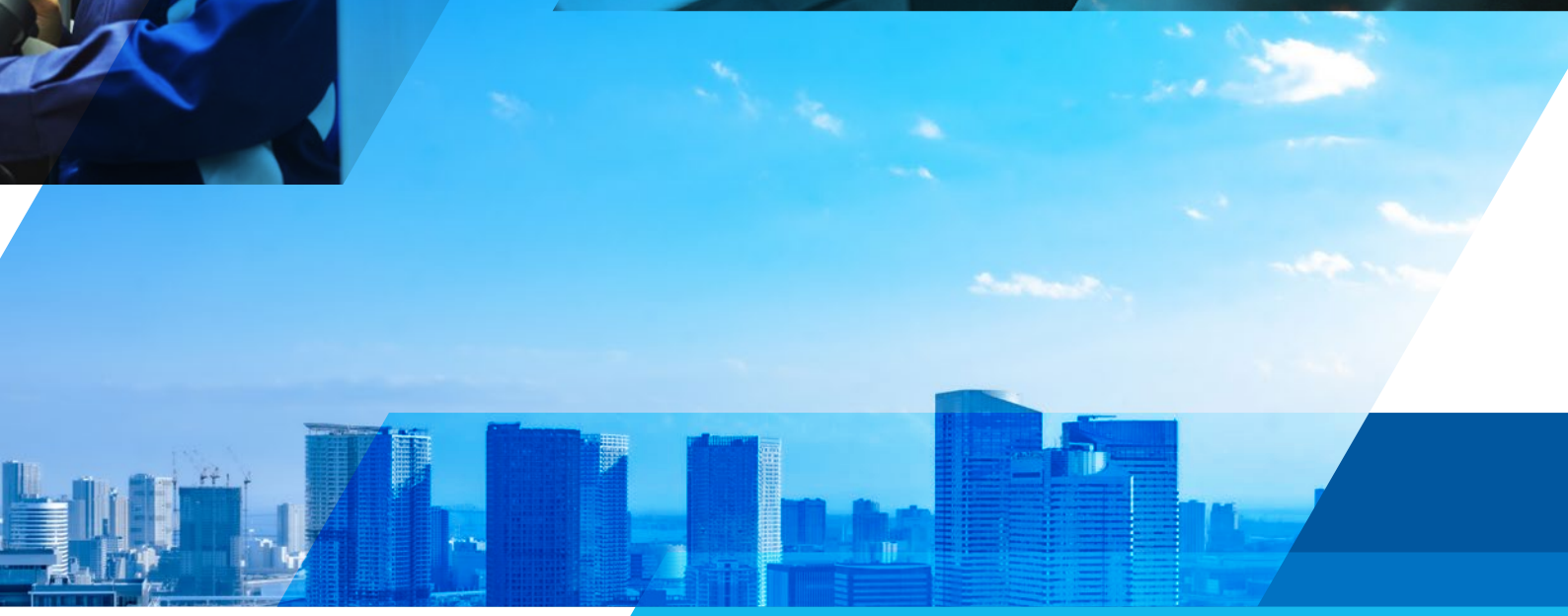
Shibaura Machine
View the Future with You

Integrated Report 2026

For the Fiscal Year Ended March 31, 2026





We Create Machines That Create the Unknown

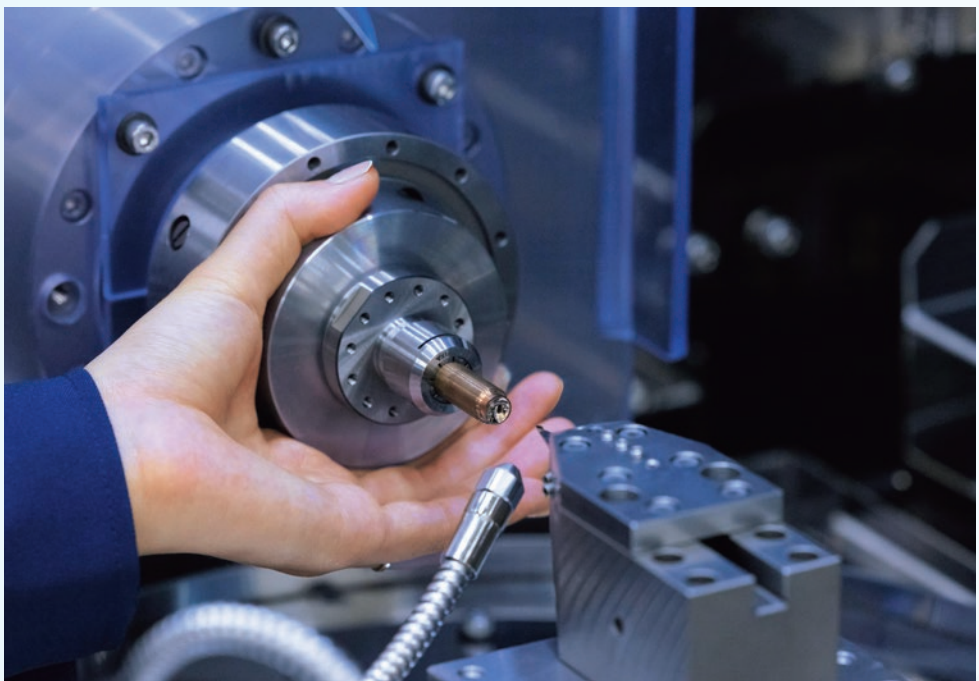
Creating Products Never Seen Before

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.









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Editorial Policy

We have published Integrated Report 2026 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

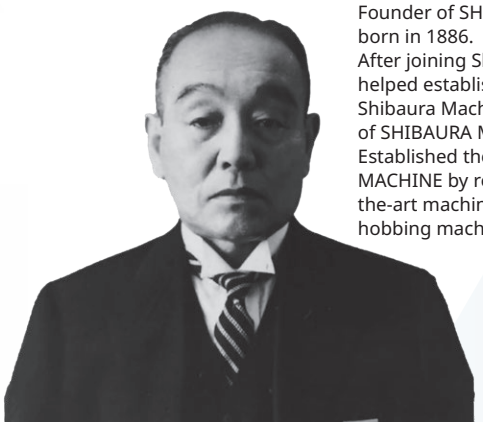
Our founder, Kametaro Fujishima, embarked on an ambitious initiative that led directly to the corporate culture we subsequently developed.

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, the 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.



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



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.

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

Shigetomo Sakamoto
President
Chief Executive Officer
Chief Operating Officer

Looking ahead to growth on a global scale, we will steadily advance the initiatives required at this stage to ensure that the transformation we have undertaken translates into solid results.

Reflections on Operating in a Rapidly Changing Environment

Looking back, this past year was marked by a series of unexpected events, requiring the entire Company to respond with a strong sense of urgency to changes in the external environment. Our business is characterized by its close links to economic conditions and customers' capital investment cycles, which can be both a strength and a weakness. We have consistently created value amid headwinds by solidifying our foundation and executing essential tasks, and by swiftly seizing opportunities as markets recovered.

However, this past year has made us acutely aware that relying solely on conventional approaches is no longer sufficient if we wish to continue generating value. Accurately grasping changes in the global industrial structure is now essential. For example, massive capital investment in countries such as China and India is rapidly advancing their technological capabilities. Moreover, an increasing number of companies are focusing on domestic production to mitigate geopolitical risks. Against this backdrop, the simple fact of being a Japanese-made product is losing its previous competitive edge. We have differentiated ourselves from

competitors through offering customized solutions only possible through our machines. We believe this has always been, and will continue to be, our purpose, regardless of the changing times. By pursuing this approach, we aim to foster customer recognition of the added value we provide, securing orders for our products even when they command a somewhat higher price. Although we believe our strategic direction is sound, results have been slower to materialize than expected. We therefore recognize the importance of accelerating the execution of initiatives as we move forward.

Review of Fiscal 2025

In fiscal 2025, we recorded net sales of ¥132.8 billion, operating profit of ¥4.3 billion, and profit attributable to owners of the parent of ¥1.0 billion. This profit attributable to owners of the parent reflects the recording of extraordinary losses, including special retirement payments and an impairment loss on goodwill at the Company's European subsidiary SHIBAURA MACHINE LWB GmbH (formerly LWB Steinl GmbH). The reasons for the shortfall are clear. When formulating Medium-Term Management Plan 2026, we based our plan on the assumption that demand for extrusion machines for LiB separator film (BSF) would continue to grow, but this assumption was undermined by the slowdown of the shift to EVs. Accordingly, to rebuild our existing businesses, we have focused on efficiency improvements to increase profit margins while pursuing appropriate region-specific policies aimed at increasing profits in line with local market conditions. However, amid supply chain restructuring prompted by U.S. tariff policies, we faced further challenges in areas in which we had implemented these measures, including situations where customer inquiries failed to translate into orders. We have taken the necessary measures, but we believe the realization of their benefits has been delayed by changes in the external environment. At the same time, we acknowledge that the speed with which we identified changes in the market environment and executed the necessary actions has room for improvement.

On the other hand, over the past three years we have executed nearly all initiatives related to our portfolio transformation, with progress tracking according to plan. Key initiatives include M&A activities, expansion of our plant in India, and a shift toward OEM production in China.

Regarding our M&A activities, our objective for acquiring SHIBAURA MACHINE LWB GmbH was to secure sales channels in the European market. Having previously withdrawn from Europe, we have faced challenges in re-entering this market. While we have coverage in the Americas and Asia, our presence in the three major markets remains incomplete without Europe. Securing sales channels in Europe is also essential as we look ahead to opportunities in the African market. With respect to synergies with our plant in India, we will build a system to reduce costs and improve profit margins by leveraging the plant's manufacturing capabilities and procurement network, which represent strengths for the Company, as high procurement costs in Europe make cost reductions difficult to achieve.

The acquisition of Moore Nanotechnology Systems, LLC is a measure to strengthen our business in the field of high-precision machine tools, as planned under Medium-Term Management Plan 2026. While high-precision machine tools offer exceptionally strong competitiveness and high profit margins, the market itself remains small, and many customers are unaware of the technology's existence. Therefore, our objective is to expand the market, increase the number of new entrants, and establish a highly profitable business. While the Company has a strong presence in the optics field in Japan and China, its expansion into the Americas and Europe has lagged. By contrast, Moore Nanotechnology Systems has a strong presence in the Americas and Europe but has been slow to expand into Asia, resulting in a complementary relationship between the two companies. Differences in processing methods and customer engagement approaches represent further sources of synergy.

Alongside these initiatives, we have also made efforts toward price revisions. There are several hurdles associated with such revisions, the first of which is inflation and rising labor costs. The second is our structurally long lead times, which make it difficult to gain customer acceptance for prices that account for anticipated future cost increases at the time orders are placed. The third hurdle is the difficulty of shifting to pricing that is more

commensurate with the added value of our products, given the equipment industry's deep-rooted culture of seeking lower prices. Despite these challenges, we believe we should raise sales prices even if it entails some risk, and we are currently pursuing this reform.

Identified Risks

The greatest immediate risk is whether we can achieve planned expansion in the volume and scale of our operations in machine tools—particularly large machine tools—for which market conditions are favorable. Our plan calls for increasing production volume in fiscal 2026 to 1.5 times that of fiscal 2025, but failure to execute this expansion promptly could result in missing out on anticipated orders. This challenge extends beyond our internal operations and encompasses external suppliers. As such, we view our ability to expand our procurement network as planned as one of the Company's major risks.

We also recognize other difficult-to-predict uncertainties, such as rising crude oil prices and developments in U.S. tariff policy, as risks.

The Next Medium-Term Management Plan: Aiming to Deliver Results

Regarding the next medium-term management plan, I would first like to note that our order backlog bottomed out in fiscal 2025 and has since begun to increase, with current orders exceeding expectations, and thus we anticipate this upward growth trend to continue. In fact, orders received in fiscal 2025 totaled ¥119.1 billion, an increase of ¥11.8 billion year on year. This growing order backlog is expected to translate into future sales.

We believe we have accomplished everything that needed to be done under Medium-Term Management Plan 2026, and we regard the next three years as a period for realizing the results of those efforts. Since I became involved in the Company's management, we have carried out internal structural reform under our first medium-term management plan, Management Reform Plan, and portfolio transformation under our second such plan, Medium-Term Management Plan 2026. The next stage is to translate this transformation into results. As we have also advanced large-scale M&A activities and capital investments, I view this as the stage that tests the extent to which we can realize the results of these efforts. That said, it is also true that the reorganization of the Numazu Plant has been delayed. While rising construction costs have necessitated repeated revisions to the plan, we intend to reset our approach and steadily move forward with the reorganization.

Human Resources and Governance Supporting Transformation

We are advancing portfolio transformation through the promotion of a human resource strategy aligned with Medium-Term Management Plan 2026. To compete successfully on a global level and adapt to a difficult-to-predict environment, it is essential that we increase the mobility of our workforce.

A defining characteristic of our business is significant volatility across segments. If personnel roles remain fixed, it becomes difficult to quickly transfer staff to thriving segments, so we believe we should aim to build a system that allows smooth reallocation to areas of need. Moreover, with numerous overseas locations, personnel familiar with only one location cannot take on management responsibilities. Therefore, we must develop human resources with a Company wide perspective through rotational assignments across segments and departments, including sales, engineering, and manufacturing.

Specifically, to secure human resources capable of making immediate contributions to the Company, we

will pursue initiatives including mid-career hiring, the promotion of women's active participation in the workforce, and the utilization of global talent. At the same time, we will advance educational programs aimed at reducing the number of personnel whose capabilities are limited to a single segment or job category. We will also focus on enhancing employee engagement to enhance our overall human capital. Furthermore, we believe we should continue to focus on enhancing organizational capabilities so we can keep delivering results even when personnel change roles or take extended leave.

With respect to strengthening governance, we believe it is necessary for the Board of Directors to clearly define standards for determining the extent to which the Company should align with external expectations. On that basis, we have established rules and regulations relating to legal compliance and internal controls, thus considering the procedural aspects of governance to be firmly in place. On the other hand, instilling such a system at the individual level is not easily achieved and remains an issue we should focus on addressing.



We will also revise our assessment system to place greater emphasis on employee performance and implement assessments based on clearly defined criteria, thereby further embedding a more effective governance system throughout the organization.

To Our Stakeholders

We hope that shareholders, investors, and other stakeholders will evaluate our corporate value with a full understanding of the characteristics of our business. Ours is a business model with long lead times, in which it takes one to two years for orders to translate into sales, and as a result, improvements we have initiated and their results likewise require one to two years to be reflected in figures. On the other hand, performance is less prone to sudden deterioration, and we possess a business structure resilient to downturns in market conditions. Going forward, we will continue to provide steady shareholder returns while maintaining financial soundness.

Maintaining a diverse business portfolio may appear inefficient in the short term. However, amid a highly uncertain market environment, this diversity can serve as a strength. Having experienced rapid surges in demand for products tailored to specific markets followed by similarly rapid collapses, we recognize that concentrating on a single business carries significant risk. Rather than concentrating investment in businesses at their peak, it is important to appropriately allocate resources to areas with growth potential. We consider the timing of such allocations to be a crucial element of our management.

Guided by this perspective, we are advancing our R&D activities toward all-solid-state batteries, the next stage of technological development, and we believe such proactive investment will lead to medium- to long-term growth opportunities. We remain committed to meeting the expectations of our shareholders, investors, and other stakeholders by realizing steady returns underpinned by a strong financial base and strategic investments aimed at future growth.

August 2026



President
Chief Executive Officer
Chief Operating Officer

Our History

SHIBAURA MACHINE Always Contributing to 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 postwar 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 the 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

1940 Rifle lathe for 12 m rifles completed



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 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 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 (Shanghai)

In response to an economic recession, we advanced selection and concentration, divesting our food machinery business and offsetting our rotary press business. Meanwhile, the Company strengthened its molding machine business and established a production base in China (Shanghai). 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

2025
High Precision Aspheric and Free-form Surface Grinder "ULG-100H (H3)"




2000
BS servo system V series completed


2013
BS servo system S series completed


2026
Programmable logic controller TC13 series completed

Industrial robots


1996
SCARA robot business transferred from Toshiba Corporation


2012
Cartesian coordinate robot BA-Ⅲ series 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 EC3000SXⅢ 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 2025, consolidated)

¥132.8 billion

Overseas sales/ Overseas sales ratio
(fiscal 2025, consolidated)

¥92.6 billion / 70 %

Employees
(as of March 31, 2026, consolidated)

3,175 persons

Global Business Foundation

With a global network of around 30 domestic and 50 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



Plant in Thailand

- Injection molding machines



Plant in India

- Injection molding machines



Plant in Germany

- 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

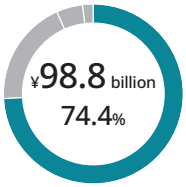
- Wide product lineup from small to large, including giga-casting support
- Top share among Japanese manufacturers



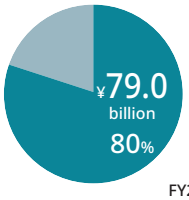
Extrusion machines

- Full-line solutions for sheet and film production units

Net sales



Overseas sales ratio



FY2025

Machine Tools Segment



Machine tools

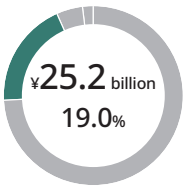
- Capable of handling ultra-large, special-purpose, and custom products



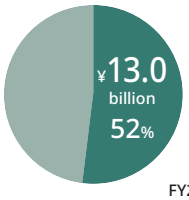
High-precision machine tools

- World-leading precision with 0.1 nm-level control

Net sales



Overseas sales ratio



FY2025

Control Systems Segment



Industrial robots

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



Electronic control systems

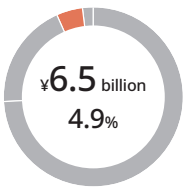
- Provided both for in-house and external customer use



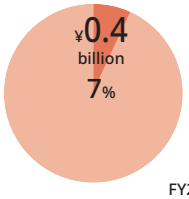
Engineering solutions

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

Net sales



Overseas sales ratio



FY2025

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 and rubber materials.
For plastic molding, they inject heated molten material into metal molds, where it is then cooled and hardened. For rubber molding, they inject heated material into metal molds, where it is then vulcanized.



Industries Served

Automotive

- Bumpers
- Door trim
- Weather stripping



Containers and daily necessities

- Cosmetics containers
- Tableware



Medical

- Syringes
- Dialyzers



Die Casting Machines

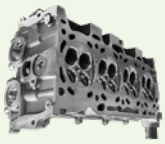
These machines cast products by applying high pressure to molten aluminum and magnesium and injecting it into molds.



