the entire supply chain.

Compliance

We have set down the basics of our purchasing activities in the Purchasing Management Regulations, and we educate all Group company employees on how to comply with these regulations.

Our main initiatives are as follows.

- Conduct compliance education (six times in fiscal 2023)
- Hold internal audits on procurement (10 times in fiscal 2023)
- Participate in external workshops (including online workshops)

We offer training on essential aspects of the Subcontract Act, centering on people who are involved within procurement. We provide guidance on improvements and measures for achieving CSR procurement in accordance with social rules and without any irregularities. We also conduct risk management training as part of our Company-wide risk management efforts.

Global Procurement

We have established a global procurement network to centralize procurement information from our overseas production sites and identify the most suitable items for procurement in terms of delivery timing, quality, and price. We aim to reduce costs by implementing a local sourcing system in the East Asian and Southeast Asian markets, and by utilizing an optimal procurement network.

Initiatives for Reducing Human Rights Risks

In line with its Policy for Responsible Mineral Procurement, the SHIBAURA MACHINE Group is committed to fulfilling its corporate social responsibility by actively working to avoid the use of conflict minerals, which have been identified as providing funds for armed groups involved in human rights abuses, such as human trafficking, forced labor, child labor, and environmental destruction in the Democratic Republic of Congo and its neighboring countries where minerals such as tin, tantalum, tungsten, and gold are mined.

If we confirm a possibility that conflict minerals are being used, we ask suppliers to disclose relevant information and cooperate in efforts to stop such usage.

Environment

In accordance with its Corporate Principles and Code of Conduct, the SHIBAURA MACHINE Group will meet its corporate social responsibility by actively contributing to the creation of a sustainable environment through compliance with laws and regulations, the provision of environment-friendly products, and the advancement of initiatives to reduce the environmental impact of the Group’s business activities.

SHIBAURA MACHINE Group’s Environmental Policy

- Basic Policy
- We will actively contribute to the creation of an environment that will be passed on to the next generation in a healthy state as a corporate social responsibility (CSR).
- We comply with all applicable international, regional, and national standards, laws, regulations, agreements, industry guidelines, and Company rules related to the environment.
- We contribute to society by developing and offering excellent environmentally conscious products.
- We strive to reduce the environmental impact of our business activities, in order to protect biodiversity and ecosystems.

Strengthening the Environmental Management System

Since 1996, when we obtained ISO 14001 certification for the Numazu Plant, we have been consolidating and enlarging the scope of certification to cover other production centers, sales centers, and Group companies in Japan as part of concerted Groupwide efforts, in addition to strengthening our environmental management system. Regarding overseas operations, we obtained ISO 14001 certification for the Shanghai Plant in 2004, for the Chennai Plant in 2012, and for the Thai Plant in 2015.

In fiscal 2017, we completed document revisions to reflect ISO 14001:2015.

Environmental Action Plan

The SHIBAURA MACHINE Group established the 2nd Environmental Action Plan, a five-year medium-term plan spanning fiscal 2021 to fiscal 2025, as well as a long-term plan up to 2030. These plans were prepared with reference to the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) international agreements and trends in Japan and overseas, and cover our overseas production facilities as well. Under the plans, the key medium-term themes are to clarify how products contribute to the environment and to strengthen our global management. Below is a summary of the progress we made under the 2nd Environmental Action Plan in fiscal 2023.

Percentages in parenthesis are the decreases compared with the fiscal 2013 reference year.				
Initiatives (Indicators)		FY2023 Achievements	FY2024 Targets	Long-Term Objectives to be Achieved by FY2030
Global warming prevention	Reduction in CO ₂ emissions intensity (t/hundred million yen)	13.5 (–51%)	17.2 (–38%)	13.8 (–50%)
Making productive use of resources	Reduction in waste emissions (t/hundred million yen)	1.68 (–51%)	2.14 (–38%)	1.20 (–65%)
Chemical substances management	Reduction in chemical emissions (kg/hundred million yen)	32.4 (–58%)	43.0 (–44%)	40.0 (–48%)
Green management	Biodiversity conservation (ecosystem network)	Participation in Mount Fuji environmental conservation activities	Participate in Mount Fuji environmental conservation activities	Participate in Mount Fuji environmental conservation activities
	Renewable energy (utilization of solar power and untapped energy)	Generated 0.1% of electricity consumed	Generate 0.1% of electricity consumed	Generate more than 20.0% of electricity consumed
	Scope 3 initiatives (analysis of upstream and downstream impacts)	Analyzed downstream impacts	Analyzed downstream impacts	Strengthen environmental burden reduction activities
	Consideration of global Environmental Management System (EMS) (strengthening of collaboration with overseas subsidiaries)	Monthly reporting	Monthly reporting	Investigate external infrastructure, conduct in-house investigations of overseas environments, and develop environmental leaders at overseas plants
Overseas	Strengthening management and reducing environmental load (management upgrading)	Analyze environmental impacts	Analyze environmental impacts	Strengthen management and promote reduction of environmental burden

Notes: Targets cover consolidated companies in Japan. (We plan to revise target figures to include overseas consolidated companies.)
CO₂ emission reduction targets are gross emission targets, not net targets.

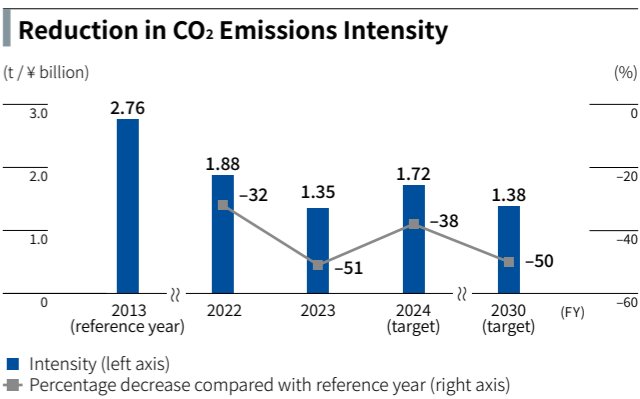
Initiatives Aimed at Achieving the Environmental Action Plan

Prevention of Climate Change

In fiscal 2023, CO₂ emissions intensity was 135.0 tons of CO₂ emissions per ¥1.0 billion, a 51% reduction compared with that of fiscal 2013.

In fiscal 2023, we further converted the ceiling lights at the Numazu Plant to LEDs.

Aiming to reach our long-term fiscal 2030 target, we will lower CO₂ emissions by utilizing solar power generation and other renewable energy sources. Specifically, we will install solar panels in accordance with the reorganization of plants set out in Medium-Term Management Plan 2026.

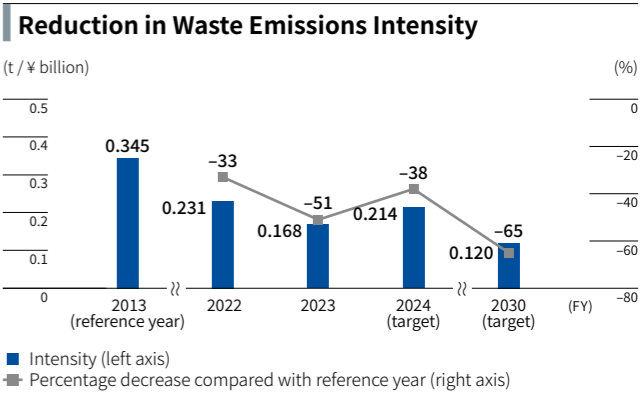


Effective Utilization of Resources

In fiscal 2023, waste emissions intensity was 16.8 tons of waste emissions per ¥1.0 billion, a 51% reduction compared with that of fiscal 2013.

Fiscal 2023 initiatives to reduce waste emissions included reducing waste plastic during production testing of extrusion machines and promoting the digital preparation and storage of documents.

Aiming to reach our long-term fiscal 2030 target, we will lower waste emissions through a range of measures. For example, at the product design and development stage, we will take into consideration waste emission volumes. At the manufacturing stage, we will reduce packaging materials through the introduction of common components and through the minimization of component numbers, and we will introduce returnable boxes for the convenience of components.

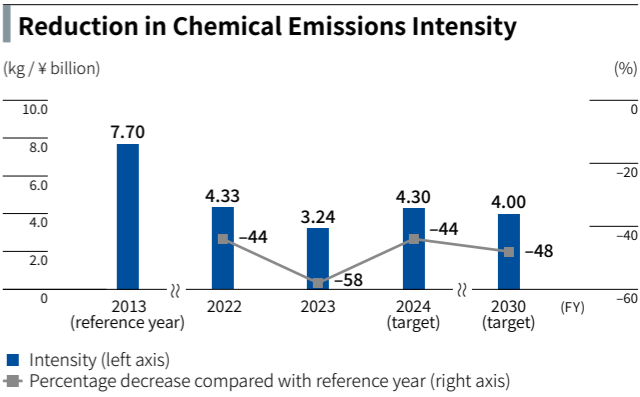


Management of Chemicals

In fiscal 2023, chemical emissions intensity was 324.0 kilograms of chemical emissions per ¥1.0 billion, a 58% reduction compared with fiscal 2013.

Fiscal 2023 initiatives to reduce chemical emissions included a change of paint that reduces the amount of diluting solvents.

Aiming to reach our long-term fiscal 2030 target, we will lower chemical emissions through a range of measures. For example, at the product design stage, we will endeavor to eliminate the use of paint. At the manufacturing stage, we will adopt the latest environment-friendly paints and promote the utilization of optimal volumes of paint.



Water Resource Initiatives

The SHIBAURA MACHINE Group Environmental Policy calls for us to contribute to the creation of an environment that will be passed on to the next generation in a healthy state, comply with laws and regulations, develop and provide environment-friendly products, reduce the environmental impact of our business activities, protect eco-systems, promote the effective use of resources and energy, and actively engage in environmental preservation activities.

Water is a precious resource that is essential to our daily lives and business activities. Recognizing that water is a limited and important resource, and based on the SHIBAURA MACHINE Group Environmental Policy, we will help to secure sustainable water resources by engaging in environmental conservation activities focused on the effective use of water, appropriate wastewater management, and prevention of water pollution.


Environmental Considerations in Product Development

CO₂ emissions at the product use stage account for the majority of CO₂ emissions over the entire life cycles of SHIBAURA MACHINE products. Therefore, improving the energy-saving performance of our products and reducing CO₂ emissions during the product use stage is effective in reducing the environmental impact of our products.

Examples of Environmentally Conscious Products


Die Casting Machine DC400R2-EM

To reduce load on the hydraulic pump, this machine uses an electrically driven clamping mechanism. Also, the high-response servo motor drive reduces power consumption by shortening cycle time through high-speed mold opening and closing and stopping intermediate mold clamping.



Double-Column Type Machining Center MPC-H

High-speed rotating spindles are typically mist-lubricated, but this machine uses greased bearings for the spindles to eliminate the need for the air used in mist lubrication. This shortens air compressor operating time and reduces power consumption.



Developing Environmentally-Conscious Products and Reducing Potential Impact on the Environment

When developing new environmentally-conscious products, we perform product assessments to estimate and reduce the products’ potential impact on the environment. These development activities are conducted pursuant to the Design Guidelines for Environmentally-Conscious Products, which incorporate product design guidelines and consideration of the 3Rs (reduce, reuse, and recycle). When a product is completed, an application for environmentally-conscious product certification is filed for assessment, and, if the product is certified, it is registered as an environmentally-conscious product.

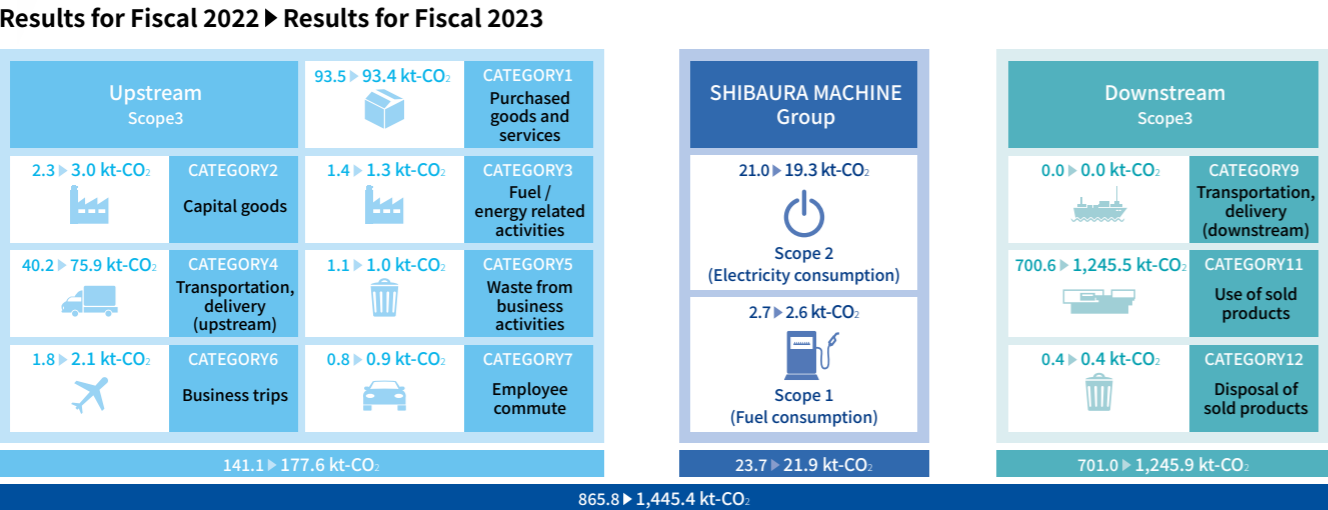
Further, all registered environmentally-conscious products undergo a life cycle assessment pursuant to SHIBAURA MACHINE Group standards. This assessment encompasses raw materials, manufacture, transportation, use, recycling, and disposal. Moreover, certain of these products are compared with previous models to calculate volumes of CO₂ emissions reduction.*

* The amount of CO₂ emissions that is considered to have been reduced by replacing a previous model with an environmentally conscious product with a better energy-saving performance

Environmental Load from the Entire Supply Chain

Since fiscal 2015, we have estimated and calculated CO₂ emissions from our entire supply chain*¹ in accordance with the guidelines of the Ministry of the Environment.*²

*¹ Calculated according to the Ministry of the Environment’s “Basic guidelines regarding the calculation of GHG emissions from the entire supply chain”
*² Out of the 15 Scope 3 categories, categories 8, 10, 13, 14, and 15 are not applicable to our line of business.



