Shibaura Machine
View the Future with You

Integrated Report 2025

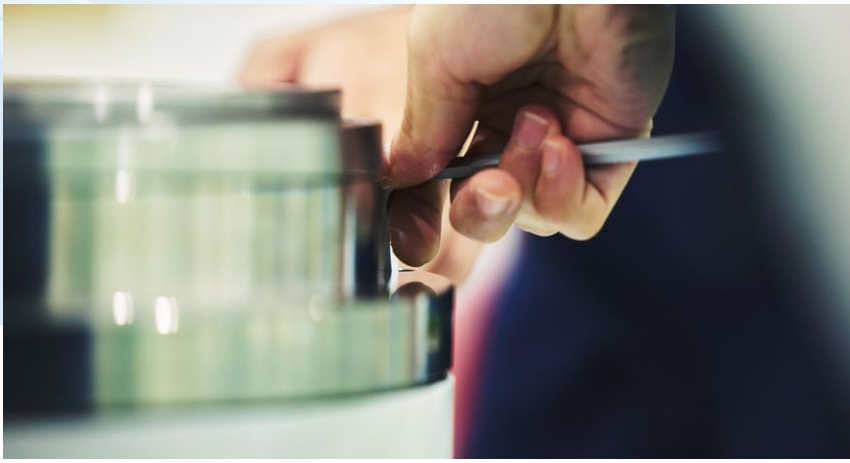
For the Fiscal Year Ended March 31, 2025

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.



Contents

Editorial Policy

We have published Integrated Report 2025 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.

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.

Our Starting Point

The Driving Force That Allows Us to Resolve Diverse Issues in Our Own Unique Way

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, since Japan had to import these 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.

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.

Message from the President

Message from the President

Shigetomo Sakamoto

President
Chief Executive Officer
Chief Operating Officer

Because the future is uncertain, we will focus on measures to drive the Company's long-term growth.

Strengths Shibaura Machine Has Cultivated Since Its Founding

The Company was founded in 1938 as a government-backed enterprise in Japan, producing numerous large-scale machine tools. Later, by applying the basic technologies used in the making of machine tools, we contributed to the development of the textile industry, which played a leading role in Japan's postwar economic recovery. As the country entered a period of high economic growth, we responded to various demands from heavy industries, such as shipbuilding, and, by leveraging the technical capabilities fostered through machine tools, successively developed various types of industrial machinery. Thus, the Company has a history of continuously supporting key industries amid changes in Japan's industrial structure and this will not change in the future. Whenever something new is created, new manufacturing equipment is always required. Under the concept of "building the equipment needed, even if the equipment is the first of its kind," we will continue to provide what is needed. Our strength lies in having the technical capabilities and on-site capabilities to continue to make such things, even as times change.

Changes in the Operating Environment During the First Year of Medium-Term Management Plan 2026

A medium-term management plan is an effective means of sharing the major strategic direction of management with our stakeholders, but assumptions made when the plan is formulated may change over time. The assumptions at the time we formulated and completed the previous medium-term management plan, the Management Reform Plan, differed considerably from how things actually played out. Although there were changes such as a stagnation of economic activity due to the COVID-19 pandemic, supply–demand tension for components, and soaring component and energy prices, the extraordinary demand for lithium-ion battery (LiB) separator film production lines that arose amid expanding investment demand for electric vehicle (EV)-related equipment and our ability to capture it resulted in outcomes that, in a good sense, differed from the assumptions at the time of formulation.

Building on the achievements of the previous medium-term management plan, we have been aiming for further growth under Medium-Term Management Plan 2026. However, once the plan was underway, capital investment by automobile manufacturers slowed due to several factors, including the sharp deceleration of the EV market in the automobile industry and the overlapping impact of the U.S. administration's tariff policies. As capital investment by automobile manufacturers slowed, related companies naturally also became inactive, making the achievement of the numerical targets of Medium-Term Management Plan 2026 uncertain.

In fiscal 2024, the first year of Medium-Term Management Plan 2026, sales and profits were at the same level as in fiscal 2023, when the quantitative targets of the previous plan were achieved. However, due to the aforementioned factors, orders for LiB separator film production lines, which should have boosted order volume, did not grow, and the order backlog also decreased. We expect the situation for sales and profits in fiscal 2026 to be even more severe. If the U.S. tariff issue is resolved and automobile manufacturers' production plans are finalized after the second half of fiscal 2025, capital investment will resume. Yet, even if orders are received at that point, our sales and profits will only be booked in fiscal 2026 and beyond. Of course, automobile production itself will not disappear and we are still receiving product inquiries, but in many cases we are still awaiting client purchase decisions. For these reasons, we may have to push back our quantitative targets for Medium-Term Management Plan 2026.

Improving Production Efficiency, as well as Strengthening Research and Development for the Next Generation

Given the current situation where sales are not growing, we have no choice but to pursue efficiency improvements to increase profit margins. Strengthening system engineering, which was raised as a corporate strategy in Medium-Term Management Plan 2026, is one such measure. Recently, we made Functional Fluids Ltd., a manufacturer of peripheral equipment for injection molding machines, a wholly owned subsidiary, and are steadily strengthening system sales. System sales involve selling machines plus integrating any preceding and subsequent processes necessary for the customer's output, creating a system that enables proposal-based sales. To achieve this, we must strengthen system engineering, which automates the preceding and subsequent processes of our machines by incorporating robots, transport devices, and AI, and arranges them according to the customer's output. Awareness of improving production efficiency through system sales is increasing throughout the Company, and we intend to continue strengthening this effort.

We are proceeding with the reorganization of the Numazu Plant. This aging plant, where production efficiency has declined, will be reborn as a "value creation factory." It will create value through manufacturing, based on three concepts: improvements in production efficiency and optimization, human resource development and creativity, and permanent development. To achieve this, we will build a technical center for

extrusion molding machines and a new molding machine plant. Since construction costs have increased compared to the initial plan, we will carefully verify whether the investment effects can be recovered as we proceed with the reorganization.

In R&D, we are focusing on fields related to next-generation batteries. We are already starting to see the transition from liquid-type lithium-ion batteries to all-solid-state batteries. We are conducting R&D to develop the manufacturing equipment necessary to respond to these changes and to meet the needs of customers seeking maximum production efficiency. The prospect of emergent demand means a business opportunity for us in providing new manufacturing equipment. As long as we remain ahead of the curve, demand for our manufacturing equipment will increase.

The Significance of Diversity, both on the Product Front and Geographically

Under the previous medium-term management plan, LiB separator film production lines contributed significantly to our sales and profits. At that time, some investors suggested that concentrating solely on LiB separator film production lines would be more effective in terms of investment efficiency. However, as we moved into the period of Medium-Term Management Plan 2026, we sold not a single LiB separator film production line, as investment in EV-related equipment dried up. Similar situations have occurred many times in the past and, to prepare for this, we have emphasized that having a diverse product lineup allows us to capture major demands that cannot be predicted in advance. We must constantly engage in R&D in preparation for such opportunities. On the flip side, even if we succeed in capturing major demand trends, we must continue to ensure diversity in our product lineup by focusing on our core business in injection molding machines and machine tools.

In response to the rapidly changing operating environment, we believe it is essential to establish a system for understanding the market environment in each overseas region and to develop appropriate business strategies according to the situation. In May 2025, we established a local sales and service subsidiary in Germany. Once we gain a foothold in the European market, we will have coverage in all major overseas markets—North America, China, India, and Europe. We expect regional differences to emerge among these markets, performing well in some areas and less well in others. We will need to exercise patience in sluggish markets while quickly reallocating resources to favorable regions. To this end, we will closely monitor market trends amid rapidly changing social conditions.

ESG Management as the Foundation for Sustainable Growth

Our mission is to help resolve social issues arising from megatrends faced by the manufacturing industry and address the challenges faced by our customers. Naturally, we will work to reduce the environmental impact of our corporate activities. At the same time, because our products have a significant effect in reducing environmental impact when used by customers, we believe we can make a unique contribution by focusing on providing high-value-added equipment in areas such as renewable energy, secondary batteries (for EVs and power storage), automotive weight reduction, and recycling.

We consider human resource strategy to be the most important aspect of ESG management, so our fundamental policy is to integrate advances in our HR strategy with our business strategy. We have reviewed the structure of our human resources department and will systematically promote the strategic recruitment, placement, development, utilization, and evaluation of personnel. To respond to a rapidly changing market environment, we recognize it is urgent to strengthen mechanisms for facilitating the flexible reallocation and mobility of personnel. In particular, as more than 70% of our sales come from overseas, we will work to secure and develop globally active talent and build a system to place the right people in the right places, at the right time, worldwide.

To Our Stakeholders

In fiscal 2024, the first year of Medium-Term Management Plan 2026, the operating environment underwent major changes and clouded our outlook for the future. Precisely because of such uncertainty, we know that long-term management decisions are necessary, not just short-term perspectives. Rather than creating one-off markets ourselves, we have continuously provided high-value-added manufacturing equipment for markets our customers create. This approach remains unchanged. Strengths in technical capabilities and on-site capabilities allow us to create high-value-added manufacturing equipment. We also have diverse product lines and operate around the world. So, we will leverage this diversity and, rather than simply chasing short-term sales and profit gains, focus on measures for the Company's long-term growth to enhance corporate value. As we undertake these challenges, we ask for the continued support and guidance of our shareholders, investors, and other stakeholders.

July 2025

President
Chief Executive Officer
Chief Operating Officer

Our History

SHIBAURA MACHINE Always Contributing Key Industries

1930 1940 1950 1960 1970 1980

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

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 shipbuilding 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 subsidiary in U.S.


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.

Evolution and Expansion of Products Supporting a Changing Industry Structure

Automotive

Energy, shipbuilding, and steel

Munitions Textiles

Machine tools

1938 Machine tool production started

1953 5-m master gear hobbing machine completed

1970 Gantry-type NC plano mirror MG-24/14A completed

Moldings

1946 Mold production started

1956 Plastic mold completed

1968 Expanded to radiator-grill mold and automotive mold business

1987 RIM bumper mold

High-precision machine tools

1982 High-precision flat polygon mirror generator UFG-200P completed

Electronic controls

1977 TOSNUC transferred from Toshiba Corporation

1980 Programmable logic controller (PLC) PMC-5 completed

Textile machinery

1945 Artificial silk production machine

1955 Primary fiber processing machine

1960 Secondary fiber processing machine

Extrusion machines

1952 First plastic extrusion machine model completed

1979 Magnetic tape production machine (coater) CMT500C completed

Injection molding machines

1956 First injection molding machine (pre-plasticating method) completed

1981 Extra-large injection molding machine IS5000DN completed

Die casting machines

1953 Japan's first hydraulic die casting machine completed

1982 Magnesium hot chamber die casting machine DHM-300 completed

Hydraulic equipment

1963 Technology partnership for hydraulic equipment

1987 U-series hydraulic control valve completed

Semiconductor manufacturing equipment

1977 Electron beam drawing machine EBM-100/105H developed

Printing presses

1946 Sheet-fed offset printing machine produced

1972 Offset rotary press completed

1983 World's fastest print speed offset rotary press OA-4B2T-800D completed

Food machinery

1966 Draft beer automatic fixed quantity dispensing machine completed

1981 Coffee Master SDM-10A completed

Working in close partnership with customers, SHIBAURA MACHINE has developed a wide variety of products in response to changing times and shifts in industrial structures, providing solutions that the Company is uniquely qualified to realize.

Through the provision of machines used to manufacture products that support society's infrastructure, we have helped develop society and enrich day-to-day life.

1990 2000 2010 2020–FUTURE

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

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 business and offsetting rotary press business. 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.

Optics and nanotechnology
IT and electronics
Automobiles and aircraft


1994
High-speed double column type die-sinking machine MPF-2140B completed


2014
Double column type machining center MPJ-2640M completed

2020
Vertical boring and turning mill TMD-C series completed

2022
Double column type machining center MPC-H series completed


2024
Table-type horizontal boring and milling machine BTH-150. R35 completed

High-precision optical glass mold press machine and micro-pattern imprinting machine

1993
High-precision optical glass mold press machine GMP-211 developed


2005
Micro-pattern imprinting machine ST50 completed

2019
Optical glass molding press machine
Die molding transfer system (large aperture)
GMP-207-9S completed


2003
Linear motor drive completed


2015
High-precision aspheric generator ULC-100F(S) completed 0.1 nm control


2016
High-precision 5-axis machining center UVM-700E(5AD) completed

2001
Injection molding machine controller INJECTVISOR-V21 completed


2018
Injection molding machine controller INJECTVISOR-V70 completed

Industrial robots


1996
SCARA robot business transferred from Toshiba Corporation


2011
Compact cartesian coordinate robot BA-C compact arm completed


2022
SCARA robot THE 1000 completed


2023
Dual-arm collaborative robot RIDRS series completed

2001
High-precision coating unit (CR) developed


2014
High-cost-performance twin-screw extruder TEM-58SSG completed

2018
Ultra-high-torque twin-screw extruder TEM-37SX completed


2023
LiB separator film production line SFPU-55155XW completed


1998
All-electric injection molding machine EC series completed


2018
All-electric injection molding machine EC-SXIII series completed


2023
Ultra-large, all-electric injection molding machine EC3000SIXIII completed


2000
Hybrid die casting machine DEC150MT developed


2014
Die casting machine DC350R-M/H/EM/EH completed


2020
Electric clamping die casting machine DC1300R-E completed


2025
Ultra-large die casting machine DC12000GS developed

2007
Hybrid swing system development started

2015
Transfer of stocks

2020
Transfer of stocks


1998
Sectional drive system rotogravure printing press GSN series developed

2001
Offset rotary press transfer to business


1990
Beer server controller HBS completed

1999
Transfer to business

At a Glance

Company Overview

Founded
December 1938

Net sales (fiscal 2024, consolidated)
¥168.1 billion

Operating profit
(fiscal 2024, consolidated)
¥14.0 billion

Employees
(as of March 31, 2025, consolidated)
2,982 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.

Domestic Manufacturing Locations

Numazu Plant
- Extrusion machines
- High-precision machine tools
- Electronic control systems

Sagami Plant
- Injection molding machines
- Die casting machines
- Industrial robots

Gotemba Plant
- Machine tools
- High-precision machine tools

Overseas Manufacturing Locations

Plant in China
- Injection molding machines
- Die casting machines

Plant in Thailand
- Injection molding machines

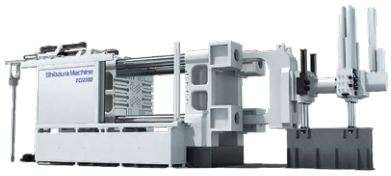
Plant in India
- Injection molding machines

Introduction to Products by Segment

Metal & Plastics Industrial Machine Segment

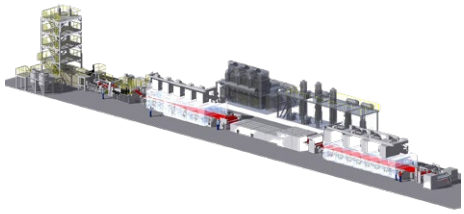
Injection molding machines

- Wide product lineup ranging from small to large models
- Available in both all-electric and hydraulic types



Die casting machines

- Wide product lineup from small to large, including giga-casting support
- Top share among Japanese manufacturers



Extrusion machines

- Full-line solutions for sheet and film production units

Machine Tools Segment

Machine tools

- Capable of handling ultra-large, special-purpose, and custom products

High-precision machine tools

- World-leading precision with 0.1 nm-level control

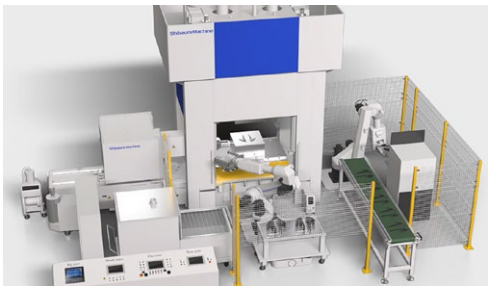
Control Systems Segment

Industrial robots

- Diverse lineup including dual-arm collaborative robots, SCARA, cartesian, painting, and vertical articulated robots

Electronic control systems

- Provided both for in-house and external customer use



System engineering

- Proposing automation and labor-saving production line systems leveraging industrial robots and control technologies

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.

Injection Molding Machines

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

Industries Served

Automotive

- Bumpers
- Door trim

Containers and daily necessities

- Cosmetics containers
- Tableware

Medical

- Syringes
- Dialyzers

Die Casting Machines

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

Industries Served

Automotive

- Engine blocks
- EV battery cases

Marine

- Marine engines

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.

Industries Served

Energy related and batteries

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

Optics

- Optical films
- Films for LEDs

Food related

- High-performance containers enabling long-term food preservation

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.

Industries Served

Energy related

- Gearboxes for wind power generation
- Turbines

Aircraft, high-speed railway and marine

- Airframe parts and landing gear
- Bodies and truck frames for high-speed railway
- Marine components

Construction machinery

- Construction machinery parts

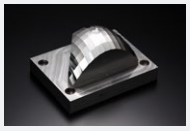
High-Precision Machine Tools

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.

Industries Served

Automotive

- In-vehicle camera lenses
- Automotive headlights



Medical

- Medical camera lenses
- Contact lenses

Smartphones and optical communications

- Smartphone camera lenses
- Optical fibers

Industrial Robots, Electronic Controls, System Engineering

Industrial robots: Used in various industries and include horizontal articulated (SCARA), cartesian coordinate, painting, vertically articulated, and dual-arm collaborative robots

Electronic controls: Used in a diverse range of equipment and include servo systems, FA controllers, and linear motors

System engineering: Designing production line automation using components such as industrial robots and servo systems, along with control technologies, to achieve labor savings and higher production speeds

System engineering: Designing production line automation using components such as industrial robots and servo systems, along with control technologies, to achieve labor savings and higher production speeds

Examples of system engineering

- Factory automation to save labor

For details, please visit our website.

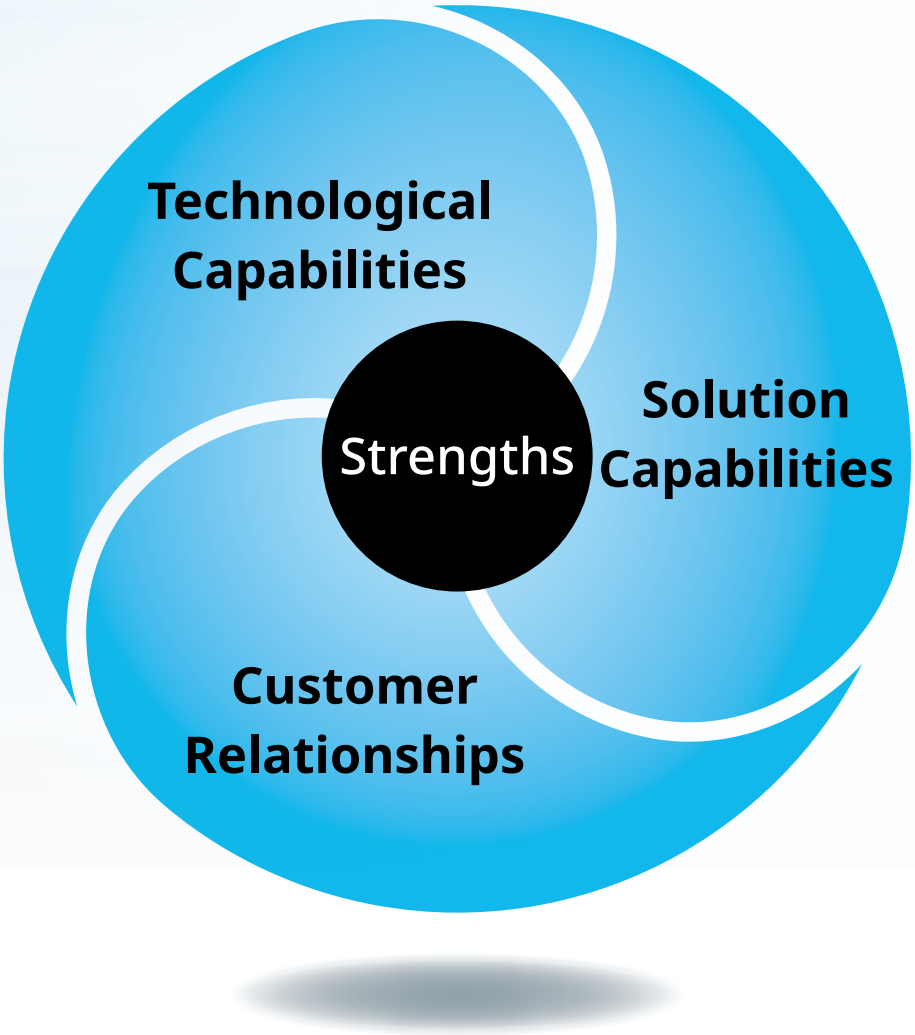
Shibaura Machine near You https://www.shibaura-machine.co.jp/en/technology/familiar/

Product Information https://www.shibaura-machine.co.jp/en/product/index.html

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.16–17 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.