Industries Served

Automotive

- Engine blocks
- EV battery cases



Marine

- Outboard motors



Extrusion Machines

These machines form plastic by extruding heated molten plastic through extrusion ports and then cooling it by using 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
- Liquid crystal display films



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 a type 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, Engineering solutions

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

Engineering solutions: 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 Engineering solutions

- Factory automation to save labor



For details, please visit our website.

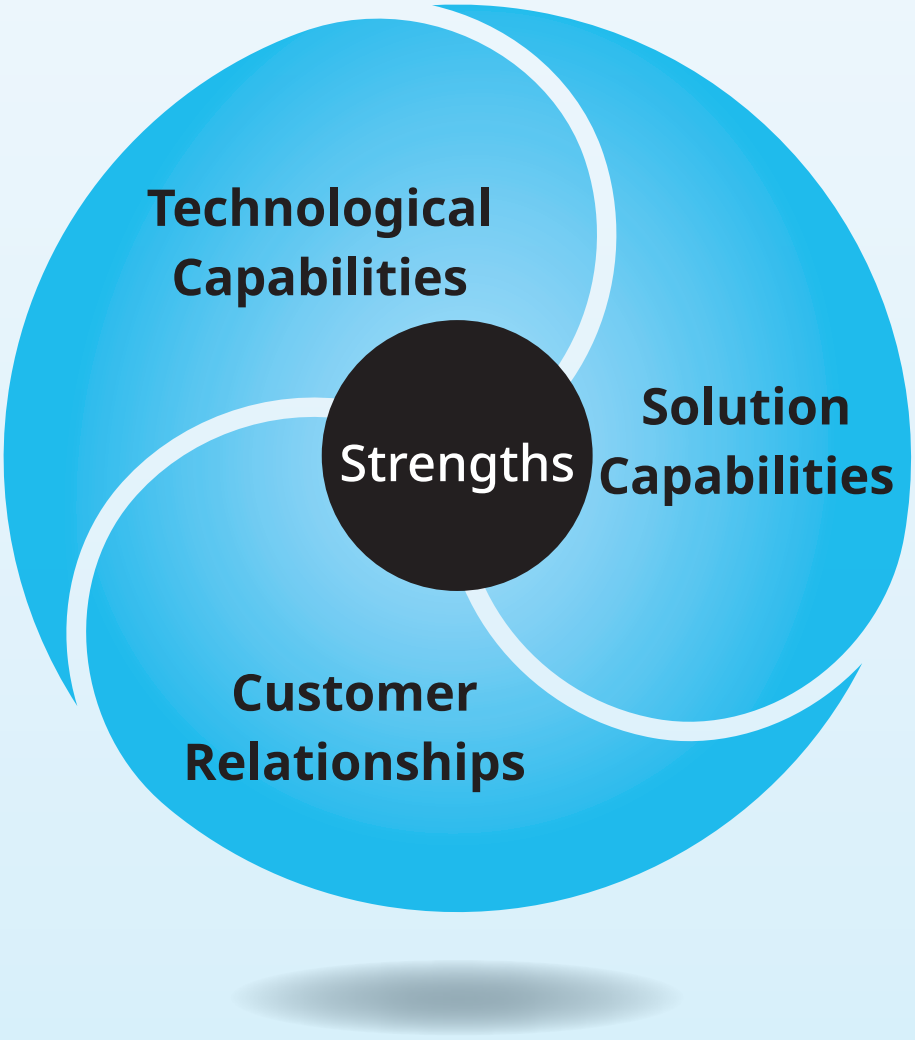
Shibaura Machine near You https://www.shibaura-machine.co.jp/en/technology/familiar/

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



Customer Relationships

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



Eight Technological Platforms

Examples of Using the Eight Technological Platforms

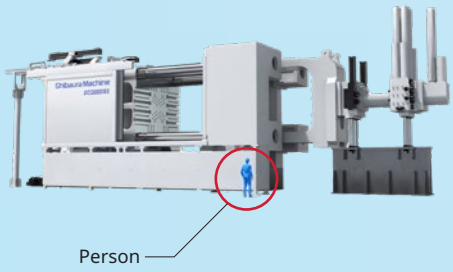
Developing and Manufacturing an Array of Advanced Industrial Equipment

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.



Technologies for Intelligent and Automated Injection Molding Machines

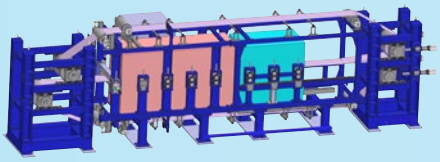
In recent years, the need to address a declining labor force and a lack of skilled workers has driven demand for intelligent and automated equipment. In injection molding, disturbances such as variations in resin lots, drying conditions, and ambient temperature can alter the state of molten resin, which may result in defects in molded products. For this reason, operators have traditionally needed to fine-tune molding conditions on an ongoing basis. SHIBAURA MACHINE has developed an automatic correction function for molding conditions whereby molding machines monitor changes in molten resin and automatically fine-tune molding conditions before defects occur. Decarbonization trends have increased demand for recycled resin, and the automatic molding conditions correction function is contributing to increased productivity by addressing the significant lot-to-lot variation in physical properties exhibited by recycled resin.



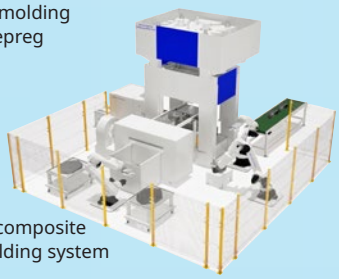
Ultra-large die casting machine with a clamping force of 12,000 tons

Die Casting Machines Contributing to Automotive NEV Adoption

Amid the industry shift toward new energy vehicles (NEVs), vehicle bodies are increasingly using aluminum and integral molding, driving demand for ultra-large die casting machines. SHIBAURA MACHINE has received an order for an ultra-large die casting machine that has a clamping force of 12,000 tons—among the largest produced by a Japanese manufacturer—and that is capable of supporting giga casting, which enables the integral molding of vehicle body parts, and we are proceeding with its production. We are also developing 4,500-ton, 7,000-ton, and 9,200-ton die casting machines that will be gradually added to our lineup. Through our ultra-large molding machine design technologies and our injection control technologies, a source of competitive advantage in our die casting machines, 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.



Continuous molding of CFRTP Prepreg



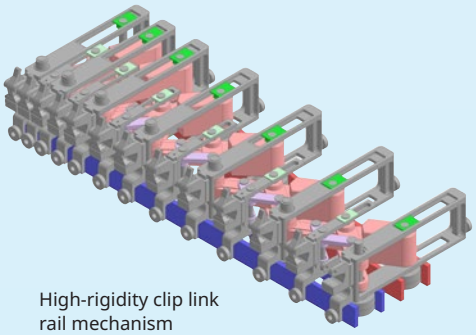
Automated composite material molding system

Integrated Molding Technologies for CFRTP

In CFRTP (carbon fiber reinforced thermoplastics), a lightweight, high-strength material key to the realization of a decarbonized society, we have established a unique “integrated molding system” consisting of two steps: “continuous molding of CFRTP Prepreg,” which enables continuous production, and robotic “automated composite material molding.” This system has succeeded in dramatically reducing molding times, from days to minutes. In addition to outstanding mass-production capabilities, the system has also achieved high recyclability by leveraging the properties of thermoplastics. Leveraging this unique mass-production technology, we will contribute to the development of next-generation mobility markets, including aircraft, automobiles, and even flying cars.

Eight Technological Platforms

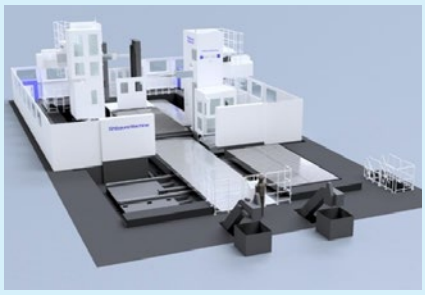
1. Realizing one-step advanced accuracy
   Professional manufacturing, assembly, and measuring technologies
2. Supporting diversified application fields
   Designing technologies for processing and molding machinery
3. Integrative
   Customizing technology
4. Maximizing machine performance
   Material 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



High-rigidity clip link rail mechanism

High-Quality Film Continuous Production Technology Using High-Rigidity, Simultaneous Biaxial Stretching and Multi-Axis Control

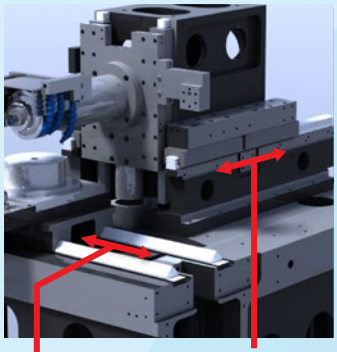
SHIBAURA MACHINE has established unique technology that achieves outstanding production precision for high-performance films, which are essential to the evolution of digital devices. At the core of this technology is the integration of stretching pattern-setting technology enabled by advanced simultaneous, multi-axis control and the high-rigidity clip link rail mechanism that physically supports the pattern-setting functions. This integration enables highly precise control of complex stretching and relaxation in longitudinal, transverse, and diagonal directions, which was previously difficult to achieve, allowing for the stable continuous production of specialty films. This integrated hardware-software production platform achieves high yield rates and reproducible quality, which maximizes cost competitiveness and added value, thereby contributing to the development of the rapidly growing optical films market and next-generation communications field.



System in which two BSF-150C floor-type horizontal milling and boring machines are positioned to face one another

Technologies Leveraging Large Machine Tools to Improve Machining Efficiency and Achieve Automation and Labor Savings

Across various industries, including the construction machinery industry, demand is growing for system solutions that improve the machining efficiency of large components and support automation and labor savings. SHIBAURA MACHINE has developed a production system, one of the largest in its class, capable of handling the complete machining of slewing frames for large construction machinery. By positioning two BSF-150C floor-type horizontal milling and boring machines to face one another and performing simultaneous machining on opposite surfaces, the system reduces the four-position indexing required in standard four-sided machining to just two-position indexing, significantly shortening machining time and contributing to machining automation, labor savings, and reduced setup time. Since this system requires simultaneous control of two large machine tools, we built a dedicated system that controls both machines and the automatic work changer (AWC) according to individual machining schedules. Going forward, we will continue combining our expertise in areas such as large machine tool technology and control system technology to contribute to automation and labor savings.



Positioning axis (linear motor)

Movement axis (V-V hydrodynamic slide bearing guideway)

High-Precision V-Grooving Equipment for AI Data Centers

With the proliferation of AI data centers, demand is growing rapidly for V-groove substrates, which enable the high-precision positioning of optical fibers within optical communication components. In particular, requirements for the pitch accuracy of these V-grooves are becoming stricter each year in order to achieve low-loss optical communication. To meet these requirements, SHIBAURA MACHINE applied its high-precision machine tool technology to develop V-grooving equipment. By adopting a high-precision V-V hydrodynamic slide bearing guideway axis and a linear motor drive axis with excellent positioning performance, we achieved improved V-groove pitch accuracy in glass and ultra-hard composite materials. In addition, we incorporated an on-machine truing function that forms the blade edge into a V-shaped profile, facilitating corrections to the blade angle and enabling highly reproducible V-grooving. On-machine truing also significantly reduces both blade replacement time and frequency, contributing to improved productivity.

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.

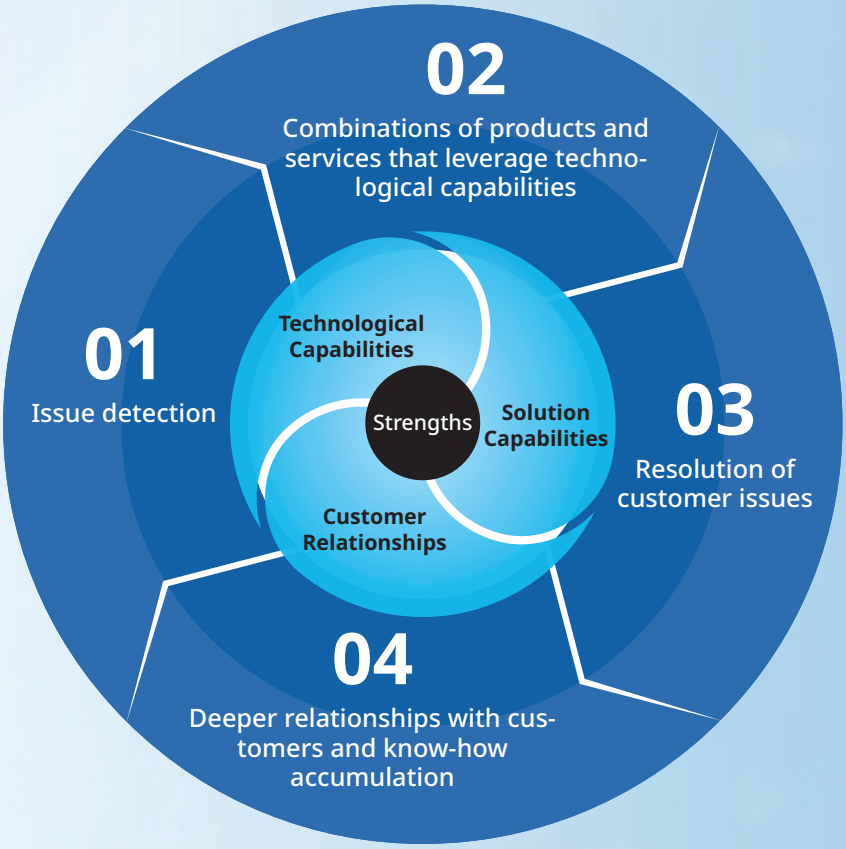
By deepening our relationships with customers through the provision of high-value-added solutions, we will continue driving a powerful virtuous cycle that sustains corporate value growth.

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 customer satisfaction 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, Engineering solutions

OUTCOME

Resolving issues faced by key industries

Examples of Industries Served

Automotive, Secondary batteries, Medical, Renewable energy, Smartphones, Optics, Food packaging materials, Optical communications, Marine, Aerospace, High-speed railway, Defense

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

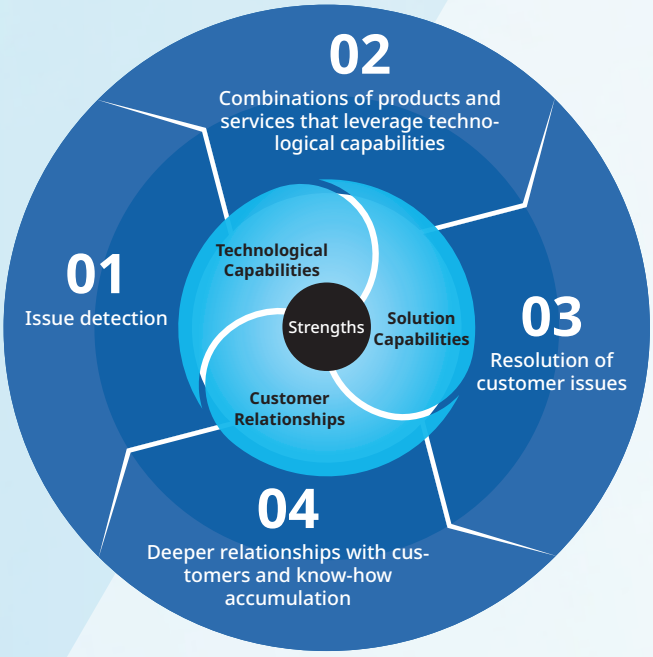
Advancements in technology

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.



Case Study 1 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 that the expansion of the LiB market would increase demand for turnkey solutions that can be deployed quickly, we accumulated technologies for full-line systems. LiB separator film production lines are integrated systems composed of multiple units, including extruders, stretching machines, extractors, dryers, and winders. In addition to the specifications and functions of each machine and their coordination, the advanced technological capabilities of each machine are critical. Among major equipment manufacturers, we are the only company capable of providing full-line LiB separator film production systems. This strength aligns well with the needs of manufacturers entering new markets alongside our other customers and helps them ramp up production quickly. The spread of EVs requires high-quality LiBs that extend driving range and ensure safety, 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.

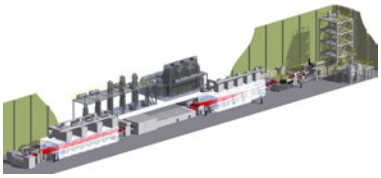
01 Issue detection

Increasingly sophisticated separator film



02 Combinations of products and services that leverage technological capabilities

Provision of full-line production units



LiB separator film production lines

03 Resolution of customer issues

High-quality LiBs



Case Study 2

Machine Tools Enabling High-Efficiency Power Generation and the Transition to a Decarbonized Society

With the aim of improving the efficiency of turbines used in all forms of power generation, including wind, hydro, thermal, nuclear, geothermal, hydrogen, ammonia, synthetic fuel, and biomass, we have leveraged our accumulated design and manufacturing technologies, machining expertise, and other strengths to enhance the precision and efficiency of machine tools and create new machining methods, thereby meeting customers' expectations. For the machining of large turbines, we have developed multifunction, high-precision large machine tools that minimize the need for setup changes when processing large components. In addition, through attachments and processing methods that simplify the machining of complexly shaped large components, we have realized higher-efficiency machining of components and higher-precision turbines. These innovations maximize power generation efficiency and contribute to reducing CO_2 emissions. Moreover, in response to recent energy security concerns, we are contributing to the widespread adoption of new power generation technologies using small-scale nuclear, hydrogen, and ammonia fuels, and to the realization of a decarbonized society.

01 Issue detection

Larger and more complexly shaped power generation components



02 Combinations of products and services that leverage technological capabilities

Higher-precision, higher-efficiency machining of more complexly shaped large components



Ultra-large machine tools



Multi-purpose, double-column type machining centers

03 Resolution of customer issues

Realization of a decarbonized society through the widespread adoption of new power generation technologies



Case Study 3

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. Even in the 1990s, when high-precision aspheric and free-form surface grinding technology was still in an exploratory stage, we steadily built up a track record of deliveries by humbly incorporating customer requirements and feedback in the continuous refinement of our technologies. 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 automated driving.