Disclosure Based on the Task Force on Climate-related Financial Disclosures (TCFD)

In June 2023, the Group announced its support for the Task Force on Climate-related Financial Disclosures (TCFD*), and is committed to disclosing relevant information based on the four areas of “governance,” “strategy,” “risk management,” and “metrics and targets” outlined in the TCFD recommendations. Moving forward, the Group will continue to advance its efforts to address climate change through various initiatives.

* TCFD stands for the Task Force on Climate-related Financial Disclosures, which was established to consider how to disclose climate-related information and manage the response of financial institutions. The TCFD recommends that companies and organizations disclose information on climate-related risks and opportunities.



Governance

The Company promotes sustainability, including climate change initiatives, through its Sustainability Advancement System, which centered on the Sustainability Committee [P.52](#). The Sustainability Committee, chaired by the president, consists of executive officers who are also directors. It provides necessary recommendations to each executive body to ensure that the Group’s activities are appropriately evaluated by stakeholders. Sustainability-related matters from each executive body are proposed and reported on a quarterly basis, and decisions, including policies and initiatives related to climate change, are deliberated and determined by the Sustainability Committee. The Board of Directors oversees these activities, receiving reports on the Sustainability Committee’s work to ensure proper supervision.

Strategy

We conducted scenario analysis to identify climate-related risks and opportunities that impact the Company and to understand their financial implications. The analysis covered the entire value chain of our three internal companies—the Metal & Plastics Industrial Machine, Machine Tools, and Control Systems companies—and encompassed all of our existing businesses.

Setting 2030 and 2050 as time horizons, we evaluated the financial impacts at the point of each fiscal year.

Assumptions in Scenario Analysis

Category	Assumptions in Scenario Analysis
Scope of coverage	The entire value chain of the three companies (Metal & Plastics Industrial Machine, Machine Tools, and Control Systems) Coverage of all existing businesses
Analysis time horizons	2030, 2050
Definitions of time scope	Short term: 2025 Medium term: 2030 Long term: 2050
Target temperature scenarios	4°C scenario, 1.5°C scenario

Details of Target Temperature Scenarios

Scenario	Assumptions	Reference scenario
4°C scenario	This scenario assumes an increase of up to 4°C in the global average temperature from pre-industrial levels to 2100, severe physical damage from typhoons and floods, and insufficient progress in technological development and social transformation.	Transition risk: IEA STEPS, APS Physical risk: IPCC SSP5-8.5,3-7.0
1.5°C scenario	This scenario assumes an increase of less than 1.5°C in the global average temperature from pre-industrial levels to 2100, and that technological development and social transformation will proceed.	Transition risk: IEA NZE Physical risk: IPCC SSP1-1.9,1-2.6

Environment

Scenario Analysis Assessment Process

As part of the analysis process, we first identified the potential risks and opportunities within the entire value chain of the target business. From there, we extracted the items that we considered to have a significant impact on our company.

Next, we examined the external environment and the current state of our business based on the 4°C and 1.5°C scenarios. We then considered the logic through which each item could potentially affect the Company.

After that, we referred to external data and other relevant information to estimate the financial impact of each item. Finally, based on the results of the financial impact assessment, we discussed the approach and set indicators and targets to monitor the progress of our initiatives as necessary.

Based on the above assumptions, we identified the following risks and opportunities for each internal company, along with their respective levels of importance and priority, and their financial impact.

Metal & Plastics Industrial Machine Company

Sector	Category	Subcategory	Potential Impact	Time horizon	Location in the value chain	Financial Impact*				Countermeasures
						4°C		1.5°C		
						2030	2050	2030	2050	
Physical risk	Acute risks	Increase in weather disasters	Loss of sales opportunities due to inundation damage to factory and warehouse facilities and equipment caused by severe and frequent typhoons and torrential rains, resulting in a shutdown of operations	Long term	Manufacturing	Small	Small	Small	Small	Formulate a BCP for the Company's factories and decentralize production bases in consideration of production efficiency.
Physical risk	Acute risks	Increase in weather disasters	Severe weather disasters cause damage to suppliers, forcing them to outsource orders for parts used in products and delaying production.	Long term	Procurement Manufacturing Sales	Moderate	Moderate	Moderate	Moderate	Expand local procurement network by diversifying production bases to include China, Thailand, and India.
Opportunities	Products and services	Responding to EV Battery Demand	Growing demand for EVs will expand sales opportunities for LiB separator film production lines.	Medium term	Manufacturing Sales	Moderate	Large	Large	Large	Develop new markets such as North America, Europe, and India. Develop next-generation machines with high production efficiency by responding to the demand for wider and faster LiB separator film production lines.
Opportunities	Products and services	Decarbonization of molding plants	The shift to decarbonization of molding plants will lead to increased demand for electric injection molding machines to replace conventional hydraulic injection molding machines in order to reduce energy consumption (especially for ultra-large models). This will expand sales opportunities for electric injection molding machines.	Medium term	Manufacturing Sales	Small	Large	Moderate	Large	Establish a system to capture the demand for replacement of hydraulic injection molding machines with electric injection molding machines.

* Impact on operating profit: "small" refers to an impact of less than ¥100 million; "moderate" is an impact of ¥100 million or more but less than ¥2.0 billion; and "large" is an impact of ¥2.0 billion or more.

Machine Tools Company

Sector	Category	Subcategory	Potential Impact	Time horizon	Location in the value chain	Financial Impact*				Countermeasures
						4°C		1.5°C		
						2030	2050	2030	2050	
Transition risk	Legal and policy risks	Promotion of policies to curb thermal power generation	Curtailement of new construction of thermal power plants, such as coal-fired power plants with high CO ₂ emissions, will reduce opportunities for sales of products for conventional thermal power generation facilities, so sales opportunities for products for conventional thermal power generation facilities will decrease.	Long term	Sales	Small	Small	Small	Small	Shift sales to the renewable energy sector (specifically wind power generation), which emits less CO ₂ .
Opportunities	Products and services	Renewable energy plants Increased demand for related components	Policies to promote the introduction of renewable energy in various countries will expand sales opportunities for large machine tools in line with the growing demand for wind power generation equipment.	Medium term	Manufacturing Sales	Moderate	Moderate	Moderate	Moderate	Promote product development for machining parts for offshore wind power generation equipment.

* Impact on operating profit: "small" refers to an impact of less than ¥100 million; "moderate" is an impact of ¥100 million or more but less than ¥2.0 billion; and "large" is an impact of ¥2.0 billion or more.

Control Systems Company

Sector	Category	Subcategory	Potential Impact	Time horizon	Location in the value chain	Financial Impact*				Countermeasures
						4°C		1.5°C		
						2030	2050	2030	2050	
Transition risk	Market risk	Increased parts procurement costs	With the institutionalization of climate-related information disclosure, such as transition plans to decarbonization and GHG emission reduction targets, it will become necessary to procure raw materials and parts with lower environmental impact in order to reduce Scope 3 emissions. This will increase procurement costs and reduce cash flow as difficulties with procurement cause an accumulation of inventories.	Medium term	Procurement	Moderate	Moderate	Moderate	Moderate	When replacing parts with smaller environmental impact (smaller carbon footprint parts), promote design changes to facilitate the use of lower-cost parts in order to curtail cost increases.
Opportunities	Products and services	Development of energy-efficient products	As customers move toward carbon neutrality, opportunities will increase for sales of energy-efficient products that help reduce energy consumption in manufacturing processes.	Long term	Manufacturing Sales	Small	Small	Small	Moderate	Consider energy-efficient components and manufacturing systems at the product development stage.

* Impact on operating profit: "small" refers to an impact of less than ¥100 million; "moderate" is an impact of ¥100 million or more but less than ¥2.0 billion; and "large" is an impact of ¥2.0 billion or more.

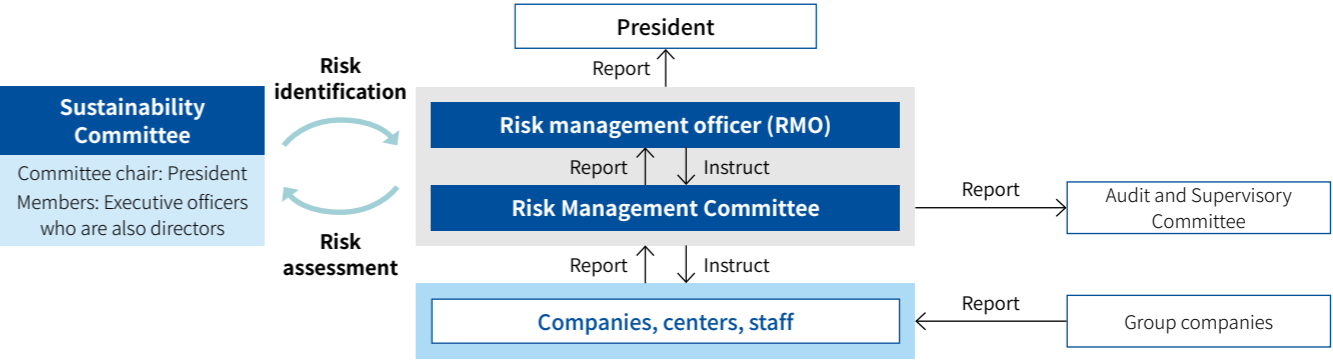
Risk Management

Risk Management System

The Group has established a Risk Management Committee as part of its risk management system. In the course of their daily management activities, in-house companies, centers, and corporate departments conduct prognostication, prevention, and self-inspection activities in relation to risks.

The Risk Management Committee identifies, assesses, and manages climate-related risks for the Group. The committee is headed by the risk management officer (RMO), who is appointed by the president, and heads of management departments, divisions, and internal companies, in accordance with the Risk and Compliance Management Regulations.

Climate-Related Risk Management System



Metrics and Targets

The SHIBAURA MACHINE Group established the 2nd Environmental Action Plan, a five-year medium-term plan spanning fiscal 2021 to fiscal 2025, as well as a long-term plan up to 2030. These plans were prepared with reference to the Paris Agreement, the international framework adopted at the 21st Conference of the Parties (COP21) to the United Nations Framework Convention on Climate Change, as well as trends in Japan and overseas, and cover our overseas production facilities as well.

Regarding climate change, we have set primary targets to reduce Scope 1 and 2 CO₂ emissions by 50% compared to fiscal 2013 levels (138.0 t-CO₂ per ¥1.0 billion) by fiscal 2030. We have also set targets for the use of renewable energy, aiming to exceed 7.5% of electricity consumption by fiscal 2025 and 20% by fiscal 2030. Under these targets, we aim to mitigate climate change and contribute to the international goals of the Paris Agreement.

Climate-Related Targets and Results

	Fiscal 2013 (reference year)	Fiscal 2023 result	Fiscal 2025 target	Fiscal 2030 target
Reduction in CO ₂ emissions (t-CO ₂ / ¥hundred million)	27.6	13.5 (−51%)	16.4 (−41%)	13.8 (−50%)
Renewable energy (utilization of solar power and untapped energy)	—	Solar power generation accounting for 0.1% of energy use	Solar power generation accounting for 7.5% of energy use	Solar power generation accounting for 20% of energy use

Notes: Targets cover consolidated companies in Japan. (We plan to revise target figures to include overseas consolidated companies.)
Figures in parentheses represent the percentage change from fiscal 2013, the reference year.
CO₂ emissions reduction targets are gross emission targets, not net targets.