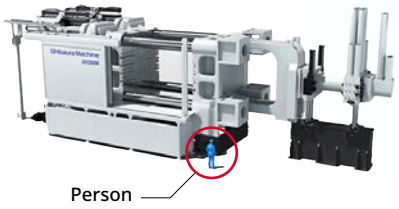
Customer Relationships

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.

Examples of Using the Eight Technological Platforms

Developing and Manufacturing an Array of Advanced Industrial Equipment

Since our founding, we have supplied a wide range of industrial machinery, accumulating and advancing these technologies to build our eight technological platforms. By combining these platforms, we are pursuing the development and manufacture of even more advanced industrial machinery.



Ultra-large die casting machine with 12,000-ton clamping force

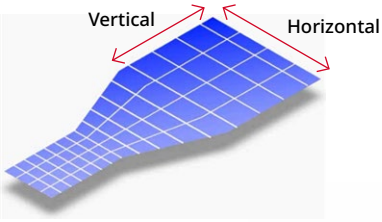
Principal Eight Applicable Technical Platforms

1 **2** **3** **4** **5** 6 **7** 8

Molding Machine Design Technologies Contributing to Automotive NEV Adoption

Amid the industry shift toward new energy vehicles (NEVs), the need for vehicle body weight reduction, higher productivity, and improved design quality is driving the increased use of plastic and aluminum and the integration of components. As a result, demand is growing for ultra-large injection molding machines and die casting machines.

In fiscal 2024, SHIBAURA MACHINE received an order for an ultra-large die casting machine with a clamping force of 12,000 tons—among the largest produced by a Japanese manufacturer. It is capable of supporting giga casting, which enables the integration of vehicle body parts. We are also developing 6,000-ton and 9,000-ton die casting machines that will be added to our lineup. Through our ultra-large molding machine design technologies and injection control technologies, which are critical to die casting quality, we contribute to the realization of high-quality giga casting. At the same time, we are also accumulating lower-pressure casting technologies, with the aim of downsizing equipment.



Stretching with high longitudinal and transverse orientation accuracy achieved through the combination of a highly rigid twin-stem link and measurement/control technologies

Principal Eight Applicable Technical Platforms

1 **2** **3** **4** **5** **6** 7 8

New Simultaneous Biaxial Stretching Technology Aligned with the Latest Functional Film Requirements

Among the increasingly diverse range of functional films, especially those for optical applications such as flat panel displays (FPDs), demand is growing for further performance enhancements. While this process begins with selecting film materials suited to the required performance, the stretching process plays a decisive role in determining film characteristics.

SHIBAURA MACHINE has long accumulated expertise and a variety of stretching equipment. In recent years, simultaneous biaxial stretching technology, which helps impart diverse performance features, has returned to the limelight. For example, in ultra-multilayer films used to improve FPD brightness, it is essential to achieve high transverse orientation accuracy during stretching. SHIBAURA MACHINE has developed a new twin-stem link mechanism and phase control technology, establishing an even more advanced simultaneous biaxial stretching technology that achieves even higher transverse orientation accuracy.

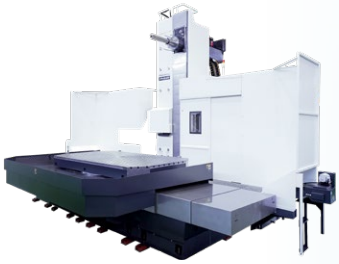


Table-type horizontal boring and milling machine (BTH-150.R35)

Principal Eight Applicable Technical Platforms

1 **2** **3** **4** **5** **6** 7 8

Industry's Largest Table-Type Horizontal Boring and Milling Machine

In recent years, wind power has been attracting growing attention as a clean energy source. To improve power generation efficiency, the industry is demanding components that are ever larger and even higher precision. In response, we have developed the industry's largest table-type horizontal boring and milling machine, equipped with applications that enhance machine safety in line with global standards as well as machining accuracy and operability. This machine allows such large components to be machined in a highly productive manner.

Drawing on its accumulated expertise in designing large machine tools, machining large components, assembling high-precision machines, and the fundamental measurement technologies that support them, SHIBAURA MACHINE develops the equipment needed to create the products the world requires, contributing to the realization of a sustainable society.

EIGHT TECHNICAL PLATFORMS

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

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

3 Integrative
Customizing technology

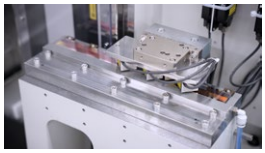
4 Maximizing machine performance
Material technology

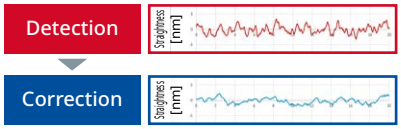
5 Optimized for each machine group
Control, mechatronics, and IoT technology

6 Supporting high-precision
Slide and rotation

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

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





Waviness reduced through straightness error correction

Principal Eight Applicable Technical Platforms

1 **2** **3** 4 **5** **6** 7 8

High Precision Aspheric and Free-form Surface Grinder with Straightness Servo Correction, Surpassing the "Motherhood Principle"

The ongoing proliferation of products equipped with optical lenses, such as smartphone camera lenses and smart glasses, is sparking increased demand for higher-precision lenses. Achieving this requires ultra-precise machining of the molds used to manufacture them. To meet this need, we have developed a machine equipped with a straightness servo correction function that can reduce, to the order of a few nanometers, minute surface undulations caused by mechanical errors.

Traditionally, the "motherhood principle" holds that the accuracy of a manufactured part depends on the accuracy of the machine that makes it. This innovative machining center, however, goes beyond the motherhood principle by combining hardware and software technologies to reduce microscopic undulations down to a few nanometers, thereby achieving precision that does not rely on the guideway accuracy of the machine itself.

Humanoid dual-arm collaborative robot

Principal Eight Applicable Technical Platforms

1 2 **3** 4 **5** 6 7 8

Automation Systems Suited to Dual-Arm Collaborative Robots

SHIBAURA MACHINE's high-performance humanoid dual-arm collaborative robots have a payload capacity of 6 kg per arm and 10 kg with both arms combined. Each robot features two seven-axis arms and a waist with two additional axes (a swiveling axis and a bowing axis), for a total of 16 axes, offering a wide range of motion. This makes it possible to build production systems that operate within the same workspace as humans.

For example, by mounting cameras on the tips of each arm, the robot can detect and correct the position and orientation of a workpiece, grasp it without the need for dedicated fixtures, and transfer it to the opposite arm. This allows for flexible handling of different types of workpieces. In addition, by reusing peripheral devices already used in human-operated tasks, initial investment costs can be reduced. These robots help realize production systems tailored to customers' needs across a variety of industries.

Value Creation Process

Continuing to Contribute to Key Industries

In accordance with its Corporate Principles, SHIBAURA MACHINE will partner with customers worldwide and work toward solving their issues, utilizing technological capabilities to create combinations of products and services. Furthermore, we will work with customers to address issues faced by global society.

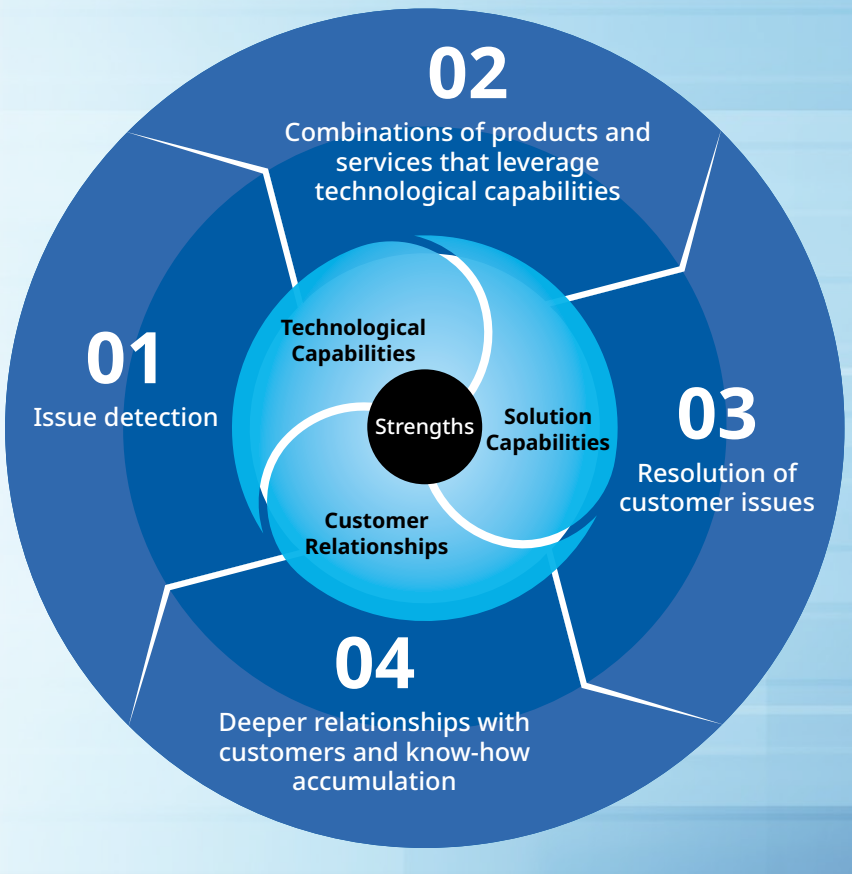
By deepening our relationships with customers through the provision of high-value-added solutions, we will continue driving a powerful virtuous cycle that sustains corporate value growth.

INPUT

- Human Capital
- Intellectual Capital
- Manufactured Capital
- Social Relationship Capital
- Natural Capital
- Financial Capital

Helping Key Industries Develop through

SHIBAURA MACHINE's VALUE-UP CYCLE



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 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 Served

Automotive, Rechargeable batteries, Medical, Renewable energy, Smartphones, Food packaging materials, High-speed railway, Aircraft

1. Realizing GHG-reduced products, technologies, and materials
2. Realizing resource-saving and energy-saving technologies
3. Improving efficiency and spread of energy creation
4. Improving performance and spread of 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

OUTCOME

Addressing Social Issues

Contributing to the SDGs

Climate change and resource scarcity

Rapid urbanization and changes in population structures

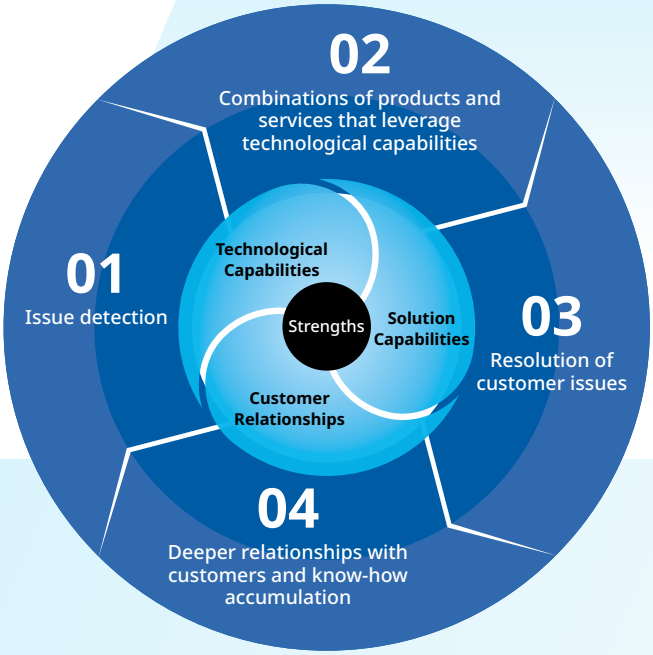
Advancements in technology

Specific Initiatives in the Value Creation Process

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 use case studies to look at specific initiatives in the value creation process.

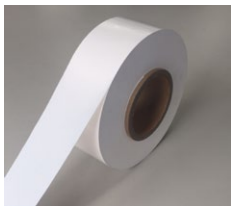


Helping to Reduce CO_2 Emissions Through the Mass Production of Lithium-Ion Batteries

For the past 30 years, we have been developing lithium-ion battery (LiB) separator film production lines, one of the key components in LiB manufacturing. Anticipating growing demand for turnkey solutions as the LiB market expanded, we accumulated technologies for full-line systems. LiB separator film production lines are integrated systems composed of multiple units, from extruders to winders, where the specifications and functions of each machine and their coordination are critical. Among major equipment manufacturers, we are the only company capable of providing full-line LiB separator film production systems that help our customers ramp up production quickly. The spread of EVs requires high-quality LiBs, and separator films must be both extremely thin and efficiently mass-produced. We help customers address these challenges by providing full-line LiB separator film production units that can be deployed quickly.

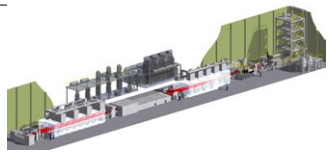
Issue detection

01 **Increasingly sophisticated separator film**



Combinations of products and services that leverage technological capabilities

02 **Provision of full-line production units**



LiB separator film production lines

Resolution of customer issues

03 **High-quality LiBs**

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.

Issue detection

01 **More precise optical components**

Combinations of products and services that leverage technological capabilities

02 **Higher-resolution, higher-efficiency machining of optical components**

High-precision machine tools

Resolution of customer issues

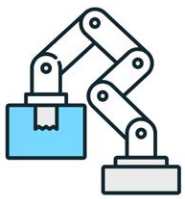
03 **Protect human life and create an amenable living environment**

A Safe and Comfortable Society Made Possible by Collaborative Robots That Work Together with People

The Company has been conducting research on industrial robots that stand in for humans, helping to secure a workforce in a society where the working-age population is shrinking and promoting a more enriching and creative way of working and living. Based on the concept of "thinking and working together," we have developed intelligent, collaborative robots that help keep humans away from danger, shift human activities toward more creative endeavors, and provide system engineering solutions utilizing robots in customers' manufacturing processes and in-factory logistics. Our goal is to realize new ways of working and living. By developing technology that helps humans and robots to coexist, we contribute to the realization of a safer and more livable society.

Issue detection

01 **Workforce needed to stand in for people**



Combinations of products and services that leverage technological capabilities

02 **Robots that not only stand in for people, but also think and work with them**

Dual-arm collaborative robots

Resolution of customer issues

03 **Realization of a society in which it is easy to live and work in new ways**

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

Megatrends

- Climate change and resource scarcity
- Rapid urbanization changes in population structures
- Advancements in technology

Technological innovation

New SHIBAURA MACHINE

- Current: Individual sales of industrial machinery
- Future: Added value of combining products and services
  (Monetization of processes and knowledge)
  (Breaking away from in-Company management, enhancing M&A)

Four Overriding Strategies 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.

Overall Policy

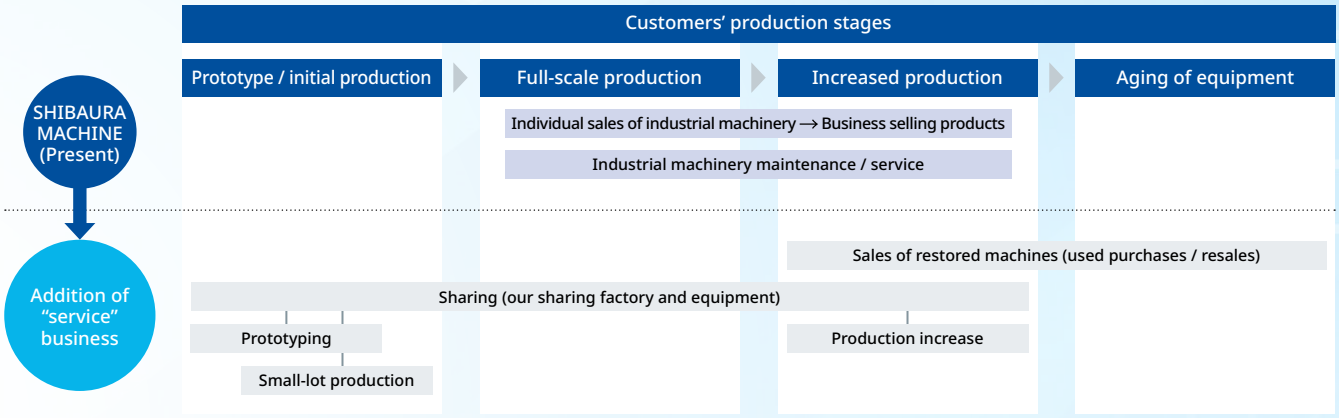
Selling products → Selling products and services

Company that responds to challenges such as customer production planning, improvement of asset efficiency, and environmental responses

Company-Specific Policies

Commodity machines → High-value-added machines

- Addition of value through a digital transformation of selected models
- Active investments in growth markets and high-value-added domains



- Provide services in all of our customers' production stages
- Participate in and expand profit opportunities from start to finish of production stages

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: New	High-value-added / Market expansion areas: Expand / Enhance	Reduce / Withdraw
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	• Engineering solutions	• Injection molding machines • Die casting machines	• Domestic production of standard hydraulic machines
	Extrusion machines ➡ Business expansion through investment Energy / Devices / New materials	• High-pressure continuous presses (batteries, etc.) • Reactive extrusion machines (biomass, etc.)	• Extrusion machines	• Conical-type extruders
Control Systems Company*1	Specialize in external sales and strengthen engineering solutions Automation / Labor saving	• Collaborative robots • AMRs*2	• 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)		

DX (Digital transformation)

*1 Name changed to the Control Systems Division on June 23, 2025

*2 Autonomous Mobile Robots

Evolving Our Business Portfolio (Expanding Existing Businesses)

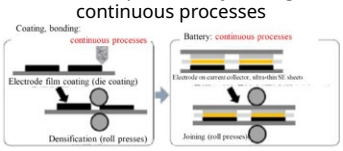
We will continue to expand and strengthen existing businesses to provide added value through a wide range of products and help address social issues. Amid the global trend toward decarbonization, we offer a variety of products that can contribute to decarbonization initiatives.

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)

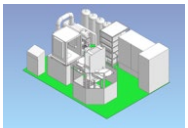
Through the provision of film casting equipment, coating machines, and imprinting equipment that add new functionality through surface structure control, we will enable our customers to generate profits. We will differentiate ourselves by realizing new added value.

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.