01 Issue detection

More precise optical components



02 Combinations of products and services that leverage technological capabilities

Higher-resolution, higher-efficiency machining of optical components

High-precision machine tools



03 Resolution of customer issues

Protect human life and create an amenable living environment



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

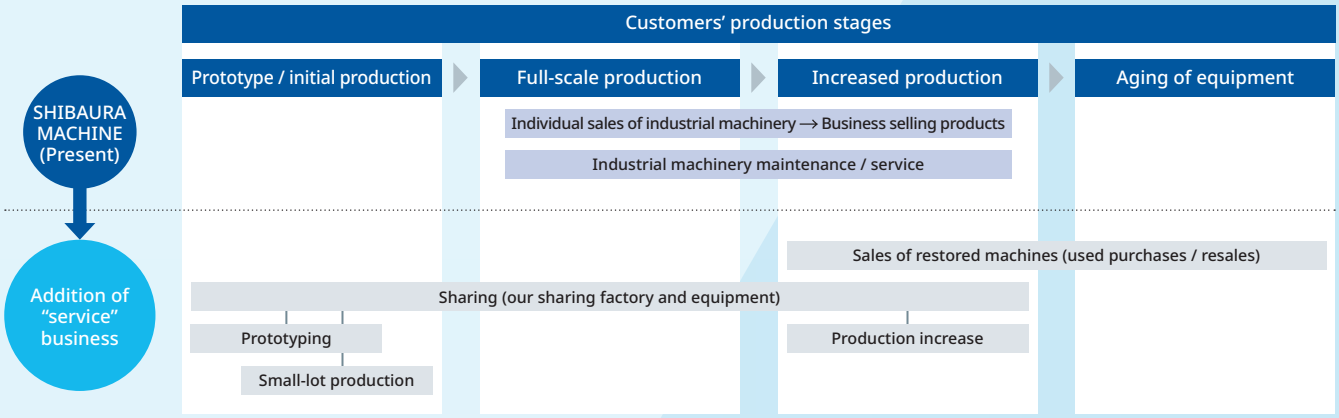
Selling products → Selling products and services

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 from which we will withdraw, 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)

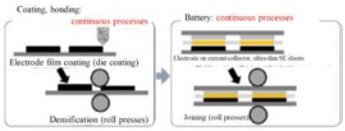
We will continue to expand and strengthen existing businesses to provide added value through a wide range of products and help address social issues. Amid the global trend toward decarbonization, we offer a variety of products that can contribute to decarbonization initiatives.

Contributing to reducing greenhouse gases

Power generation and storage

High-pressure continuous press machines

Enhanced productivity through continuous processes



SE: solid electrolytes

Secondary 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)

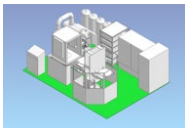
Through the provision of film casting equipment, coating machines, and imprinting equipment that add new functionality through surface structure control, we will enable our customers to generate profits. We will differentiate ourselves by realizing new added value.

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

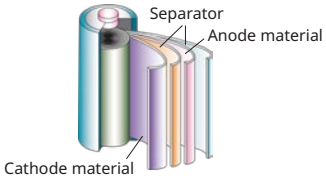
Coating machines

Function improvement via coating dissimilar materials to surfaces



Batteries, ceramic capacitors, and optical components

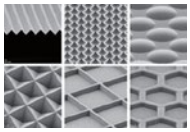
High-performance separator films



Healthcare

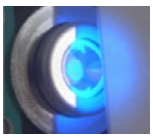
Imprint equipment

Function improvement via adding fine shapes to surfaces



Water purification and sterilization

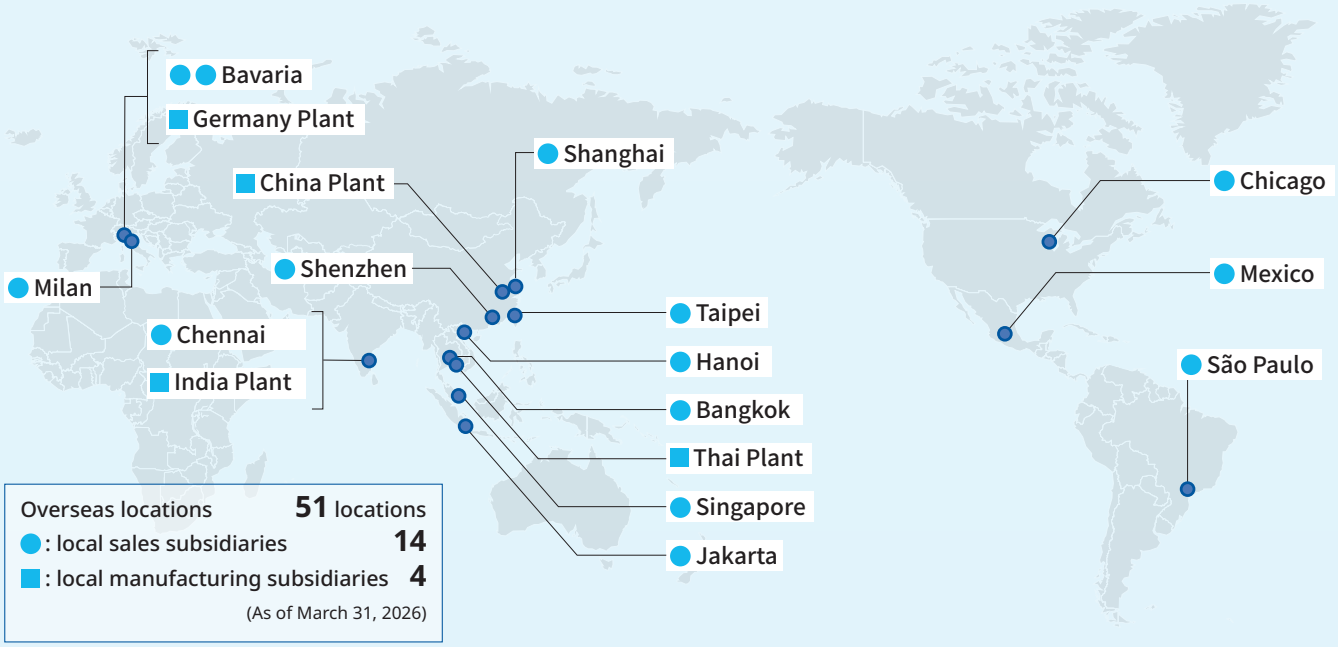
Deep-UV LEDs



Source: JST New Technology Presentation Meetings materials

Growing Overseas Sales

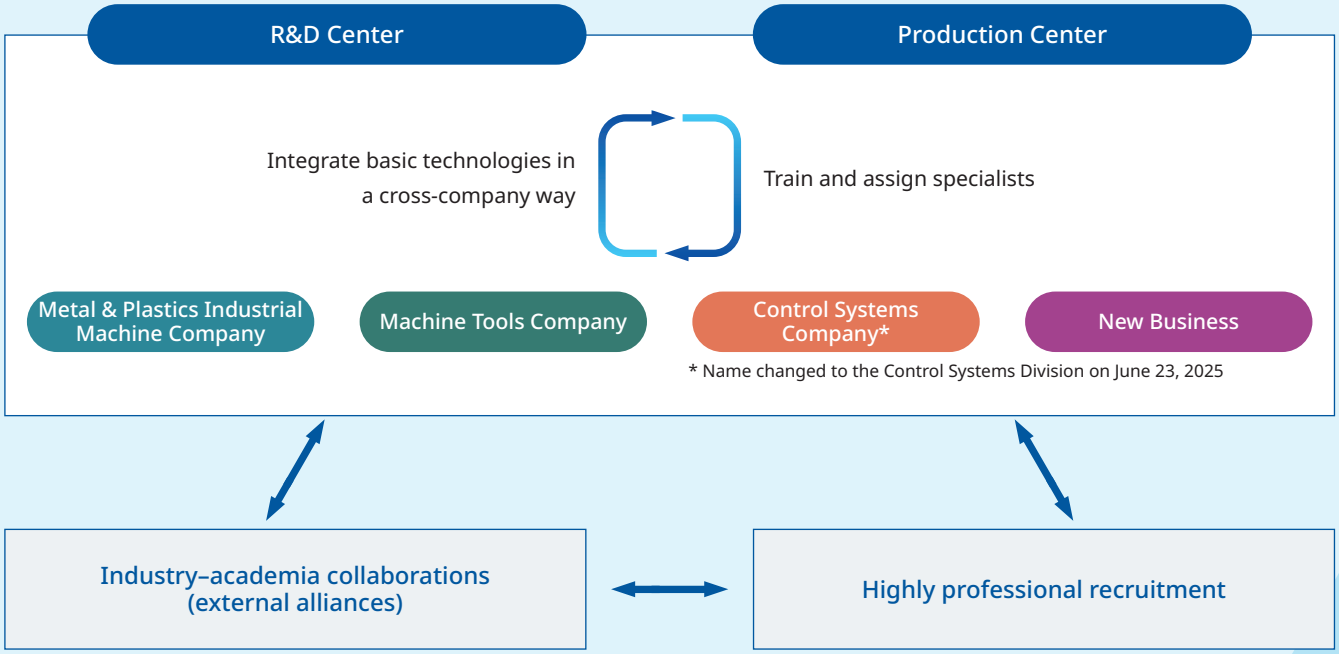
At the time SHIBAURA MACHINE Long-Term Vision 2030 was formulated, the SHIBAURA MACHINE Group's overseas sales accounted for more than 50% of Companywide net sales. However, overseas sales of machine tools accounted for around 30% of our machine tool sales, which is a small share given that, on average, industry peers sell around 60% of their machine tools overseas. We will increase 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 2025, 52% of our machine tool sales were overseas.



Overseas locations **51** locations
: local sales subsidiaries **14**
: local manufacturing subsidiaries **4**
(As of March 31, 2026)

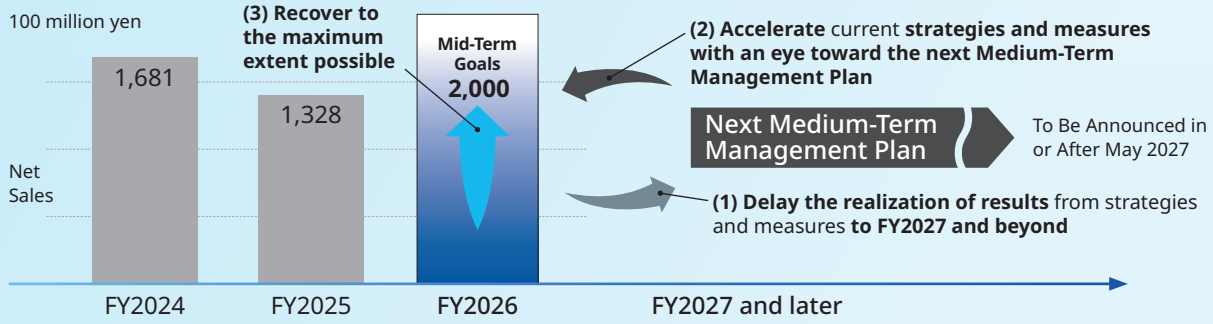
Fostering Personnel to Support Our Technological Platforms

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

Under Medium-Term Management Plan 2026, we have aimed to become a company that can consistently achieve sales of ¥200 billion. Due to sluggish orders resulting from a slowdown in the shift to EVs and the impact of U.S. tariff policy, we now expect to fall short of the quantitative targets set for the final year (fiscal 2026) of Medium-Term Management Plan 2026. In response, we formulated the "Medium-Term Management Plan 2026 About Emergency Response for FY 2026" in November 2025 and have been implementing the measures set forth therein.



The Emergency Response for FY2026 Strategies and Measures

The Emergency Response for FY2026 is based on the strategies and measures promoted in Medium-Term Management Plan 2026 and will accelerate execution speed and realization of results in order to contribute to the fiscal 2026 results.

- **Profit creation** through **cost reduction and efficiency improvement** ····· A
- **Securing of in-period orders and sales** ····· B
- **Acceleration of returns in FY 2026** while building **the foundation for the next Medium-Term Management Plan** ····· C

+ M&A

	The Emergency Response for FY2026 Strategies and Measures	Scale of contribution to fiscal 2026 (¥100 million)	Initiatives and progress
B	Resolution of US tariff issues (Overall)	**+100–150**	—
B	European market development (Injection molding machines)	**+80–100**	Acquired a German vertical injection molding machine manufacturer through M&A (2025)
B	Expanding market share in India (Injection molding machines/ Machine tools)	**+30–50**	Injection molding machines: Expanded production at the newly built second plant Machine tools: Leveraged the Technical Center of the India plant
B	North American market development (High-precision machine tools)	**Up to +5**	Identified target markets (automotive optics and medical components) Developed sales and service structure in the North American market Established Technical Center
B	Orders and production of large special machines (Machine tools)	**+30–50**	Accelerated production and expanded production capacity (1.5 times the fiscal 2025 level) in response to high demand
C	Orders for next-generation BSF (Extrusion machines)	**+100–150**	Addressed demand for increased speed and width as well as thinner and stronger films Addressed demand for ESS (energy storage systems)
A C	Restructuring of global systems in East Asia and Southeast Asia (Injection molding machines)	**Optimization**	Considered review of production structure

Expanding Production of Machine Tools

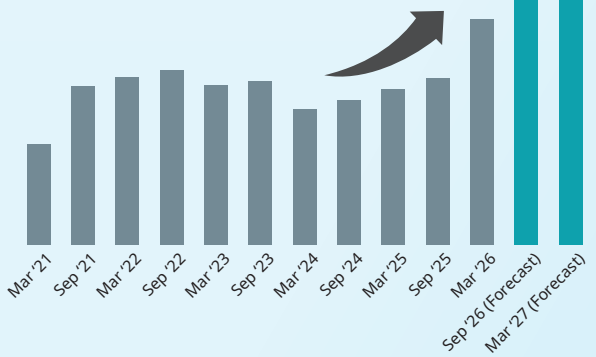
For large machine tools, we are seeing a growing number of inquiries and rising demand, mainly from heavy industry manufacturers in the energy, aerospace, shipbuilding, and defense sectors. For high-precision machine tools, demand for optical fiber connectors is rising due to the global expansion of AI data centers. To address this demand, we are expanding production capacity for both large machine tools and high-precision machine tools.

Trend of our Machine Tools Segment Order Backlog

Many inquiries mainly from heavy industry manufacturers

Energy/ Aerospace/ Construction-Machinery Shipbuilding/ Defense Industry/ Optical Communications

Approx. 40.0 billion yen



Large machine tools production volume



Aiming for 1.5 times compared to fiscal 2025

- Mobilization of internal personnel
- Development of new outsourcing partners
- Standardization of spindle head specifications through design changes

Expanding Production of High-Precision Machine Tools for Connector Molds



Conventional/ Expansion	Production enhancement (1)	Production enhancement (2)
Handled with existing equipment	Outsourcing of spindle processing for increased production Review of processes and systems	Introducing & operating spindle processing equipment (Investment of approx. ¥120.0 million) Securing production buffers
3–5 units/month	6–9 units/month	12–15 units/month
2026 Q1	2026 Q2–Q4	2027 Q1–

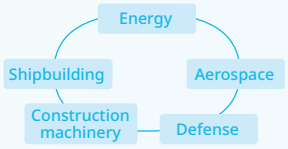
Toward the Next Medium-Term Management Plan

We are currently formulating the next medium-term management plan around four items that could become key measures: business expansion of machine tools, strengthening overseas markets, extrusion machines development and Numazu Plant restructuring, and Engineering solutions.

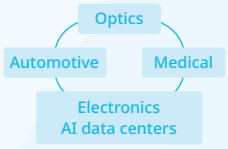
Business expansion of machine tools (Redefinition of domains)

Following a review of our target domains, we have added "defense" to large machine tools and "AI data centers" and "medical" to high-precision machine tools.

Ultra-large special machines



High-precision machine tools

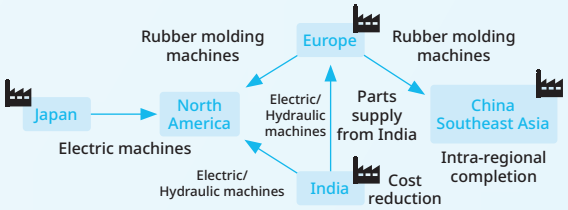


▶ Focus on increasing production

▶ Establish a true global network

Strengthening overseas markets (Injection molding machines)

Adjust shipping factories flexibly in response to ever-changing market trends and geopolitical risks



▶ Maximize returns on strategic investments
(India factory expansion, Germany acquisition)

Extrusion machines development + Numazu Plant restructuring

We have established a Technical Center for extrusion machines and are accelerating extrusion machines R&D for applications with expanding use cases.

- All-solid-state batteries for automobiles
- Next-generation BSF* (for ESS)
- For optical films
- Aerospace (CFRTP materials)

* LiB separator film production lines that address demand for increased speed and width as well as thinner and stronger films



Reorganization of Numazu Plant (conceptual plan)

Engineering solutions

Production and expansion of Functional Fluids Ltd.'s secondary cooling systems (effects: extending mold life, energy saving) at the India Factory

For injection molding machines



For die casting machines



▶ Install these systems on machines in hot-climate India to increase added value and expand sales

SPECIAL FEATURE

SHIBAURA MACHINE's Overseas Strategy

Major Milestones in Our Overseas Expansion

1930s | 1970s | 1980s | 1990s | 2000s

East Asia

June 1989
Subsidiary in Taiwan EST
TOSHIBA MACHINE TAIWAN CO., LTD.
(Currently SHIBAURA MACHINE TAIWAN CO., LTD.)



May 1995
Subsidiary in Hong Kong EST
TOSHIBA MACHINE HONG KONG LTD.
* Liquidated



April 1998
Subsidiary in China (Shanghai) EST
SHANGHAI TOSHIBA MACHINE CO., LTD.
(Currently SHANGHAI SHIBAURA MACHINE CO., LTD.)

June 2002
Manufacturing subsidiary in China (Shanghai) EST
TOSHIBA MACHINE (SHANGHAI) CO., LTD.
(Currently SHIBAURA MACHINE (SHANGHAI) CO., LTD.)



August 2008
Subsidiary in China (Shenzhen) EST
TOSHIBA MACHINE (SHENZHEN) CO., LTD.
(Currently SHIBAURA MACHINE (SHENZHEN) CO., LTD.)

Southeast and South Asia

July 1978
Subsidiary in Singapore EST
TOSHIBA MACHINE SOUTH EAST ASIA PTE. LTD.
(Currently SHIBAURA MACHINE SINGAPORE PTE. LTD.)

May 1989
Subsidiary in Thailand EST
SHIBAURA MACHINE (THAILAND) CO., LTD.
(Currently SHIBAURA MACHINE (THAILAND) CO., LTD.)