Scope 1, 2, and 3 Emissions Targets and Results

	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2030 (target)
Scope 1	3.0	2.8	2.7	2.7	2.6	1.7
Scope 2 (Based on location)	22.5	18.6	18.8	21.0	19.3	11.1
Total Scope 1 and 2	25.5	21.4	21.5	23.7	21.9	12.8
Scope 3	951.2	881.8	820.3	842.1	1,423.5	510.0
Total	976.7	903.2	841.8	865.8	1,445.4	522.8
Reference: Intensity (t-CO ₂ / ¥hundred million)	20.9	22.5	20.5	18.8	13.5	13.8

Notes: Targets cover consolidated companies in Japan. (We plan to revise target figures to include overseas consolidated companies.)
Calculated according to the Ministry of the Environment’s “Basic guidelines regarding the calculation of GHG emissions from the entire supply chain”
Out of the 15 Scope 3 categories, categories 8, 10, 13, 14, and 15 are not applicable to our line of business.

Transition Plan for Decarbonization

Reducing CO₂ Emissions from Our Operations

To achieve our 2030 reduction target for CO₂ emissions, we will proceed with our plan to install solar panels based on the plant reorganization plan associated with our medium-term management plan, Medium-Term Management Plan 2026, and utilize solar power generation and other renewable energy sources to reduce Scope2 emissions.

Reducing CO₂ Emissions in Our Supply Chain

In terms of Scope 3 emissions, we have contributed to reduction efforts through initiatives such as reducing automobile weight to lower environmental impact, developing environmentally friendly materials like stone paper and cellulose nanofibers, and mass-producing separator films for lithium-ion batteries, which are essential for the widespread adoption of electric vehicles and energy storage.

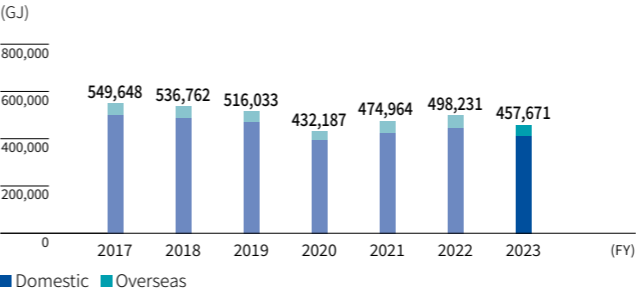
Going forward, we will focus on reducing CO₂ emissions via thorough efforts to downsize our products. We will concentrate on reducing material usage, to cut down on the energy required for material production. We will also incorporate electrical, control, and energy-saving technologies utilizing sliding and rotating mechanisms to lower energy usage and oil consumption, thereby reducing CO₂ emissions during product use. We will also strive to develop renewable energy technologies to lower CO₂ emissions further.

Our digital transformation initiative, SHIBAURA DX, aims to create a “Virtual Lab” that combines the physical and digital worlds. We intend to achieve a 99.7% level of completion in the lab, eliminating the need for prototyping and testing in the development process. This innovative approach to technology and manufacturing will reduce CO₂ emissions throughout the supply chain. We also plan to use the Virtual Lab as a hub for industry–academia collaboration in creating technologies that help resolve societal challenges, such as reducing CO₂ emissions.

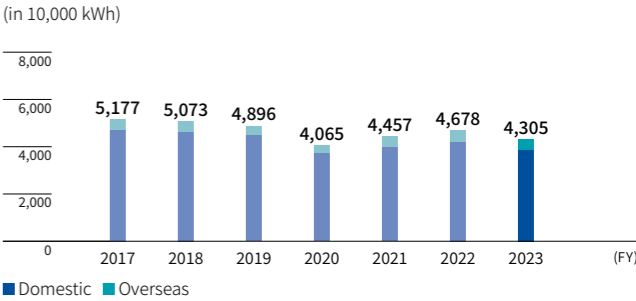
Environmental Data

Input and Output Graphs

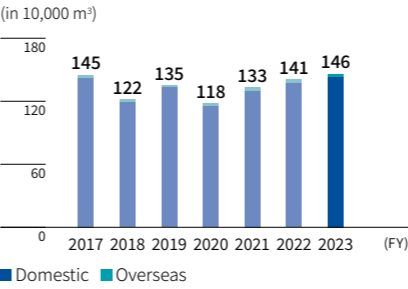
Energy Consumption by Fiscal Year



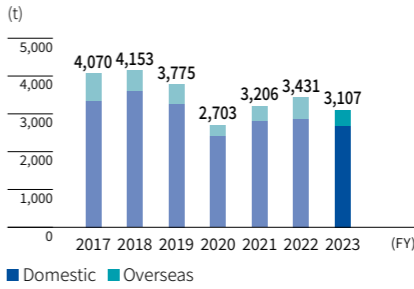
Electricity Consumption by Fiscal Year



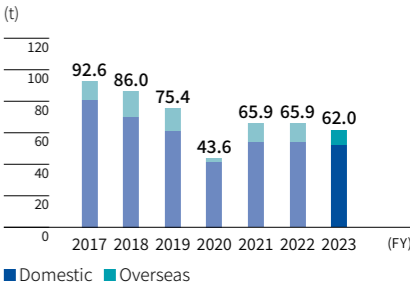
Service Water Consumption by Fiscal Year



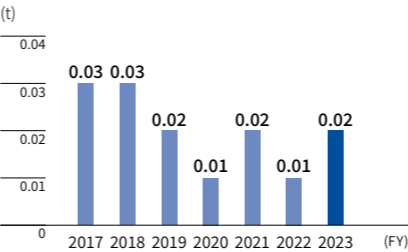
Waste Emissions by Fiscal Year



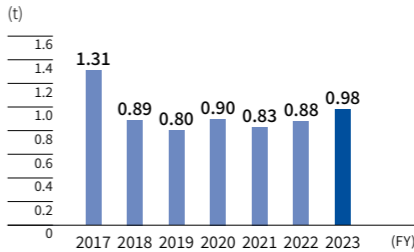
Chemical Emissions by Fiscal Year



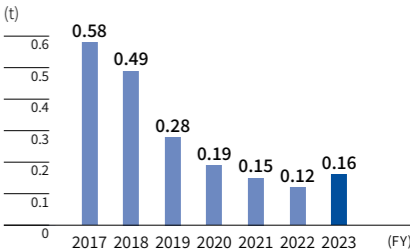
Domestic Soot and Dust Emissions by Fiscal Year



Domestic Nitrogen Oxide Emissions by Fiscal Year



Domestic Sulfur Oxide Emissions by Fiscal Year

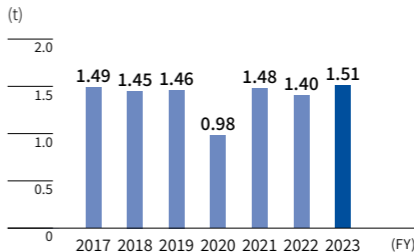


Domestic BOD*1 Emissions by Fiscal Year



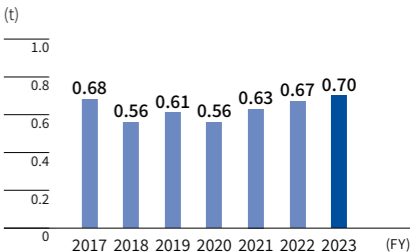
*1 BOD (Biochemical oxygen demand): The volume of oxygen consumed when organic material is decomposed by microorganisms in water

Domestic SS*2 Emissions by Fiscal Year



*2 SS (Suspended substance): Particles that have diameters of two millimeters or less and which are floating in water

Domestic N-hex*3 Emissions by Fiscal Year



*3 n-hex (Normal Hexane Extractable Substance Content) Substances extracted from water with the chemical n-hexane, such as oils and detergents that are difficult to volatilize.

Discussion among the President and Outside Directors



Seigo Iwasaki

Outside Director

Formerly president and chair of SHIZUOKA GAS Co., Ltd., Mr. Iwasaki became an outside director of the Company in June 2018. He currently chairs the Remuneration Advisory Committee and is a member of the Nomination Advisory Committee.

Shigetomo Sakamoto

President

Mr. Sakamoto joined the Company in 1983. After working in the Engineering Department, he served as general manager of the Corporate Strategic Planning Division, the Global Corporate Strategy Division, the Compliance Division, the Security and Regulation Control Division, and the Machine Tools Business Unit. He has been president of the Company since February 2020.

Eri Itagaki

Outside Director

After initially joining Sumitomo Corporation, Ms. Itagaki worked at the Anderson Group (currently KPMG AZSA LLC) before joining and then becoming deputy director of the Itagaki CPA and Tax Accountant Office. She became an outside director of the Company in June 2024.

This section features a frank exchange of opinions among the Company's president, Shigetomo Sakamoto, and outside directors Seigo Iwasaki and Eri Itagaki about the SHIBAURA MACHINE's corporate culture and strengths, the new medium-term management plan, "Medium-Term Management Plan 2026," the reinforcement of governance, and ESG management.

SHIBAURA MACHINE's Corporate Culture and Strengths

Iwasaki I feel that the Company is a serious organization that values its customers and maintains a spirit centered on providing products that form the foundations of manufacturing. The Company excels at building trust and maintaining ongoing business relationships with customers. However, I would caution the Company against being so customer-focused that it puts the need for profits on the back burner. While a corporate culture of modesty may be admirable, it should not hamper business expansion through M&As and securing talented individuals.

Itagaki I can certainly sense a corporate culture of seriousness and an organizational climate based on the fundamental principles advocated by President Sakamoto throughout the Company. In addition, employees demonstrate strong abilities to break through barriers and execute tasks, and they earn high marks for their ability to solve problems, address challenges, and deliver results. Leveraging the Company's customer-centric approach, I hope that they will do their best to ascertain customer needs and provide services that exemplify the Company's identity.

Sakamoto I appreciate the kind words from both of you. I truly believe that our strength lies in the ability to deepen our relationships with customers. To further enhance our



corporate value, we need to continue improving profits and reinvesting the gains into areas such as talent and R&D. As you pointed out, we also plan to take a more focused approach toward M&A activities. I sincerely hope that you outside directors will continue to provide us with your candid feedback and guidance.

Successes and Challenges with the Management Reform Plan

Iwasaki Inefficiencies caused by its previous system of business divisions kept the Company from fully leveraging its overall capabilities. Therefore, the previous medium-term management plan, Management Reform Plan, called for the adoption of an in-house company system to promote overall optimization, enhance the profit-consciousness of each department, and introduce technical development and procurement functions that cut across the Company. As a result, when faced with the opportunity to meet growing demand for lithium-ion battery (LiB) separator film production lines, the Company was able to quickly expand the production system, secure the necessary personnel, and achieve all the quantitative targets set forth in the Management Reform Plan. However, I recognize the Company still has room for improvement in cyclically recurring fields such as injection molding machines and machine tools. Expanding the sales system and improving profitability are urgent priorities in these areas.



Sakamoto We launched the Management Reform Plan amid a sense of crisis as we departed from the Toshiba Group and proceeded to operate as a standalone entity. At the start, we faced various headwinds, such as the emerging COVID-19 pandemic and increased procurement costs. By diligently implementing the plan's measures, we succeeded in responding to growing demand for LiB separator

film production lines. However, as you pointed out, we face extremely challenging conditions in injection molding machines and machine tools, and we are currently in the situation of relying solely on LiB separator film production lines. Under the new medium-term management plan, Medium-Term Management Plan 2026, we will address this challenge by establishing a stable business foundation and striving for even better results.

Medium-Term Management Plan 2026, the Company's New Medium-Term Management Plan

Iwasaki Under the four-year Management Reform Plan, we recognized various challenges that emerged and aimed to achieve further growth in the next medium-term management plan. A shared understanding of global market trends and our strengths and weaknesses was essential to approving Medium-Term Management Plan 2026 as a part of a transitional period toward the Company generating net sales of ¥300.0 billion by fiscal 2030. While it is commendable to propose plans for further expansion in an increasingly competitive environment, I am concerned that the target may be too ambitious. Nevertheless, as outside directors, we approved this plan because we were satisfied with the highly ambitious and detailed implementation strategies it laid out. For example, for the business portfolio, the plan clearly defines strategies for both offensive and defensive business approaches. Concrete plans were presented, such as factory reorganization aiming for an optimal production system with an eye on the global market, as well as strengthening service and system sales to enhance product value. On the other hand, rising labor and raw material costs are a concern. Procurement and pricing strategies need to be in place to address factors that lead to cost increases. Depending on the circumstances, there may be a need for active M&As to facilitate market expansion. Expanding the market and increasing sales quickly will be a challenge, and we will monitor developments closely.

Itagaki Although I was not involved in formulating the plan, I see that it was developed after assessing the



Discussion among the President and Outside Directors

Company’s corporate value carefully and objectively. The plan is forward-looking and well-considered, and if the Company fulfills all its objectives, I believe a new landscape will unfold. I hope the Company will create a structure that maintains the customer-oriented mindset it has traditionally valued, while becoming a more profit-driven organization, propelled by both the internal companies and the corporate divisions.

Sakamoto While we did make progress on the initiatives outlined in the Management Reform Plan, I acknowledge there is still work to be done and that we have yet to catch up with the surrounding environment. We need to deliver solid results under Medium-Term Management Plan 2026. This includes investing in R&D and human resources to generate profits efficiently, while also prioritizing shareholder returns. As you rightly pointed out, if we are to accomplish this quickly, we will need to expand our market significantly and proceed with a sense of urgency. To do so, we must secure external support through M&As and alliances, as well as strengthen our internal workforce to collaborate effectively with external partners. Therefore, we will consider our investment allocations carefully.