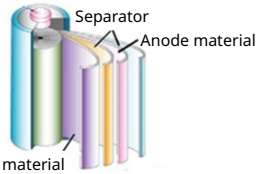
High-performance films and Electronic devices

Coating machines

Function improvement via coating dissimilar materials to surfaces

Batteries, ceramic capacitors, and optical components

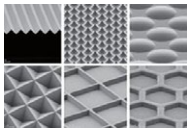
High-performance separator films



Healthcare

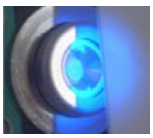
Imprint equipment

Function improvement via adding fine shapes to surfaces



Water purification and sterilization

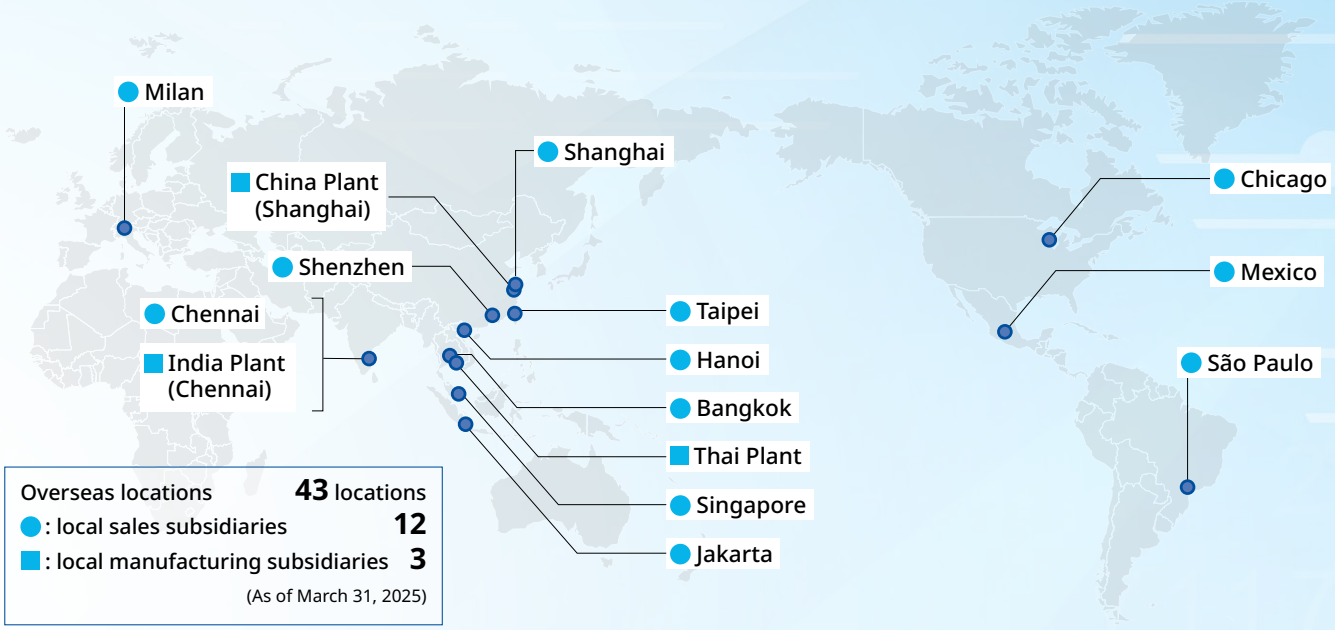
Deep-UV LEDs



Source: JST New Technology Presentation Meetings materials

Growing Overseas Sales

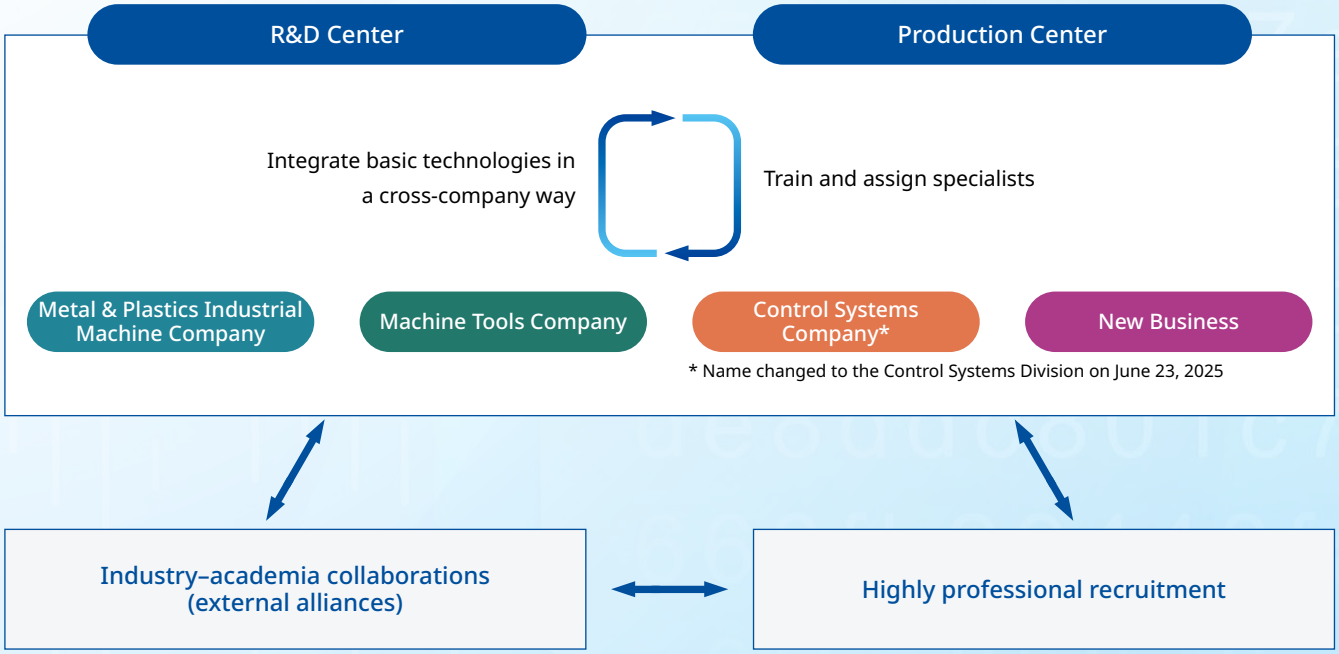
At the time SHIBAURA MACHINE Long-Term Vision 2030 was formulated, the SHIBAURA MACHINE Group's overseas sales accounted for more than 50% of Companywide net sales. However, overseas sales of machine tools account for around 30% of our machine tool sales, which is a small share given that, on average, 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. In fiscal 2024, 50% of our machine tool sales were overseas.



Overseas locations **43** locations
●: local sales subsidiaries **12**
■: local manufacturing subsidiaries **3**
(As of March 31, 2025)

Fostering Personnel to Support Our Technological Platforms

The R&D Center and the Production Center, which were 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.



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.

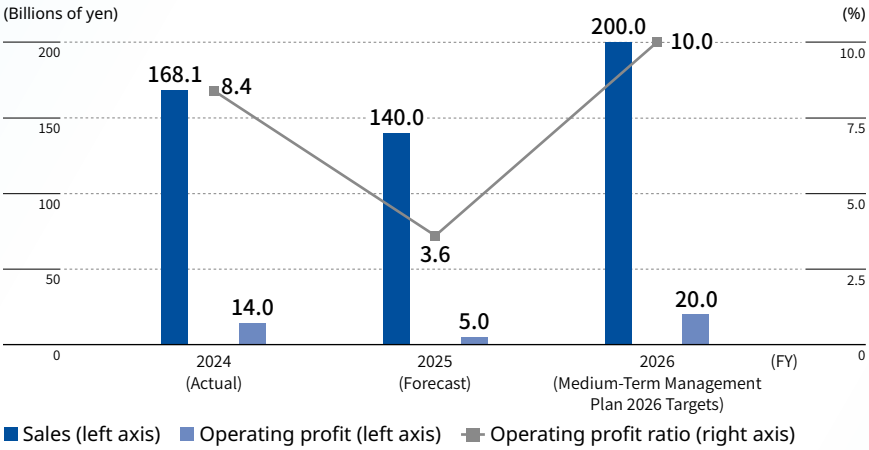
Quantitative Targets Target values (consolidated basis) for fiscal 2026	Sales	Operating profit ratio	ROE
	¥200.0 billion	**10.0%**	**9.5% or more**

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

Operating Performance

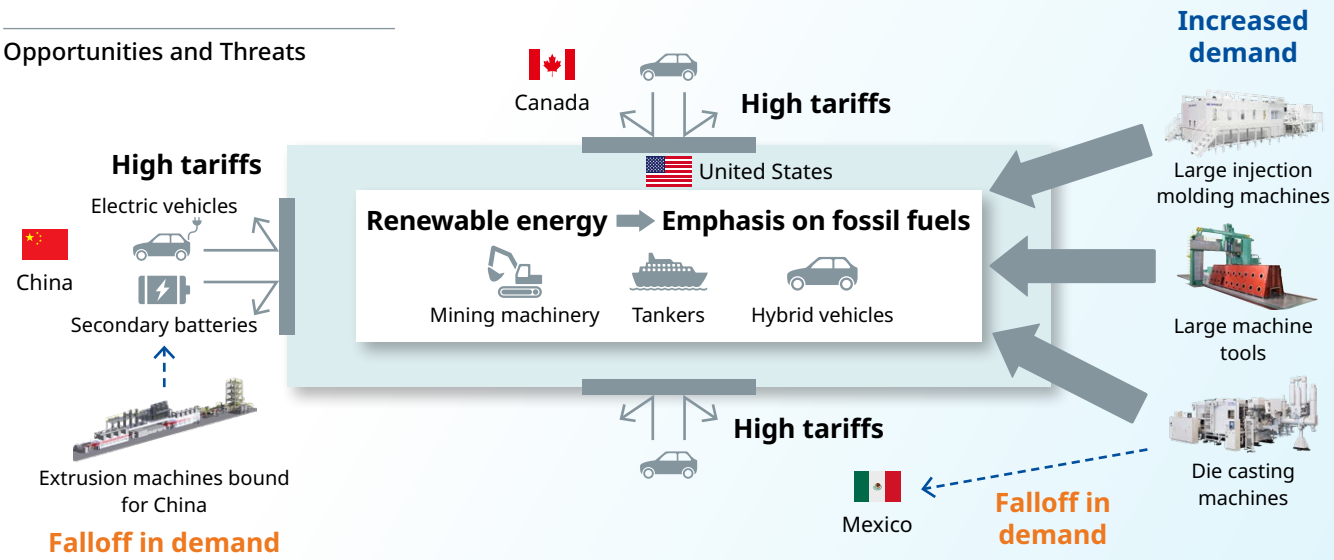
Due in part to slower-than-expected capital investment in EV-related equipment compared with the assumptions made when formulating Medium-Term Management Plan 2026, in fiscal 2025 we expect net sales to decline year on year. We are preparing to review the targets of the medium-term plan after assessing order trends in the first half of fiscal 2025 and the impact of U.S. tariff issues, and will consider revising the plan's numerical goals if necessary.



Changes in the Operating Environment

Since the formulation of Medium-Term Management Plan 2026, the Company's operating environment has changed significantly. The capital investment in EV-related equipment that we initially assumed has stalled, and we are being affected by the U.S. administration's protectionist and tariff policies. We now expect demand to slow for products such as extrusion machines in China and die casting machines in Mexico. On the other hand, with the shift in the United States from renewable energy back toward fossil fuels, we anticipate increased demand for large injection molding machines, large machine tools, and die casting machines.

Opportunities and Threats



Frequent policy changes continue → **Keeping an eye on user trends and preparing a system for quick delivery to users**

Policies in Response to Changes in the Business Environment

To build a structure that can withstand a rapidly changing business environment, we are establishing appropriate policies tailored to the market environment in each region. We will continue to steadily advance these initiatives and strengthen our structure even under uncertain conditions.

	Market environment	Company policy
India	▪ Population bonus expected to continue until around 2050 ▪ Users focusing on production in India and exports from India to avoid high tariffs against China ▪ Power supply expected to tighten as production volume increases	▪ Promote sales based on the expanded production system at the newly built plant in India (for containers, automobiles, and daily goods) ▪ Focus on sales of machine tools for wind and hydroelectric power generation and extrusion machines for secondary batteries
China	▪ Intensifying U.S.–China trade war ▪ Politically driven continuation of shift to EVs and PHVs	▪ Focus on local production for local consumption ▪ Start OEM production of small injection molding machines ▪ Continue order-taking activities for wide and high-speed LiB separator film production lines
North America	▪ Investment on hold in Mexico ▪ Reshoring of U.S. manufacturing ▪ Emphasis on fossil fuels	▪ Focus on order-taking activities for machine tools and high-precision machine tools in the United States
Japan	▪ Capital investment on hold due to U.S. policy trends ▪ Shortage of human resources and labor	▪ Reorganize procurement and production systems; accelerate production of orders already received to respond to users' shifting delivery requirements ▪ Focus on system engineering

Please see P.36–41 for information about our business strategy.

Special Feature

Pursuing Development to Ensure SHIBAURA MACHINE Continues to Grow

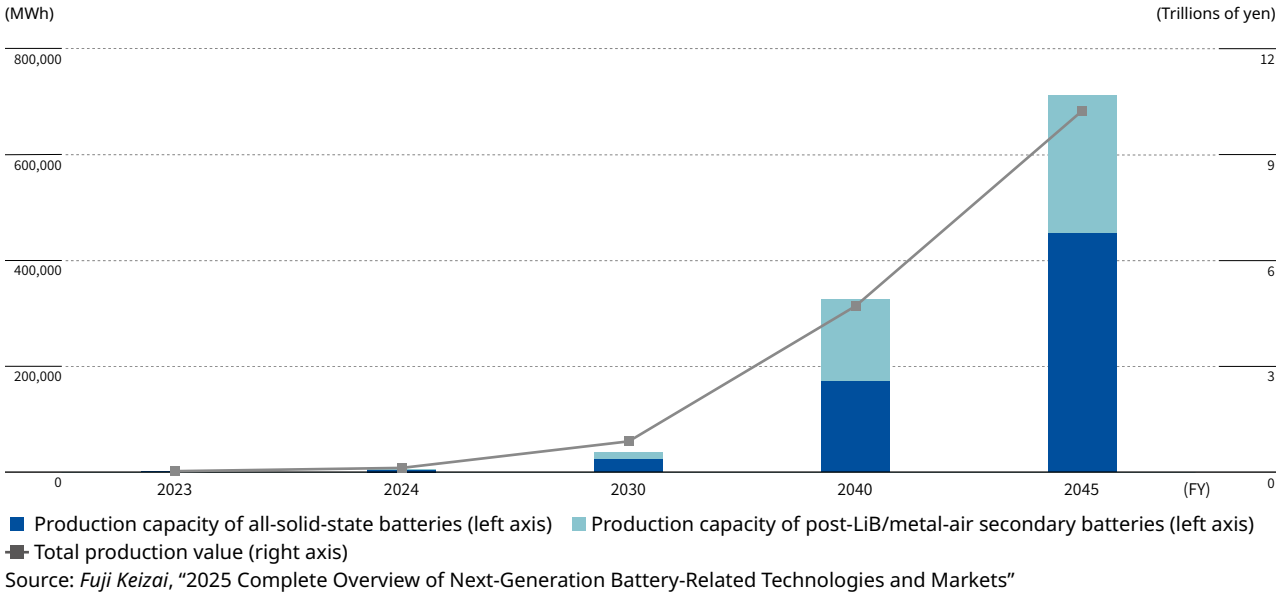
We do not limit our horizons to the products we currently offer. Rather, we are constantly promoting research and development aimed at delivering new value. As one of our R&D initiatives, in this section we highlight our efforts related to next-generation batteries.

Environment Surrounding Next-Generation Batteries

The market for liquid lithium-ion batteries (LiBs), which expanded with the proliferation of personal computers and mobile phones, grew significantly with the advent of battery electric vehicles (BEVs). However, the BEV market has recently stagnated and, in the short term, it is expected to continue to be affected by national policy trends. Nevertheless, over the medium to long term, the market is expected to expand further as the world moves toward carbon neutrality. The performance of liquid LiBs has improved greatly as the market has expanded, but there are still many challenges to be addressed in terms of fast charging, high output, safety, and cost. Technologies expected to solve these challenges include dry electrode technology, all-solid-state batteries, semi-solid-state batteries, and fuel cells.

The timing of commercialization will vary for each technology but, overall, the market is forecast to expand from the 2030s onward, and battery manufacturers and related companies are currently advancing their development efforts.

Long-Term Market Outlook for Next-Generation Batteries (Forecast)



Source: *Fuji Keizai*, "2025 Complete Overview of Next-Generation Battery-Related Technologies and Markets"

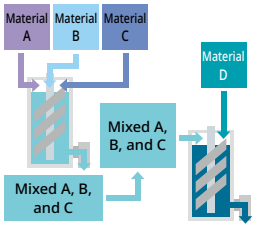
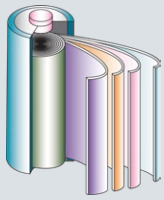
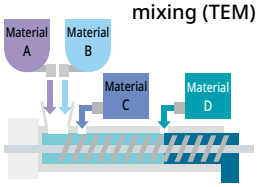
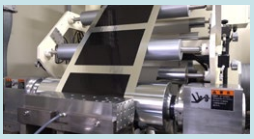
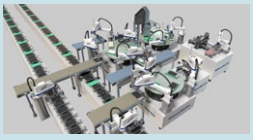
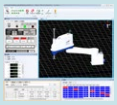
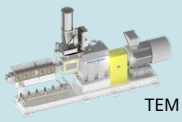
Initiatives Facilitating the Spread of Next-Generation Batteries

Dry electrode technology is expected to reduce the cost of liquid LiBs and to lower the environmental impact of the manufacturing process. Furthermore, this dry electrode technology can also be applied to all-solid-state batteries, which are seen as the most promising solution to current challenges faced by liquid LiBs. However, at present, there are still many technical issues, and battery manufacturers and related companies are conducting research and development to overcome these challenges. We are leveraging the technologies and expertise it has cultivated over the years—such as plastic compounding, optical film production, and control technologies tailored to specific equipment—to focus on dry electrode technology as well as on the development of various technologies required for all-solid-state batteries, including continuous mixing, coating, and high-speed lamination. These technologies hold great promise for achieving carbon neutrality and can also be applied to hydrogen fuel cells, which are being developed with commercial trucks and stationary power sources in mind.

Our Technologies and Strengths Supporting Next-Generation Batteries

Many types of next-generation batteries exist and competition at the development stage is in full swing. A shared goal across all battery types is to ensure continuous production. At SHIBAURA MACHINE, we are honing our expertise in plastic molding, converting, and robot control to support continuous production of various types of batteries. We are advancing system engineering that integrates technologies such as continuous mixing of electrode materials using twin-screw extruders, precision coating technologies (including high-accuracy intermittent coating systems), and high-precision, high-speed lamination using robot control. In this way, we contribute to the development and spread of next-generation batteries. Among our key strengths are our technologies covering virtually the entire manufacturing process for next-generation batteries.

Our Technologies for the Manufacturing of Next-Generation Batteries

Process / Type	Continuous Mixing of Electrode Materials	Electrode Material Coating (Film Formation)	Electrode Material Rolling and Trimming	Electrode Material Lamination and Transport
Dry electrode	Now: Batch mixing 	Roll-press film formation technology		 Cylindrical cell winding method (existing technology)
All-solid-state battery	01 Continuous Mixing Technology In the future: Continuous mixing (TEM) 	Electrostatic coating technology 02 Coating Technology  High-precision intermittent coating	High-quality calendering technology 	03 High-Speed Lamination Technology  System engineering
Semi-solid-state battery		 High-precision stripe coating	Trimming technology	 TSAssist  THE1000
Fuel cell (FC Stack)	 TEM series			

Development Leveraging Our Strengths

01 Continuous Mixing Technology

In the field of electrode material mixing technology, which is common to all next-generation batteries, the current mainstream approach is batch mixing—a non-continuous process with fixed processing steps. However, as reducing cost is a major hurdle to the wider adoption of next-generation batteries, the industry eagerly awaits developments in continuous mixing technology, which enables improved production efficiency. SHIBAURA MACHINE is moving forward on this front with advances in its TEM series twin-screw extruders. We have refined these extruders over many years in the plastic molding domain, with the aim of establishing continuous mixing technology compatible with various types of electrode materials.

02 Coating Technology

Coating methods for electrode materials vary depending on the type of next-generation battery. In addition, the physical properties of electrode materials themselves are diverse and continue to evolve. For instance, dry electrodes may take fibrillated or powder forms, while all-solid-state batteries and fuel cells often use slurries. SHIBAURA MACHINE is further developing technologies cultivated in the converting industry, such as coaters and roll-to-roll systems. We are focusing on the development of coating technologies that match the evolution of electrode materials, including the development of high-precision intermittent coating technology for all-solid-state battery electrode materials and new electrostatic coating technology for dry electrode materials.

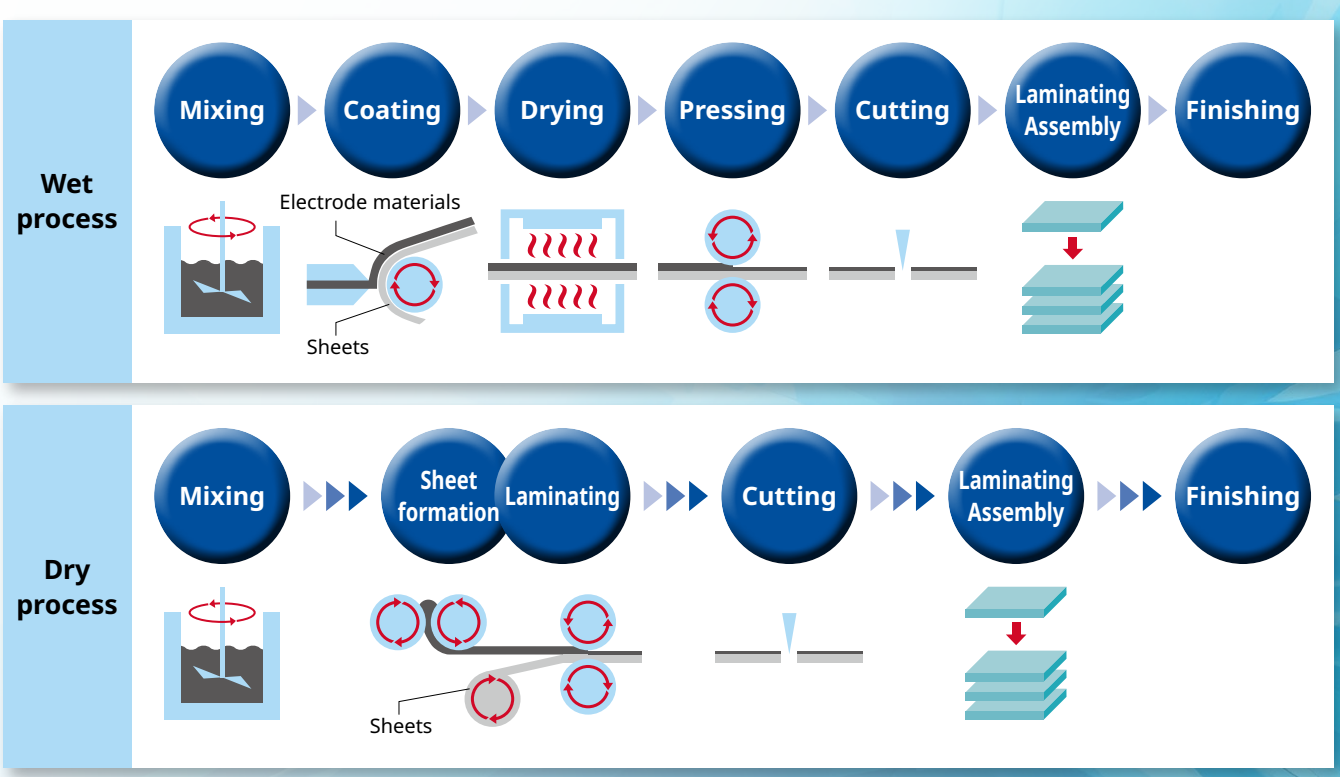
03 High-Speed Lamination Technology

For next-generation batteries such as all-solid-state batteries, semi-solid-state batteries, and fuel cells, mainstream production is shifting from the winding method, which dominates the production of conventional liquid LiBs, to a stacking method that layers various functional films such as electrode materials. Reducing costs is key to the proliferation of next-generation batteries and improving production efficiency is paramount, so the industry requires high-speed, high-precision lamination equipment. We combine the high-precision robot control technology we have cultivated in the industrial robot industry with the sophisticated position control technology we have built up in nano-machining systems to develop and offer high-speed, high-precision lamination technology that could not be achieved with conventional factory automation systems.