April 2006
Subsidiary in India EST
TOSHIBA MACHINE (INDIA) PVT.LTD.
(Currently SHIBAURA MACHINE INDIA PRIVATE LIMITED)



Europe and Americas

1949
First export to France

April 1974
Subsidiary in U.S. EST
TOSHIBA MACHINE COMPANY, AMERICA
(Currently SHIBAURA MACHINE COMPANY, AMERICA)



April 1988
Subsidiary in Canada EST
TOSHIBA MACHINE COMPANY CANADA LTD.
* Liquidated

April 1989
Subsidiary in Germany EST
TOSHIBA MACHINE (EUROPE) G.m.b.H.
* Liquidated

Key Topics

Rise of the Export Ratio to 49%

The global economy was thrown into turmoil by the oil shocks of the 1970s. However, by moving forward with our overseas strategy, which we had been executing since the 1960s and was underpinned by thorough marketing and service structures, our export ratio rose to 49% in 1978.

Establishment of Our First Overseas Manufacturing Site

As Japan was experiencing a period of stagnation following the collapse of its bubble economy, we proceeded with expansion into China, whose economy was continuing to grow. In the 1990s, China promoted economic development through the introduction of a market economy, encouraging the entry of foreign companies. Likewise, we established sales and service subsidiaries in Hong Kong and Shanghai. Furthermore, in 2002, we established our first overseas manufacturing subsidiary in Shanghai.

Since our founding, we have supported core industries both in Japan and overseas, and this history includes the gradual overseas expansion of our production and sales structures. At present, our approximately 50 overseas locations handle sales, service, and production functions, supporting manufacturing around the world. In this special feature, we review the history of our overseas expansion and introduce our overseas strategy under Medium-Term Management Plan 2026.

EST…Established ACQ…Acquired * Line graph: export ratio

2010s

2020s



July 2011
Subsidiary in Vietnam EST
TOSHIBA MACHINE (VIETNAM) CO., LTD.
(Currently SHIBAURA MACHINE VIETNAM COMPANY LIMITED)

September 2012
ACQ Manufacturing and sales subsidiary in India
TOSHIBA MACHINE (CHENNAI) PRIVATE LIMITED
(Currently SHIBAURA MACHINE INDIA PRIVATE LIMITED)

November 2012
Manufacturing subsidiary in Thailand EST
TOSHIBA MACHINE MANUFACTURING (THAILAND) CO., LTD
(Currently SHIBAURA MACHINE MANUFACTURING (THAILAND) CO., LTD.)



December 2012
Subsidiary in Indonesia EST
PT. TOSHIBA MACHINE INDONESIA
(Currently PT. SHIBAURA MACHINE INDONESIA)

November 2013
Subsidiary in Brazil EST
TOSHIBA MACHINE DO BRASIL COMERCIO DE MAQUINAS LTDA.
(Currently SHIBAURA MACHINE DO BRASIL COMERCIO DE MAQUINAS LTDA.)

July 2014
Subsidiary in U.K. EST
TOSHIBA MACHINE (EU) LTD.
(SHIBAURA MACHINE UK LTD.)
* Liquidated

April 2019
Subsidiary in Mexico EST
SHIBAURA MACHINE MEXICO, S.A. DE C.V.

June 2019
Subsidiary in Italy EST
SHIBAURA MACHINE EUROPE S.R.L.



May 2025
Subsidiary in Germany EST
SHIBAURA MACHINE EMEA GmbH

November 2025
ACQ Manufacturing subsidiary in Germany
SHIBAURA MACHINE LWB GmbH



Acquisition of a Local Company to Strengthen Our Business in India

As part of our efforts to strengthen our business foundation in the Indian market, we made L&T Plastics Machinery Limited, an Indian plastics processing machine manufacturer, a subsidiary in September 2012.

Expansion of Manufacturing Bases into the ASEAN Market

With production capacity at our manufacturing subsidiary in China approaching its limit and rapid growth expected in the Southeast Asian market, we established a manufacturing subsidiary in Thailand with the aim of building a local production-for-local-consumption system in the region and expanding our business by supplying products tailored to local customers' needs with short lead times.

Development of the European Market via Germany

As a strong foothold for entering the European market, we acquired SHIBAURA MACHINE LWB GmbH (formerly LWB Steinl GmbH) as a subsidiary, which is a German manufacturer of vertical injection molding machine for rubber and plastics.

SHIBAURA MACHINE's Overseas Strategy

Overseas Strategy Under Medium-Term Management Plan 2026

Progress of Medium-Term Management Plan 2026

Under Medium-Term Management Plan 2026, the SHIBAURA MACHINE Group has adopted a basic policy of reorganizing the business portfolio according to market conditions, in which each business is clearly categorized as "offensive" or "defensive," and is allocated management resources accordingly to implement well-balanced strategies and measures. Regarding overseas operations specifically, key initiatives include reducing costs through such factors as economies of scale achieved by manufacturing the same models of injection molding machines at plants around the world, putting our new plant in India on track to increase production, and exploring the North American, European, and Indian high-precision machine tools markets.



China	In the Chinese market, to reduce costs, strengthen competitiveness, and improve profitability, we have transitioned to a system in which injection molding machines previously produced at our manufacturing subsidiary in China are now outsourced on an OEM basis to local partner companies. This system has yielded a certain level of results, and to extend these results and enhance management efficiency, we established a new manufacturing subsidiary in Anhui Province, China, near the partner companies, commencing operations in May 2026 under a compact structure with streamlined functions and organization.
India	To expand our share of injection molding machines in the rapidly growing Indian market, we built a second plant in India, increasing production of hydraulic injection molding machines and beginning production of electric injection molding machines. To further drive sales expansion, we established a Technical Center and are working to capture domestic Indian demand through increased production while improving profits through cost reduction. In addition, we are focusing on exports to the Middle East, Africa, Europe, the Americas, Southeast Asia, and other regions.
North America	In the North American market, we have identified the automotive optics and medical components markets as target domains, established a Technical Center and sales and service structure at our U.S. sales and service subsidiary, and are advancing the commercialization of North America compatible models while focusing on order acquisition. Additionally, to create synergies such as expanding sales in the European and U.S. markets, developing new markets, and achieving more efficient product development and cost reduction through the sharing of resources, we have decided to make Moore Nanotechnology Systems, LLC, a high-precision machine tool manufacturer, a subsidiary. The acquisition is planned for the latter half of 2026.
Europe	In November 2025, we made SHIBAURA MACHINE LWB GmbH, a German vertical injection molding machine manufacturer, our subsidiary. P.31

Acquiring SHIBAURA MACHINE LWB GmbH

Headquartered in Germany, SHIBAURA MACHINE LWB GmbH (formerly LWB Steinl GmbH) is a leading European manufacturer that, since its founding in 1962, has established a track record spanning over 60 years centered on vertical injection molding machines for rubber and elastomers* across Europe, North America, China, and other regions. The company's strength lies in efficient and precise modular injection molding machines primarily for rubber processing, and the LWB brand enjoys strong recognition, particularly in Europe.

By incorporating the company into the SHIBAURA MACHINE Group, we will strengthen our production bases and sales and service capabilities for our injection molding machine business in Europe, and by leveraging the LWB brand, we will gain a strong foothold for entering the European market.

* Elastomer: A material combining the benefits of both rubber and plastic



In addition to strengthening each region, we will further evolve our overseas strategy by creating synergies across regions.

Jun Koike

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



Overview of Our European Strategy

Spearheading the European strategy being advanced under Medium-Term Management Plan 2026, we will pursue entry into the region's injection molding machine business. The European injection molding machine market amounts to approximately 9,000 units annually. Although demand has recently declined due to market conditions in Europe, the market remained larger than that of North America in 2025, with approximately 6,400 units sold. While we had long aimed to enter the European market and had conducted business in the region, we had not been able to achieve full-scale market entry. Meanwhile, competing Japanese manufacturers were growing their sales through collaborations with European manufacturers, including capital alliances. We had likewise recognized the limitations of entering the market independently and determined that it would be necessary to partner with a company possessing strong brand recognition to enhance our sales, service, and production structures. Therefore, we made SHIBAURA MACHINE LWB GmbH (hereinafter "LWB"), a vertical injection molding machine manufacturer with a strong presence in the European automotive industry, our subsidiary in November 2025. As LWB manufactures primarily rubber molding machines, its products do not compete directly with our own. Thus, we believe we will be able to expand sales of both the Company's and LWB's products by working together. To expand sales of our horizontal injection molding machines for thermoplastic resin, we will leverage LWB's bases, thereby expanding our sales and service network while penetrating the European market.

Initially, we will target LWB's existing customers and, in the future, we will establish a structure that also addresses demand for vertical machines from the Company's own customers. We will next aim to expand European sales of our electric horizontal injection molding machines for thermoplastic resin, which boast superior environmental performance and stability, to companies not only in the automotive industry but also in the medical and container industries. Moreover, by leveraging our procurement network in India, we will reduce costs for LWB's existing products, with the aim of expanding into the Asian market.

Looking to the Future

In addition to LWB, we are currently proceeding with establishing a joint venture with our Italian distributor, E.P.F. Elettrotecnica S.r.l. This will strengthen our sales and service structures in Italy, one of the larger markets within Europe. Moreover, we will manage the European market through LWB and the joint venture, strengthening our sales, service, and machine supply structures, enhancing our presence in the growing European market for electric injection molding machines, and pursue full-scale entry into this market. For SHIBAURA MACHINE, these initiatives will strengthen our foundation for expansion into Europe, with injection molding machines at the forefront. In the future, we intend to leverage this foundation to expand sales of die casting machines for the European automotive industry, as well as large machine tools and high-precision machine tools that address anticipated demand for components in the energy and aerospace industries.

Message from the CFO

Message from the CFO



Hiroaki Ota

Representative Director
Executive Operating Officer
Chief Financial Officer

Building on a foundation of financial stability, we will strike a balance between growth investments and shareholder returns, aiming for the sustainable enhancement of corporate value.

Fiscal 2025 in Review

Looking back on fiscal 2025, the second year of Medium-Term Management Plan 2026, changes in the external environment significantly altered the assumptions underlying the plan when it was formulated, and we largely spent the year focused on how to respond. As a result, we recorded net sales for the year of ¥132.8 billion, operating profit of ¥4.3 billion, operating profit ratio of 3.3%, and profit attributable to owners of the parent of ¥1.0 billion, a substantial deviation from our initial targets.

A major initiative of the year was the acquisition of SHIBAURA MACHINE LWB GmbH (formerly LWB Steinl GmbH), completed in November 2025. The decision to make this acquisition was based on our global strategy for injection molding machines, and the process itself, including due diligence and negotiations with the counterparty, was carried out steadily. However, the company's recent performance deteriorated more than anticipated, leading us to revise our financial results retroactively to the third quarter to recognize a full impairment loss on the goodwill recorded at the time of the acquisition. Given the future potential of the European market, I am convinced that the acquisition itself was sound from a medium- to long-term business strategy perspective. I consider it my duty to demonstrate through financial results that this investment was the right decision and to communicate this to our stakeholders.

Furthermore, in light of the recent external environment, we formulated "Medium-Term Management Plan 2026 About Emergency Response for FY 2026" and have been carrying out the initiatives set forth therein. With approximately one year remaining under Medium-Term Management Plan 2026, we have focused on cost reduction, the service business, which can drive short-term sales growth, and sales of machines with short lead times. Additionally, in response to rising raw material costs, the sales department is proceeding with cost pass-through measures per our instructions.

However, for orders of products with long lead times, there is a time lag before the effects of cost pass-through are reflected in figures, so it will take some time for the benefits to materialize. Price negotiations are not easy, and unless customers recognize the strength of our products, they will not choose us. We must therefore remain committed to the added value that only our products can offer and continue to refine that value.

Orders received in fiscal 2025 totaled ¥119.1 billion, an

increase of ¥11.8 billion year on year, and our order backlog began to recover after bottoming out in the first half of the year. The order backlog supports future sales, and we will translate its recovery, centered in machine tools, into growth going forward.

Assessment of the External Environment and Risk Preparedness

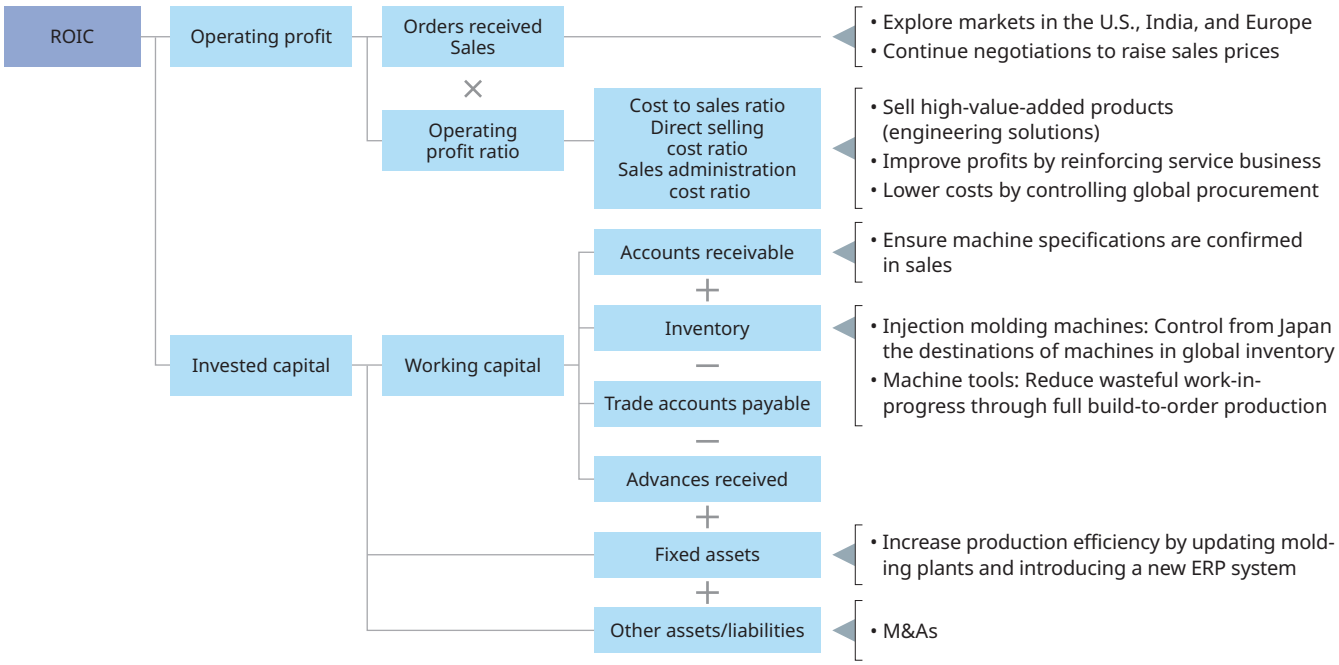
During the period of Medium-Term Management Plan 2026, U.S. tariff policy, conditions in the Middle East, and other factors have significantly impacted the global economy. However, what we must monitor most closely is the major transformation occurring in the structure of industries, particularly in the automotive industry, in which many of our products are involved. To avoid situations in which short-term fluctuations threaten business continuity, we place the highest priority on financial stability and soundness. On that basis, we believe we should always maintain the capacity to execute investments under initiatives, business plans, or management plans formulated in response to changes in the environment.

Embedding ROIC Management

We continue to place great importance on return on invested capital (ROIC) as a KPI, as achieving capital productivity that exceeds the cost of capital is essential for enhancing corporate value. Our independent calculations set our weighted average cost of capital (WACC) at around 8%, and it is important to maintain ROIC above this level.

To raise ROIC, we must either increase returns or reduce invested capital. Reducing working capital, primarily through inventory reduction, will also improve cash flow. However, in reflecting on fiscal 2025, we recognize that these concepts were neither full understood nor embedded down to the front lines. While we currently use ROIC as a quantitative metric to evaluate performance across our businesses, going forward, we will break it down into more granular elements to embed ROIC management at the operational level.

Embedding ROIC Tree-Based Management (Medium-Term Management Plan 2026)



Cash Flow Allocation Plan

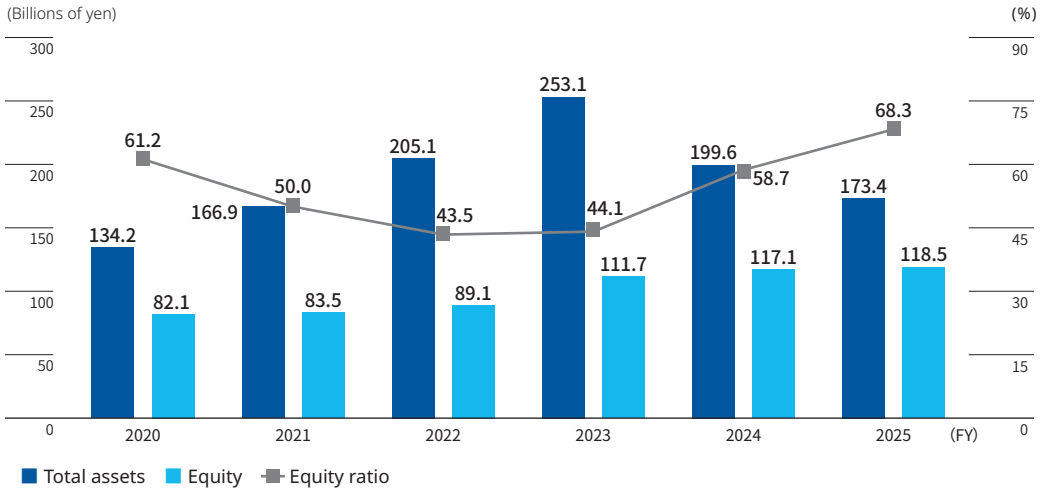
Over the past several years, our operating cash flow has remained strongly positive, driven primarily by our business in extrusion machines. This business grew significantly, led by extrusion machines for LiB separator film production lines, and secured many orders involving advance payments. Even when orders and sales reached a scale of ¥80.0–90.0 billion in a single fiscal year, working capital requirements were minimal, resulting in an increase in cash.

Although interest rates have risen recently, the returns available at these rates fall short of our target ROIC. Therefore, it is essential that we allocate this cash in a balanced manner among shareholder returns, business investments such as M&A activities and capital investments, and returns to employees. As our business portfolio changes in response to shifts in the external environment, our cash flow will fluctuate accordingly. Rather than halting investment to avoid a reduction in cash, we will prioritize investments and execute those that are necessary. This fiscal year, we have already concluded an agreement for the major acquisition of Moore Nanotechnology Systems, LLC, a U.S. high-precision machine tools manufacturer, and plan to complete the acquisition in the second half of the fiscal year. With an eye on cash flow, including the financing for this acquisition, we will take a selective and focused approach to investments.