Through M&As, we aim to expand our scale and improve our profit ratio quickly, after carefully examining and acquiring promising opportunities. We value the opinions of the outside members of the Board of Directors to ensure we can secure good deals.

Efforts to Further Strengthen Governance

Itagaki The purpose of strengthening governance is to continuously improve corporate value, and directors are responsible for implementing effective corporate governance practices to achieve this. Effective internal controls and regulations are necessary to shape a company into the desired form. While it is important to verify that this is being achieved in accordance with the Corporate Governance Code, simply satisfying this formality will not create added value. If you were to examine 100 companies, you would



find 100 paths to achieving an ideal form of governance; each company must take its own unique approach.

Iwasaki In considering our role as outside directors, I recognize the importance of ensuring diversity. We are in the position to identify blind spots in the executive team and areas that may feel out of sync when viewed from an external perspective. The Company has a strong structure in place, and its outside directors have diverse backgrounds and can thus bring unique insights and expertise into play. I think one area that should be further strengthened going forward is the acquisition of global talent. This is particularly crucial for the Company as it continues to experience significant growth in overseas sales and aims for further expansion. As strategic considerations in international markets become increasingly important, the Company should incorporate the insights and opinions of outside individuals who have a keen understanding of the global landscape. I believe that this approach will enhance governance structure.



Sakamoto Governance is a broad concept that encompasses various functions and missions. We must strike a balance within this framework and proceed in a flexible manner. Communication and engagement are critical, and it is important to engage in dialogue with investors and other stakeholders, with a focus on bilateral communication.

Insights from outside directors with experience in global strategy are highly valuable. Ms. Itagaki, who has a general trading company background, is widely acquainted with certified tax accountants and certified public accountants, and has extensive experience working with global companies. I understand that she excels in practical matters, and would be grateful for her assistance. Additionally, I hope Ms. Hayakawa will offer advice on creating an environment where women can thrive, as this is a topic of increasing importance.

About ESG Management

Sakamoto The focus on environmental sustainability and contribution to a sustainable society, particularly

decarbonization and energy efficiency, is inherent in the Company’s products. If customers are seeking environmentally conscious products, the Company will naturally develop machinery to meet those needs. Development and commercialization of machinery are essential aspects of our business. Rather than branding, our goal is to create an overall market movement. To remain competitive, the Company’s outputs need to contribute on the environmental, social, and governance (ESG) front. Under Medium-Term Management Plan 2026, the Company will strengthen ESG management and, as stated in Long-Term Vision 2030, we will strive to excel at technological innovation to address the megatrends faced by global manufacturing industries. By doing so, we will simultaneously resolve social issues and enhance corporate value.

Iwasaki As President Sakamoto stated, the Company firmly adheres to the management principle of helping to resolve social issues through manufacturing. I believe that the Company, with its focus on advancing its foundational businesses, is naturally in alignment with ESG management. However, future demand will go beyond this. For example, to address climate change, society is calling for solutions that are beyond our current scope of imagination. This poses the new challenge of how to approach such issues. Another important management aspect is the Company’s sense of purpose. I believe that having all employees aligned in the same direction is central to ESG management. I hope that the Company will embrace this mindset and adopt it into the corporate culture.

Itagaki I agree with Mr. Iwasaki’s comments. I hope that employees will adopt a forward-looking mindset and understand that the Company aims to do more than just change customers’ lives; it intends to improve society as a whole. This conviction will serve as an engine that drives the Company’s legacy for future generations. Furthermore, in striving to become an industry frontrunner, the Company must cultivate leaders. For example, we should keep working to create an ideal environment for engineers to develop and disseminate their innovations, as well as to further promote gender diversity, as the president mentioned. As a Board member, I am committed to guiding the Company to build a foundation that will resonate broadly across the generations.

Sakamoto The Management Reform Plan had only a limited focus on initiatives for cultivating talent. However, Medium-Term Management Plan 2026 sets forth a talent strategy and commits us to investing in talent and strengthening engagement. We have started to develop talent development programs and are actively working on this



initiative. While intrinsic motivation is important, it is also crucial to have a compensation system in place to ensure its effectiveness. To this end, we are actively considering a results-based compensation system. We intend to ensure that all employees understand their respective missions and implement various measures and initiatives to continuously generate profits.

Message to Stakeholders

Itagaki I would like all stakeholders to see the Company’s true face. I would encourage them to attend investor briefings and catch a glimpse of President Sakamoto’s character. In addition to its management, I would urge stakeholders to learn about the Company’s employees and the quality of its products. I believe the Company’s appeal goes beyond the scope of the information it discloses formally. As we strive for further growth, we will make every effort to align with the trends and demands of the times. In doing so, we appreciate the support of the Company’s stakeholders.

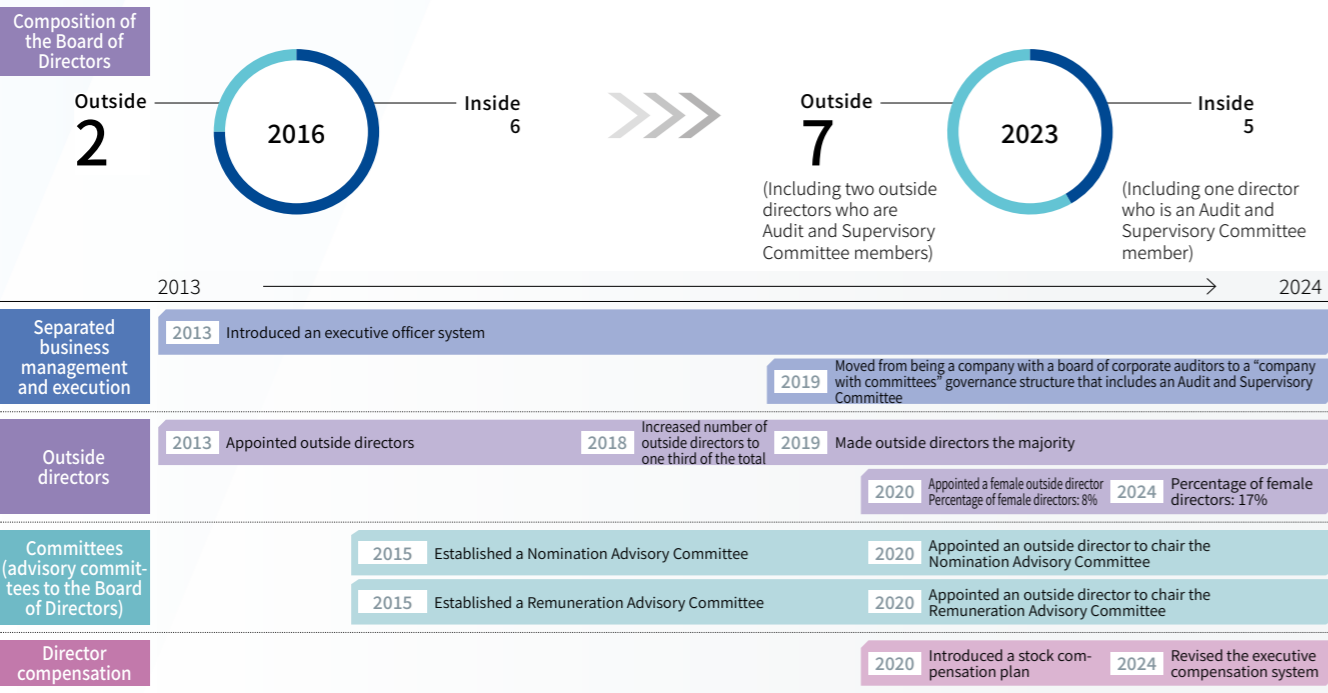
Iwasaki The Company is one of few companies that has three industrial machinery segments: molding machines, machine tools, and control systems. While some are concerned about this, I believe this structure is a source of the Company’s resilience. I would ask investors and stakeholders to maintain high expectations toward the Company’s overall strength, and invite them to see how multiple industrial machinery divisions collaborate and leverage their synergies.

Sakamoto The Company has consistently pursued a policy of growth in all its areas of business. Investors have not always supported this approach, due to our lack of efficiency. Under Medium-Term Management Plan 2026, we have moved to a new strategy that clearly distinguishes between offensive and defensive businesses. I believe that if we can enact these strategies properly, the investment effects will become evident. The Board of Directors, including the outside directors, needs to determine how to convey this message to investors and other stakeholders. We want to ensure that we are seen as an open company that understands its stakeholders. I hope our outside directors will continue to offer us their guidance in this regard.

SHIBAURA MACHINE’s Corporate Governance

Corporate Governance Reforms

We split off from the Toshiba Group in March 2017. After that point, we adopted a “company with committees” governance structure that includes an Audit and Supervisory Committee. We continue to further strengthen corporate governance, such as by increasing the number of outside directors.



To learn about our basic approach to corporate governance, see our *Corporate Governance Report*. (Japanese only)
<https://www.shibaura-machine.co.jp/jp/ir/library/cg/>

Corporate Governance System

To ensure effective corporate governance, we have adopted a “company with committees” governance structure that includes an Audit and Supervisory Committee. Three Audit and Supervisory Committee members, of whom two are outside members and one is a full-time member, coordinate with the Internal Auditing Department, which conducts day-to-day audits of internal operations; attend the Management Strategy Meeting, the Management Meeting, and other important meetings; and state opinions as

required. In addition, seven outside directors, who constitute a majority on the Board of Directors, utilize their expertise and business experience to ensure the rationality of the Company’s decision-making and enhance the supervision of directors’ execution of duties.

Further, the executive officer system clearly separates management oversight from business execution, thereby accelerating and increasing the efficiency of decision-making.

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 and 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 Audit and Supervisory Committee (Progress of Measures to Strengthen Audit Functions)

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, these Audit and Supervisory Committee members, who have voting rights, are able to audit and supervise the execution of duties by directors. In addition, they closely coordinate with the accounting auditor and the Internal Auditing Department to arrange audits of business management.

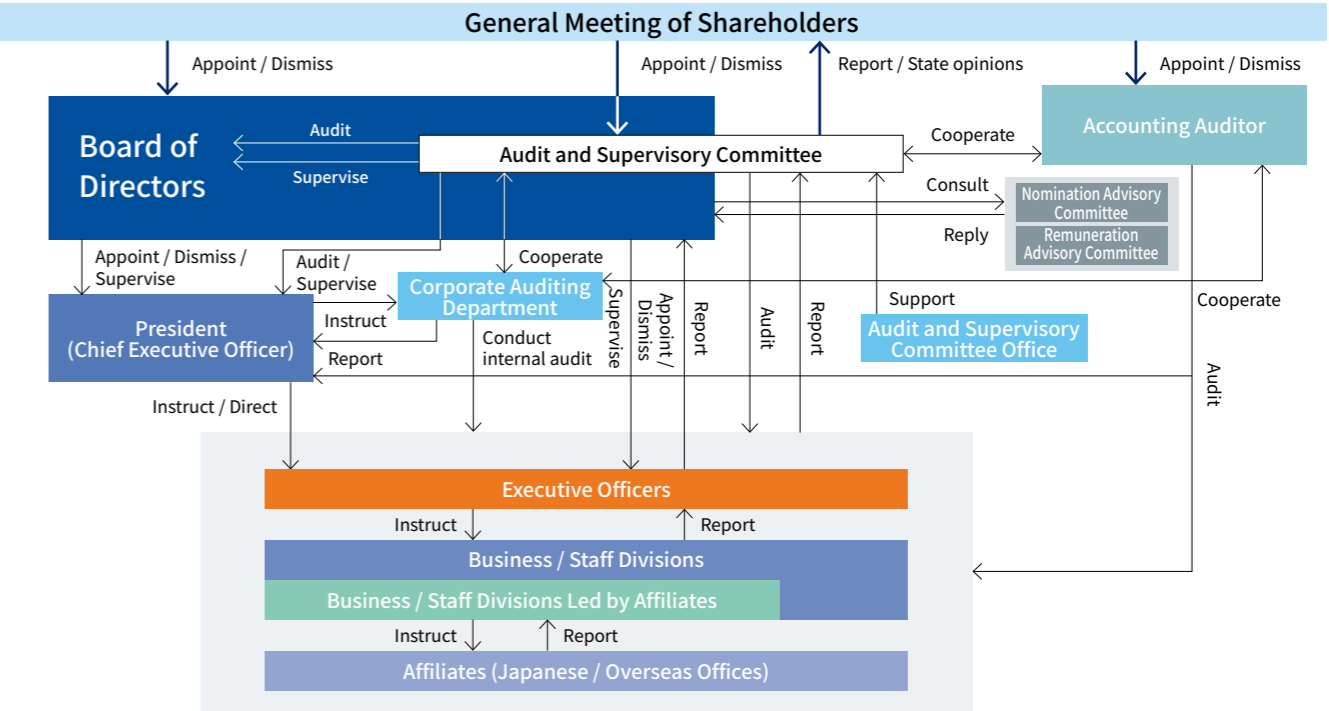
4 Internal Auditing Department

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.