Electrode Material Manufacturing Processes for Next-Generation Batteries

For the manufacture of electrode materials—one of the components of next-generation batteries—there are two main methods: the wet process and the dry process (dry electrodes).

The wet process is the most common and, as electrode materials are mixed and coated using organic solvents, a drying step is required. In contrast, the dry process (dry electrodes) does not use organic solvents when mixing electrode materials, eliminating the drying step and making it possible to reduce production-related energy consumption, CO_2 emissions, and equipment costs. We are focusing on the research and development of dry electrode technology. In addition, both the wet and dry processes require mixing, coating, calendering, and high-speed lamination technology. We aim to provide system engineering that integrates these technologies.



System Engineering Technology Capabilities

The manufacturing process of various next-generation batteries involves the integration of technologies from different fields: mixing, coating, calendering (pressing), high-speed lamination, and more. For customers, taking charge of system-wide planning, overall coordination of technology development and design/manufacturing in these various fields, and integrating into one cohesive system is a heavy burden and a major challenge. SHIBAURA MACHINE possesses technologies that span the entire manufacturing process for next-generation batteries. By integrating these technologies through system engineering, we aim to deliver next-generation battery production systems that guide customers' visions to success. Furthermore, we seek to combine new technologies increasingly required in next-generation battery production, such as continuous mixing technology for electrode materials, with cutting-edge innovations nurtured through collaboration between industry and academia. These include new sensing methods, AI-based autonomous control, and highly reliable traceability via digital twins. Our goal is to create breakthrough systems that offer both high quality and high productivity. In the face of intensifying competition in next-generation battery development, we aim to establish an ideal scheme for customers, allowing them to focus on their own product development while entrusting the entire battery production system to SHIBAURA MACHINE.

Future Initiatives

The R&D Center pursues tireless technological innovation to help realize a sustainable society.

Mitsunori Kokubo

Managing Executive Officer
Research & Development Center
General Manager

R&D Center Policy

As people around the world strive to build a sustainable society and address social challenges, such as demographic shifts, climate change, resource shortages, and advancement toward a circular economy, the industrial sector faces an immense responsibility. As a machinery and equipment manufacturer that supports industry, expectations are particularly high for SHIBAURA MACHINE, which plays a vital role across a wide range of fields. The R&D Center's mission is to develop advanced technologies to meet these expectations.

Specific Activities of the R&D Center

Resolving environmental and energy challenges is an urgent issue today and we are working on essential technological innovations to achieve a sustainable future. Of these, we place the most emphasis on R&D related to next-generation batteries, as batteries are a core technology for efficient energy storage and supply.

Demand for energy storage is growing exponentially, owing to the rapid spread of renewable energy, electric vehicles (EVs), and other aspects of electric mobility. This creates a need for new batteries that surpass conventional technologies by offering higher performance, better safety, and lower environmental impact. In particular, we are addressing societal needs such as improving energy density, extending the charge/discharge cycle life, and taking a multifaceted approach to make efficient use of resources.

Our goal is to realize future energy storage technologies that are higher in performance, safer, and more environmentally friendly. At the core of this vision is our work on dry electrode manufacturing processes and, looking further ahead, the development of all-solid-state battery manufacturing processes. We believe these technologies will be key to achieving a carbon-neutral society.

Looking to the Future

What society needs now is sustainable and highly reliable energy technologies. The commercialization of next-generation batteries is an important step toward realizing a carbon-neutral society and SHIBAURA MACHINE sees its mission as contributing to society through technological innovation. As well as supporting the efficient use of renewable energy and the spread of EVs, we will work to create new markets through collaboration across industries.

We will also work with partners in Japan and overseas to address global challenges and advance R&D with a view to the worldwide market for next-generation batteries.

As we move forward, we will focus on fostering internal research talent, strengthening partnerships with domestic and international companies, universities, and research institutions, and improving the efficiency and cost-effectiveness of manufacturing processes to resolve the challenges of commercialization.

SHIBAURA MACHINE will continue to embrace the challenge of technological innovation to realize a sustainable future and create new value that supports the energy society of tomorrow.

We invite you to follow our journey and join us in building a sustainable future together.

Message from the CFO

Taking a medium- to long-term perspective, we will control our management resources appropriately and strive to maximize corporate value.

Hiroaki Ota

Representative Director
Executive Operating Officer
Chief Financial Officer

Fiscal 2024 in Review

In fiscal 2024, the first year of Medium-Term Management Plan 2026, sales were ¥168.1 billion, operating profit was ¥14.0 billion, and the operating profit ratio was 8.4%. Although these results were slightly less than our forecast, they were generally in line with expectations. On the other hand, orders received was only ¥107.3 billion, significantly below forecast. This has presented a major concern for our growth potential from fiscal 2025. As current performance depends on our orders backlog, a recovery in orders is essential to our future growth.

Our current operating environment is extremely uncertain. Sales of extrusion machines—particularly lithium-ion battery (LiB) separator film production lines, one category within our extrusion machine lineup that has driven our sales and profits over the past several years—expanded along with the proliferation of electric vehicles (EVs). However, demand for these lines has temporarily declined amid the sharp slowdown in the EV market. That said, this demand is not disappearing, and given that a certain level of need remains, we expect the life cycle of extrusion machines themselves to become longer. In addition, U.S. tariff policies are causing global turmoil, and we are being particularly affected by our many customers in the automobile industry delaying their capital investment decisions. We expect demand to recover somewhat once the tariff issue is resolved and customers' investment destinations and manufacturing locations grow clearer. Looking ahead, we recognize the need to build a more flexible structure to respond to such changes, anticipating that the overall plan may be delayed.

In response to the risks in our operating environment, we are concentrating on strategies tailored to overseas regions. For instance, in regard to injection molding machines, we intend to focus on the rapidly growing Indian market. We have already finished building a second plant there and we are considering further investment in the market. We have begun reconsidering initiatives to expand sales in the European market, which has been a long-standing challenge, and have established a new sales and service base in Germany. Going forward, we believe it will be important to develop a production structure at optimal locations among our multiple manufacturing bases worldwide, while closely monitoring customers' capital investment trends. It will be essential to build management systems for each overseas region and to establish firm management strategies for that purpose. In addition to translating strategies into action in each region, we intend to further strengthen performance evaluation and compensation systems to bolster execution capabilities.

While working to expand sales of injection molding machines, we will continue to generate stable earnings by steadily expanding in areas that are showing sustained growth. In addition to large machine tools for industrial machinery and shipbuilding in Japan and for energy-related applications in North America, we will endeavor to expand sales of high-precision machine tools and enhance our system engineering business.

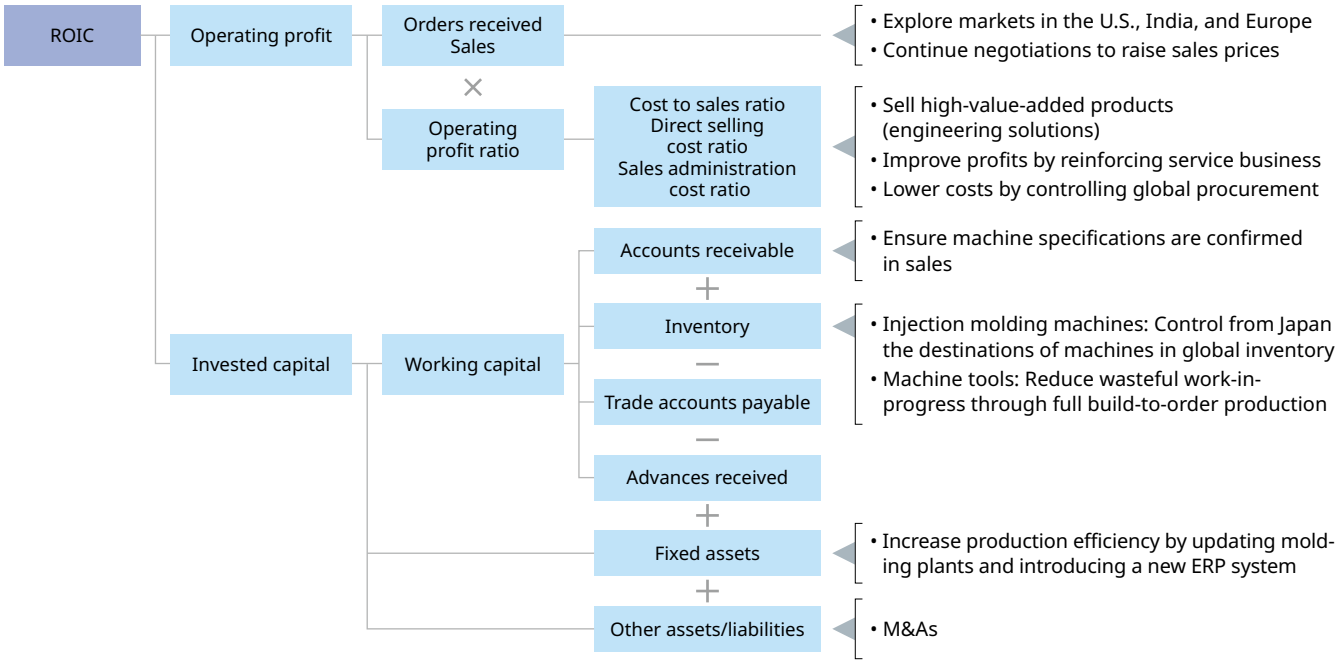
Embedding ROIC Management

Going forward, we need to boost capital productivity above its cost in order to maintain a balance between growth investment, financial soundness, and shareholder returns.

In Medium-Term Management Plan 2026, we have set targets for return on invested capital (ROIC), both to maximize profits and to emphasize improving capital efficiency through soundness of the balance sheet. When setting various targets for each in-house Company and division, we have introduced ROIC trees as indicators of effectiveness. Accompanying this implementation, we held in-house study sessions for department managers and arranged for personnel to attend external seminars to promote the embedding of ROIC-based management. Currently, we have ROIC targets in place for in-house Companies and divisions, and we evaluate departments using ROIC-based indicators. Now that a year has elapsed since the introduction of this system, we recognize that the system and its concepts have yet to trickle down fully to the operational level; we have not yet succeeded in embedding ROIC Companywide. The management team intends to continue taking an even stronger initiative to drive deeper adoption all the way to the front lines.

Also, as I mentioned above, corporate management must be aware of the cost of capital. Independent calculations set our weighted average cost of capital (WACC) at around 7%, and we believe that achieving ROIC above this level is essential for enhancing corporate value. The greater the difference between WACC and ROIC, the more corporate value increases, often driving up a company's stock price as well. We will continue to pursue management that remains attentive to cost of capital. One such measure is the reorganization of our business portfolio to maximize overall profits—one of the basic policies of Medium-Term Management Plan 2026. Another is the embedding of ROIC tree–based management.

Embedding ROIC Tree-Based Management



Cash Flow Allocation Plan

Maintaining financial discipline with investing will ensure sustainable growth. In an increasingly uncertain operating environment, we are concentrating on sound financial discipline to prepare us for various risks, such as U.S. tariff policies. As part of our efforts, we recognize the need to maintain our equity ratio. This ratio had fallen to around 40% due to the increase in inventories as we ramped up sales of LiB separator film production lines. Now, our equity ratio has recovered to approximately 60%, and we intend to sustain this level going forward.

As external uncertainties grow, we must also be prepared to make faster decisions surrounding growth investments. To ensure we can respond flexibly in emergencies, we are continually working to secure funding lines and enhance our ability to meet

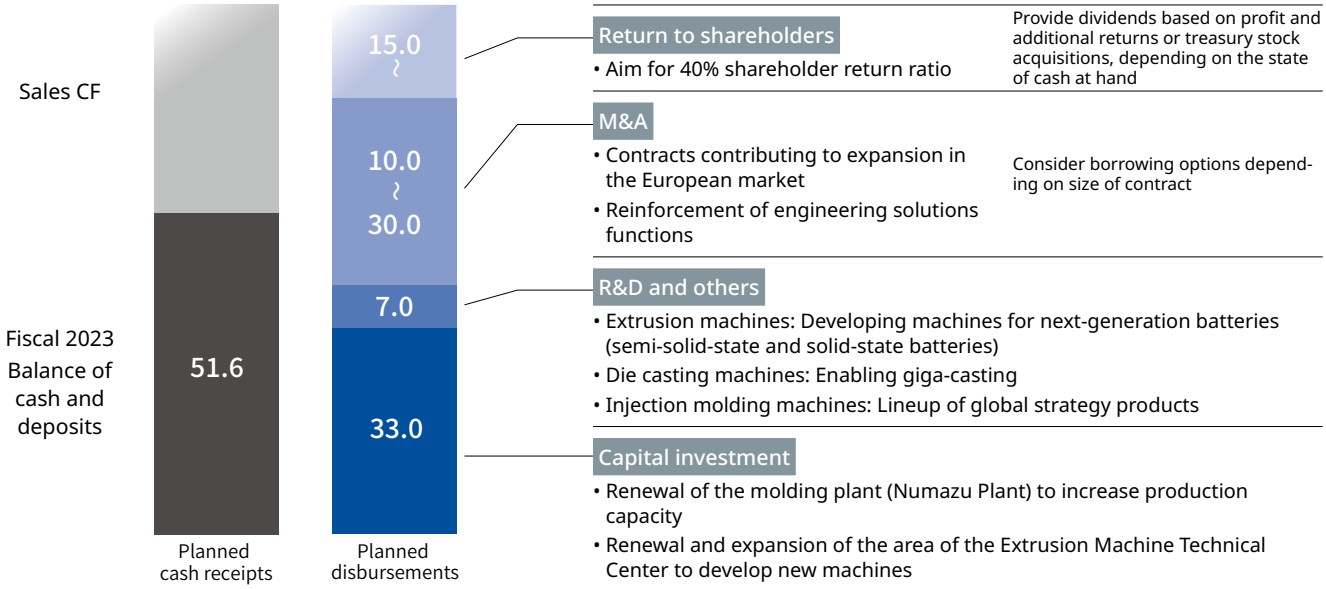
funding needs. Through these efforts, we aim to balance risk management with growth investments and build a robust financial structure.

Regarding growth investments, we are currently proceeding with the reorganization of the Numazu Plant. Under the previous medium-term management plan, we had suspended the reorganization plan, instead prioritizing the production of LiB separator film production lines. However, we have now resumed the reorganization and, although delayed, the plan is moving ahead steadily. As part of the plant reorganization, we are planning to construct a technical center for extrusion machines to engage in new product development tailored to customer needs. We also recognize aging facilities as an important issue and are working on optimizing spaces to improve productivity through production line efficiency and to enhance employee motivation. We believe an upgrade to our enterprise resource planning (ERP) system represents another important capital investment. Through such investments, we will promote greater efficiency and reinforce the foundation of our overall business.

On the M&A front, we are currently focused on strengthening our system engineering capabilities. We are evolving toward proposal-based system sales; rather than just selling individual machines, we are working to integrate offerings involving the pre- and post-processes that are also essential to customers' output. To achieve this, we must acquire or collaborate with peripheral equipment manufacturers. Meanwhile, we are actively addressing regional challenges, particularly strengthening our presence in Europe.

Cash Flow Allocation Plan Under Medium-Term Management Plan 2026

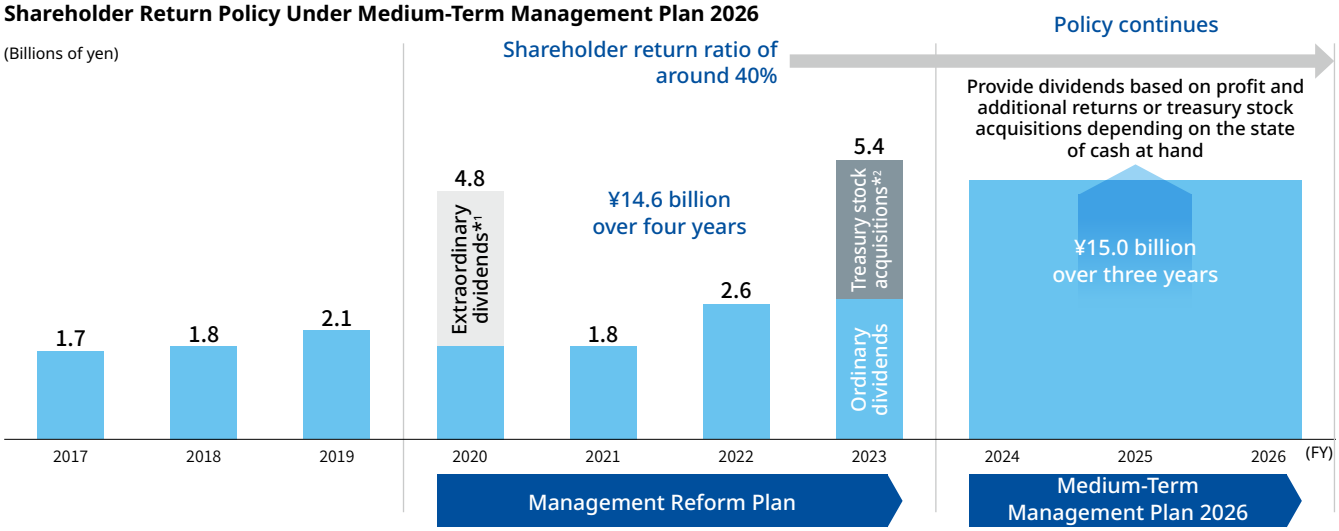
(Billions of yen)



Shareholder Return Policy

During the three years of Medium-Term Management Plan 2026, we are aiming for shareholder returns totaling ¥15.0 billion. For fiscal 2024, we set the annual dividend at ¥140.0, the same as in fiscal 2023. We sometimes receive questions and comments from our shareholders about our payout ratio, which at 26.4% is relatively low. We explain that we are prioritizing stable and sustainable shareholder returns. History shows that we are susceptible to external business and market factors, which can cause performance to vary from year to year. Setting a specific payout ratio could cause the dividend amount to fluctuate significantly. Together with our forecast dividend of ¥140.0 for fiscal 2025 (equivalent to a payout ratio of 100%), we aim for an average return ratio of 40% over the two periods. From a medium- to long-term perspective, we aim to maintain the trust of our shareholders through stable shareholder returns.

Shareholder Return Policy Under Medium-Term Management Plan 2026



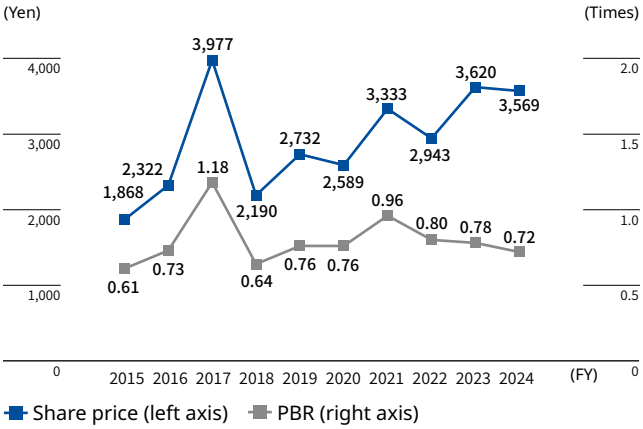
*1 Sourced from the proceeds of selling shares of NuFlare Technology, Inc.
*2 Acquisition of treasury stock announced on May 13, 2024

Increasing PBR

We are acutely aware that our current price-to-book value ratio (PBR) being below 1.0 is of great concern to investors, who use it to judge whether a stock is overvalued or undervalued. PBR is obtained by multiplying return on equity (ROE) by the price-to-earnings ratio (PER). While our ROE has exceeded 10%, PER remains low. We take this as an indication that shareholder and investor expectations for our company's future have not yet risen sufficiently. We recognize this as a medium- to long-term challenge and will work to clarify our growth drivers to enhance corporate value.