Regarding Our Financial Foundation

Since our industrial machinery is used as production equipment, we are affected by economic fluctuations and the capital investment cycles of our customers' industries. Therefore, rather than relying on a single business, we operate multiple businesses, combining cycles that differ across businesses and product lines to hedge overall risk and stabilize profits. In addition, we place importance on maintaining a strong equity base. Our equity ratio stood at 68.3% at the end of fiscal 2025. In the past, when our extrusion machines business rapidly expanded, both inventories and advances received increased in tandem, causing total assets to grow. This resulted in the equity ratio temporarily falling to around 40%. However, now that our balance sheet has normalized, the ratio has returned to approximately 60%, in line with its historical level. As our products are used over long periods and require corresponding long-term service, our customers also place importance on our financial stability. We therefore intend, in principle, to maintain this equity ratio level going forward.

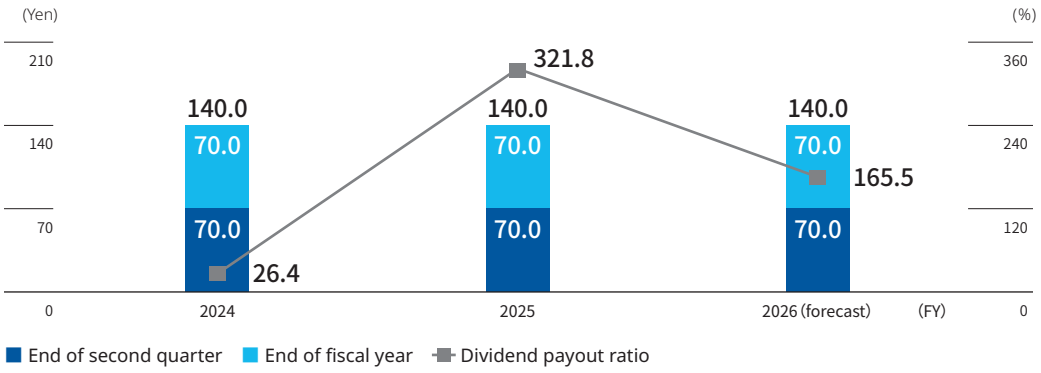
Total assets/ Equity/ Equity Ratio



Shareholder Returns

Regarding shareholder returns, we maintained an annual dividend of ¥140.0 per share for fiscal 2025. This is based on the target total return ratio of approximately 40% and cash allocation plan set forth in Medium-Term Management Plan.

Dividend per Share/ Dividend Payout Ratio



Toward the Sustainable Enhancement of Corporate Value

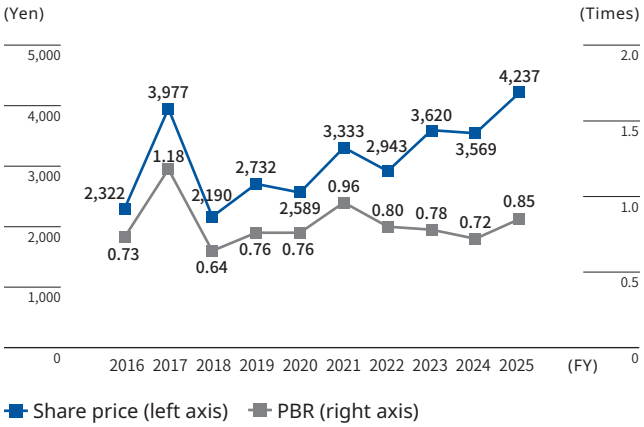
Over the past two decades or so, we have reduced our borrowings and established a net cash position. As a result, our cost of capital has remained virtually equivalent to our cost of equity. From fiscal 2026 onward, with the funding requirements for the aforementioned acquisition in mind, we will balance equity and borrowings to avoid disruptions to financing and cash flow while working to reduce our cost of capital.

Regarding our price-to-book ratio (PBR), while there were periods in fiscal 2025 when it exceeded 1.0, it currently stands below 1.0. Viewed simply in terms of a formula, PBR is obtained by multiplying the price-to-earnings ratio (PER) by return on equity (ROE). Looking back over recent years, there were periods when our ROE exceeded 10%, yet PBR failed to reach 1.0, remaining in the 0.8 range. This was due to our low PER at those times.

Meanwhile, despite expectations of a decline in ROE, PBR has not fallen sharply recently because PER has increased. While PER is significantly influenced by overall trends in the Japanese stock market, it also reflects expectations for the future of individual companies. Our business strategy itself raises these expectations. It is therefore important to accurately communicate that strategy to the market and our stakeholders to ensure it is properly understood. From this perspective, we will further strengthen our IR activities. My highest priority as CFO is to steadily execute our strategies and initiatives while undertaking capital investments, corporate acquisitions, and asset reallocation, converting these efforts into results that drive profit growth. Achieving this will also enable us to provide appropriate returns to shareholders. Although many of our investments are expected to deliver results over the medium to long term, I believe that carefully evaluating the outcomes and steadily building on each achievement will lead to the sustainable enhancement of corporate value. I am committed to fulfilling my duties as CFO toward this end.

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 below was ¥5,020 on July 3, 2023 (PBR of 1.14 times).



Business Strategy

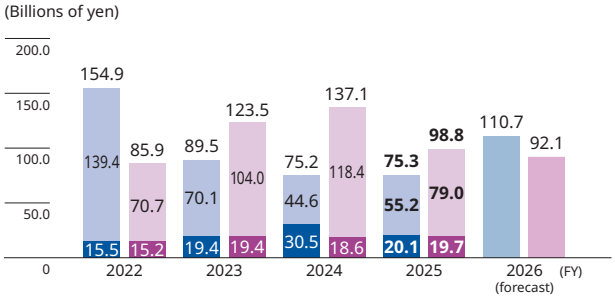
Metal & Plastics Industrial Machine Company

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.

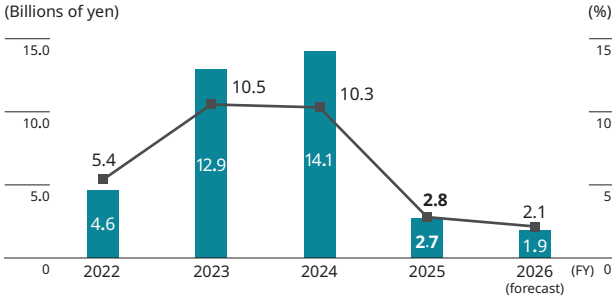
Performance Summary

Amount of Orders Received / Net Sales



* Amount of orders and net sales exclude intersegment transactions.

Operating Profit / Operating Profit Ratio



SWOT

Strengths

- A global production network and supply chain
- 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 a 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
- Growing market share of manufacturers from emerging countries in Europe and the U.S.
- 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

Regarding injection molding machines, in November 2025 the Company acquired LWB Steinl GmbH (currently SHIBAURA MACHINE LWB GmbH; hereinafter "LWB"), a German vertical injection molding machine manufacturer, aiming to accelerate development of the European market and expand the scale of sales. Furthermore, in China, the Company has advanced the outsourcing of small injection molding machine production on an OEM basis to local partner companies, completing its transition to an optimal production system. Going forward, we will continue to pursue further cost reductions and strengthen our competitiveness. For die casting machines, the Company is expanding its product lineup. We received an order in March 2025 for an ultra-large die casting machine that has one of the world's largest clamping forces at 12,000 tons and which is capable of supporting giga casting. As for extrusion machines, the Company is strengthening its ability to propose solutions that reliably capture demand from the growing ESS (energy storage system) market and is working to acquire orders.

Future Strategy

Regarding injection molding machines, the Company will build on the sales and service network of the newly acquired LWB to pursue full-scale entry into the European market with its injection molding machines for plastic. Through collaboration in technology and procurement, the Company aims to enhance the competitiveness of LWB's vertical injection molding machines for rubber and to enter the Asian market. In addition, through the new company it established in Anhui Province, China, in December 2025, SHIBAURA MACHINE will leverage its OEM partners to reduce costs and build a flexible supply system. For die casting machines, the Company will advance the development of a 4,500-ton-class machine to meet growing demand for giga casting in Japan. As for extrusion machines, it will build a Technical Center for test development within the Numazu Plant, anticipating expanded use cases for next-generation battery separator films (BSF) for all-solid-state batteries and ESS, materials for aerospace, and other items. Moreover, to improve productivity and address engineer shortages, the Company will accelerate development of AI-based optimal molding control and predictive maintenance technologies, including component service life prediction, to reduce machine downtime.

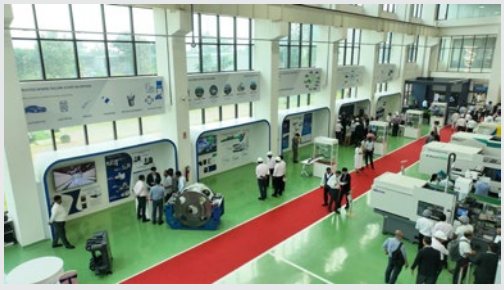


TOPIC

India Plant Expansion and Sales Plan

At the second plant, completed in fiscal 2025, the Company has begun mass production of injection molding machines and is advancing a full-line strategy for hydraulic injection molding machines, from small to ultra-large models. It has also begun production of small electric injection molding machines. Leveraging the Technical Center established at the end of 2025, the Company will promote productivity improvements and energy savings for customers, expand its share in the rapidly growing Indian market, and increase exports of hydraulic injection molding machines to Europe and North America, as well as to the Middle East and Africa where future market growth is expected. Through these initiatives, the Company plans to significantly increase unit sales from 1,100 units in fiscal 2024 to 2,800 units in fiscal 2028. In addition, through collaboration with the newly acquired LWB, the Company will use its Indian base as part of the procurement network for LWB-manufactured machines.

The Company plans to manufacture the secondary cooling systems of Functional Fluids Ltd., acquired in 2025, in India to capitalize on their ability to improve productivity through extended mold life, stabilized quality, and reduced cycle times alongside their ability to save energy, thereby increasing added value and expanding sales of injection molding machines and die casting machines.



Technical Center

Business Strategy

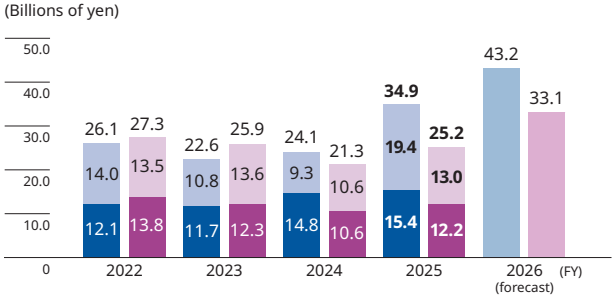
Machine Tools Company

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; industrial machinery; large parts for the defense industry; 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 high-precision machinery.

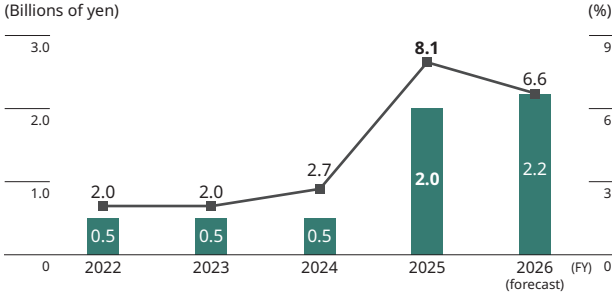
Performance Summary

Amount of Orders Received / Net Sales



* Amount of orders and net sales exclude intersegment transactions.

Operating Profit / Operating Profit 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 systemization and the introduction of IoT and AI to save labor and improve productivity
- Increasing investment in new environmentally-friendly infrastructure and energy
- Alignment of the Company's product portfolio with the key products and technologies identified by the government in its 17 designated strategic fields

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, we are focusing on improving profitability. Specifically, the Company is pursuing initiatives including shortening production lead times, improving sales profit through cost management, and expanding service businesses with high profit ratios. Through these efforts, profitability is gradually improving. Meanwhile, the external environment remains favorable, as the Company's product portfolio aligns with the key products and technologies identified by the government in its 17 designated strategic fields, and demand for large and special machine tools in particular is increasing. To meet this strong demand, the Company will work to increase production capacity.

For high-precision machine tools, positioned as an "offensive" business, the Company is working to expand the scale of sales while maintaining a high level of competitiveness. Specifically, in addition to its core markets of Japan and East Asia, the Company is moving forward with developing a presence in the North American market. Having established a sales and service structure for the North American market, the Company is actively pursuing order acquisition. As for changes in the external environment, demand for high-precision slicing machines used to manufacture optical communication connectors is rapidly expanding due to construction of new AI data centers, and the Company will work to increase production capacity to meet demand in this area.

Future Strategy

To meet growing demand in the machine tool market, by fiscal 2027 the Company plans to expand its production capacity for large machine tools and high-precision machine tools to 1.5 times the fiscal 2025 level. To this end, it will systematically expand all necessary resources; namely, personnel, facilities, and equipment. Regarding personnel in particular, the Company will ensure the passing down of specialized skills and technologies, thereby establishing a system capable of sustainably meeting market needs.

The shipbuilding, aerospace, resources, and energy sectors—key markets for the Company's large machine tools—have strong affinity with the defense industry. This means that in Japan, due to confidentiality considerations, domestic production is favored over overseas production. As the Company is capable of meeting such production needs, demand for its large machine tools is growing. It will pursue sales strategies targeting the Japanese and U.S. defense industry markets in the near term for both large machine tools and high-precision machine tools.

As for regional markets, the Company will focus on India as the next pillar of business for both large machine tools and high-precision machine tools, following after Japan, North America, and China. It will analyze priority markets within India and plan focused investment in building technical centers and service structures, aiming to develop India as a fourth regional growth market.



TOPIC

North American Strategy for High-Precision Machine Tools

As part of the market development initiatives for high-precision machine tools being promoted under Medium-Term Management Plan 2026, the Company has set automotive optics and medical components in the North American market as target markets and, having established a sales and service structure at its local subsidiary, is currently conducting sales promotion activities.

In addition, the Company will make Moore Nanotechnology Systems, LLC (hereinafter "Nanotech"), a U.S. high-precision machine tool manufacturer with an excellent track record and strong brand recognition across fields such as optics, aerospace, medical, and defense, a subsidiary, aiming to expand and strengthen its precision machine business in North America. The Company concluded an Interest Purchase Agreement with the holders of interests in Nanotech in May 2026 and plans to complete the acquisition in the second half of fiscal 2026. Leveraging the complementary relationship of Nanotech and the Company, which possess strengths in cutting and grinding, respectively, the two companies aim to drive further growth in the precision machine business by addressing a wide range of customer needs, developing new markets, and other efforts.

Business Strategy

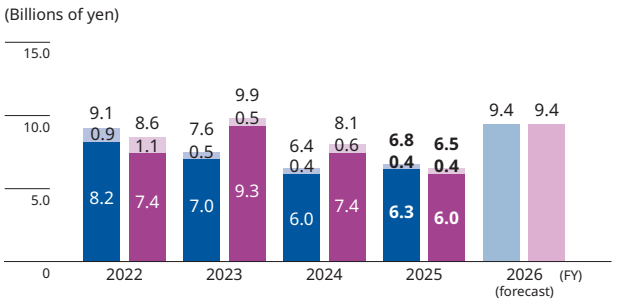
Control Systems Division

Control Systems Division

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

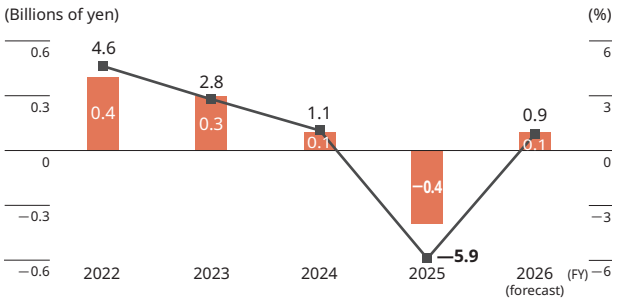
Performance Summary

Amount of Orders Received / Net Sales



* Amount of orders and net sales exclude intersegment transactions.

Operating Profit / Operating Profit 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
- Expansion of production lines driven by growing demand for semiconductors
- 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 and worsening procurement conditions

Progress Under the Medium-Term Management Plan

Progress and Issues

The Control Systems Division is taking the lead in driving the Company's transition to an engineering solutions business, promoting the shift from single-unit sales to system sales. In 2024, the Company acquired TECHNOLINK CO., LTD., which possesses know-how in automation and labor-saving equipment across a wide range of industries, including food and beverages, making it a subsidiary, and has since pursued integrated business operations. Under Medium-Term Management Plan 2026, the Company is reviewing its business portfolio with a focus on engineering solutions, with the aim of improving profitability.

Moreover, at the comprehensive food processing exhibition FOOMA JAPAN 2026, held in June 2026, the Company exhibited the product tray-loading system, the first in a new line of general-purpose automation packages planned, designed, and built by integrating the know-how TECHNOLINK has cultivated in the food market with the Company's expertise in control technology. This marked the Company's first exhibition at FOOMA JAPAN. Going forward, the Company will further expand its engineering solutions business and contribute to a diverse range of industries.

Future Strategy

The Control Systems Division will continuously roll out general-purpose automation packages, such as the product tray-loading system currently being developed for the food market. Also, it will focus on expanding the engineering solutions business in the automotive, aerospace, and energy fields by proposing automation systems for pre- and post-processes associated with the Company's product lineup (injection molding machines, die casting machines, extrusion machines, machine tools, and high-precision machine tools), thereby expanding the scale of sales.

The Company will apply its unique technologies and the latest advances in physical AI to realize the processes required to address the various challenges customers face.



TOPIC

Reinforcing Engineering Solutions

In the continuously growing prepared meals market, chronic labor shortages have become an issue. At the same time, limited workspace, the need to handle a diverse lineup of products, and strict investment recovery standards have hindered automation. To address these customer requirements and needs, the Company developed the product tray-loading system as a low-cost automation package. This system features a space-saving design measuring 1.7 meters wide and 2.4 meters deep that fits within existing production lines and supports a wide range of products and nestable containers. Also, its price point and transport capacity of 25 to 30 units per minute enable early investment recovery. The Group will work together with TECHNOLINK CO., LTD., which has an extensive track record in the food and beverage industries, to provide a range of services spanning optimal systems building to centralized support.



Product tray-loading system

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.