Corporate Governance System



Policy on the Appointment of Directors

At present, the Company’s Board of Directors comprises nine directors (maximum of 10 directors), excluding directors who are Audit and Supervisory Committee members, and three directors who are Audit and Supervisory Committee members (maximum of four 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.

Reasons for the Appointment of Outside Directors

Name	Years of Service	Attendance at Board of Directors' Meetings	Reasons for Appointment
Kiyoshi SatoIndependent	7	17 of 17 (100%)	Kiyoshi Sato's character and expertise are impressive. He was appointed as an outside director and an independent officer based on the expectation that he will ensure duties are being executed appropriately by providing recommendations and proposals in light of the extensive experience and expertise he gained while serving as an officer for other companies, including executive positions in businesses overseas.
Seigo IwasakiIndependent	6	17 of 17 (100%)	Seigo Iwasaki's character and expertise are impressive. He was appointed as an outside director and an independent officer based on the expectation that he will ensure duties are being executed appropriately by providing recommendations and proposals in light of the extensive experience and expertise he gained while serving as an officer for other companies.
Kazumine TerawakiIndependent	5	17 of 17 (100%)	Kazumine Terawaki's character and expertise are impressive. He was appointed as an outside director and an independent officer based on the expectation that he will ensure duties are being executed appropriately by providing recommendations and proposals in light of the extensive experience and expertise he gained while serving as a public prosecutor, an attorney, and an outside officer for other companies.
Chisa HayakawaIndependent	4	17 of 16 (100%)	Chisa Hayakawa's character and expertise are impressive. She was appointed as an outside director and an independent officer based on the expectation that she will ensure duties are being executed appropriately by providing recommendations and proposals in light of the extensive experience and expertise she gained through performance of a wide range of operations in her capacity as a certified tax accountant and a securities analyst.
Eri ItagakiIndependent	Newly appointed	—	Eri Itagaki's character and expertise are impressive. She was appointed as an outside director and an independent officer based on the expectation that she will ensure duties are being executed appropriately by providing recommendations and proposals in light of the extensive experience and expertise she gained while serving at a major audit firm and a certified public accountant's office, alongside extensive experience and knowledge gained as an outside officer for other companies.
Akifumi Imamura (Audit and Supervisory Committee Member)Independent	3	17 of 17 (100%)	Akifumi Imamura's character and expertise are impressive. He was appointed as an outside director who is an Audit and Supervisory Committee member and an independent officer because it is anticipated that he will provide a broad range of audit-related opinions that reflect the extensive experience and expertise he gained while serving as an attorney and as an outside officer for other companies.
Shigeo Ogi (Audit and Supervisory Committee member)Independent	1	13 of 13 (100%)	Shigeo Ogi's character and expertise are impressive. He was appointed as an outside director who is an Audit and Supervisory Committee member and an independent officer because we expect that he will be able to put his extensive experience and knowledge gained as a certified public accountant and an outside officer for other companies to good use.

Note: Shigeo Ogi's attendance at Board of Directors meetings is as of his appointment as director on June 26, 2023.

Compositions of the Board of Directors and the Nomination and Remuneration Advisory Committee, as Well as Meetings Held and Attendance

Name	Position	Nomination Advisory Committee	Remuneration Advisory Committee
Shigetomo Sakamoto	President, Chief Executive Officer, Chief Operating Officer	○	○
Hiroaki Ota	Representative Director, Executive Operating Officer, Chief Financial Officer,	—	—
Jun Koike	Director, Executive Operating Officer	—	—
Yoshiaki Kai	Director, Managing Executive Officer	—	—
Kiyoshi Sato	Outside Director	◎100% (2/2 times)	○100% (3/3 times)
Seigo Iwasaki	Outside Director	○100% (2/2 times)	◎100% (3/3 times)
Kazumine Terawaki	Outside Director	—	○100% (3/3 times)
Chisa Hayakawa	Outside Director	○100% (2/2 times)	—
Eri Itagaki	Outside Director	—	—
Hiroshi Takahashi	Director (Full-Time Audit and Supervisory Committee Member)	—	—
Akifumi Imamura	Outside Director (Audit and Supervisory Committee Member)	○100% (2/2 times)	—
Shigeo Ogi	Outside Director (Audit and Supervisory Committee Member)	—	○100% (1/1 times)

Notes: Compositions of the Board Directors and the Remuneration and Nomination advisory committees are as of September 30, 2024. In fiscal 2023, the Nomination Advisory Committee met twice, and the Remuneration Advisory Committee met three times. The number of Nomination and Remuneration advisory committee meetings held and attended (number of meetings attended/number of meetings held during the term of office) are the results for fiscal 2023, and differences in the number of meetings is due to the different timings of the appointment and retirement of the members.

Agenda Items

Nomination Advisory Committee

- 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 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

Remuneration Advisory Committee

- 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

Matrix of Directors’ Skills

Name	Position	Gender	Areas of Expertise and Experience								
			Corporate management	Internal control / Governance	Legal affairs / Compliance	Finance / Accounting	M&A / Alliances	Investor relations / Stakeholder relations	Manufacturing / Development	Marketing	International experience
Shigetomo Sakamoto	President, Chief Executive Officer, Chief Operating Officer	Male	●	●			●	●	●	●	●
Hiroaki Ota	Representative Director, Executive Operating Officer, Chief Financial Officer,	Male	●	●		●	●	●			●
Jun Koike	Director, Executive Operating Officer	Male	●	●					●		●
Yoshiaki Kai	Director, Managing Executive Officer	Male	●	●			●		●		
Kiyoshi Sato	Outside Director	Male	●	●			●			●	●
Seigo Iwasaki	Outside Director	Male	●	●						●	
Kazumine Terawaki	Outside Director	Male		●	●						
Chisa Hayakawa	Outside Director	Female		●		●		●			
Eri Itagaki	Outside Director	Female		●		●	●				
Hiroshi Takahashi	Director (Full-Time Audit and Supervisory Committee Member)	Male		●		●					●
Akifumi Imamura	Outside Director (Audit and Supervisory Committee Member)	Male		●	●						
Shigeo Ogi	Outside Director (Audit and Supervisory Committee Member)	Male		●		●					●

Note: The content of the above table does not represent all of the knowledge, experience, and abilities possessed by directors.

Policy on Training 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.

Shares Held for Purposes Other Than Pure Investment

We believe that cooperative relationships with a range of companies are essential for the expansion and sustained development of our businesses. The Company’s policy is to hold shares that are deemed strategically necessary based on comprehensive consideration of importance in terms of business strategy as well as business relationships with business partners from the perspective of corporate value enhancement over the medium to long term. Annually, the Board of Directors verifies the appropriateness of holding individual shares held for purposes other

than pure investment by comprehensively considering such factors as the purpose of holding shares, the benefits associated with holding shares, risks, and cost of capital. As a result of such verification, in fiscal 2023 SHIBAURA MACHINE disposed of all shares of two listed companies. Also, in exercising our voting rights, we emphasize the verification of each agenda item with respect to the investee’s enhancement of corporate value over the medium to long term and its stance on shareholder returns, corporate governance, and social responsibility.

Compensation of Directors

Basic Policies in Relation to the 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 Company’s medium- to long-term corporate value. 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 Company’s medium-term management plan and sustainably enhance corporate value. Accordingly, we have introduced the following basic policies in relation to the stock compensation plan.

- (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) stock-based 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.

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.

Details of the Stock Compensation Plan

(1) 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, 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 shares 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) An 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 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 Provision Period. However, if the Eligible Director retires from the position as provided in (i) above before the expiration of the Service Provision Period due to a 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) Performance-linked and 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, 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 shares 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.

(*) The Performance-based Payout Ratio is to be determined by the Board of Directors, but it is planned to be calculated by the following formula for the initial fiscal year (from April 1, 2024 to March 31, 2025).

Performance-Based Payout Ratio = payment ratio based on consolidated operating profit ratio x 60% + payment ratio based on consolidated ROE (return on equity) x 20% + payment ratio based on consolidated ROIC (return on invested capital) x 20% • The Performance-Based Payout Ratio varies across a range of 0% to 200% according to results achieved with respect to the consolidated operating profit ratio, consolidated ROE and consolidated ROIC during the Performance Evaluation Period. • The Performance-Based Payout Ratio is planned to be reviewed each time a new medium-term management plan is formulated. 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.

- (i) An 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 their position, which is specified in (i) above, due to expiration of their 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 their 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).

Compensation of Directors in Fiscal 2023

	Total Compensation (¥ Million)	Total Compensation by Type (¥ Million)				Directors (Persons)
		Basic Compensation	Bonuses	Performance-linked and Restricted Share-based Remuneration	Continuous Service-Type Restricted Share-based Remuneration	
Directors (excluding Audit and Supervisory Committee Members)	302	140	97	41	22	9
(Of Whom, Outside Directors)	(50)	(50)	(—)	(—)	(—)	(5)
Directors (Audit and Supervisory Committee Members)	37	37	—	—	—	4
(Of Whom, Outside Directors)	(19)	(19)	(—)	(—)	(—)	(3)
Total	340	178	97	41	22	13
(Of Whom, Outside Directors)	(69)	(69)	(—)	(—)	(—)	(8)

Internal Controls

Internal Control System

Based on our Corporate Principles, we believe that establishing and operating a system for proper business execution is an important management responsibility. Accordingly, the Group has set out the Fundamental Policy on Internal Controls and established capabilities to ensure the appropriateness of operations.

In addition, the internal control system is strengthened and enhanced by the Internal Auditing Department and corporate departments, which independently conduct internal audits to confirm that internal controls are functioning properly.

Governance of the Group

The SHIBAURA MACHINE Group has established the SHIBAURA MACHINE Group Basic Governance Policy with the aim of maximizing corporate value by building an appropriate internal control system for the Group, heightening the efficiency of Group management, and strengthening Group management capabilities while advancing the management of risks and compliance. In accordance with this policy, the governance of the Group is being strengthened and improved.

Management of Risk and Compliance

To guide its daily business activities and to position human life, safety, legal compliance, adherence to social

norms, and sound ethics as first priorities, the SHIBAURA MACHINE Group has established its Corporate Principles and the Code of Conduct. In addition, we have set forth the Risk and Compliance Management Rules with a view to building, maintaining, and promoting a risk and compliance management system that actively controls risks inherent in business activities and ensures highly transparent business management.

Also, we have introduced systems that enable the collection of sensitive information on risks that would otherwise be challenging to report through regular channels. For example, we have established a whistleblower system that Company employees, Group company employees, and temporary employees can use as well as a supply chain whistleblower system for our business partners.

System for the Management of Risks and Compliance

The specific elements of the SHIBAURA MACHINE Group's system for the management of risks and compliance are a risk management officer and the Risk Management Committee, which meets regularly.

In the course of their daily management activities, in-house companies, centers, and corporate departments conduct prognostication, prevention, and self-inspection activities in relation to risks.

Effectiveness Evaluation of the Board of Directors

The Company conducts evaluations of the effectiveness 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 box below.

In April 2024, 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 2024.

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

Results of Effectiveness Evaluation

We believe that the Board of Directors is effective on the whole. Generally positive evaluations were received with respect to the number of members comprising the Board of Directors, the number of outside directors relative to inside directors, prior notification of the schedules and agenda items of meetings of the Board of Directors, ensuring the time necessary for deliberation on the Board of Directors, consideration of shares held for purposes other than pure investment, and the understanding of agenda items in advance.

Ongoing Tasks

We recognize the need to enhance discussions regarding ESG and sustainability, the structure of reported issues, and the content of provided materials, as well as the deepening of discussions based on dialogue with shareholders (investors).

Communicating with Stakeholders

Basic Policy on the Disclosure of Information

The SHIBAURA MACHINE Group is committed to the timely and appropriate disclosure of corporate information, including corporate principles, code of conduct, financial statements, and financial information, in order to ensure a proper understanding of the Group's current situation by various stakeholders such as shareholders, investors, business partners, and the local community. In addition, we strive to provide prompt, accurate, and fair disclosure of important Company information when it arises.

We have established a "Policy Regarding Systems and Measures for Promoting Dialogue with Shareholders" to facilitate constructive dialogue with our shareholders, which contributes to our sustainable growth and the creation of long-term corporate value. Furthermore, we have established the "SHIBAURA MACHINE Disclosure Policy" as a guideline for information disclosure to ensure equal disclosure to both shareholders and investors.

Status of Dialogue with Shareholders

Item	Contents of dialogue
Main people involved in dialogue	President, CFO, other directors, PR & IR department
Overview of dialogue partners	Institutional investors, analysts, responsible investment officers, etc. from Japan, Asia, North America, Europe, and other countries with a variety of investment styles, including growth and value.
Main themes of the dialogue and issues of interest to shareholders and investors	<ul style="list-style-type: none">Market conditions, business environment, and performance outlook for each businessMarket trends in industries and regions to which products are deliveredProgress of mid-term management planCapital investment plansFinancial strategy and shareholder return policyStatus of ESG and other non-financial activities, etc.
The implementation status of feedback of shareholder and investor opinions and concerns to management and the Board of Directors	<ul style="list-style-type: none">Report to the Board of Directors four times a year (once a quarter)Opinions, etc. that are received are collected and utilized in corporate activities.