PBR and the Share Price

- 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)



My Perspective as CFO

In addition to maintaining a foundation steeped in financial thinking, I believe the role of the CFO is to consider and then follow up on optimal ways of allocating the company's resources and consider how to incorporate external resources to enhance corporate value. We must control risks appropriately while responding flexibly and quickly, maintaining a growth-oriented proactive stance rather than taking a more passive approach that could lead to contraction. I will do my best to ensure we uphold this focus and strive to prevent our plans from failing. At the same time, I feel a deep sense of regret that we expect sales and operating profit to fall significantly in fiscal 2025, compared with the past two years. However, rather than focusing on short-term performance, I am committed to enhancing corporate value over the medium to long term and will concretely consider and implement measures aligned with this. I ask our shareholders, investors, and other stakeholders to continue supporting us from this medium- to long-term perspective.

Business Strategy

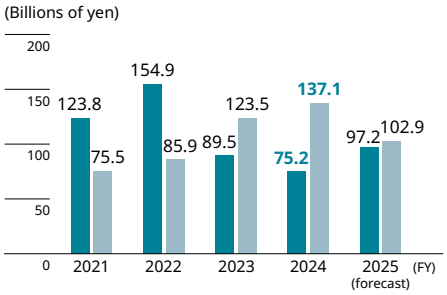
Metal & Plastics Industrial Machine Company

Metal & Plastics Industrial Machine Company

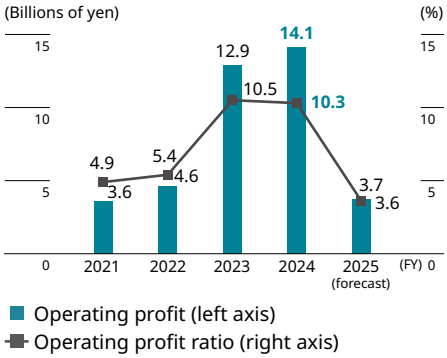
The Metal & Plastics Industrial Machine (M&P) Company is engaged in manufacturing, sales, and services focused on injection molding machines and extrusion machines for molding plastic materials, as well as die casting machines for casting aluminum and magnesium. Primarily used in the automotive industry,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

Performance Summary

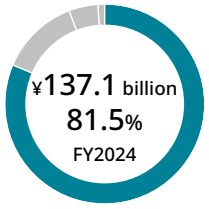
Amount of Orders Received / Net Sales



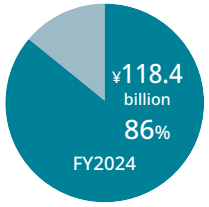
Operating Profit / Operating Profit Ratio



Net Sales



Overseas Sales Ratio



SWOT

Strengths

- A global production network and supply chain centered in Asia
- A broad product lineup ranging from small to ultra-large models
- In-house servo control technology for high speed and high precision
- Full line of sheet and film production equipment

Weaknesses

- High dependence on specific industries, making the business susceptible to economic fluctuations
- Exchange rate fluctuation risk associated with high percentage of overseas sales

S W O T

Opportunities

- Growing demand for bio-based and recycled resins as part of environmental initiatives
- Increasing demand for new technologies and new components for the transition to xEVs
- 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

Threats

- Intensifying price competition due to product commoditization
- Supply chain changes driven by structural shifts in the automotive industry
- Increasing instability in the global trade environment

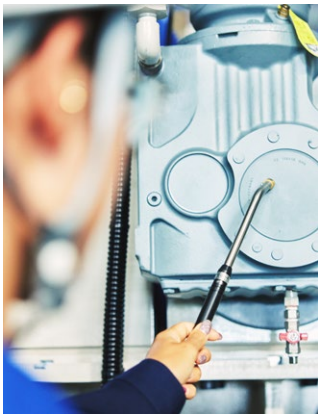
Progress Under the Medium-Term Management Plan

Progress and Issues

For the Metal & Plastics Industrial Machine Company (M&P Company), the core pillars of the medium-term management plan are scaling up and improving profitability. For injection molding machines, the Company has targeted the Indian market as a growth driver and developed a new series of all-electric injection molding machines and high-performance hydraulic injection molding machines. It has also launched new models aimed at expanding sales in the North American and Asian markets. These new models contribute to shortening production lead times and reducing total manufacturing costs through a modular production system. For die casting machines, the Company is developing some of the world's largest models with clamping forces in the 12,000-ton class to support gigacasting, which can greatly improve automobile production efficiency. For extrusion machines, the Company is advancing the performance of lithium-ion battery separator film production lines while also developing new technologies to accommodate next-generation batteries.

Future Strategy

As part of its strategy to scale up operations, the M&P Company plans to focus on the Indian and European markets to drive sales expansion. In Europe, the Company has established a local subsidiary in Germany and will introduce new models of all-electric and hydraulic injection molding machines while strengthening its sales network and service structure. These new models will be manufactured at the Company's second plant in India, which boasts high productivity thanks to its leading-edge facilities. Thereby, both high quality and high performance will be achieved, while also improving price competitiveness. In addition to expanding its Indian plant, the Company will reorganize its global production network to further enhance production efficiency. Furthermore, by expanding its system engineering business—including auxiliary equipment such as secondary mold cooling systems for molding machines and automation systems—the Company aims to improve profitability by enhancing customers' production efficiency.



Topics

Expanding Production and Sales at Our Plant in India

Our second plant in India, which began operations in July 2024, manufactures injection molding machines and peripheral equipment. In fiscal 2024, its annual production capacity was expanded by 50%, from 1,200 units to 1,800 units. The plan is to increase capacity further, to 4,000 units per year, by fiscal 2032.

In addition to meeting strong demand for equipment in the robust Indian market, the Company aims to expand sales into the growing Middle Eastern and African markets and increase exports to Europe and the United States. In the plant's mainstay product area, hydraulic injection molding machines, we have launched a new series of compact models that are highly regarded for their durability and stability by a wide range of industries, including the automotive, IT, medical, home appliance, and building materials sectors. Backed by Japan's advanced technology, the plant has also started production of environmentally-friendly, all-electric injection molding machines and plans to further expand its lineup going forward.

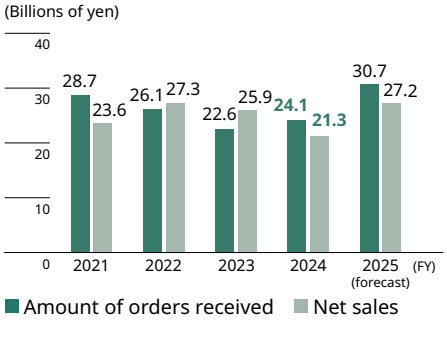
Machine Tools Company

Machine Tools Company

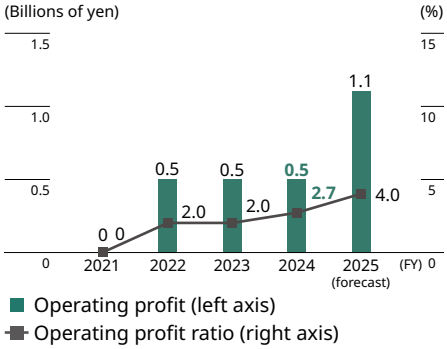
The Machine Tools (MT) Company engages in manufacturing, selling, servicing, and retrofitting high-precision machine tools in a wide range of fields, including energy; social infrastructure; the manufacture of equipment for automobiles, railroads, ships, airplanes, and other forms of transport; construction machinery; large parts for industrial machinery; machine tools for the 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 press machines—covering everything from ultra-large to ultra-precision machinery.

Performance Summary

Amount of Orders Received / Net Sales

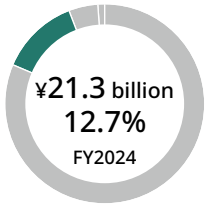


Operating Profit / Operating Profit Ratio

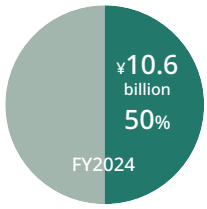


Note: In the bar graph and line graph, net sales, operating income, and the operating margin include intersegment transactions.

Net Sales



Overseas Sales Ratio



SWOT

Strengths

- Technical capabilities for the specifications of ultra-large, special-purpose, and custom products
- Ability to develop world-class technologies that enable leading-edge, nano-order processing
- Resources that enable production of ultra-large products through to high-precision products

Weaknesses

- Low percentage of overseas sales
- Longer lead times caused by small-lot, multi-model custom orders

S W O T

Opportunities

- Increasing demand for automated systems and the introduction of IoT and AI to save labor and improve productivity
- Increasing investment in new environmentally-friendly infrastructure and energy
- Growth in new demand accompanying the shift to EVs

Threats

- Strengthening of export control regulations
- Technological progress of manufacturers in emerging countries
- Increasing instability in the global trade environment

Progress Under the Medium-Term Management Plan

Progress and Issues

Under Medium-Term Management Plan 2026, the Company is advancing initiatives in two segments: large machine tools and high-precision machine tools.

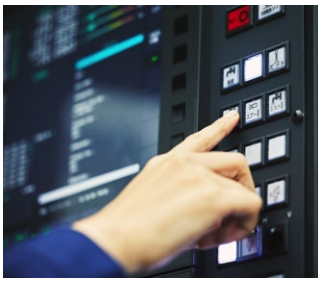
For large machine tools, positioned as a “defensive” business, the focus is not on expanding scale but on implementing measures to improve profitability. As part of these efforts, the Company has worked to shorten production lead times by reviewing its parts ordering and procurement systems and optimizing fixed costs through greater workforce mobility. Some positive effects from these measures are already beginning to be seen in profitability.

For high-precision machine tools, positioned as an “offensive” business, the Company is executing measures to expand the scale of sales. As part of this growth strategy, in addition to its core market of China the Company has analyzed the North American market, where it previously had little presence, and has defined target domains including automotive optics, medical, optical communications, and press dies. It has been building a sales structure to address these areas and will begin full-scale efforts to acquire orders in fiscal 2025, aiming to expand sales in fiscal 2026.

Future Strategy

For large machine tools, the Company will continue the profitability improvement measures set out in Medium-Term Management Plan 2026 while advancing its regional strategies. In North America, it plans to seize opportunities arising from the resurgence of fossil fuels, such as shale gas, focusing on energy-related fields (power generation, construction machinery, mining machinery, etc.) as well as the increasingly active aerospace market. The goal is to increase order volume to 1.5 times the fiscal 2024 level during the Medium-Term Management Plan 2026 period. The Company will also review its overseas business strategies, placing emphasis on wind and hydro power in the Indian market and on expanding sales in Europe.

For high-precision machine tools, the Company will continue its efforts to increase scale. In Japan and East Asia, it aims to expand sales of the UVM series by capturing the demand for direct cutting, which can significantly improve productivity for electrical discharge machining (EDM) users, while also focusing on optical communications, press dies, and automotive optics. Building on its foothold in automotive optics in Japan and East Asia, the Company plans to further penetrate the automotive supply chain in Europe and North America. In addition, it is developing new models for the volume market and plans to expand sales into optical communications, press dies, and medical fields.

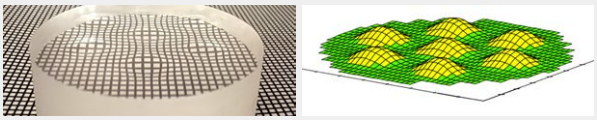


Topics

Collaboration with Academia and Application to Optical Systems for Next-Generation Precision Equipment

In the high-precision machine tools business, we always conduct development with a view to staying at the forefront of machining technology worldwide. While expanding our own in-house development resources, we also work in close collaboration with academic societies, universities, and research institutions. By keeping a keen eye on market trends, we have advanced element-level development and achieved a variety of research and development results.

For example, our high-precision aspheric generator (ULG/C series) is often used to machine molds for lenses, but it also finds demand for the direct grinding of glass lenses for even higher precision. We have achieved results in addressing this need through technology development in collaboration with academia. Looking ahead, we will continue such collaboration to apply this technology to the manufacturing of optical components for next-generation precision equipment and other future applications.



Using our high-precision aspheric generator for direct grinding of glass lenses enables highly; accurate machining of complex shapes, such as protrusions.

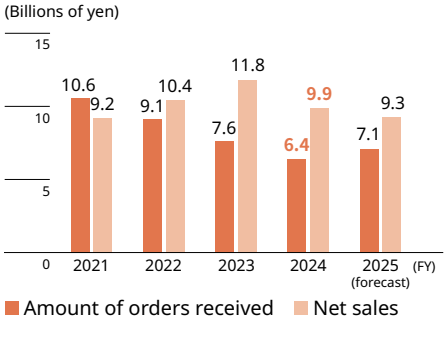
Control Systems Division

Control Systems Division

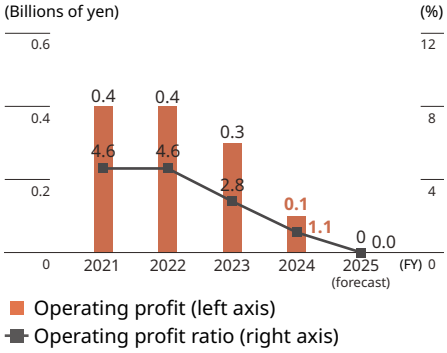
The Control Systems Division provides customers with a wide range of industrial robots—used for transport, assembly, inspection, and other processes at various manufacturing sites—including dual-arm collaborative, painting, SCARA, and vertical articulated robots, as well as electronic control devices such as controllers and servos, including those for the Company's own products. In addition, the Company helps resolve the diverse issues customers face by proposing optimal automation systems, thereby contributing to the achievement of their goals.

Performance Summary

Amount of Orders Received / Net Sales

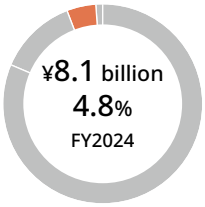


Operating Profit / Operating Profit Ratio

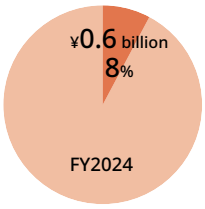


Note: In the bar graph and line graph, net sales, operating income, and the operating margin include intersegment transactions.

Net Sales



Overseas Sales Ratio



SWOT

Strengths

- Control technology know-how cultivated in many different areas inside and outside the Company
- Servo technology capable of nano-order operations
- The advantage in being able to select our own components and use them to configure systems
- Proven track record and expertise in automation systems for beverages and food products

Weaknesses

- Dispersal of resources due to high-mix, low-volume production
- Dependence on specific customers

S W O T

Opportunities

- Increasing need for unmanned and labor-saving systems due to a shrinking population and decline in the working-age population
- Expanding needs for automation at automotive, beverage, food, and medical product manufacturing sites and in manufacturing logistics
- Increasing demand for servos due to the expansion of electrification in various industries

Threats

- Higher costs stemming from restrictions due to standards and regulations for safety and security in each country
- Increasing instability in the global trade environment

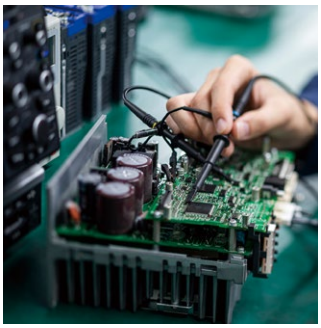
Progress Under the Medium-Term Management Plan

Progress and Issues

Under Medium-Term Management Plan 2026, the control systems business is positioned as a “defensive” business. With the growth of standalone sales of existing component products slowing, the Company has been working to transform its portfolio by focusing on control and robotics technologies, strengthening sales of engineering solutions, including dual-arm collaborative robots, to improve profitability. Demand remains strong for automation to address challenges such as declining labor populations, the difficulty of passing down skills, and rising labor costs. In 2024, the Company made TECHNOLINK CO., LTD. a subsidiary to reinforce engineering solutions sales. However, results so far have been insufficient, and further efforts will be required going forward.

Future Strategy

The Company will continue to focus on and develop the engineering solutions business as a core pillar. It plans to strengthen its ability to handle automation projects, especially in the automotive-related domains where the Group excels, while also expanding support for automation in the food and beverage sectors—areas where TECHNOLINK CO., LTD has strong expertise. The strategy is to leverage TECHNOLINK’s experience, track record, and cost competitiveness to create synergies with the Company’s core product domains, thereby expanding sales activities. The Company also aims to raise awareness and broaden its sales reach through promotional activities such as trade shows, driving further business growth. In addition, it will pursue element-level development for promising areas such as production equipment for next-generation batteries and molding equipment for new materials such as carbon fiber reinforced thermoplastics, maximizing added value and customer retention through turnkey system proposals to expand scale and improve profitability.



Topics

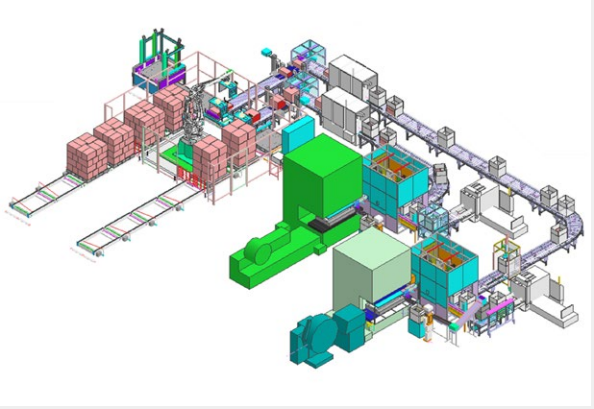
Reinforcing Engineering Solutions

As part of efforts to strengthen the engineering solutions business, the Company made POKKA MACHINE Co., Ltd. (now TECHNOLINK CO., LTD.) a subsidiary in March 2024.

TECHNOLINK brings a long track record and expertise in high-speed, continuous workpiece transport, accumulation, boxing, and palletizing, primarily in the beverage and food sectors, which will be applied to building the automation systems our customers seek.

Leveraging its development and marketing capabilities, the Company plans to design packaged systems and use TECHNOLINK’s speed and cost competitiveness to expand sales of these as new solutions.

By maximizing the synergy between the Company’s overall capabilities and TECHNOLINK’s accumulated expertise, the Company aims to expand its engineering solutions business.



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.

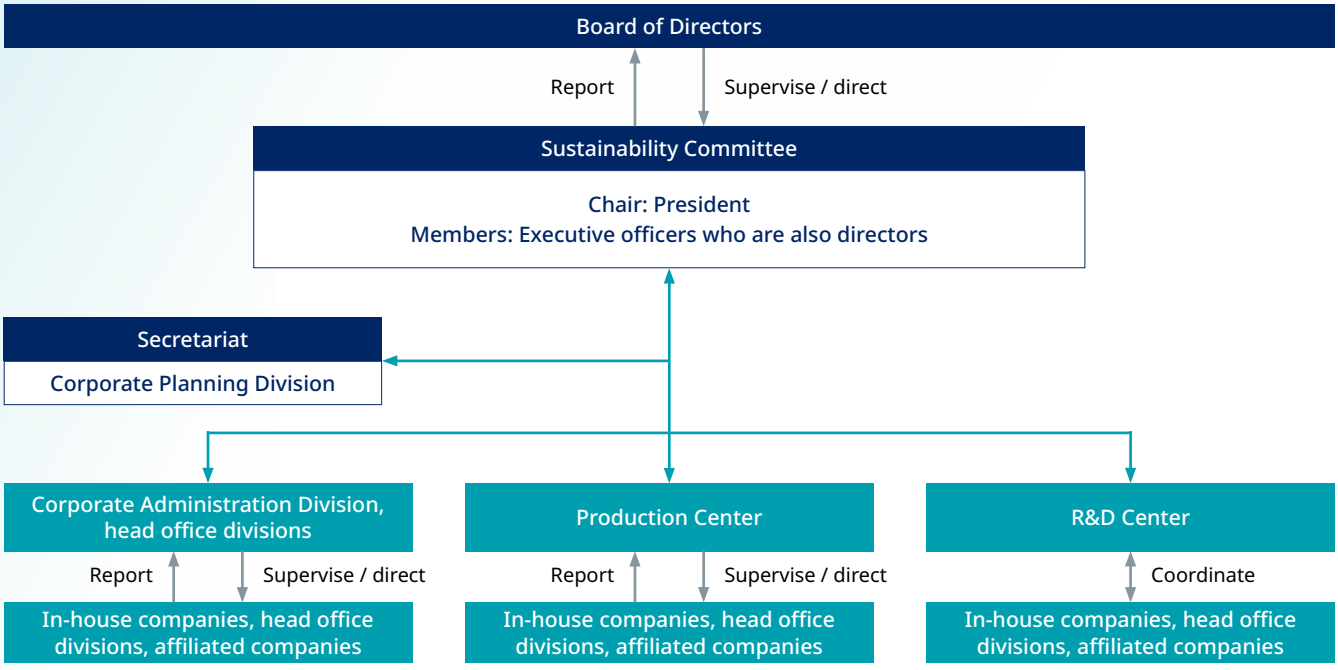
To leave a rich global environment for future generations and contribute to the sustainable development of society, we will make sustainability considerations the drivers of business management and continue to take into account the viewpoints of all our stakeholders around the world, including customers,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



Recommendations are made to executive bodies to ensure that the SHIBAURA MACHINE Group's activities help sustain the development of the Group and society and to ensure that these activities earn appropriate evaluations from stakeholders.