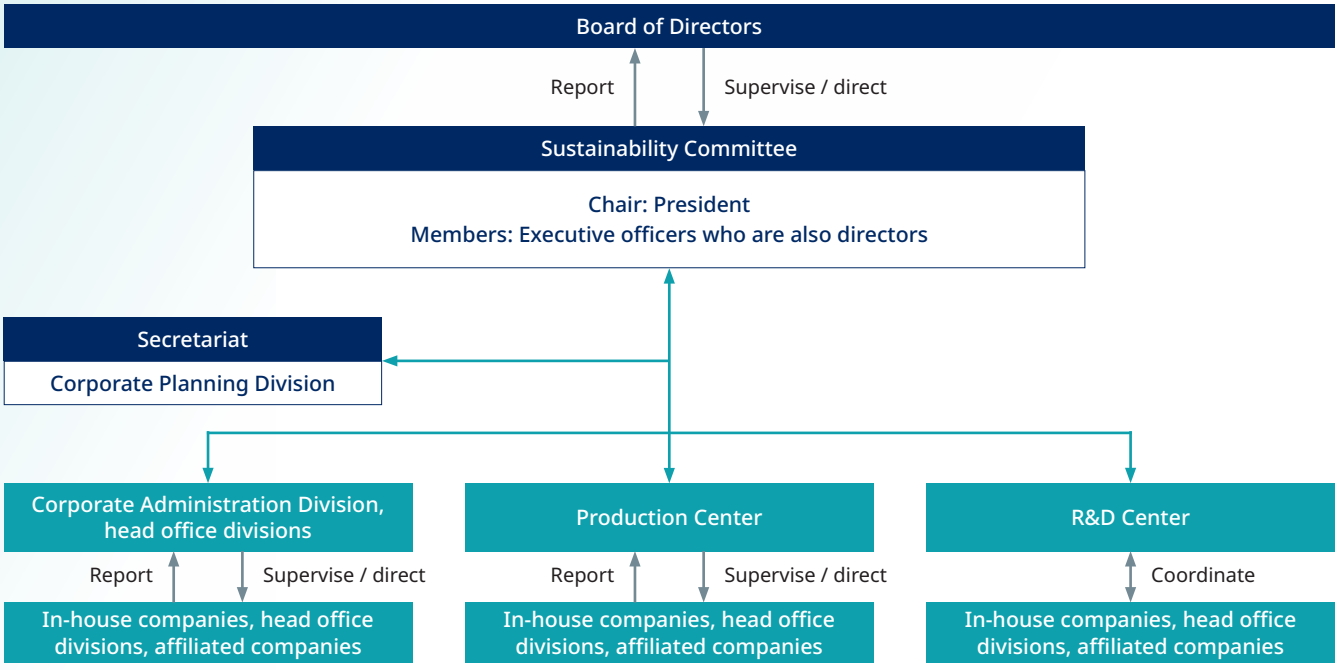
To leave a rich global environment for future generations and contribute to the sustainable development of society, we will make sustainability considerations the drivers of business management and continue to take into account the viewpoints of all our stakeholders around the world, including customers,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



To continue contributing to manufacturing worldwide, we aim to establish human resource management that is aligned with our business strategy.

Takeshi Iwamatsu

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

Characteristics and Strengths of Our People

Our growth is supported by personnel with entrepreneurial spirit, cultivated through many years of developing "machines that create things in the world," and with high aspirations who can hold their own on the global stage. Underlying these traits are sincerity in approaching tasks, deep expertise and advanced technical skills, and excellent collaborative abilities that achieve results. These qualities enable us to provide the world with industrial machinery, including "mother machines" that form the foundation of all industries. Our greatest strength is our large workforce that takes pride and responsibility in the fact that our machines are in operation at sites around the world and possesses an insatiable spirit of inquiry. This strength is the source of our competitive advantage in a rapidly changing global market.

Link Between Our Management Strategy and the Human Resource Strategy

Under Medium-Term Management Plan 2026, 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. Alongside the reorganization of our business portfolio, we are currently undergoing rapid globalization through initiatives such as expansion into the Asian market, particularly India, and into the European and U.S. markets. To tackle the challenge of passing on technologies and skills amid Japan's rapid population decline, rather than relying solely on new hires, we will promote multiskilling whereby each employee acquires multiple skill sets. Through the integrated efforts of the Human Resources Department and management, we will further optimize personnel allocation across the Company and strengthen our systematic development framework, thereby advancing the transformation of our organization into one that responds to fluctuations in business volume and regional demand with agility and flexibility. Furthermore, by leveraging generative AI and other tools, we will thoroughly enhance productivity in existing domains and strategically shift the human resources this generates toward higher value-added growth areas.

Key Initiatives of the Human Resource Strategy

In line with changes in our business strategy, we are implementing concrete human resource initiatives both in Japan and overseas. Alongside actively hiring talented personnel regardless of nationality, we have also begun strengthening HR governance and building a global human resources database to accurately understand the abilities and aspirations of local staff at our overseas subsidiaries, in step with the acceleration of global M&A activities. These efforts will facilitate the global appointment and transfer of the right people to the right positions across regions, including Europe, North America, and India, creating robust synergies throughout the Group. We will also create opportunities for employees to feel the significance of their work in supporting and contributing to the infrastructure of manufacturing worldwide, thereby promoting enhanced employee engagement on a global scale.

Looking to the Future

Even amid a rapidly changing business environment and severe labor shortages, we will continue to create an environment where every employee can fully demonstrate their capabilities while taking pride in having continuously provided the world with "mother machines" and other industrial machinery. We are convinced that, as our business expands globally, dismantling organizational barriers and building a system in which diverse personnel move freely across national borders and improve one another through healthy competition and mutual encouragement will not only foster individual growth but also strengthen the transformative capabilities and resilience of the organization as a whole. Going forward, we will continue to help solve social issues and realize a sustainable society through outstanding technological innovations, driving the sustained enhancement of corporate value for the SHIBAURA MACHINE Group.

Basic Policy on Human Resource Strategy

Long-Term Vision 2030 sets our sights 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

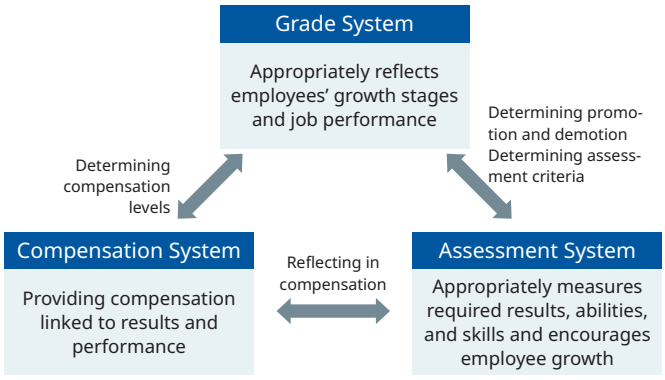
As a corporate group with bases worldwide, we have established a global policy on human resources. While advancing global strategies through the promotion of a unified HR governance framework and a common Companywide human resource strategy, we operate localized regional human resource systems that are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



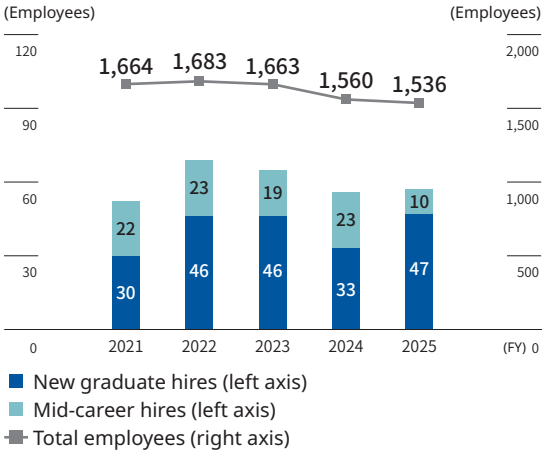
Grade System	● Enabling appropriate compensation and long-term development by redefining criteria for promotion and demotion and by linking positions and roles to grades ● Establishing specialist positions as well as promoting the development of specialists and the external hiring of talented specialists
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)



TOPIC

Raising Awareness of the SHIBAURA MACHINE Group Through Television Commercials

As part of branding efforts under Medium-Term Management Plan 2026, we began airing our first-ever television and web commercials in fiscal 2024. We aim to widely communicate our mission of contributing to society through manufacturing, thereby helping to attract talent and enhance employee motivation.



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 2025: 100%). In fiscal 2025, the proportion of employees with high or semi-high engagement was 21.7%, while the proportion of employees with high stress was 11.2%, indicating the need for further improvement. Initiatives in fiscal 2025 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 use 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.

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 Corporate Identity 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 an IP strategy closely aligned 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.

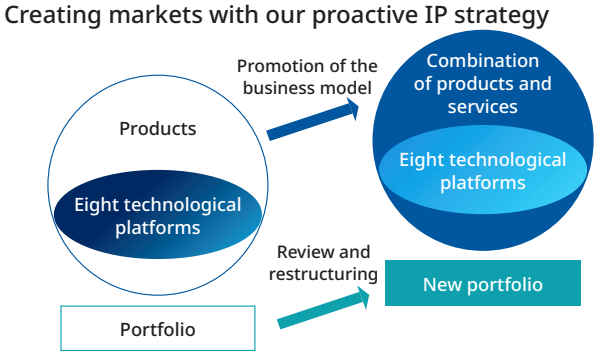
The Research & Development Planning Department's Intellectual Property Department supports each of the Product Development Departments



Market Creation Through a Proactive IP Strategy

Building on our eight technological platforms P.16–17, through which we have accumulated technological capabilities across various fields, 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

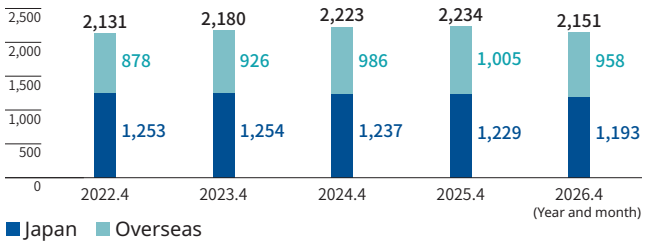


Investing in the Future: Developing IP Talent and Leveraging Intellectual Property

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 activities with our suppliers is based on 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 (2 times in fiscal 2025)
- Hold internal audits on procurement (11 times in fiscal 2025)
- Participate in external workshops (including online workshops)

We offer practical training on compliance with the Act on Preventing Delay in Payment to Small and Medium-Sized Entrusted Business Operators in Relation to Manufacturing Consignment (also known as the SME Transactions Act), which succeeds the Subcontract Act, centering on people who are involved with procurement. Furthermore, we provide guidance on the establishment of price negotiation mechanisms and the payment of appropriate compensation 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 the 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 use.

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 China Plant (Shanghai) in 2004, for the Chennai Plant in 2012, and for the Thai Plant in 2015.

Environmental Action Plan

To align action plans with external standards, such as those of the Sustainability Standards Board of Japan (SSBJ), the SHIBAURA MACHINE Group established the 3rd Environmental Action Plan, a five-year plan spanning fiscal 2026 to fiscal 2030, and a medium-term plan up to 2030. Key revisions include updating the reference year to incorporate the most recent data and changing our environmental activity indicators to gross figures, since the SSBJ mandates disclosure of trends in gross emissions. Below is a summary of the progress we made in fiscal 2025 and the targets set for fiscal 2026 and beyond.

3rd Environmental Action Plan

Reference year: fiscal 2024
Percentages in parentheses are the decreases compared with the fiscal 2024 reference year.

Initiatives		Indicators	3rd Environmental Action Plan		
			FY2026 Targets*1	FY2030 Medium-Term Targets*1	FY2050 Long-Term Targets*1
Provision of environmentally conscious products	Promotion of the development of CO_2-reduction products through the development and sale of certified ECPs*2	Contribution to CO_2 reduction (t-CO_2)	33,154 (2%)	35,887 (10%)	53,300 (64%)
Global warming prevention	Reduction in total energy-related CO_2 emissions (utilization of renewable energy)	CO_2 emissions (t-CO_2)	17,453 (–1%)	13,529 (–23%)	0 (–100%)
Making productive use of resources	Reduction in waste emissions	Emissions (t)	2,220 (–1%)	2,133 (–5%)	1,745 (–22%)
Chemical substances management	Reduction in chemical emissions into the air and water	PRTR substance emissions (kg)	6,999 (–1%)	6,724 (–5%)	5,499 (–22%)

*1 Target values do not include overseas affiliates.
*2 Environmentally-Conscious Products

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

Battery Separator Film Production Lines for Secondary Batteries SFPU-XW Series

The shift to EVs is progressing against the backdrop of global decarbonization efforts, and demand for lithium-ion batteries, which serve as a power source for data centers, is increasing in line with growing AI-related demand. Our SFPU-XW series of secondary battery separator film production lines, used to manufacture separator films used in batteries, enables wider-width and higher-speed film production. These capabilities support increased production of separator films, thereby contributing to the realization of a decarbonized society.



High Precision Machining Center "UVM-450D(5AH)

The UVM-450D(5AH) is a 5-axis machining center capable of ultra-precision machining. Its highly precise axis feed and spindle rotation enable direct machining of cemented carbide. This allows for a shorter machining process compared with conventional electrical discharge machining and in some cases has reduced CO_2 emissions by more than 50%. It also reduces the use of electrode materials and electric discharge machining oil, helping mitigate environmental impact.



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 the volume of CO_2 emissions reduction.*

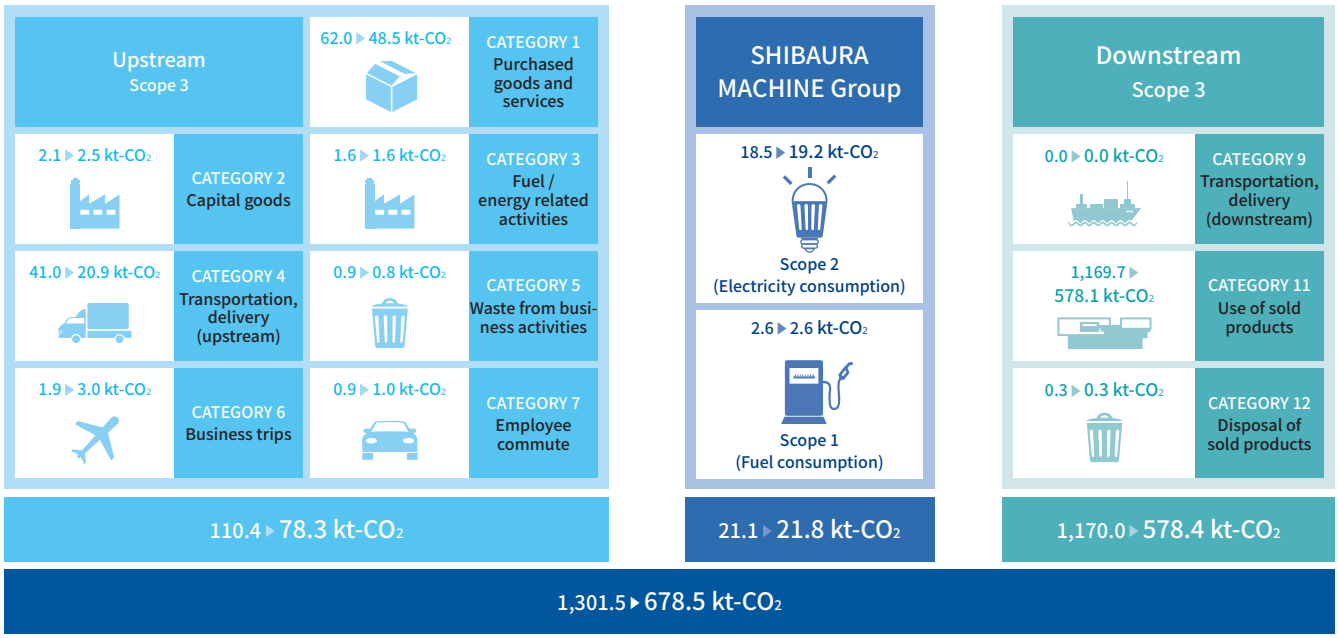
* The amount of CO_2 emissions that is considered to have been reduced by replacing a previous model with an environmentally-conscious product with a better energy-saving performance

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 2024 ▶ Results for Fiscal 2025



Participation in GX Future Consortium (GXFC)

In June 2023, the Company endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We will continue to participate in GXFC, which was formed through the reorganization of the TCFD Consortium on April 1, 2026, and will strive to reduce our greenhouse gas (GHG) emissions.

Please refer to the following webpage for information on TCFD, environmental accounting, global warming prevention, environmental data, and more:

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

Discussion Among Outside Directors



Amid a rapidly changing business environment, three outside directors discussed governance and the achievements and challenges of Medium-Term Management Plan 2026, now in its final year.

Kiyoshi Sato

Outside Director

Mr. Sato served as the president and CEO, and later as the vice chairman of the Board, at Tokyo Electron Limited. He joined the Company as an outside director in June 2017 and currently chairs the Nomination Advisory Committee and is a member of the Remuneration Advisory Committee.

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 managing executive officer and CFO. A certified tax accountant and securities analyst, she joined the Company as an outside director in June 2020 and is a member of the Nomination Advisory Committee.

Shigeo Ogi

Outside Director

A certified public accountant, Mr. Ogi served as a senior partner at Deloitte Touche Tohmatsu LLC before establishing the Ogi Certified Public Accountant Office in 2015. He joined the Company as an outside director (Audit and Supervisory Committee member) in June 2023 and is a member of the Remuneration Advisory Committee.

SHIBAURA MACHINE's Corporate Culture and Strengths

Sato I believe the Company's corporate culture is one of great sincerity. There are two aspects to this sincerity, the first being the meticulous and courteous way the Company serves customers. Each product is carefully tailored to the differing specifications of individual customers, and employees demonstrate their commitment to addressing each customer's needs. The second aspect is the Company's extremely high level of compliance awareness, which underpins its disciplined execution of corporate activities.

Hayakawa As Director Sato mentioned, the Company's corporate culture is one of great sincerity, though I think there is a tendency to place slightly more emphasis on form and procedure than on substance. That said, this is by no means a negative trait. Meanwhile, the Company's strength lies in technological capabilities spanning a wide range of fields and products. These capabilities are so extensive that it seems there is virtually nothing the Company cannot manufacture.



Ogi I agree that the Company's technological capabilities are high. Shortly after its founding, under an order issued by the president, the Company launched a concerted effort to make the world's most precise gears. This episode is featured on the corporate website, and I believe the corporate culture it embodies continues to be passed down to this day. I also think the Company's pride in its manufacturing is conveyed especially well through its television commercials.

Sato Also, speaking of corporate culture, I think the concept of "high quality at low prices" remains embedded within the Company today. At the time of the Company's founding, Japan imported machine tools from overseas at high prices. There are records showing the tremendous efforts the Company has made to provide high-quality, domestically produced machines at low prices. The idea of "high quality at low prices" that arose from these efforts was well suited to the times, but today, "high quality at fair prices" has emerged as a more important idea. This idea is directly linked to corporate value itself, and I believe President Sakamoto and the rest of the management team are very conscious of it and actively pursuing its realization.