Status of IR Activities (Fiscal 2023)

Activity	Contents	Achievements	Participation by the president	Participation by the CFO and other directors
Financial Results Briefings (for Analysts and Institutional Investors)	Twice a year, at the end of the fiscal year and at the end of the second quarter, the management team holds briefings on financial results. The president explains progress on the medium-term management plan and future management policies, and the CFO explains business results.	Twice (semiannually) Number of companies: 128 Number of people: 158	○	○
Individual IR Meetings (for Analysts and Institutional Investors)	We hold individual IR meetings with analysts and institutional investors in Japan and overseas.	240 meetings Executive participation rate: 23.8%	○	○
IR Conferences (for Analysts and Institutional Investors)	We participate in IR meetings at conferences for analysts and institutional investors hosted by securities companies in Japan and overseas.	Nomura Securities [Nomura Japan Corporate Day 2024 Spring] Daiwa Securities [Daiwa Investment Conference Tokyo 2024]	○	○
Disclosure Materials	In order to provide fair and equitable information to all stakeholders, we disclose various materials, including explanatory materials on our business performance and medium-term management plan, and integrated reports. We also disclose English translations of these materials.	<ul style="list-style-type: none">Financial results presentation materials (quarterly)Management strategy materials (semi-annually)Integrated reportsAnnouncement materials, etc.	—	—

Board Members (As of June 24, 2024)



Shigetomo Sakamoto
President
Chief Executive Officer
Chief Operating Officer

Apr. 1983 Joined the Company
Jun. 2006 Corporate Planning Division General Manager of the Company
Jun. 2009 Director of the Company
Jun. 2010 Tokyo Head Office General Manager of the Company
Oct. 2010 Global Corporate Strategy Division General Manager of the Company
Jun. 2013 Director and Managing Executive Officer, Component Business Unit General Manager, and Corporate Planning Division General Manager of the Company
Jun. 2016 Representative Director and Executive Operating Officer, Compliance Division General Manager, Security and Regulation Control Division General Manager, Corporate Strategic Planning Division General Manager, Sagami Plant General Manager, and RMO of the Company
Apr. 2017 Machine Tools Business Unit General Manager and Gotemba Plant General Manager of the Company
Jun. 2017 In charge of Corporate Strategic Planning Division and in charge of TQM Promotion Division of the Company
Jun. 2019 Vice President and Operating Officer of the Company
Feb. 2020 President and Chief Operating Officer of the Company (present position)
Apr. 2020 Security and Regulation Control Division General Manager of the Company
Jun. 2021 Chief Executive Officer of the Company (present position)



Kazumine Terawaki
Outside Director

Apr. 1980 Prosecutor of Tokyo District Public Prosecutors Office
Jan. 2014 Director-General of Public Security Intelligence Agency
Jan. 2015 Superintending Prosecutor, Sendai High Prosecutors Office
Sep. 2016 Superintending Prosecutor, Osaka High Prosecutors Office
Apr. 2017 Retired from his post of Superintending Prosecutor, Osaka High Prosecutors Office
Jun. 2017 Lawyer registration (Tokyo Bar Association), joined Satoshi Suzuki Law Office (currently Shin Bell Law Office) (present position)
Feb. 2018 Outside Corporate Auditor of Kewpie Corporation (present position)
Jun. 2018 External Audit and Supervisory Board Member of The Shoko Chukin Bank, Ltd.
Jun. 2019 Outside Director of the Company (present position)
Jun. 2023 Outside Audit and Supervisory Board Member of Kajima Corporation
Jun. 2023 Outside Director of Kajima Corporation (present position)



Hiroaki Ota
Representative Director
Executive Operating Officer
Chief Financial Officer
Assistant to President
Security & Regulation Control Division General Manager,
Finance & Investor Relations Division General Manager,
in charge of Business Development Division

Apr. 1984 Joined Mitsui Bank (currently Sumitomo Mitsui Banking Corporation)
Apr. 2001 Joined Daiwa Securities SMBC Co. Ltd. (currently Daiwa Securities Co. Ltd.)
Feb. 2009 Joined GCA Savvian Corporation (currently Houlihan Lokey, Inc.)
Mar. 2014 Audit and Supervisory Board Member of Mezzanine Corporation
Aug. 2014 Audit and Supervisory Board Member of GCA FAS Co., Ltd. (currently G-FAS Corporation)
Feb. 2015 CFO and Managing Director of GCA Savvian Corporation (currently Houlihan Lokey, Inc.) Director of GCA Savvian Singapore Private Ltd. (currently Houlihan Lokey Advisers Singapore Private Limited)
Mar. 2015 Director, CFO and Managing Director of GCA Savvian Corporation (currently Houlihan Lokey, Inc.)
Apr. 2017 Managing Director of GCA Corporation (currently Houlihan Lokey, Inc.)
Apr. 2020 Executive Operating Officer of GCA Partners Corporation (currently Houlihan Lokey, Inc.)
Jun. 2020 Director of the Company
Aug. 2020 Director, Chief Financial Officer, Executive Operating Officer (present position), in charge of Corporate Strategic Planning Division
Jun. 2022 In charge of Corporate Administration Division of the Company
Jun. 2024 Representative Director, Assistant to President, Security & Regulation Control Division General Manager, Finance & Investor Relations Division General Manager, in charge of Business Development Division (present position)



Chisa Hayakawa
Outside Director

Apr. 1991 Joined Sanyo Securities Company Limited
Mar. 1998 Joined FANCL CORPORATION
Jul. 2009 Joined Calbee, Inc.
Apr. 2011 Investor Relations Group Manager of Calbee, Inc.
Apr. 2013 Executive Officer and Investor Relations Department General Manager of Calbee, Inc.
Apr. 2014 Corporate Planning Department General Manager and Investor Relations Department General Manager of Calbee, Inc.
Apr. 2016 East Japan Sales Department Deputy General Manager of Calbee, Inc.
Apr. 2017 East Japan Sales Department General Manager of Calbee, Inc.
Apr. 2019 Financial & Accounting Department General Manager of Calbee, Inc.
Jun. 2020 Outside Director of the Company (present position)
Apr. 2021 Financial & Accounting Department General Manager and Investor Relations Department General Manager of Calbee, Inc.
Mar. 2022 Outside Director of Milbon Co., Ltd. (present position)
Apr. 2022 Managing Executive Officer and CFO of Calbee, Inc.
Apr. 2023 Executive Officer and CFO of Calbee, Inc., Asia Oceania Region of Calbee, Inc. (present position)



Jun Koike
Director
Executive Operating Officer
General Manager of Metal & Plastics Industrial Machine Company
Chairman of SHANGHAI SHIBAURA MACHINE CO., LTD.

Apr. 1985 Joined the Company
Jun. 2014 Injection Molding Machine Division General Manager of the Company
Jun. 2016 Executive Officer of the Company
Jun. 2017 Director and Executive Officer, Metal & Plastics Industrial Machine Business Unit General Manager, Tokyo Head Office General Manager of the Company
Jun. 2018 Managing Executive Officer, Industrial Machinery Business Unit General Manager, Sagami Plant General Manager of the Company
Jun. 2019 Managing Executive Officer, Industrial Machinery Business Unit General Manager, General Manager of Global Promotion Division, Tokyo Head Office General Manager of the Company
Apr. 2020 General Manager of Metal & Plastics Industrial Machine Company, Chairman of SHANGHAI TOSHIBA MACHINE CO., LTD. (currently SHANGHAI SHIBAURA MACHINE CO., LTD.) (present position), General Manager of Global promotion Division, Tokyo Head Office General Manager of the Company
Jun. 2023 Executive Operating Officer of the Company (present position)
Jun. 2024 Director of the Company (present position)



Eri Itagaki
Outside Director

Apr. 1983 Joined Sumitomo Corporation
Feb. 1988 Joined Anderson Group (currently KPMG AZSA LLC)
Jan. 1995 Joined Itagaki CPA and Tax Accountant Office
Apr. 1996 Deputy Director of Itagaki CPA and Tax Accountant Office
Jun. 2020 Outside Audit and Supervisory Board Member of ZENKOKU HOSHO Co., Ltd. (present position)
Sep. 2021 Outside Director (Audit and Supervisory Committee Member) of NIITAKA Co., Ltd.
Jun. 2024 Outside Director of the Company (present position)



Yoshiaki Kai
Director
Managing Executive Officer
General Manager of Corporate Strategic Planning Division and General Manager of Corporate Administration Division

Apr. 1997 Joined the Company
Apr. 2018 Corporate Planning Department General Manager, Corporate Strategic Planning Division of the Company
Jun. 2019 Corporate Strategy Division General Manager, Corporate Strategic Planning Division of the Company
Jun. 2020 Executive Officer
Corporate Strategic Planning Division General Manager of the Company (present position)
Jun. 2022 General Manager of Corporate Administration Division of the Company (present position)
Jun. 2023 Managing Executive Officer of the Company (present position)
Jun. 2024 Director of the Company (present position)



Hiroshi Takahashi
Director
(Full-Time Audit and Supervisory Committee Member)

Apr. 1985 Joined the Company
Jun. 2010 Finance Division General Manager of the Company
Jun. 2013 Executive Officer and Planning Division Deputy General Manager of the Company
Jun. 2016 Corporate Strategic Planning Division Deputy General Manager and Corporate Planning Department Senior Manager of the Company
Jun. 2017 Corporate Strategic Planning Division General Manager of the Company
Jun. 2018 Full-Time Audit and Supervisory Board Member of the Company
Jun. 2019 Director (Full-Time Audit and Supervisory Committee Member) of the Company (present position)



Kiyoshi Sato
Outside Director

Apr. 1979 Joined Tokyo Electron Limited
Apr. 2003 Senior Executive, president's office of Tokyo Electron Limited
Jun. 2003 President and CEO of Tokyo Electron Limited
Apr. 2009 Vice Chairman of the Board of Tokyo Electron Limited
Jun. 2011 Director of Tokyo Electron Limited Chairman of Tokyo Electron America, Inc. Chairman of Tokyo Electron Europe, Ltd.
Nov. 2013 President of TEL Solar AG
Jun. 2016 Audit and Supervisory Board Member of Tokyo Electron Yamanashi Limited
Jun. 2017 Outside Director of the Company (present position)
Jun. 2019 Outside Director of Mazda Motor Corporation (present position)
Outside Director of Inabata & Co., Ltd.



Akifumi Imamura
Outside Director
(Audit and Supervisory Committee Member)

Apr. 1982 Lawyer registration (DAIICHI TOKYO BAR ASSOCIATION)
Apr. 1989 Partner Lawyer of Atago Law Office
May 2003 Partner Lawyer of Greenhill Law and Patent Office (currently Hibiki Law Office) (present position)
Apr. 2005 Vice-President of DAIICHI TOKYO BAR ASSOCIATION
Jun. 2005 Outside Audit and Supervisory Board Member of JBCC Holdings Inc.
Jun. 2011 Outside Audit and Supervisory Board Member of Itoham Foods Inc.
Apr. 2016 Outside Audit and Supervisory Board Member of ITOHAM YONEKYU HOLDINGS INC.
Jun. 2016 Audit and Supervisory Committee Member / Outside Director of JBCC Holdings Inc. (present position)
Mar. 2020 Outside Audit and Supervisory Board Member of Otomo Logistics Service Co., Ltd. (present position)
Jun. 2021 Outside Director (Audit and Supervisory Committee Member) of the Company (present position)
Mar. 2023 Outside Audit & Supervisory Board Member of KYOWA Co., Ltd. (present position)



Seigo Iwasaki
Outside Director

Mar. 1969 Joined SHIZUOKA GAS Co., Ltd.
Jul. 1988 General Planning Group Leader of SHIZUOKA GAS Co., Ltd.
Mar. 1996 Director of SHIZUOKA GAS Co., Ltd.
Mar. 2000 Managing Director of SHIZUOKA GAS Co., Ltd.
Mar. 2001 Senior Managing Director of SHIZUOKA GAS Co., Ltd.
Mar. 2006 Representative Director and President of SHIZUOKA GAS Co., Ltd.
Jan. 2011 Representative Director and Chairman of SHIZUOKA GAS Co., Ltd.
May 2014 Outside Director of STAR MICRONICS CO., LTD. (present position)
Jun. 2015 Outside Director of Murakami Corporation (present position)
Jan. 2018 Director and Special Adviser of SHIZUOKA GAS Co., Ltd.
Jun. 2018 Outside Director of the Company (present position)
Mar. 2020 Special Adviser of SHIZUOKA GAS Co., Ltd.