Human Resource Strategy

We view people as human capital—the source of corporate value—and aim to establish a framework in which individuals grow in tandem with our businesses.

Takeshi Iwamatsu

Executive Officer
Corporate Administration Division General Manager, Secretarial Department Senior Manager,
Human Resources & General Affairs Department Senior Manager

Characteristics and Strengths of Our People

Having long developed the “machines that create things in the world” to enrich society and address challenges, we believe the Company enjoys support from people with an entrepreneurial spirit who can hold their own on the global stage. Underpinning this are individuals who approach tasks with sincerity, possess deep expertise and advanced technical skills, and work collaboratively to achieve results. Above all, our workforce includes many who take pride and responsibility in contributing to society through manufacturing and who are highly inquisitive.

Issues in Human Resource Development and Personnel Systems

With more than 70% of our sales coming from overseas, we recognize that our curriculum for developing global talent lacks both depth and speed. As our business model diversifies, we must move swiftly at a global level to enhance career support systems, build career plan models to serve as guidance, and make existing role models more visible to employees worldwide.

Positioning of the Human Resource Strategy in Medium-Term Management Plan 2026

We view people as human capital—the source of corporate value—and aim to deploy, develop, and utilize our workforce more strategically. Our focus is on building a framework that enables the optimal allocation of the right talent, at the right time, in the right place, on a global scale, to respond swiftly to rapidly changing markets, customer needs, and business environments. We strive to establish a system in which people grow in tandem with our businesses.

Overview and Key Initiatives of the Human Resource Strategy

Our fundamental policy is to view our human resource and business strategies as one, aligning and integrating them. In promoting workforce mobility linked to key business priorities, we recognize the need to advance and refine systems that can flexibly reassign the right talent in response to changes in markets and businesses. To achieve this, we are strengthening unified HR governance, including at overseas bases, and building a global human resource database. This will deepen talent management to accurately understand each employee’s experience, aspirations, and abilities, and foster career awareness by clarifying and sharing role models throughout the Company.

Basic Policy on Human Resource Strategy

Long-Term Vision 2030 sets our sights set on “becoming a corporate group that responds to megatrends in the 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. Recognizing people as “the source of corporate value = human capital,” we are advancing more strategic placement, development, and utilization of talent and promoting a human resource strategy integrated with our business strategies.

To respond swiftly and flexibly to changes in the business environment and market conditions and to support business growth, we will implement the following human resource strategies in line with this basic policy:

1. Building a human resource portfolio aligned with business strategies
2. Establishing unified HR governance and strengthening its foundation
3. Augmenting talent management
4. Fostering career awareness and supporting autonomous growth

Global Human Resource Policy

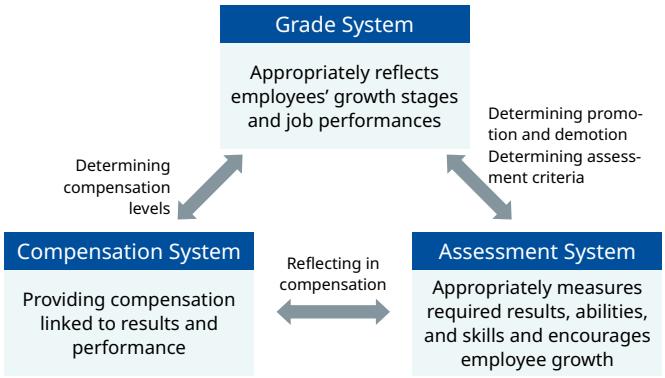
As a corporate group with bases worldwide, we have established a global policy on human resources. While advancing global strategies through the promotion of a unified HR governance framework and a common Companywide human resource strategy, we operate localized regional human resource systems that are 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, or other protected classes 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.



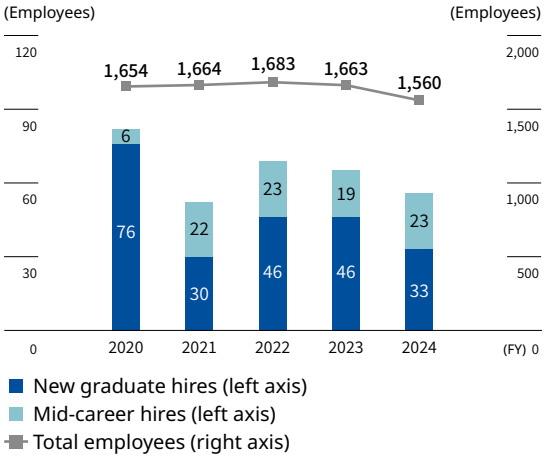
Grade System	● Enabling appropriate compensation and long-term development by redefining criteria for promotion and demotion and by linking positions and roles to grades ● Establishing specialist positions as well as promoting the development of specialists and the external hiring of talented specialists
Compensation System	● Providing compensation commensurate with results and performance by appropriately reflecting roles and results ● Compensating talented specialists in accordance with market compensation levels without setting an upper limit on such compensation
Assessment System	● Establishing assessment items corresponding to the definitions of respective grades

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)



Topics

Recruitment Initiatives

To build early connections with students, we hold work-experience seminars and networking events with young and women employees as part of our internship program, helping students better understand the Company and supporting their career development.

In the work-experience seminars, students experience the design and development work of injection molding machines, allowing them to gain a realistic understanding of our business and working environment. This deepens mutual understanding and helps prevent recruitment mismatches, while also encouraging students to think concretely about their future career vision and the meaning of work.

From the perspective of diversity and inclusion, we are also strengthening initiatives to promote women's participation and advancement. Through networking sessions with women employees, we engage in candid dialogue about career development and work–life balance, helping students form a clearer image of working at the Company. These initiatives aim to create a workplace where everyone, regardless of gender, can work with confidence, and to connect these efforts directly to our recruitment activities.

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

We conduct an employee engagement survey, administered alongside the mandatory stress check, with the aim of supporting individuals and improving workplace environments so employees can work with enthusiasm and vitality (implementation rate in fiscal 2024: 100%). In fiscal 2024, the proportion of employees with high or semi-high engagement was 21.3%, while the proportion of employees with high stress was 11.4%, indicating the need for further improvement. Initiatives in fiscal 2024 included training programs for managers and a job status survey conducted by the Human Resources Department to gain detailed insight into each employee's condition and workplace environment. Going forward, we will continue to utilize the analysis results from these job status surveys and other data to enhance engagement and reduce the number of highly; stressed employees.

Basic Policy on Respect for Human Rights

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.

Please refer to the following webpage for details on our initiatives in diversity and inclusion, work–life balance, health and safety, and more:

Sustainability (Social) https://www.shibaura-machine.co.jp/en/sustainability/Social/

Intellectual Property

Intellectual Property Strategy as a Foundation for Value Creation

The SHIBAURA MACHINE Group's management philosophy states, "We will contribute to maximizing value for our customers around the world." In line with this philosophy, we are committed to addressing social issues and achieving sustainable growth in corporate value.

Our intellectual property (IP) strategy serves as a vital foundation for realizing this philosophy. We promote IP strategy in a close integration with our business and technology strategies to drive sustainable growth and contribute to society.

Intellectual Property Activities That Accelerate Business Strategy

The Intellectual Property Department, within the Research & Development Planning Department, centrally manages the Group's IP and provides dedicated support to each Product Development Department. In addition to researching, creating, acquiring, securing, and maintaining IP rights, the department formulates and promotes IP strategies aligned with business strategies.

By participating in key meetings across divisions, it strengthens the link between business strategy and IP strategy, maximizing synergies.

In patent creation, we support and train engineers to embed IP awareness into their work, thereby fostering a Companywide culture that values IP.

The Research & Development Planning Department's Intellectual Property Department supports each of the Product Development Department

Market Creation Through a Proactive IP Strategy

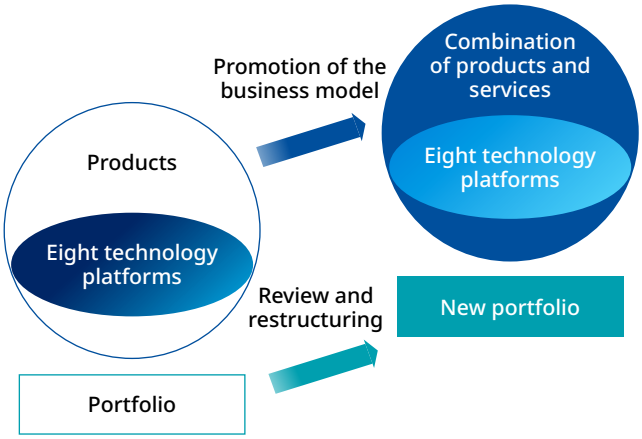
Building on our eight technological platforms P.16–17, we continue to advance our business model through products and services, consistently creating new value.

We protect the results of these efforts as IP rights for our proprietary technologies and build a robust IP portfolio.

In constructing this portfolio, the Intellectual Property Department conducts in-depth analyses of industry trends, competitor and in-house patent information, and other relevant data to create patents tailored to emerging needs—an approach we call our "strategic patent creation initiative."

By leveraging this strategically built IP portfolio, we aim to strengthen our competitive position in existing markets and to drive the creation of entirely new markets.

Creating markets with our proactive IP strategy



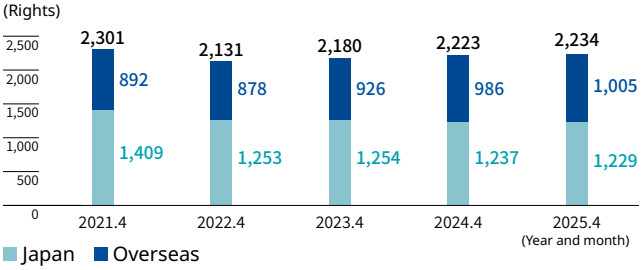
Investing in the Future: Developing IP Talent and Leveraging Intellectual Property

Looking to the future, we are focusing on developing professionals with specialized expertise in IP. By cultivating talent with advanced knowledge and skills, we aim to deploy more sophisticated IP strategies and drive sustainable growth.

We leverage IP strategy as a proactive management tool to maximize the value we deliver to customers and contribute to the advancement of society.

In addition, we actively protect the IP created through research and development—such as patents—and promote its application to our own products.

Intellectual Property Rights Held



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 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
  (5 times in fiscal 2024)
- Hold internal audits on procurement
  (9 times in fiscal 2024)
- Participate in external workshops
  (including online workshop

We offer training on essential aspects of the Subcontract Act, centering on people who are involved with 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 Companywide 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 any 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

1. We fulfill our role as the SHIBAURA MACHINE Group in working toward the sustainability of a prosperous global environment and society.
2. We comply with all applicable international, regional, and national standards, laws, regulations, agreements, industry guidelines, and Company rules related to the environment.
3. We help to solve social issues through our business activities.
4. We actively work to reduce environmental impact, make effective use of resources, and conserve biodiversity.

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 2024.

Percentages in parenthesis are the decreases compared with the fiscal 2013 reference year.

Initiatives (Indicators)		FY2024 Achievements	FY2025 Targets	Long-Term Objectives to be Achieved by FY2030
Global warming prevention	Reduction in CO_2 emissions intensity (t / hundred million yen)	12.2 (–56%)	16.4 (–41%)	13.8 (–50%)
Making productive use of resources	Reduction in waste emissions (t / hundred million yen)	1.67 (–52%)	2.00 (–42%)	1.20 (–65%)
Chemical substances management	Reduction in chemical emissions (kg / hundred million yen)	25.7 (–67%)	42.5 (–45%)	40.0 (–48%)
Green management	Biodiversity conservation (ecosystem network)	Participating in community environmental cleanup 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 more than 7.5% 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.)
CO_2 emission reduction targets are gross emission targets, not net targets.

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 environmentally-friendly products, reduce the environmental impact of our business activities, protect ecosystems, 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

CO_2 emissions at the product use stage account for the majority of CO_2 emissions over the entire life cycles of SHIBAURA MACHINE products. Therefore, improving the energy-saving performance of our products and reducing CO_2 emissions during the product use stage is effective in reducing the environmental impact of our products.

Examples of Environmentally Conscious Products

All-electric injection molding machine
EC230SXIII S-Concept

Our all-electric injection molding machine, the EC230SXIII S-Concept, consumes 24% less heater power than previous models due to a redesigned heater cover, which is shaped to improve heat retention. This approach reduces annual CO_2 emissions by 1.4 tons.

Double-Column Type Machining Center
MPC-H Series

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 CO_2 emissions reduction.*

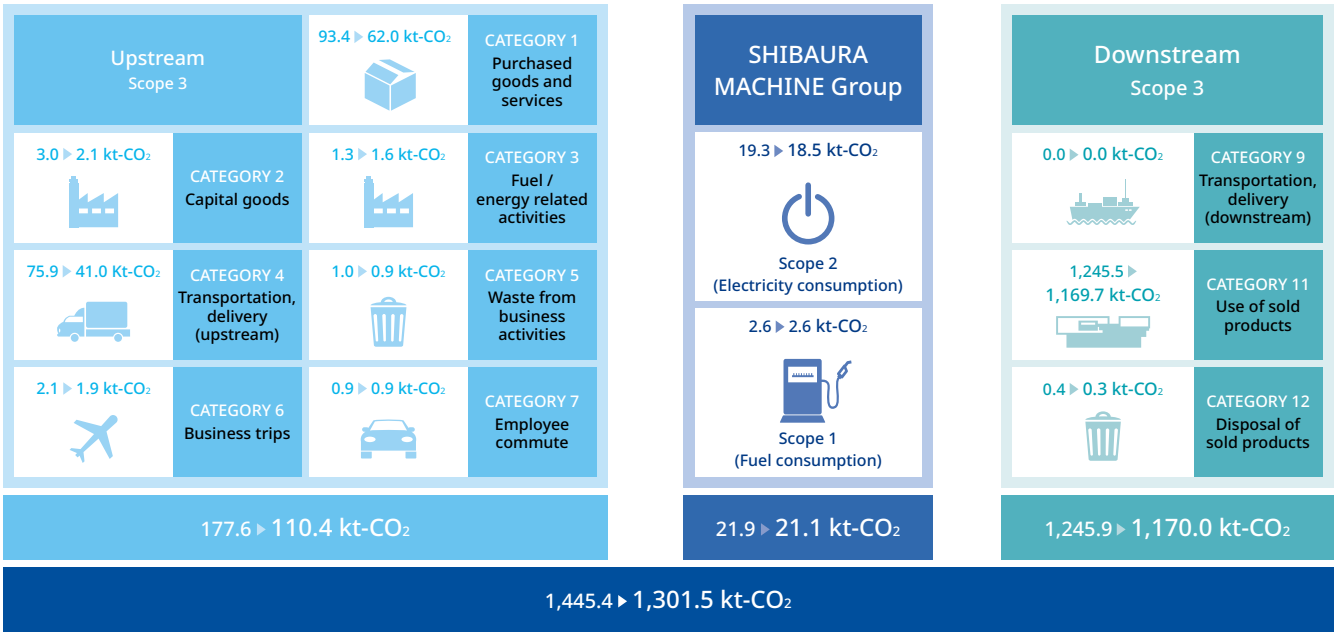
* The amount of CO_2 emissions that is considered to have been reduced by replacing a previous model with an environmentally-conscious product with a better energy-saving performance

Environmental Load from the Entire Supply Chain

Since fiscal 2015, we have estimated and calculated CO_2 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.

Results for Fiscal 2023 ▶ Results for Fiscal 2024



Disclosure Based on the Task Force on Climate-related Financial Disclosures

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 TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

* 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 centers on the Sustainability Committee P.42. 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 segments—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 each fiscal year.

Assumptions in Scenario Analysis

Category	Assumptions in Scenario Analysis
Scope of coverage	The entire value chain of the three segments (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

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 segment, along with their respective levels of importance and priority, and their financial impact.

Metal & Plastics Industrial Machine segment

Sector	Category	Subcategory	Potential Impact	Time horizon	Location in the value chain	Financial Impact*				Countermeasures
						4℃		1.5℃		
						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 segment

Sector	Category	Subcategory	Potential Impact	Time horizon	Location in the value chain	Financial Impact*				Countermeasures
						4℃		1.5℃		
						2030	2050	2030	2050	
Transition risk	Legal and policy risks	Promotion of policies to curb thermal power generation	Curtailment 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 segment

Sector	Category	Subcategory	Potential Impact	Time horizon	Location in the value chain	Financial Impact*				Countermeasures
						4℃		1.5℃		
						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 and Corporate Divisions 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 CO_2 emissions by 50% compared to fiscal 2013 levels (138.0 t-CO_2 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 2024 result	Fiscal 2025 target	Fiscal 2030 target
Reduction in CO_2 emissions (t-CO_2 / ¥ hundred million)	27.6	12.2 (–56%)	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.
CO_2 emissions reduction targets are gross emission targets, not net targets.

Scope1,2,and 3 Emissions Targets and Results

(Thousand t-CO_2)

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2030 (target)
Scope1	2.8	2.7	2.7	2.6	2.6	1.7
Scope2 (Based on location)	18.6	18.8	21.0	19.3	18.5	11.1
Total Scope1 and 2	21.4	21.5	23.7	21.9	21.1	12.8
Scope3	881.8	820.3	842.1	1,423.5	1,280.4	510.0
Total	903.2	841.8	865.8	1,445.4	1,301.5	522.8
Reference: Intensity (t-CO_2 / ¥ hundred million)	22.5	20.5	18.8	13.5	12.2	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 CO_2 Emissions from Our Operations

To achieve our 2030 reduction target for CO_2 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 CO_2 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 EVs and energy storage.

Going forward, we will focus on reducing CO_2 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 CO_2 emissions during product use. We will also strive to develop renewable energy technologies to lower CO_2 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 CO_2 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 CO_2 emissions.

For information on environmental accounting, global warming prevention, environmental data, and more, please visit the following webpage:

Sustainability (Environment) https://www.shibaura-machine.co.jp/en/sustainability/Environment/

Discussion Among the President and Outside Directors

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

Akifumi Imamura
Outside Director

Mr. Imamura is a lawyer who serves as an outside director for several companies. He became an outside director (Audit & Supervisory Board Member) of the Company in June 2021. He 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.

Chisa Hayakawa
Outside Director

At Calbee, Inc., Ms. Hayakawa served as general manager of the Investor Relations Department and the Financial & Accounting Department before assuming the post of executive officer and CFO, Asia Oceania Region of Calbee, Inc. in 2023. A certified tax accountant and securities analyst, she joined the Company as an outside director in June 2020. She is a member of the Nomination Advisory Committee.

Our Corporate Culture and Strengths, as Seen from the Outside

Imamura The Company's strength lies in its outstanding technological capabilities and production capacity, which allow it to manufacture a wide range of machinery, from large-scale to ultra-precision equipment. Another strength, I believe, is that its employees are earnest and sincere, and they have confidence and pride in the Company's technologies and products. On the other hand, the Company seems to sometimes come across as being somewhat reserved; I think we could promote our strengths more proactively. In that respect, its first-ever television commercial was a groundbreaking initiative from a branding perspective.

Hayakawa As is evident from the TV commercial's tagline, "We create machines that create the unknown." the Company takes pride in contributing to society through manufacturing items that it is uniquely able to produce. At the same time, while respecting hierarchy and maintaining clear seniority relationships is a good thing, I do have the impression that the Company is somewhat conservative.

Sakamoto I appreciate those comments recognizing our sincerity and pride in technology, as these are

qualities we value highly. At the same time, it's true that we can be somewhat conservative and a bit slow to change. This is exactly what we aim to address with the initiatives of Medium-Term Management Plan 2026. As the industrial structure continues to evolve, the Company must also change in order to survive. I would very much appreciate your guidance in this area.

Looking Back on the First Year of Medium-term Management Plan 2026

Imamura One of the challenges we face under Medium-Term Management Plan 2026 is how to overcome the uncertainty in the automobile industry caused by the U.S. government's protectionist policies, which have led many companies to hesitate in making capital investments. Under current circumstances, where expanding sales is difficult, we need to think about ways to improve profitability through production efficiency and by changing our conventional approaches. Conservatism was mentioned earlier; I feel the corporate culture is somewhat resistant to changing established practices. I hope to see a new culture emerge that complements top-down leadership with individual employees taking the initiative to think and act, and thereby driving change.

Hayakawa In fiscal 2024, sales and profit levels were roughly on par with fiscal 2023, both increasing significantly from the previous year. At first glance, the Company appeared to be off to a strong start for the first year of the medium-term management plan. However, as changes in the operating environment caused the order volume to stagnate, I sensed that the year was really going to be a challenge. In fact, discussions among the Board of Directors focused less on the results for the year and more on how to increase orders going forward.

Sakamoto As you pointed out, Medium-Term Management Plan 2026 was based on assumptions that have since changed, particularly due to the significant impact of the U.S. government's protectionist policies. I believe we need to consider revising the targets of the plan, including its numerical goals. Our business is not about creating markets ourselves, but about providing the production equipment needed for markets our customers create. Currently, many companies are holding back on capital investment, and I see this as a time for the Company to be patient.