Hayakawa In its efforts to please customers, including on price, the idea of offering low prices may have taken root so deeply that the Company has come to underestimate its own value. I think the Company should have more confidence in its technologies and products and set appropriate prices.



Ogi Going forward, I think improving profit margins will be an important issue. In addition to pricing, I believe the Company needs to pursue cost reductions, including lowering fixed costs by improving production efficiency.

Looking Back on the Achievements and Challenges of Medium-Term Management Plan 2026, Now in Its Final Year

Sato Among the changes in the environment since Medium-Term Management Plan 2026 was first formulated, of particular significance have been the slowdown of EV proliferation in the automotive industry and U.S. tariff policies. Since an extremely large proportion of the Company's sales is tied to the automotive industry, it has been greatly impacted by these changes. The initial challenge faced at the time of the plan's formulation was how to accurately assess market changes and, based on that assessment, how to leverage the Company's business portfolio. To offset the decline in orders for extrusion machines used in LiB separator film production lines (BSF), the plan called for growth businesses such as injection molding machines and machine tools, but unfortunately this did not translate into results.

However, rather than spending time now discussing that point, I think we should focus on how the Company can quickly correct what has not worked and respond appropriately. I highly commend the fact that, rather than letting the issue drag on, the Company swiftly changed its policy last year as an emergency response.

Furthermore, regarding M&A, it is important to have a clear purpose that defines what the Company aims to obtain. In the case of the acquisition of a European injection molding machine manufacturer proposed to the Board of Directors, the purpose was clear: obtain the company's market presence and sales network. I believe this clarity of purpose has been a factor for the successful progression of the acquisition.

Hayakawa We expect performance to fall short of the quantitative targets of Medium-Term Management Plan 2026. That said, I believe the Company has steadily advanced the initiatives that needed to be pursued. For instance, it made progress in building a foundation for future growth through such initiatives as M&A activities, as discussed previously, and cost reductions from reorganizing its production system in China.

Furthermore, as the products that need to be created continue to evolve, the Company has steadily made advances in workforce mobility, including interdepartmental personnel transfers and exchanges—areas which had previously appeared somewhat rigid.

However, to better meet the expectations of shareholders, I feel that issues such as further reducing fixed costs and securing stable revenue that is not swayed by economic conditions will need to be addressed going forward.

Ogi While I feel that forecasting performance under a three-year medium-term management plan is inherently difficult in such an era of unpredictable changes, I believe the strategies and measures set forth in the plan, including clarifying offensive and defensive approaches, M&A activities, and improving profit margins, were not mistaken. Also, given that unforeseen events occurred and that redrafting the Medium-Term Management Plan itself was not realistic, I believe the measures formulated as part of an emergency response policy were appropriate.

Key Points of Governance in a Rapidly Changing Business Environment

Sato I believe there are two key points when it comes to strengthening governance. The first point is how effectively the management team can raise efficiency while managing the Company. As a former corporate manager, I pay particular attention to the pursuit of efficiency and the speed of transformation. The second point is compliance: managing the Company in accordance with laws and the Articles of Incorporation. Recently uncovered cases of corporate misconduct have underscored the importance of whether a company has mechanisms in place to prevent wrongdoing and whether those mechanisms are truly put into practice with real commitment. Moreover, the risk of misconduct increases in environments where there is little movement of personnel. When employees remain in the same department for many years, stagnation can easily set in. The organizational rigidity resulting from this lack of personnel rotation tends to erode compliance awareness and foster misconduct, and thus requires careful monitoring.



Hayakawa Governance has both "defensive" and "offensive" aspects, and the revised Corporate Governance Code calls for the Board of Directors not only to fulfill its defensive role but also to properly perform an offensive function that leads to enhanced corporate value. The Company has thus far fulfilled this offensive function primarily through outside directors with corporate management experience.

With respect to the defensive side, efforts to increase awareness of and encourage utilization of the internal reporting system have progressed, enabling its self-correcting mechanisms to function effectively. That said, the Company must not be satisfied with the status quo. It needs to continue examining and revising its systems to further strengthen its defensive framework.

Ogi The revised Corporate Governance Code calls for active discussion aimed at improving the effectiveness of the Board of Directors, and while the Company's Board of Directors do engage in such active discussions, they strike me as somewhat conservative in nature. Discussions proceed appropriately according to established procedures, but there are still occasions where they fall somewhat short of being truly free and open. Going forward, I would like to see deepened discussions on long-term investments, including those in human capital.



What matters most in preventing misconduct is the integrity and ethics of the Company's upper management. On that front, I believe the Company's management team demonstrates excellent integrity and a strong sense of ethics, but the challenge ahead is instilling these qualities among all employees. In particular, as the Company increases its overseas investments, the management team must convey its integrity and ethics to overseas locations. Also, as Director Hayakawa mentioned, internal reporting is an extremely important means of detecting misconduct, so I think the Company needs to continue raising awareness of the reporting system as well.

Fulfilling our Roles as Outside Directors

Sato I would like to further observe the front lines and hear more about related matters from those working on the front lines, but if I get too deeply involved, I risk losing the objectivity expected of an outside director. While being mindful of where to draw that line, I would like to learn more about the Company's market position relative to industry peers and other topics. Understanding where each business stands in the global market would allow me to provide more effective advice.

Hayakawa President Sakamoto attends briefings ahead of meetings of the Board of Directors, where he provides extremely thorough explanations. For M&A activities and major capital investments, information is shared at meetings of the Board of Directors and at briefings, several months ahead of the resolution dates. This creates an environment extremely conducive to discussion and decision-making. I hope we will continue holding these thorough briefings going forward.

Ogi The key to the effective performance of outside directors lies in the amount of information they are provided. While we receive thorough explanations of monthly results including financial performance and orders received, I think if we were also provided with such information as market conditions—as Director Sato mentioned—and future trends, we could engage in more active discussions going forward.

Leveraging Areas of Expertise in Our Roles as Outside Directors

Sato One of my roles is to contribute to improving the Company's profit margins. I hope I can help enhance corporate value through "high quality at fair prices" rather than "high quality at low prices" and extend that value to shareholders and employees as well as customers.



Another role of mine is contributing to accelerating reforms and transformations. While excellent plans are proposed, I have the impression that it takes somewhat longer than it should to implement them. Unless we accelerate their implementation, we will not be able to win against overseas players going forward, so I will monitor the pace of implementation closely.

Hayakawa Given the succession of large-scale M&A transactions, I will closely monitor how their effectiveness is assessed going forward. Regarding investor relations, I intend to provide advice that helps deepen dialogue with investors. With respect to D&I, there are concrete plans in place such as one-on-one meetings with female candidates for executive positions, and I would like to contribute to advancing diversity.

Ogi As an Audit and Supervisory Committee member, my role is to audit the business execution of directors. In this capacity, I will continue monitoring the development of systems and monitoring frameworks to ensure that corporate value is not damaged by misconduct or other issues.



Message to Stakeholders

Sato As customers' technologies continue to evolve, the Company's technological capabilities represent a key factor in determining its success in providing higher-performance machinery. In that sense, I hope stakeholders will appreciate the breadth of technologies the Company possesses and the comprehensive technological capabilities that arise from their integration.

Another key factor is the fact that the advancement of automation, which is particularly well suited for mass production, will actually provide the Company with an opportunity to leverage one of its strengths. This strength is the ability to create bespoke products designed from scratch to meet the unique requirements of individual customers. I believe this capability will likely remain exclusive to humans and will never be replicated by AI or robots and hope that investors will recognize its significance.

Hayakawa I sincerely hope that stakeholders view the Company's growth from a long-term perspective. While the situation is challenging in the short term, the Company has been engaged in strategic M&A activities since 2024. Although the benefits will not materialize immediately, I believe the two most recently announced acquisitions, SHIBAURA MACHINE LWB GmbH (formerly LWB Steinl GmbH) and Moore Nanotechnology Systems, LLC, will contribute substantially to future growth and profit margin improvement. I hope investors will follow these acquisitions closely and evaluate them with a long-term outlook.

Ogi Similar to Director Hayakawa, I have high expectations that the Company will advance investments and M&A activities aimed at further overseas expansion and that these initiatives will yield positive results.

Going forward, the Company's employees will become increasingly important stakeholders. I have high expectations that the human capital initiatives currently underway, such as promoting workforce mobility and strengthening engagement, will enable the people working at the Company to grow, and that this will in turn lead to the sustained enhancement of the Company's corporate value.

President Sakamoto's Reflections and Response to the Discussion Among Outside Directors



Shigetomo Sakamoto

President

Medium-Term Management Plan 2026 represents a commitment to our shareholders, and I sincerely apologize and deeply regret not being able to fulfill that commitment. I feel a deep sense of responsibility as a corporate manager. Changes in the environment such as those we experienced during the period of this plan could occur again in the future, and I am acutely aware of the importance of responding swiftly and appropriately if they do. I take the valuable views shared in this discussion very seriously and will incorporate them into the Company's management going forward.

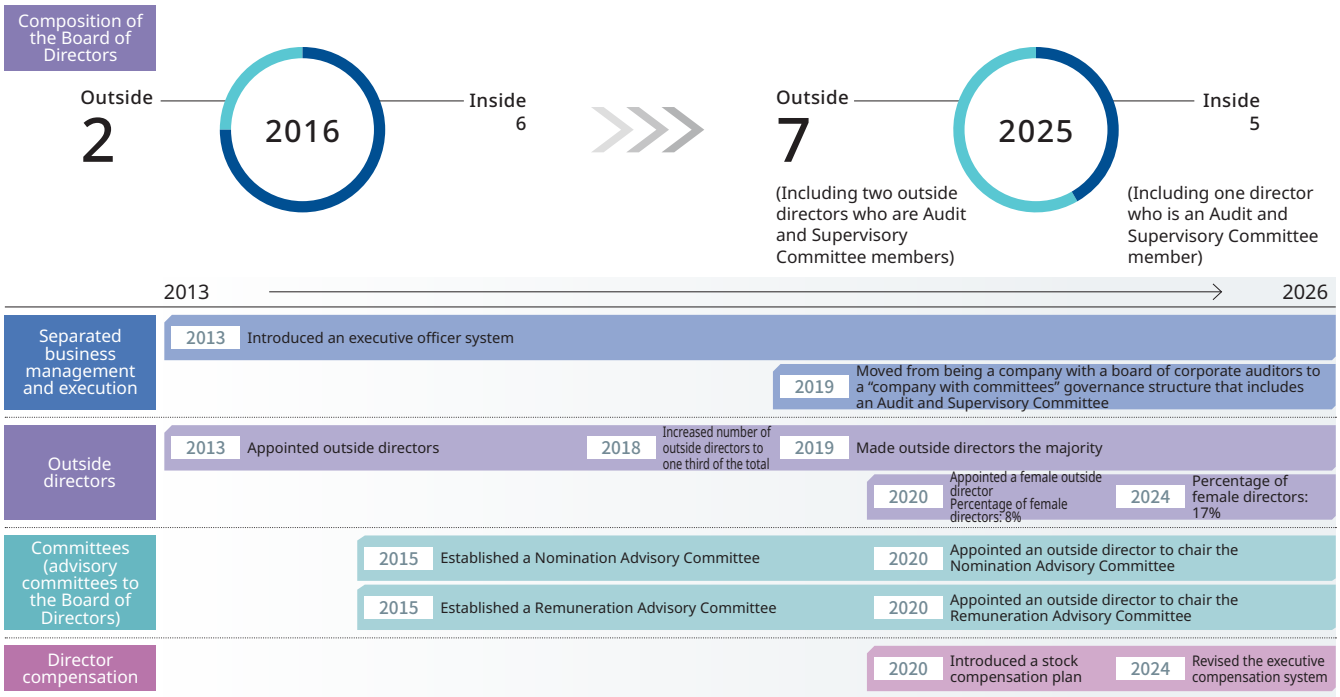
The Company's origins lie in the idea of making high-quality, low-priced products domestically, and we have achieved a track record of such "high quality at low prices" through the skills and ingenuity of individual employees. Meanwhile, in Japan, there is a strong tendency for operators to preserve and keep using old equipment for extended periods while improving their individual skills. This has slowed the pace of equipment renewal and, in turn, become a constraint on the country's overall competitiveness. This approach worked well during Japan's period of high economic growth, but today it is important to provide good products at fair prices. Competing through a high-volume, low-margin business model is not sufficient to succeed in global markets.

Our strength lies in our technological capabilities and responsiveness, which allow us to create bespoke products carefully designed to meet customers' requirements. As we further enhance these capabilities and overseas markets become increasingly important amid population decline, we must also rethink governance from the perspective of a global company rather than simply as a Japanese one. I will take the advice received through this discussion to heart and continue striving to enhance corporate value.

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/cg20260630_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

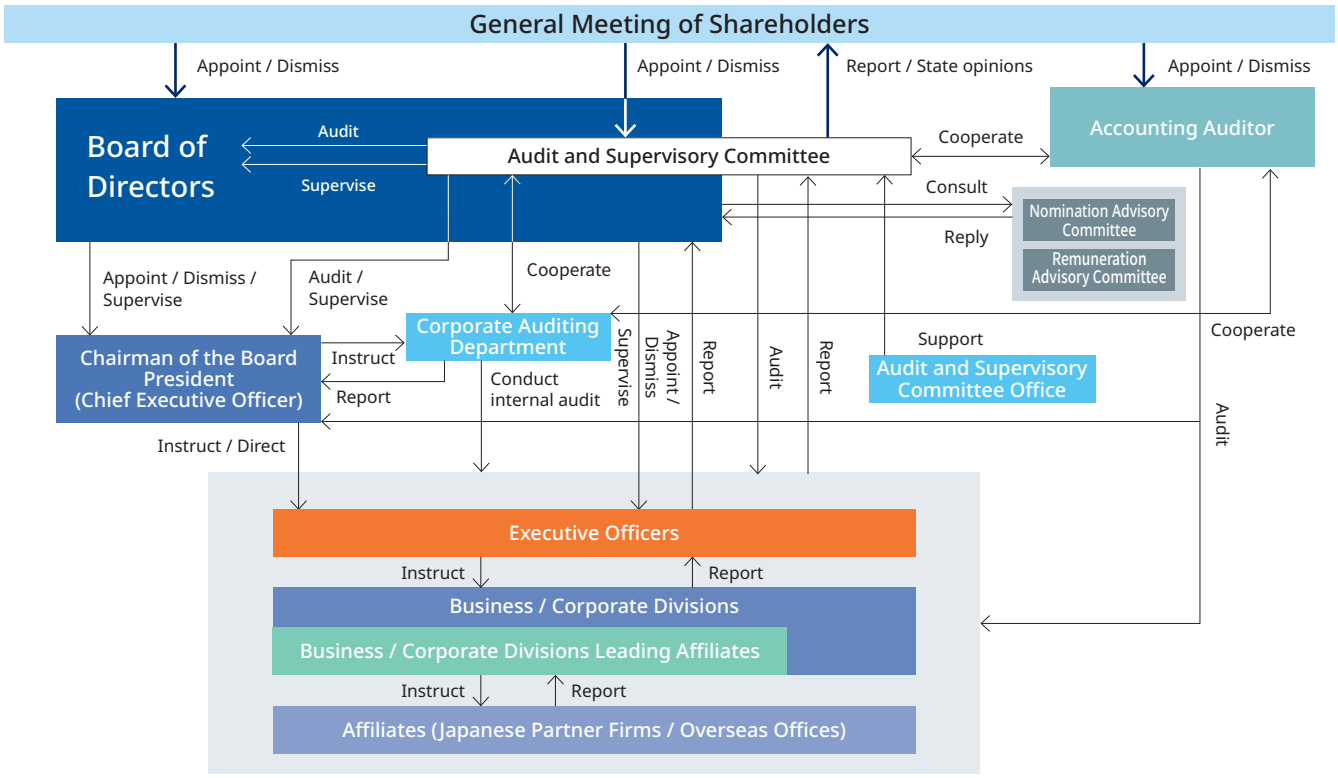
The Internal Auditing Department verifies the legality and appropriateness of business activities, reports audit results to the representative directors, and provides guidance if there are any matters requiring improvement. Further, the Internal Auditing Department comprises 15 members and is under the 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.

To ensure the Board of Directors effectively fulfills its roles and responsibilities, the Company emphasizes the appointment of directors who have conventional abilities in the areas of business management, sales, and technological specialization as well as more advanced financial expertise and an ability to communicate effectively with stock markets. These are skills the Company regards as particularly important in light of its management strategy.

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% (3/3 times)	○ 100% (4/4 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, Chief Technology Officer	Male	●	●			●		●		●	–	–
Kiyoshi Sato	Outside Director	Male	●	●			●			●	●	◎ 100% (3/3 times)	○ 100% (4/4 times)
Seigo Iwasaki	Outside Director	Male	●	●						●		○ 100% (3/3 times)	◎ 100% (4/4 times)
Kazumine Terawaki	Outside Director	Male		●	●							–	○ 100% (4/4 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% (4/4 times)

Notes: The content of the above table does not represent all the knowledge, experience, and abilities possessed by directors.
Composition of the Board of Directors and the Remuneration and Nomination advisory Committees are as of September 30, 2026.
In fiscal 2025, the Nomination Advisory Committee met 3 times, and the Remuneration Advisory Committee met 4 times.

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.

Cross-Shareholdings

We believe that cooperative relationships with various companies are essential for the expansion and sustainable development of our business. From a medium- to long-term perspective to improve our corporate value, we have a policy of holding shares that are strategically necessary, taking into consideration their importance in terms of our business strategy and our business relationships with our business partners. Every year, the Board of Directors of our company reviews the appropriateness of individual cross-shareholdings, taking into consideration the purpose of holding them, the benefits, risks, capital costs, etc. of holding them. As a result of the review, we partially sold shares of one stock in fiscal 2025. In addition, we will review each proposal from the perspective of improving corporate value from a medium- to long-term perspective, our attitude toward shareholder returns, corporate governance, and social responsibility, and then exercise our voting rights.

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.

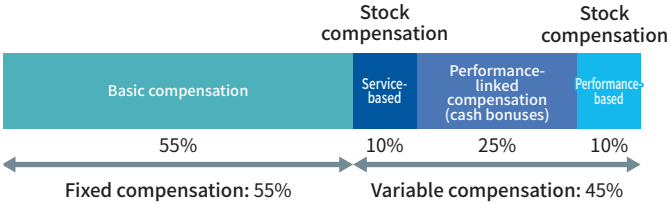
(1) With a view to increasing corporate value over the medium to long term by transforming into a highly profitable company and sustaining growth, the Company shall provide fixed compensation, in the form of basic compensation, as well as variable compensation that establishes a sound incentive through 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 2025

	Total Compensation (Millions of yen)	Total Compensation by Type (Millions of yen)				Directors (Persons)
		Basic Remuneration	Bonuses	Performance-linked and Restricted Share-based Remuneration	Continuous Service-Type Restricted Share-based Remuneration	
Directors (excluding Audit and Supervisory Committee Members)	204	171	14	4	15	9
(Of Whom, Outside Directors)	(50)	(50)	(—)	(—)	(—)	(5)
Directors (Audit and Supervisory Committee Members)	42	42	—	—	—	3
(Of Whom, Outside Directors)	(19)	(19)	(—)	(—)	(—)	(2)
Total	246	213	14	4	15	12
(Of Whom, Outside Directors)	(69)	(69)	(—)	(—)	(—)	(7)

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 2026, 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 2026.