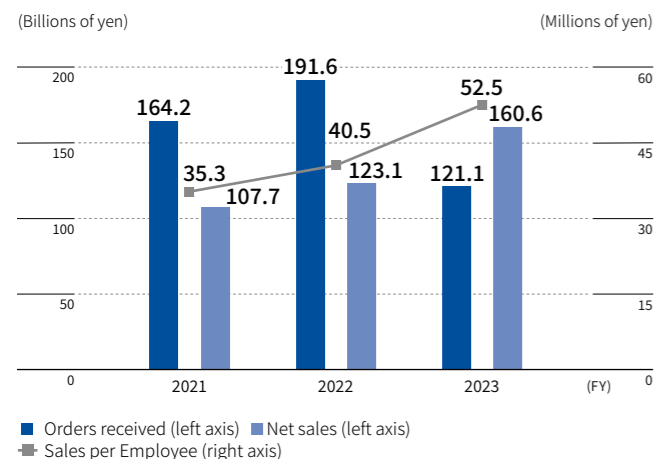
Shigeo Ogi
Outside Director
(Audit and Supervisory Committee Member)

Nov. 1974 Joined Deloitte Haskins & Sells LLP Accountant Office (currently Deloitte Touche Tohmatsu LLC)
Aug. 1979 Registered as a certified public accountant
Jul. 1990 Partner, Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
Jul. 1997 Senior Partner, Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
Dec. 2015 Established Ogi Certified Public Accountant Office (present position)
Jun. 2016 Outside Audit and Supervisory Board Member of Nippon Soda Co., Ltd.
Jun. 2020 Outside Director (Audit and Supervisory Committee Member) of Nippon Soda Co., Ltd.
Jun. 2020 Outside Audit and Supervisory Board Member of ALCONIX CORPORATION (present position)
Jun. 2023 Outside Director (Audit and Supervisory Committee Member) of the Company (present position)

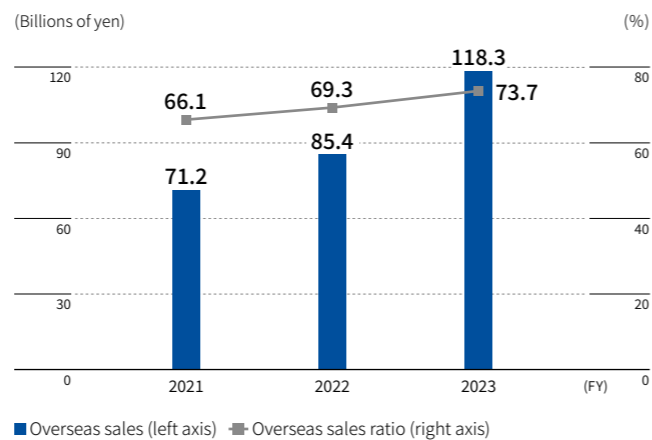
Financial and Non-Financial Highlights

Consolidated Financial Highlights

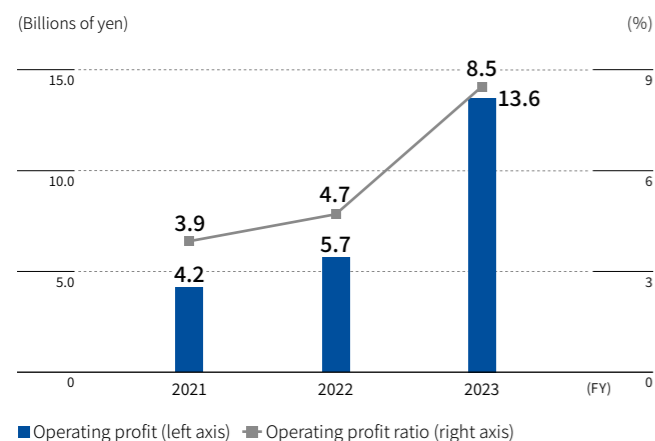
Orders Received / Net Sales / Sales per Employee



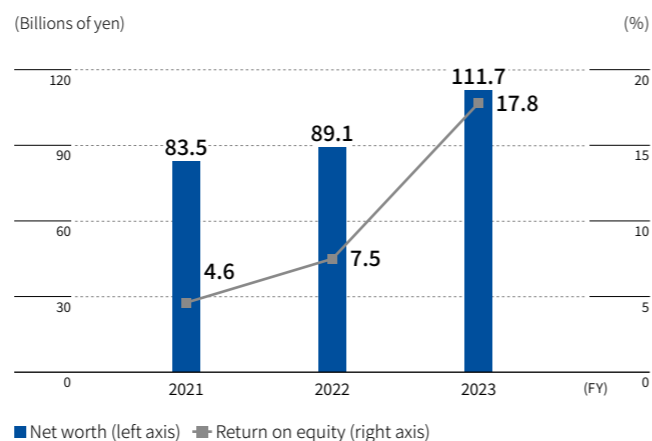
Overseas Sales / Overseas Sales Ratio



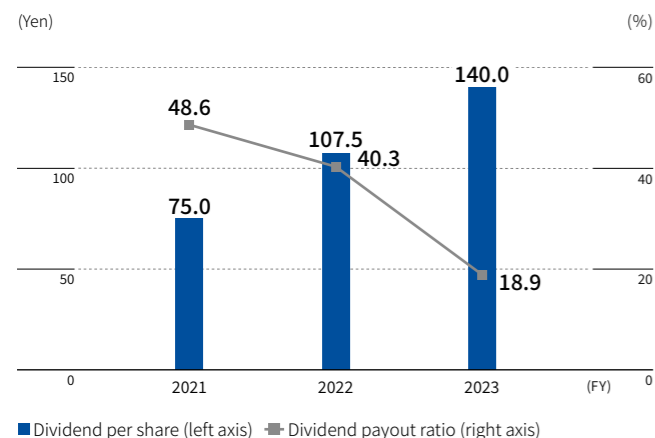
Operating Profit / Operating Profit Ratio



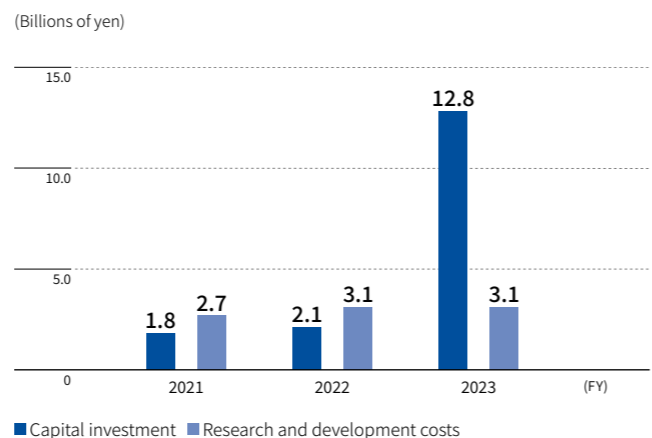
Net Worth / Return on Equity



Dividend per Share / Dividend Payout Ratio

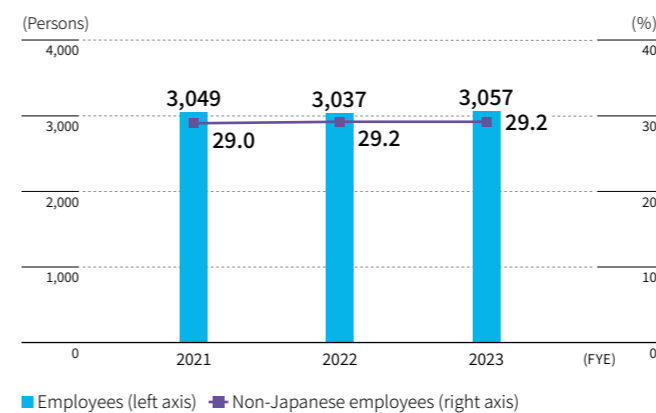


Capital Investment / Research and Development Costs

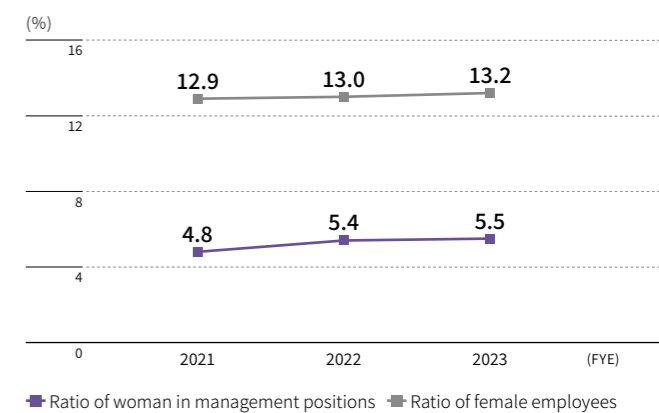


Non-Financial Highlights

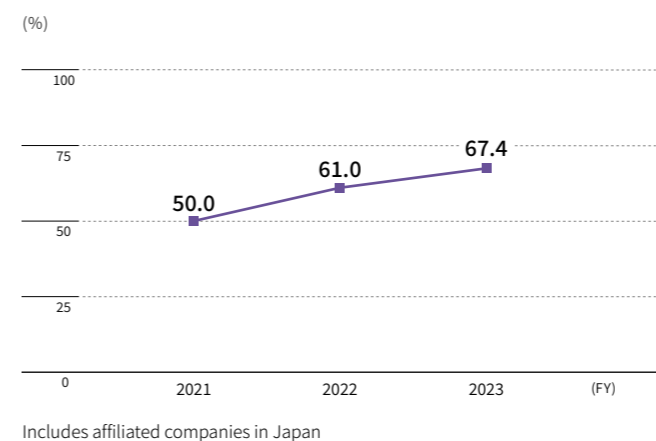
Employees / Non-Japanese Employees (Consolidated)



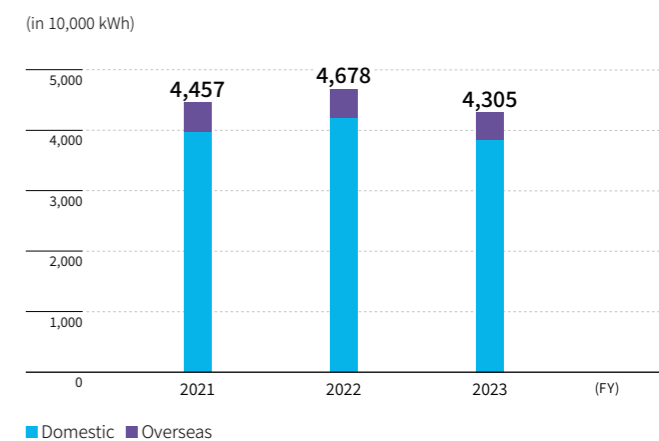
Ratio of Woman in Management Positions / Ratio of Female Employees (Consolidated)