Under the previous medium-term management plan, we benefited from extraordinary demand, such as for extrusion machines used in LiB separator film production lines. Such demand arises when production processes in equipment industries change and facilities are updated. However, these opportunities come only once every few years, so our business cannot rely solely on these demand bumps. We also need to build a structure for generating profits in large core industries where volume is stable. Rather than chasing "hit products," I believe it is important now to focus assiduously on expanding our core businesses, such as injection molding machines and machine tools.

Imamura We should look again at the reasons why profit margins are not rising and, during this period of patience, prioritize improving profitability rather than simply pursuing sales growth. I think it is important to maximize profits through efficiency measures such as strengthening the service business and system engineering and reorganizing the Numazu Plant, while at the same time accelerating R&D for next-generation batteries.

Hayakawa Given how much the external environment has changed, I think it will be quite difficult to achieve the numerical targets of Medium-Term Management Plan 2026. However, the Company has technological capabilities and a product lineup that serves a wide range of fields. Geographically, in addition to North America and China, there is still room for growth in India, Europe, the Middle East, and Africa. I also believe we should continue expanding service businesses and others that can generate stable revenue.

Sakamoto If current conditions persist, I think we will have no choice but to revise the numerical targets we set when formulating Medium-Term Management Plan 2026. However, our customers have not canceled capital investments they have simply postponed them. So, rather than; lowering our goals, revising the numbers is more

about pushing back the target dates. In any case, in the current environment, we cannot increase sales, so we have no choice but to pursue efficiency to improve profitability. To do so, we need to build an operational structure that avoids too much concentration on fixed costs and allows flexible production. We intend to quickly make advances in workforce mobility and multiskilling.

Challenges to Further Strengthening Governance

Imamura The Company is truly thorough when it comes to compliance with laws, regulations, and internal rules, which is excellent. On the other hand, one area that could be improved is the approach to raising awareness of and encouraging the use of the internal reporting system. Creating an environment where employees can feel comfortable seeking advice and responding to their concerns with care leads to a sense of security for employees and helps improve the workplace environment. I believe the Company should make greater use of this system.

Human resource strategy and capital policy will become increasingly important and I think the Company needs to strengthen back-office functions accordingly. Hiring professional talent with diverse external experience should also generate fresh ideas.

Sakamoto I agree with your comment about the internal reporting system; we need to create an atmosphere where people feel more comfortable voicing their opinions, and we are working on improvements to further raise awareness and encourage its use. About your comment regarding professional talent in the back office, we have hired a general manager of human resources and general affairs from outside the Company and are increasing the number of personnel with diverse external experience.

Hayakawa Particularly when the future seems so uncertain, management decisions need to be made on a long-term horizon rather than from a short-term perspective. Short-termism that causes people on the front lines to focus too much on short-term sales might lead to misconduct or to accepting too many low-margin projects. Long-term management decisions can help avoid such outcomes.

The Company's Board of Directors is diverse, the directors have extensive experience and expertise, and frank, lively discussions take place. However, the Board agenda often includes detailed monthly reports and updates on order status. I think it would be better to spend more time discussing major Companywide issues such as sustainability, human resource strategy, and digital transformation (DX).

Sakamoto I agree with your point about the importance of taking a long-term perspective on management decisions, especially now when the future is so uncertain. Instead of chasing short-term sales, we will focus on measures aimed at the Company's long-term growth. Regarding the Board of Directors' agenda, we do intend to minimize the routine reporting on monthly results and order status, and focus instead on having deeper discussions about the key strategic themes that truly merit debate.

Assessment of Our ESG Management

Hayakawa On the environmental front, one distinctive feature is that simply by dint of using the Company's environmentally-friendly products, customers help reduce society's environmental burden. While the Company is also making a solid effort to reduce the environmental impact of its own manufacturing processes, I believe its greatest and most unique contribution lies in manufacturing itself. Regarding human resources, one issue I see is how few women there still are in key positions. From my perspective as a woman, I would be happy to offer opinions to help drive improvement in this area.

Imamura As you say, the Company helps reduce society's environmental impact when customers use its products. In that sense, I hope the Company will continue moving forward with technological development so it can reduce environmental impact even further.

I believe attracting talent is a topmost issue for companies today. SHIBAURA MACHINE is implementing various measures, but I feel society as a whole is a bit further ahead of the Company. We need to pursue initiatives from every angle—recruitment and development, workplace environment improvements, and more—to make the Company a place where employees can work comfortably, feel pride and fulfillment, and grow.

Sakamoto We see it as our mission to help address the societal issues resulting from the megatrends facing the manufacturing industry and the challenges our customers face amid these trends. As you both mentioned, the reduction in environmental impact that comes from customers using our products is significant, and I believe the Company can make a unique contribution by focusing on that angle.

HR strategy is also one of the leading themes of Medium-Term Management Plan 2026. Convinced that human capital is the source of corporate value, we are systematically advancing the strategic recruitment, placement, development, utilization, and evaluation of personnel. At the same time, we aim to enhance our talent management by accurately ascertaining each employee's experience, aspirations, and abilities, and leveraging them optimally.

Outside Directors' Roles

Sakamoto I recognize that the Company's Board of Directors maintains a well-balanced set of skills and is composed in a way that allows us to receive professional and multifaceted feedback. At the same time, I think we still have room to improve in adopting the perspective of shareholders and investors. For that reason, I would especially like our outside directors to provide insights from a shareholder and investor point of view.

Imamura As a lawyer, I intend to pay particularly close attention to compliance matters. While we receive business reports from each Company unit and updates on the progress of Medium-Term Management Plan 2026, sometimes I feel that the understanding of sustainability, including compliance, remains somewhat underdeveloped. We need to create opportunities to study these topics again and establish a common Companywide understanding, and I hope to contribute through such initiatives.

Hayakawa Drawing on my experience in IR and finance, I intend to continue paying close attention to whether the Company is accurately identifying growth opportunities and assessing risks—and not underestimating them—especially with respect to M&A and other major projects.

With regard to investors, short-term investors in particular are liable to change their demands as circumstances shift. While it is important to respond appropriately to their demands, I think it is more important to engage in thorough dialogue with long-term investors who look at true corporate value when making investment decisions. I hope to leverage my expertise to provide robust advice in this area as well.

Message to Stakeholders

Imamura I would like investors to know more about the fact that SHIBAURA MACHINE provides high-value-added products that it is uniquely capable of creating, and that the Company is truly competitive globally. I would also like them to gain a better understanding of the significant contribution the business makes to solving social issues, including on the environmental front. I believe that promoting these strengths more actively could help the Company could attract new investment.

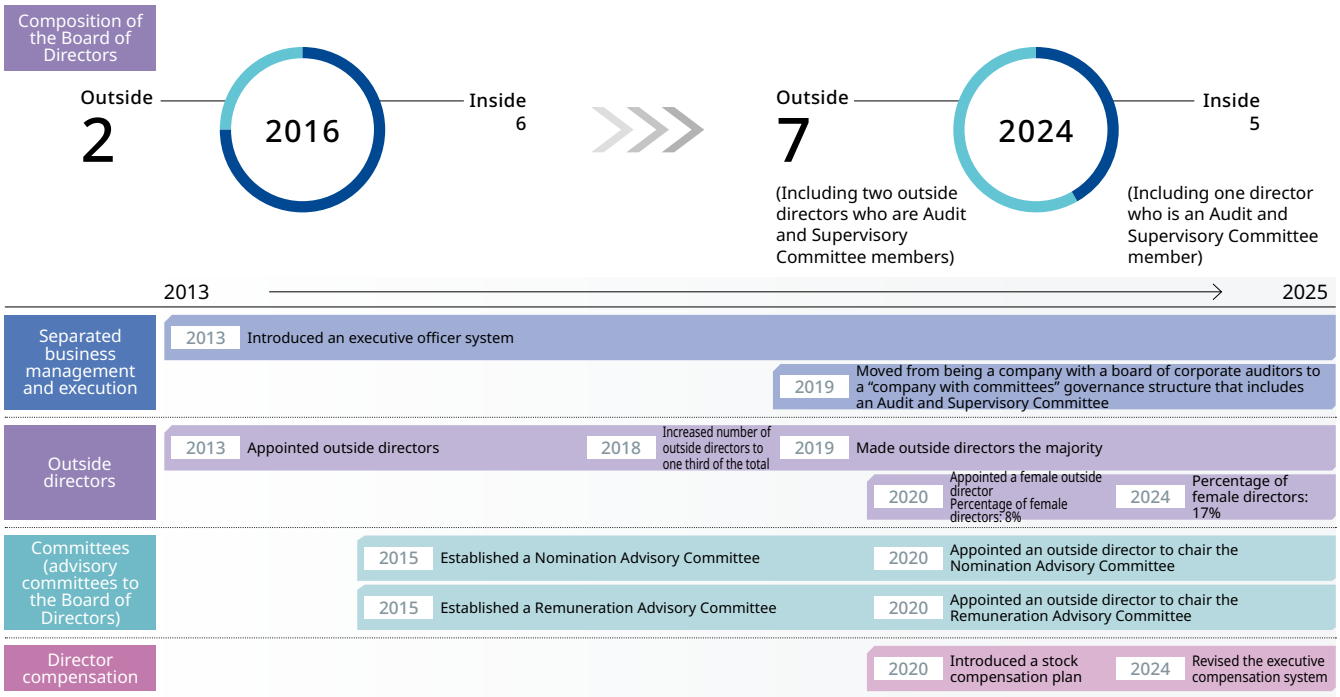
Hayakawa I think the Company could earn higher profit margins on products it is uniquely capable of manufacturing. Perhaps customers do not fully recognize the Company's technological capabilities, or perhaps the Company itself underrates its strengths. I would like to see every SHIBAURA MACHINE employee have confidence in the Company's value and be able to communicate and promote it more actively so that customers and society can better appreciate this value.

Sakamoto I think there is some truth to your point that our customers do not fully recognize our technological capabilities and that we may undervalue them ourselves. We need to communicate and promote the Company's corporate value more effectively and ensure it is properly understood. At the same time, we must deliver solid profitability. As well as a sense of urgency, we need to drive a Companywide shift in mindset about our corporate value. I hope our outside directors will continue offering their objective opinions and critical feedback to this end. Thank you very much for today's discussion.

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.



For details on SHIBAURA MACHINE's corporate governance, see below.

Corporate Governance Report https://www.shibaura-machine.co.jp/documents/en/IR/LIbrary/cg/cg20250623_en.pdf

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.

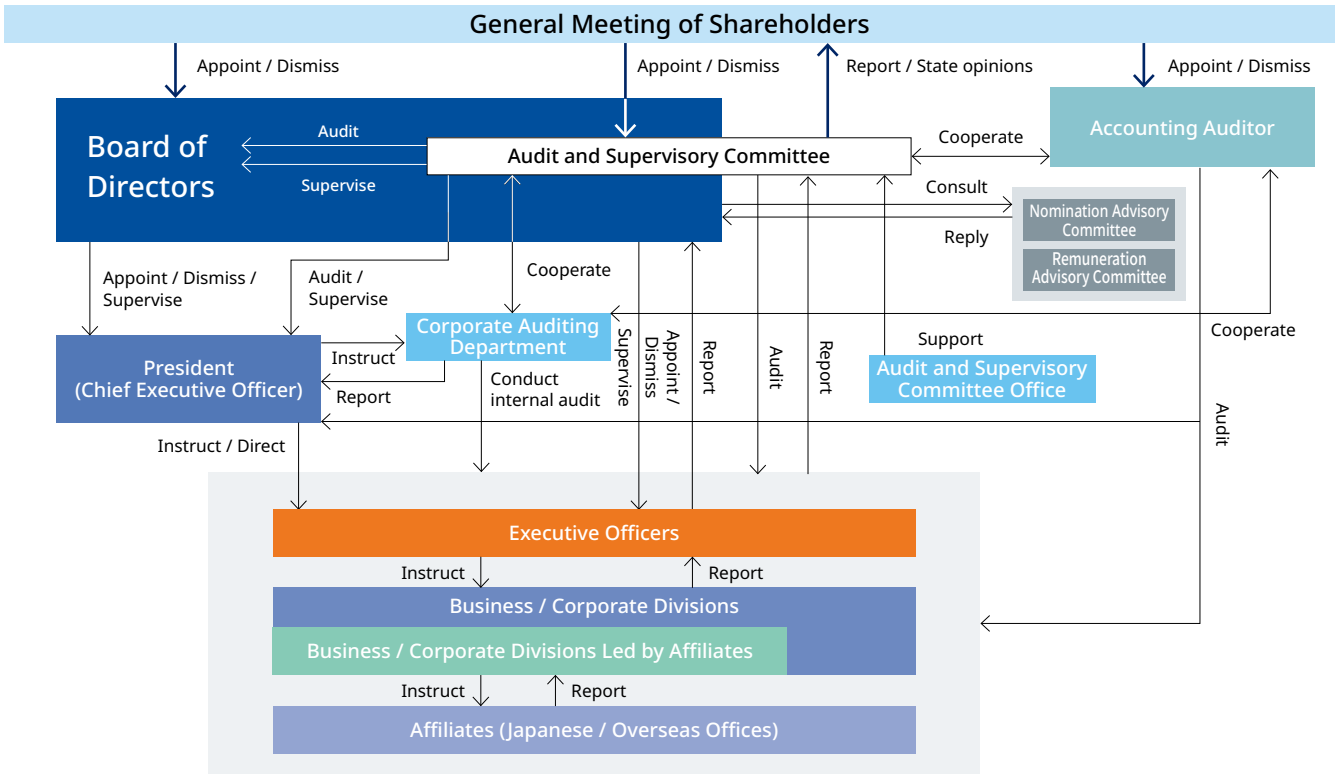
④ Internal Auditing Department

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.

Matrix of Directors' Skills / Composition of the Nomination and Remuneration Advisory Committee, as well as Meetings Held and Attendance

◎ Committee chair ○ Committee member

Name	Position	Gender	Areas of Expertise and Experience									Nomination Advisory Committee	Remuneration Advisory Committee
			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	●	●			●	●	●	●	●	○ 100% (2/2 times)	○ 100% (2/2 times)
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	●	●			●			●	●	◎ 100% (3/3 times)	○ 100% (5/5 times)
Seigo Iwasaki	Outside Director	Male	●	●						●		○ 100% (3/3 times)	◎ 100% (5/5 times)
Kazumine Terawaki	Outside Director	Male		●	●							–	○ 100% (5/5 times)
Chisa Hayakawa	Outside Director	Female		●		●		●				○ 100% (3/3 times)	–
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		●	●							○ 100% (3/3 times)	–
Shigeo Ogi	Outside Director (Audit and Supervisory Committee Member)	Male		●		●					●	–	○ 100% (5/5 times)

Notes: The content of the above table does not represent all of the knowledge, experience, and abilities possessed by directors.
Compositions of the Board Directors and the Remuneration and Nomination advisory committees are as of September 30, 2025.
In fiscal 2024, the Nomination Advisory Committee met 3 times, and the Remuneration Advisory Committee met 5 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 2024, 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

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 2024 SHIBAURA MACHINE maintained its shareholdings. 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.

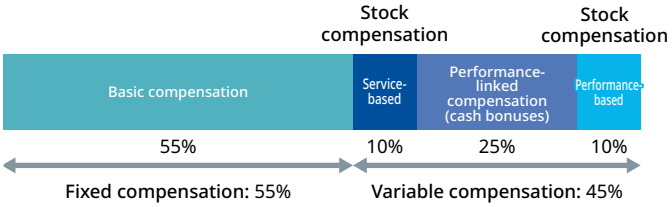
(2) A strong incentive to achieve performance targets shall be established by linking the Company's medium-term management plan with stock compensation.

(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.

Makeup of remuneration for directors (excluding directors who are Audit and Supervisory Committee members and outside directors)



Note: We have also introduced a restricted share-based remuneration plan for executive officers who also serve as directors, similar to the plan applied to eligible directors.

Compensation of Directors in Fiscal 2024

	Total Compensation (Millions of yen)	Total Compensation by Type (Millions of yen)				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)	245	162	49	16	18	12
(Of Whom, Outside Directors)	(50)	(50)	(—)	(—)	(—)	(6)
Directors (Audit and Supervisory Committee Members)	40	40	—	—	—	3
(Of Whom, Outside Directors)	(19)	(19)	(—)	(—)	(—)	(2)
Total	285	202	49	16	18	15
(Of Whom, Outside Directors)	(69)	(69)	(—)	(—)	(—)	(8)

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

A summary of the results of the aforementioned activities is 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 outside directors relative to inside directors, ensuring the time necessary for deliberation on the Board of Directors, free and open-minded, constructive discussions, and the understanding of agenda items in advance.

Ongoing Tasks

We recognize the need to enhance discussions regarding ESG and sustainability.

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	• Market conditions, business environment, and performance outlook for each business • Market trends in industries and regions to which products are delivered • Progress of mid-term management plan • Capital investment plans • Financial strategy and shareholder return policy • Status 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	• Report to the Board of Directors 4 times a year (once a quarter) • Opinions, etc. that are received are collected and utilized in corporate activities.

Status of IR Activities (Fiscal 2024)

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: 108 Number of people: 126	○	○
Individual IR Meeting (For analysts and institutional investors)	We hold individual IR meetings with analysts and institutional investors in Japan and overseas.	158 meetings Executive participation rate: 22.8%	○	○
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.	Once Nomura Securities [Nomura Japan Corporate Week 2025 Spring]	—	○
Individual SR Meetings	We conduct individual SR meetings with institutional investors that hold our shares.	Number of meetings: 7 Executive participation rate: 100.0%	○	○
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.	• Financial results presentation materials (quarterly) • Management strategy materials (semi-annually) • Integrated reports • Announcement materials, etc.	—	—

See the following website for details on governance:

Sustainability (Governance) https://www.shibaura-machine.co.jp/en/sustainability/Governance/

Board Members (As of June 23, 2025)

Shigetomo Sakamoto

President
Chief Executive Officer
Chief Operating Officer
General Manager of Machine Tools Company

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
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 Representative Director, President and Executive Officer 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)
Oct. 2024 Machine Tools Company General Manager of the Company (present position)
May 2025 Chairman of the Japan Machine Tool Builders' Association (present position)

Hiroaki Ota

Representative Director
Executive Operating Officer
Chief Financial Officer
Security & Regulation Control Division General Manager, Corporate Strategic Planning Division General Manager, Finance & Investor Relations Division General Manager, in charge of Corporate Administration Division, in charge of Business Development Division
SHIBAURA MACHINE INDIA PRIVATE LIMITED Chairman

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 Director of GCA Savvian Singapore Private Ltd.
Mar. 2015 Director, CFO and Managing Director of GCA Savvian Corporation
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, Executive Operating Officer, Chief Financial Officer (present position), in charge of Corporate Strategic Planning Division
Jun. 2022 In charge of Corporate Administration Division of the Company
Jun. 2024 Representive Director, Security & Regulation Control Division General Manager and Finance & Investor Relations Division General Manager (present position), Assistant to President, in charge of Business Development Division of the Company
Oct. 2024 In charge of Business Development Division of the Company, Chairman of SHIBAURA MACHINE INDIA PRIVATE LIMITED (present position)
Jun. 2025 Corporate Strategic Planning Division General Manager of the Company, in charge of Corporate Administration Division (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
Apr. 2017 Chairman of SHANGHAI TOSHIBA MACHINE CO., LTD. (currently SHANGHAI SHIBAURA MACHINE CO., LTD.)
Jun. 2017 Director and Executive Officer, Metal & Plastics Industrial Machine Business Unit General Manager, Tokyo Head Office General Manager of the Company, in charge of Sales Promotion Division
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, Chairman of SHANGHAI TOSHIBA MACHINE CO., LTD. (currently SHANGHAI SHIBAURA MACHINE CO., LTD.) (present position)
Apr. 2020 General Manager of Metal & Plastics Industrial Machine Company (present position)
Jun. 2023 Executive Operating Officer of the Company (present position)
Jun. 2024 Director of the Company (present position)

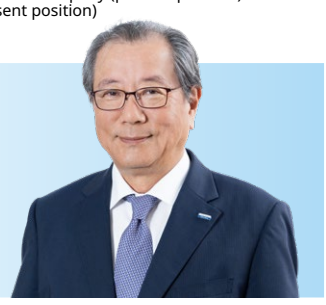
Yoshiaki Kai

Director
Managing Executive Officer
President of SHIBAURA MACHINE COMPANY, AMERICA

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
Jun. 2022 General Manager of Corporate Administration Division of the Company
Jun. 2023 Managing Executive Officer of the Company (present position)
Jun. 2024 Director of the Company (present position)
Jun. 2025 President of SHIBAURA MACHINE COMPANY, AMERICA (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.

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.
Jun. 2015 Outside Director of Murakami Corporation
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.

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) Outside Audit and Supervisory Board Member of Kajima Corporation
Jun.	2023	Outside Director of Kajima Corporation (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)

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)

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)

Akifumi Imamura

Outside Director
(Audit and Supervisory Committee Member)

Apr.	1982	Lawyer registration (DAIICHI TOKYO BAR ASSOCIATION)
Apr.	1989	Lawyer of Atago Law Office
May	2003	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)

Shigeo Ogi

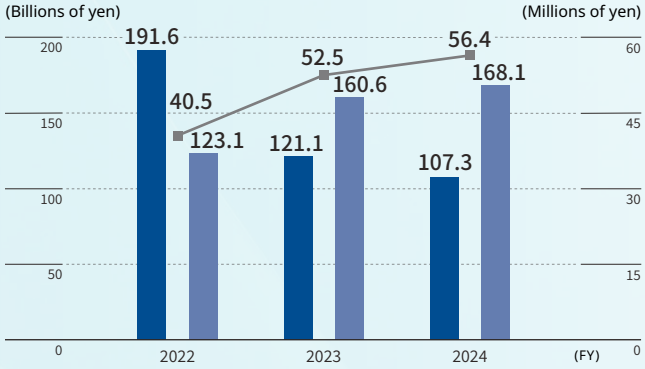
Outside Director
(Audit and Supervisory Committee Member)

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.
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)

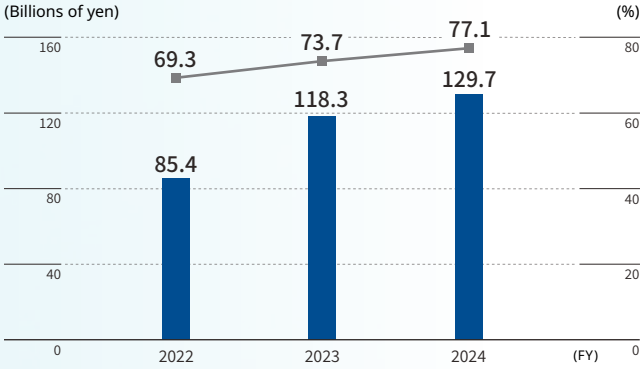
Financial and Non-Financial Highlights

Consolidated Financial Highlights

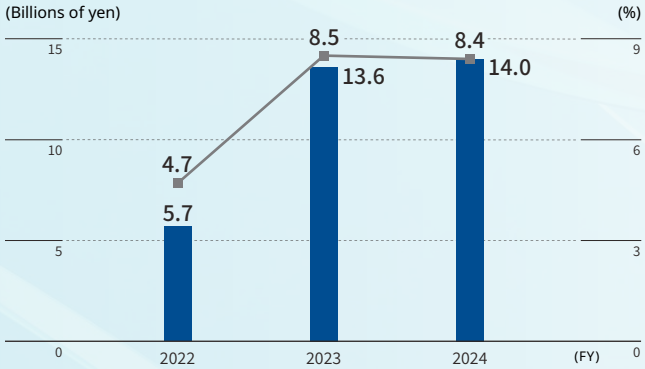
Orders Received / Net Sales / Sales per Employee



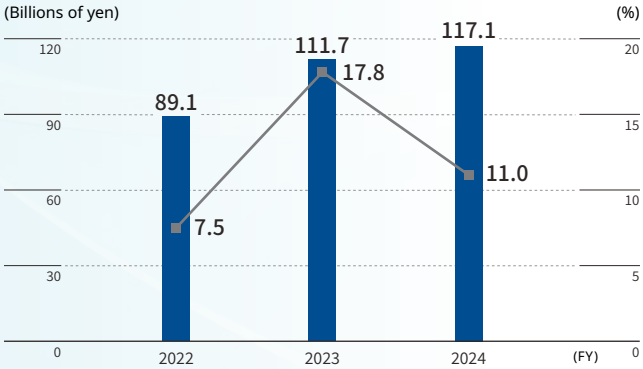
Overseas Sales / Overseas Sales Ratio



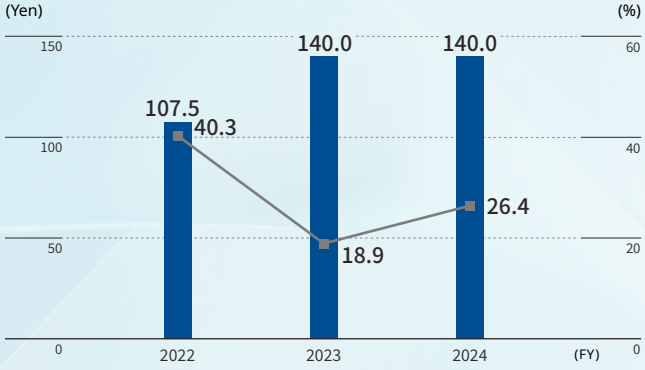
Operating Profit / Operating Profit Ratio



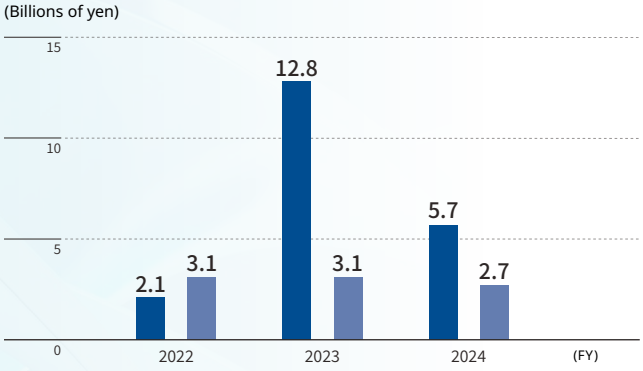
Net Worth / Return on Equity



Dividend per Share / Dividend Payout Ratio

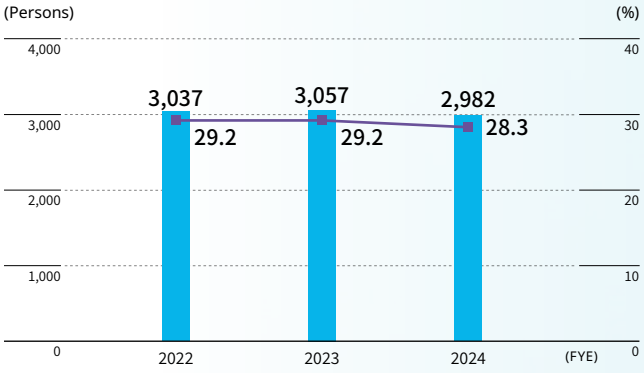


Capital Investment / Research and Development Costs



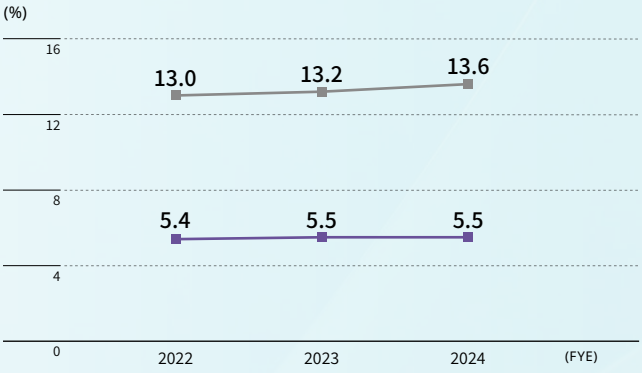
Non-Financial Highlights

Japanese employees / Non-Japanese Employees (Consolidated)



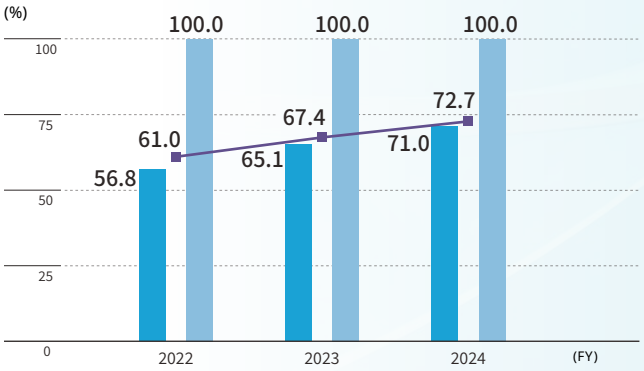
Japanese employees (left axis)
Non-Japanese employees (right axis)

Ratio of Women in Management Positions / Ratio of Women Employees (Consolidated)



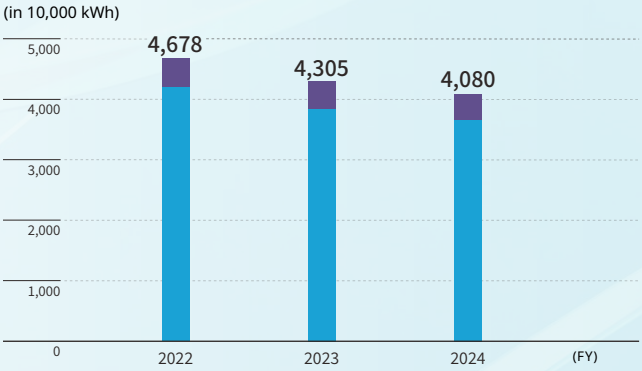
Ratio of women in management positions
Ratio of women employees

Percentage of childcare leave taken



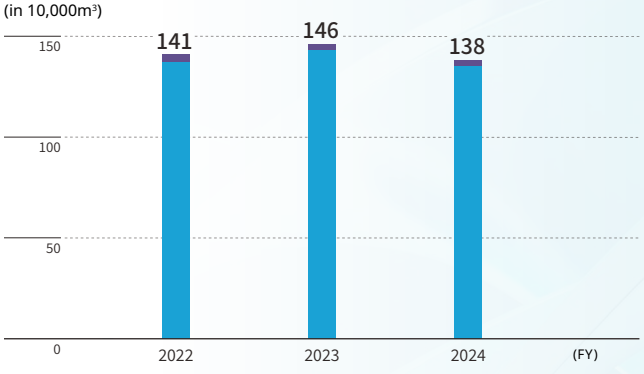
Men Women Total
Includes affiliated companies in Japan

Electricity Consumption



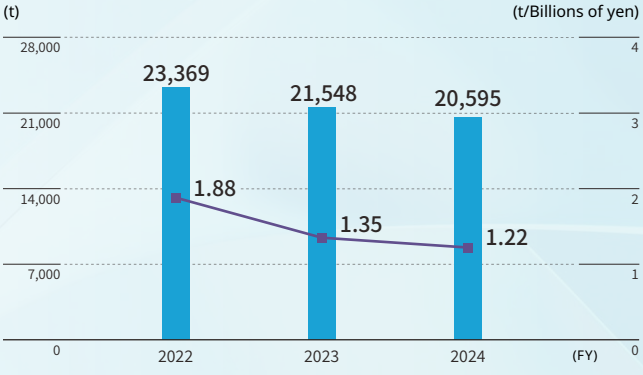
Domestic Overseas

Service Water Consumption



Domestic Overseas

CO_2 Emissions / Emissions Intensity



CO_2 emissions (left axis) Emissions intensity (right axis)

10-Year Financial Data (Consolidated)

	FY2015	FY2016	FY2017	FY2018
Management Performance				
Net sales	117,259	111,327	116,862	117,405
Gross profit	32,254	31,977	33,150	32,912
Gross profit / sales (%)	27.5	28.7	28.4	28.0
Operating profit	3,806	4,473	4,640	3,834
Operating profit / sales (%)	3.2	4.0	4.0	3.3
Ordinary profit	4,966	5,406	6,982	5,573
Ordinary profit / sales (%)	4.2	4.9	6.0	4.7
Net profit (loss) in this term attributable to parent company shareholders	4,806	1,776	5,016	4,079
Net profit (loss) in this term attributable to parent company shareholders / sales (%)	4.1	1.6	4.3	3.5
Amount of orders received	120,021	117,021	128,139	134,501
Financial Position				
Total assets	156,346	138,373	148,763	150,724
Net worth	93,345	77,120	81,334	83,197
Net worth ratio (%)	59.7	55.7	54.7	55.2
Interest-bearing debt	16,909	14,890	14,390	14,390
Important Financial Indicators				
Total asset turnover (number of turnovers)	0.74	0.76	0.81	0.78
Return on assets (ROA, %)	3.0	1.2	3.5	2.7
Return on equity (ROE, %)	5.1	2.1	6.3	5.0
Cash Flows				
Net cash provided by (used in) operating activities	2,781	9,948	6,813	(2,176)
Net cash provided by (used in) investing activities	2,252	(2,983)	(3,921)	(1,493)
Free cash flow	5,034	6,965	2,892	(3,669)
Net cash used in financing activities	(1,761)	(19,089)	(2,102)	(1,785)
Cash and cash equivalents at end of year	42,932	30,060	30,798	25,592
Net Sales by Region				
Japan	53,078	47,811	46,356	49,298
North America	20,754	19,993	18,490	18,998
Asia Pacific	41,090	41,539	50,496	46,142
Others	2,336	1,983	1,518	2,964
Total sales	117,259	111,327	116,862	117,405
Overseas sales ratio (%)	54.7	57.1	60.3	58.0
Capital Investment, Depreciation, Research and Development Costs				
Capital investment	1,547	1,335	4,687	1,195
Ratio of capital investment to net sales (%)	1.3	1.2	4.0	1.0
Depreciation	1,756	1,730	2,049	1,868
Ratio of depreciation to net sales (%)	1.5	1.6	1.8	1.6
Research and development costs	1,668	1,648	1,899	1,835
Ratio of research and development costs to net sales (%)	1.4	1.5	1.6	1.6
Shareholder Returns				
Total amount of dividends	1,824	1,636	1,689	1,810
Dividend payout ratio (%)	38.0	101.1	33.7	44.4
Per Share Information				
Number of shares* outstanding at end of period (thousand shares) excluding treasury stocks	152,021	120,690	120,682	24,136
Net income per share	31.61	11.87	41.57	169.03
Dividend per share	12.0	12.0	14.0	45.0

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

Millions of yen

FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
116,761	92,635	107,777	123,197	160,653	168,191
33,459	24,904	32,515	38,809	50,628	53,547
28.7	26.9	30.2	31.5	31.5	31.8
3,529	381	4,236	5,765	13,614	14,095
3.0	0.4	3.9	4.7	8.5	8.4
3,825	872	4,544	5,279	14,604	14,085
3.3	0.9	4.2	4.3	9.1	8.4
7,338	(2,898)	3,725	6,441	17,920	12,597
6.3	(3.1)	3.5	5.2	11.2	7.5
94,224	88,619	164,277	191,653	121,155	107,346
154,283	134,296	166,989	205,100	253,172	199,607
87,018	82,152	83,515	89,118	111,705	117,171
56.4	61.2	50.0	43.5	44.1	58.7
14,390	14,390	14,217	14,011	11,030	10,135
0.77	0.64	0.69	0.66	0.70	0.74
4.8	(2.0)	2.4	3.5	7.8	5.6
8.6	(3.4)	4.6	7.5	17.8	11.0
5,312	192	11,299	934	9,307	8,331
19,772	(1,537)	(1,264)	(563)	(3,805)	910
25,085	(1,344)	10,035	371	5,501	9,242
(1,964)	(4,956)	(2,108)	(2,277)	(6,703)	(6,532)
48,011	42,417	51,710	50,855	51,588	54,341
55,393	40,850	36,490	37,769	42,265	38,467
14,913	14,841	17,066	22,586	20,776	17,175
45,043	36,070	53,214	61,903	96,420	111,411
1,410	872	1,006	938	1,189	1,136
116,761	92,635	107,777	123,197	160,653	168,191
52.6	55.9	66.1	69.3	73.7	77.1
1,741	1,799	1,810	2,160	12,847	5,794
1.5	1.9	1.7	1.8	8.0	3.4
1,781	1,755	1,952	2,167	2,443	2,728
1.5	1.9	1.8	1.8	1.5	1.6
2,378	2,218	2,771	3,127	3,162	2,775
2.0	2.4	2.6	2.5	2.0	1.7
2,051	4,810	1,811	2,597	3,383	3,308
28.0	—	48.6	40.3	18.9	26.4

Yen

24,135	24,146	24,154	24,162	24,167	23,631
304.06	(120.05)	154.27	266.63	741.57	529.56
85.0	199.3	75.0	107.5	140.0	140.0

Corporate Information

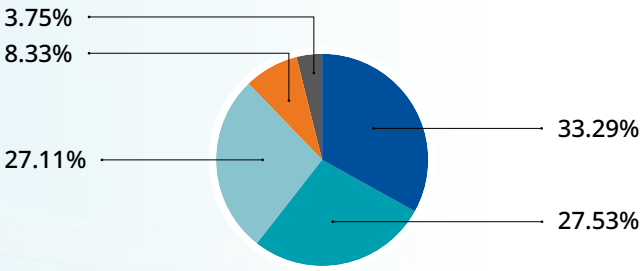
(As of March 31, 2025)

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 December 1938 Established March 1949	
Capital	¥12,484 million	
Number of Employees	Consolidated: 2,982 (Non-Consolidated: 1,560)	

Stock-Related Information
(As of March 31, 2025)

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	24,820,406 (including treasury stock: 1,189,353)
Number of shareholders	14,928 (decrease of 6,295 people from the end of the previous fiscal year)

Distribution of Shares by Shareholder Type
(As of March 31, 2025)



Foreign institutions and individuals	8,262,098 shares
Individuals and others (including treasury shares)	6,833,074 shares
Financial institutions	6,729,077 shares
Securities companies	2,066,597 shares
Other Japanese companies	929,560 shares

Note: Including treasury shares

Major Shareholders (As of March 31, 2025)

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

Notes: Although SHIBAURA MACHINE holds 1,189,353 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
(As of March 31, 2025)

(● 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	739-6 Yajimacho, Takasaki -shi, Gunma-ken, 370-0016, Japan
● HAMAMATSU OFFICE	5-6-25, Takaokahigashi, Chuo-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

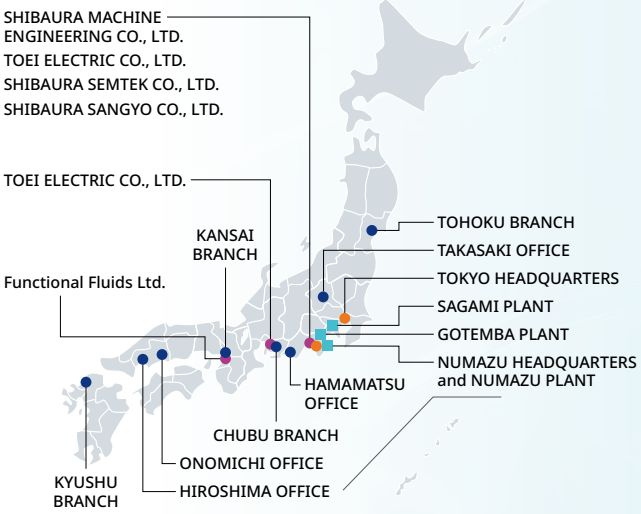
Overseas Affiliates (As of March 31, 2025)

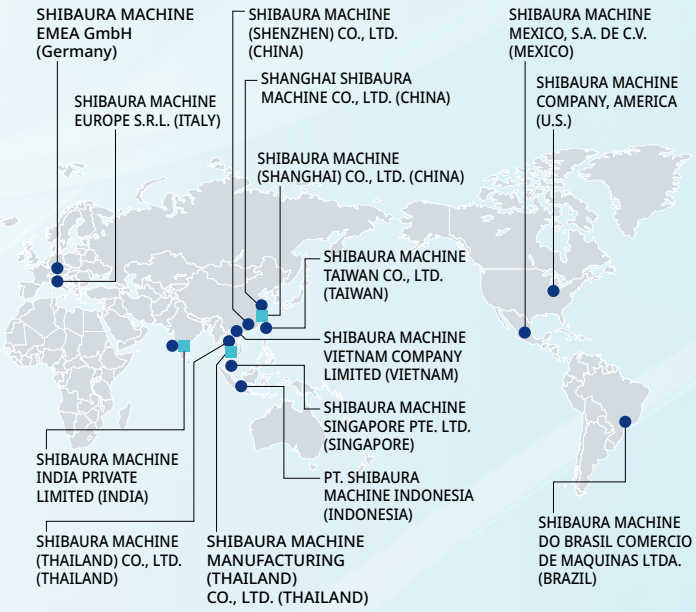
(● Sales and Service Offices ■ Manufacturing Offices)

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 EMEA GmbH (Germany)
	● SHIBAURA MACHINE EUROPE S.R.L. (ITALY)

Domestic Affiliates (As of March 31, 2025)

● SHIBAURA MACHINE ENGINEERING CO., LTD.	267-2, Nishi-sawada, Numazu-shi, Shizuoka-ken, 410-0007, Japan
● Functional Fluids Ltd.	1-4-5,Chiyoda Bldg. Annex, Utsubohon-machi, Nishi-Ku, Osaka, 550-0004 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





Visit Our Website

Homepage https://www.shibaura-machine.co.jp/en

Investor Relations https://www.shibaura-machine.co.jp/en/ir/

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

SHIBAURA MACHINE CO., LTD.

2-2, Uchisaiwaicho 2-Chome, Chiyoda-ku, Tokyo,
100-8503, Japan
TEL: 81-(0)3-3509-0200
URL https://www.shibaura-machine.co.jp/en/

SM25038-PDF-ED

SHIBAURA MACHINE CO., LTD.