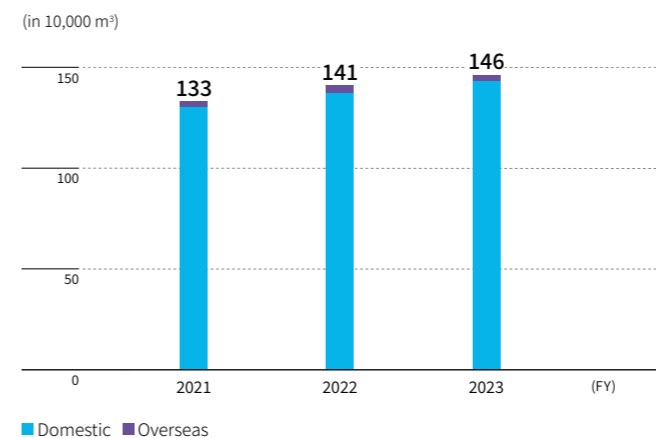
Percentage of childcare leave taken



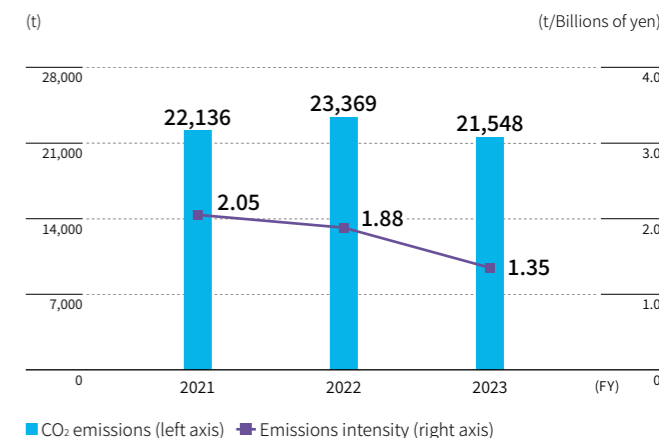
Electricity Consumption



Service Water Consumption



CO₂ Emissions / Emissions Intensity



10-Year Financial Data (Consolidated)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	Millions of yen FY2023
Management Performance										
Net sales	124,373	117,259	111,327	116,862	117,405	116,761	92,635	107,777	123,197	160,653
Gross profit	33,639	32,254	31,977	33,150	32,912	33,459	24,904	32,515	38,809	50,628
Gross profit / sales (%)	27.0	27.5	28.7	28.4	28.0	28.7	26.9	30.2	31.5	31.5
Operating profit	4,788	3,806	4,473	4,640	3,834	3,529	381	4,236	5,765	13,614
Operating profit / sales (%)	3.8	3.2	4.0	4.0	3.3	3.0	0.4	3.9	4.7	8.5
Ordinary profit	6,542	4,966	5,406	6,982	5,573	3,825	872	4,544	5,279	14,604
Ordinary profit / sales (%)	5.3	4.2	4.9	6.0	4.7	3.3	0.9	4.2	4.3	9.1
Net profit (loss) in this term attributable to parent company shareholders	4,312	4,806	1,776	5,016	4,079	7,338	(2,898)	3,725	6,441	17,920
Net profit (loss) in this term attributable to parent company shareholders / sales (%)	3.5	4.1	1.6	4.3	3.5	6.3	(3.1)	3.5	5.2	11.2
Amount of orders received	124,754	120,021	117,021	128,139	134,501	94,224	88,619	164,277	191,653	121,155
Financial Position										
Total assets	159,549	156,346	138,373	148,763	150,724	154,283	134,296	166,989	205,100	253,172
Net worth	93,669	93,345	77,120	81,334	83,197	87,018	82,152	83,515	89,118	111,705
Net worth ratio (%)	58.7	59.7	55.7	54.7	55.2	56.4	61.2	50.0	43.5	44.1
Interest-bearing debt	17,213	16,909	14,890	14,390	14,390	14,390	14,390	14,217	14,011	11,030
Important Financial Indicators										
Total asset turnover (number of turnovers)	0.81	0.74	0.76	0.81	0.78	0.77	0.64	0.69	0.66	0.70
Return on assets (ROA, %)	2.8	3.0	1.2	3.5	2.7	4.8	(2.0)	2.4	3.5	7.8
Return on equity (ROE, %)	4.8	5.1	2.1	6.3	5.0	8.6	(3.4)	4.6	7.5	17.8
Cash Flows										
Net cash provided by (used in) operating activities	(457)	2,781	9,948	6,813	(2,176)	5,312	192	11,299	934	9,307
Net cash provided by (used in) investing activities	(1,281)	2,252	(2,983)	(3,921)	(1,493)	19,772	(1,537)	(1,264)	(563)	(3,805)
Free cash flow	(1,739)	5,034	6,965	2,892	(3,669)	25,085	(1,344)	10,035	371	5,501
Net cash used in financing activities	(774)	(1,761)	(19,089)	(2,102)	(1,785)	(1,964)	(4,956)	(2,108)	(2,277)	(6,703)
Cash and cash equivalents at end of year	40,208	42,932	30,060	30,798	25,592	48,011	42,417	51,710	50,855	51,588
Net Sales by Region										
Japan	51,891	53,078	47,811	46,356	49,298	55,393	40,850	36,490	37,769	42,265
North America	22,778	20,754	19,993	18,490	18,998	14,913	14,841	17,066	22,586	20,776
Asia Pacific	47,084	41,090	41,539	50,496	46,142	45,043	36,070	53,214	61,903	96,420
Others	2,618	2,336	1,983	1,518	2,964	1,410	872	1,006	938	1,189
Total sales	124,373	117,259	111,327	116,862	117,405	116,761	92,635	107,777	123,197	160,653
Overseas sales ratio (%)	58.3	54.7	57.1	60.3	58.0	52.6	55.9	66.1	69.3	73.7
Capital Investment, Depreciation, Research and Development Costs										
Capital investment	2,193	1,547	1,335	4,687	1,195	1,741	1,799	1,810	2,160	12,847
Ratio of capital investment to net sales (%)	1.8	1.3	1.2	4.0	1.0	1.5	1.9	1.7	1.8	8.0
Depreciation	1,965	1,756	1,730	2,049	1,868	1,781	1,755	1,952	2,167	2,443
Ratio of depreciation to net sales (%)	1.6	1.5	1.6	1.8	1.6	1.5	1.9	1.8	1.8	1.5
Research and development costs	1,663	1,668	1,648	1,899	1,835	2,378	2,218	2,771	3,127	3,162
Ratio of research and development costs to net sales (%)	1.3	1.4	1.5	1.6	1.6	2.0	2.4	2.6	2.5	2.0
Shareholder Returns										
Total amount of dividends	1,216	1,824	1,636	1,689	1,810	2,051	4,810	1,811	2,597	3,383
Dividend payout ratio (%)	28.2	38.0	101.1	33.7	44.4	28.0	–	48.6	40.3	18.9
Per Share Information										
Number of shares* outstanding at end of period (thousand shares) excluding treasury stocks	152,025	152,021	120,690	120,682	24,136	24,135	24,146	24,154	24,162	24,167
Net income per share	28.36	31.61	11.87	41.57	169.03	304.06	(120.05)	154.27	266.63	741.57
Dividend per share	8.0	12.0	12.0	14.0	45.0	85.0	199.3	75.0	107.5	140.0

* The Company executed a one-for-five consolidation of shares of common stock effective from October 1, 2018.

Corporate Information

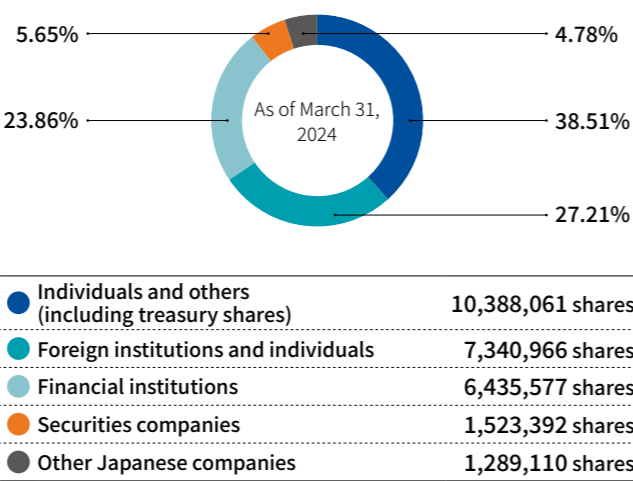
(As of March 31, 2024)

Company Name	SHIBAURA MACHINE CO., LTD.		
Headquarters	TOKYO HEADQUARTERS	2-2, Uchisaiwaicho 2-Chome, Chiyoda-ku, Tokyo 100-8503, Japan TEL: 81-(0)3-3509-0200 FAX: 81-(0)3-3509-0333	
	NUMAZU HEADQUARTERS	2068-3, Ooka, Numazu-shi, Shizuoka-ken, 410-8510, Japan TEL: 81-(0)55-926-5141 FAX: 81-(0)55-925-6501	
Date of Establishment	Founded Established	December 1938 March 1949	
Capital	¥12,484 million		
Number of Employees	Consolidated: 3,057 (Non-Consolidated: 1,663)		

Stock-Related Information

Stock ticker code	6104
Stock listing	Prime Market, Tokyo Stock Exchange
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited
Minimum trading unit	100
Aggregate number of authorized shares	72,000,000
Aggregate number of outstanding shares issued (As of March 31, 2024)	26,977,106 (including treasury stock: 2,809,953)
Number of shareholders (As of March 31, 2024)	21,223 (increase of 10,094 people from the end of the previous fiscal year)

Distribution of Shares by Shareholder Type



Major Shareholders (As of March 31, 2024)

Shareholder name	Number of shares held (thousands of shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,269	13.53
Custody Bank of Japan, Ltd. (Trust Account)	976	4.04
Nomura Securities Co., Ltd. (Proprietary Account)	700	2.90
Shizuoka Bank, Ltd.	596	2.47
Shibaura Machine Employee Stock Ownership Association	544	2.25
BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE SEGREGATION ACC. FOR THIRD PARTY	514	2.13
JP JPMSE LUX RE CITIGROUP GLOBAL MARKETS L EQ CO	491	2.04
Shibaura Machine Suppliers' Stock Ownership Association	471	1.95
STATE STREET BANK AND TRUST COMPANY FOR STATE STREET BANKINTERNATIONAL GMBH, LUXEMBOURG BRANCH ON BEHALF OF ITS CLIENTS: CLIENT OMNI OM25	349	1.45
BBH FOR GLOBAL X ROBOTICS AND ARTIFICIAL INTELLIGENCE ETF	337	1.40

Notes: Although Shibaura Machine holds 2,809,953 treasury shares, it is not included in the above list of major shareholders. The percentage of shares held is calculated after deducting treasury shares.

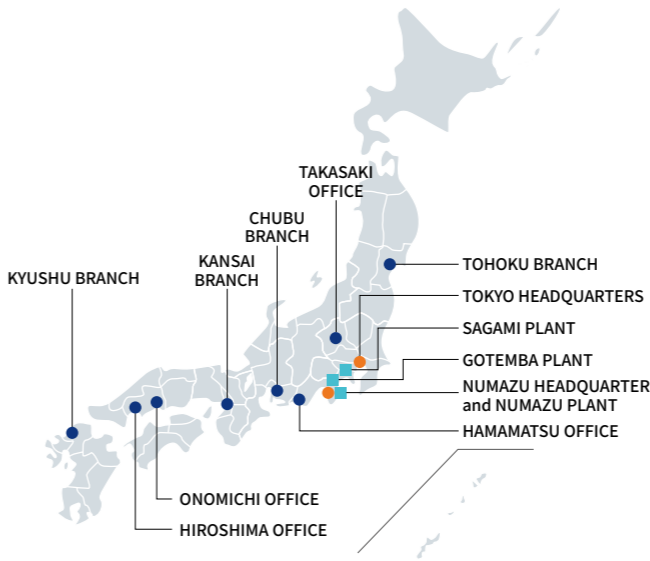
Domestic Offices and Plants

(● Headquarters ● Branches and Business Offices ■ Plants)

● TOKYO HEADQUARTERS	2-2, Uchisaiwaicho 2-Chome, Chiyoda-ku, Tokyo 100-8503, Japan
● NUMAZU HEADQUARTERS	2068-3, Ooka, Numazu-shi, Shizuoka-ken, 410-8510, Japan
● TOHOKU BRANCH	2-11-2, Yaotome, Izumi-ku, Sendai-shi, Miyagi-ken 981-3112, Japan
● CHUBU BRANCH	5-307, Kamiyashiro, Meito-ku, Nagoya-shi, Aichi-ken 465-0025, Japan
● KANSAI BRANCH	3-14-8, Hishie, Higashiosaka-shi Osaka 578-0984, Japan
● KYUSHU BRANCH	2-3-23, FMT Enokida Bldg., Hakata-ku, Fukuoka-shi, Fukuoka-ken 812-0004, Japan
● TAKASAKI OFFICE	48 Tukasawa Bldg., Takasago-cho, Takasaki-shi, Gunma-ken 370-0047, Japan
● HAMAMATSU OFFICE	5-6-25, Takaokahigashi, Naka-ku, Hamamatsu-shi, Shizuoka-ken 433-8117, Japan
● HIROSHIMA OFFICE	5-17-5, Midorii, Asaminami-ku, Hiroshima-shi, Hiroshima-ken 731-0103, Japan
● ONOMICHI OFFICE	4778-1, Takasu-cho, Onomichi-shi, Hiroshima-ken 729-0141, Japan
■ NUMAZU PLANT	2068-3, Ooka, Numazu-shi, Shizuoka-ken 410-8510, Japan
■ SAGAMI PLANT	4-29-1, Hibarigaoka, Zama-shi, Kanagawa-ken 252-0003, Japan
■ GOTEMBA PLANT	1-120, Komakado, Gotemba-shi, Shizuoka-ken 412-0038, Japan

Domestic Affiliates

SHIBAURA MACHINE ENGINEERING CO., LTD.	267-2, Nishi-sawada, Numazu-shi, Shizuoka-ken 410-0007, Japan
TOEI ELECTRIC CO., LTD.	131, Matsumoto, Mishima-shi, Shizuoka-ken 411-8510, Japan
TECHNOLINK CO., LTD.	30, Ukita, Kawai-cho, Iwakura-shi Aichi-ken 482-0015, Japan
SHIBAURA SEMTEK CO., LTD.	2068-3, Ooka, Numazu-shi, Shizuoka-ken 410-8510, Japan
SHIBAURA SANGYO CO., LTD.	2068-3, Ooka, Numazu-shi, Shizuoka-ken 410-8510, Japan



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

Overseas Affiliates

(● Sales and Service Offices ■ Manufacturing Offices)

East Asia	● SHANGHAI SHIBAURA MACHINE CO., LTD. (CHINA) ● SHIBAURA MACHINE (SHENZHEN) CO., LTD. (CHINA) ● SHIBAURA MACHINE TAIWAN CO., LTD. (TAIWAN) ■ SHIBAURA MACHINE (SHANGHAI) CO., LTD. (CHINA)
Southeast Asia	● SHIBAURA MACHINE (THAILAND) CO., LTD. (THAILAND) ● SHIBAURA MACHINE SINGAPORE PTE. LTD. (SINGAPORE) ● PT. SHIBAURA MACHINE INDONESIA (INDONESIA) ● SHIBAURA MACHINE VIETNAM COMPANY LIMITED (VIETNAM) ■ SHIBAURA MACHINE INDIA PRIVATE LIMITED (INDIA) ■ SHIBAURA MACHINE MANUFACTURING (THAILAND) CO., LTD. (THAILAND)
Europe and Americas	● SHIBAURA MACHINE COMPANY, AMERICA (U.S.) ● SHIBAURA MACHINE MEXICO, S.A. DE C.V. (MEXICO) ● SHIBAURA MACHINE DO BRASIL COMERCIO DE MAQUINAS LTDA. (BRAZIL) ● SHIBAURA MACHINE EUROPE S.R.L. (ITALY)