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, the frequency of meetings of 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, Public Relations & Investor Relations 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 medium-term management plans • Capital investment plans • Financial strategy and shareholder return policy • Status of ESG and other non-financial activities, etc.
Status of the implementation of shareholder feedback and investor opinions and concerns to management and the Board of Directors	• Report to the Board of Directors four times a year (once a quarter) • Opinions, etc. that are received are collected and utilized in corporate activities.

Status of IR Activities (Fiscal 2025)

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: 93 Number of people: 111	○	○
Individual IR Meetings and Overseas Roadshows (For analysts and institutional investors)	We hold individual IR meetings and overseas roadshows with analysts and institutional investors in Japan and overseas.	137 meetings Executive participation rate: 28.4%	○	○
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]	—	○
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 summary materials (quarterly) • Management strategy materials (semiannually) • 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 30, 2026)



Shigetomo Sakamoto

President
Chief Executive Officer
Chief Operating Officer

Apr. 1983 Joined the Company and assigned to Machine Tools First Engineering Department
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
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 Director

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. 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 (present position)
Aug. 2020 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 Representative 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 (present position), Chairman of SHIBAURA MACHINE INDIA PRIVATE LIMITED
Jun. 2025 Corporate Strategic Planning Division General Manager of the Company, in charge of Corporate Administration Division (present position)
Jan. 2026 SHIBAURA MACHINE INDIA PRIVATE LIMITED Director (present position)



Jun Koike

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

Apr. 1985 Joined the Company
Apr. 2009 Injection Molding Machine Engineering Department Senior Manager of 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 Chairman of SHANGHAI TOSHIBA MACHINE CO., LTD. (present position), Managing Executive Officer, Industrial Machinery Business Unit General Manager, General Manager of Global Promotion Division, Tokyo Head Office General Manager of the Company
Apr. 2020 General Manager of Metal & Plastics Industrial Machine Company (present position)
Jun. 2023 Executive Operating Officer of the Company (present position)
Jun. 2024 Director of the Company (present position)
Jun. 2026 SHIBAURA MACHINE ENGINEERING CO., LTD. President (present position)



Yoshiaki Kai, Ph.D. (Engineering)

Director
Managing Executive Officer
Chief Technology Officer
In charge of R&D Center
President of SHIBAURA MACHINE COMPANY, AMERICA

Apr. 1997 Joined the Company
Aug. 1997 Assigned to Second Research Division
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)
Jan. 2026 In charge of R&D Center (present position)
Jun. 2026 Chief Technology Officer of the Company (present position)



Kiyoshi Sato

Outside Director

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



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
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.

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)

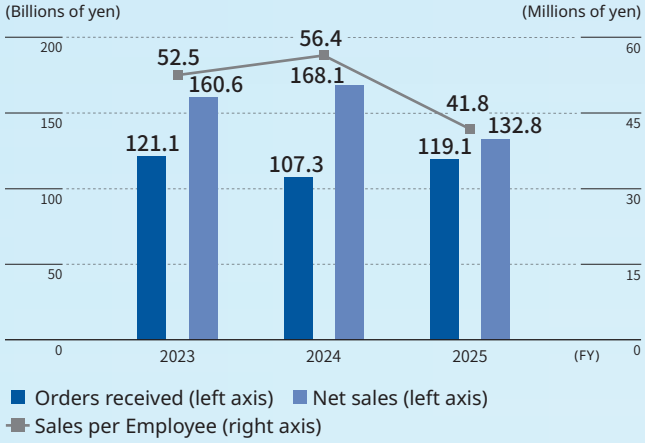


Nov. 1974 Joined Deloitte Haskins & Sells LLP Accountant Office (currently Deloitte Touche Tohmatsu LLC)
Aug. 1979 Registered as a certified public accountant
Jul. 1990 Partner, Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
Jul. 1997 Senior Partner, Tohmatsu & Co.
Dec. 2015 Established Ogi 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

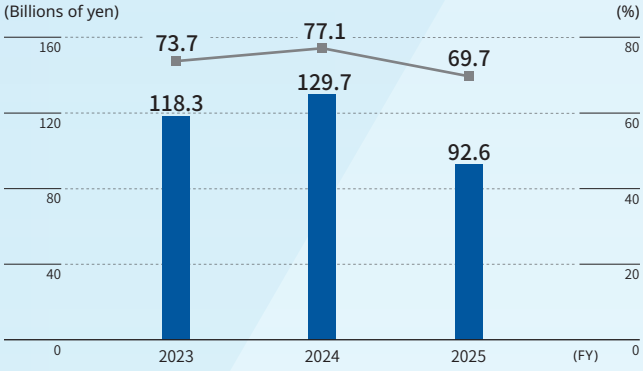
Consolidated Financial Highlights

Orders Received / Net Sales / Sales per Employee



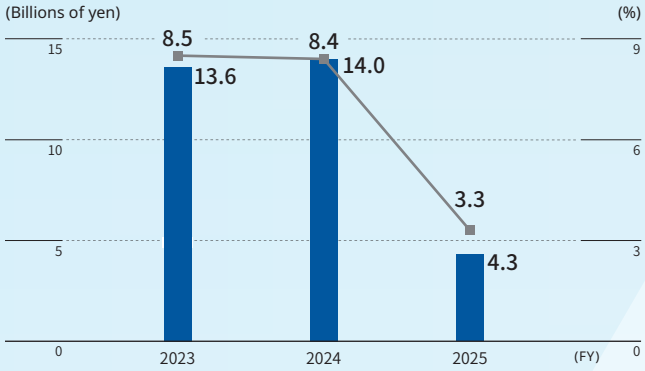
Orders received (left axis) Net sales (left axis)
Sales per Employee (right axis)

Overseas Sales / Overseas Sales Ratio



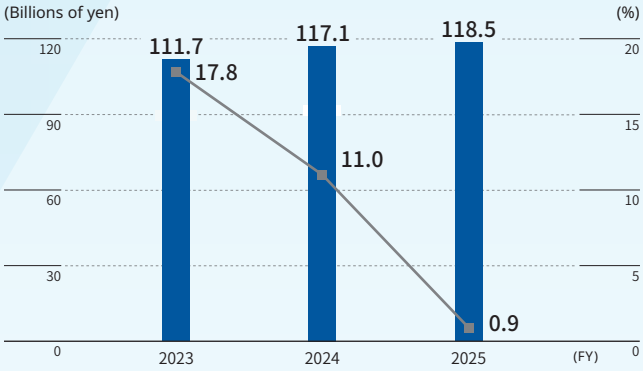
Overseas sales (left axis) Overseas sales ratio (right axis)

Operating Profit / Operating Profit Ratio



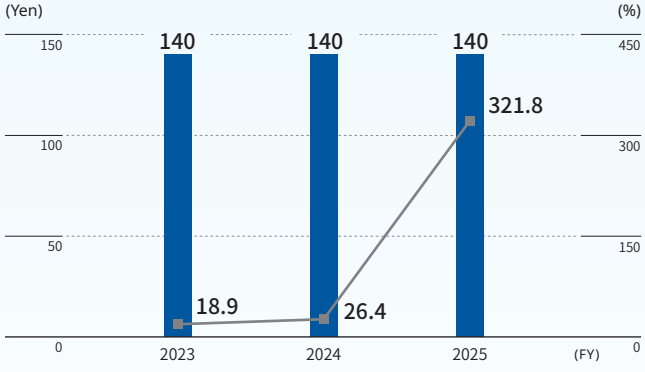
Operating profit (left axis) Operating profit ratio (right axis)

Net Worth / Return on Equity



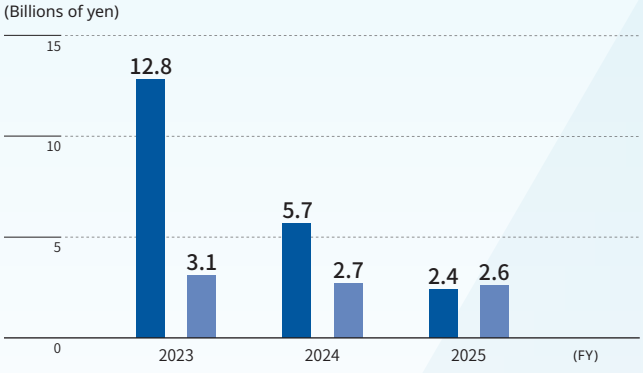
Net worth (left axis) Return on equity (right axis)

Dividend per Share / Dividend Payout Ratio



Dividend per share (left axis)
Dividend payout ratio (right axis)

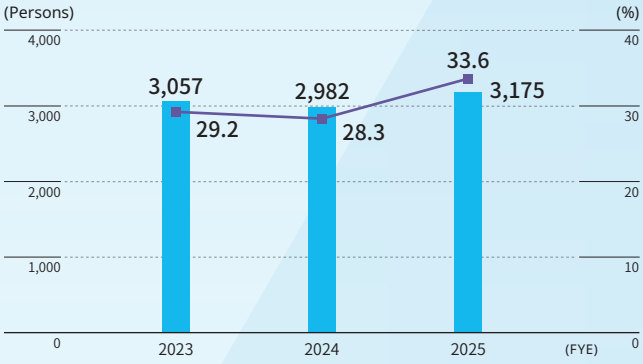
Capital Investment / Research and Development Costs



Capital investment Research and development costs

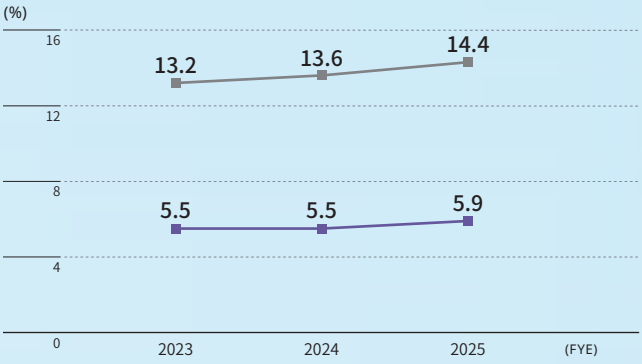
Non-Financial Highlights

Nomber of Employees / Overseas personnel ratio (Consolidated)



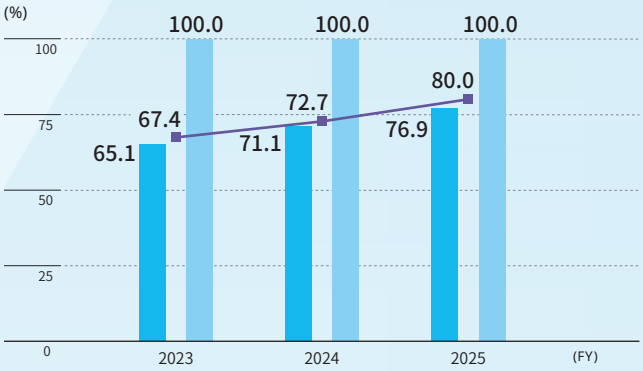
Nomber of Employees (left axis)
Overseas personnel ratio (right axis)

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



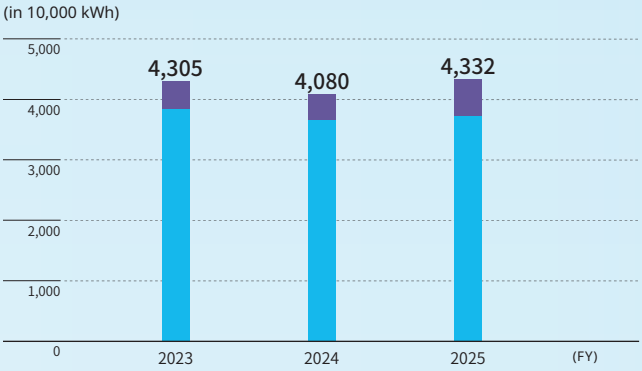
Ratio of women in management positions
Ratio of women employees

Percentage of Childcare Leave Taken



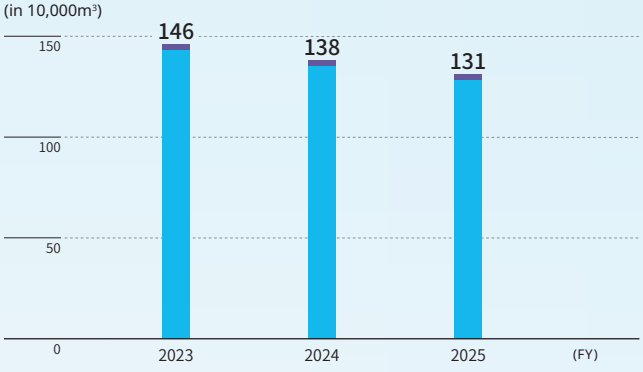
Men Women Total
Includes affiliated companies in Japan

Electricity Consumption



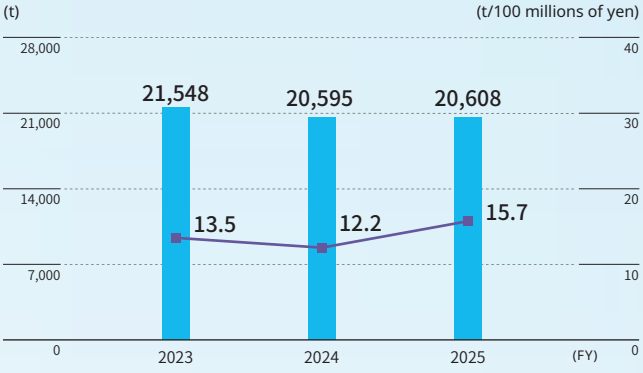
Domestic Overseas

Service Water Consumption



Domestic Overseas

CO_2 Emissions / Emissions Intensity



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

10-Year Financial Data (Consolidated)

	FY2016	FY2017	FY2018	FY2019
Management Performance				
Net sales	111,327	116,862	117,405	116,761
Gross profit	31,977	33,150	32,912	33,459
Gross profit / sales (%)	28.7	28.4	28.0	28.7
Operating profit	4,473	4,640	3,834	3,529
Operating profit / sales (%)	4.0	4.0	3.3	3.0
Ordinary profit	5,406	6,982	5,573	3,825
Ordinary profit / sales (%)	4.9	6.0	4.7	3.3
Net profit (loss) in this term attributable to parent company shareholders	1,776	5,016	4,079	7,338
Net profit (loss) in this term attributable to parent company shareholders / sales (%)	1.6	4.3	3.5	6.3
Amount of orders received	117,021	128,139	134,501	94,224
Financial Position				
Total assets	138,373	148,763	150,724	154,283
Equity	77,120	81,334	83,197	87,018
Equity ratio (%)	55.7	54.7	55.2	56.4
Interest-bearing debt	14,890	14,390	14,390	14,390
Important Financial Indicators				
Total asset turnover (number of turnovers)	0.76	0.81	0.78	0.77
Return on assets (ROA, %)	1.2	3.5	2.7	4.8
Return on equity (ROE, %)	2.1	6.3	5.0	8.6
Cash Flows				
Net cash provided by (used in) operating activities	9,948	6,813	(2,176)	5,312
Net cash provided by (used in) investing activities	(2,983)	(3,921)	(1,493)	19,772
Free cash flow	6,965	2,892	(3,669)	25,085
Net cash used in financing activities	(19,089)	(2,102)	(1,785)	(1,964)
Cash and cash equivalents at end of year	30,060	30,798	25,592	48,011
Net Sales by Region				
Japan	47,811	46,356	49,298	55,393
North America	19,993	18,490	18,998	14,913
Asia Pacific	41,539	50,496	46,142	45,043
Others	1,983	1,518	2,964	1,410
Total sales	111,327	116,862	117,405	116,761
Overseas sales ratio (%)	57.1	60.3	58.0	52.6
Capital Investment, Depreciation, Research and Development Costs				
Capital investment	1,335	4,687	1,195	1,741
Ratio of capital investment to net sales (%)	1.2	4.0	1.0	1.5
Depreciation	1,730	2,049	1,868	1,781
Ratio of depreciation to net sales (%)	1.6	1.8	1.6	1.5
Research and development costs	1,648	1,899	1,835	2,378
Ratio of research and development costs to net sales (%)	1.5	1.6	1.6	2.0
Shareholder Returns				
Total amount of dividends	1,636	1,689	1,810	2,051
Dividend payout ratio (%)	101.1	33.7	44.4	28.0
Per Share Information				
Number of shares* outstanding at end of period (thousand shares) excluding treasury stocks	120,690	120,682	24,136	24,135
Net income per share	11.87	41.57	169.03	304.06
Dividend per share	12.0	14.0	45.0	85.0

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

Millions of yen

FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
92,635	107,777	123,197	160,653	168,191	132,815
24,904	32,515	38,809	50,628	53,547	41,354
26.9	30.2	31.5	31.5	31.8	31.1
381	4,236	5,765	13,614	14,095	4,367
0.4	3.9	4.7	8.5	8.4	3.3
872	4,544	5,279	14,604	14,085	5,002
0.9	4.2	4.3	9.1	8.4	3.8
(2,898)	3,725	6,441	17,920	12,597	1,028
(3.1)	3.5	5.2	11.2	7.5	0.8
88,619	164,277	191,653	121,155	107,346	119,156
134,296	166,989	205,100	253,172	199,607	173,476
82,152	83,515	89,118	111,705	117,171	118,541
61.2	50.0	43.5	44.1	58.7	68.3
14,390	14,217	14,011	11,030	10,135	10,792
0.64	0.69	0.66	0.70	0.74	0.71
(2.0)	2.4	3.5	7.8	5.6	0.6
(3.4)	4.6	7.5	17.8	11.0	0.9
192	11,299	934	9,307	8,331	(8,461)
(1,537)	(1,264)	(563)	(3,805)	910	(1,818)
(1,344)	10,035	371	5,501	9,242	(10,279)
(4,956)	(2,108)	(2,277)	(6,703)	(6,532)	(3,508)
42,417	51,710	50,855	51,588	54,341	42,720
40,850	36,490	37,769	42,265	38,467	40,189
14,841	17,066	22,586	20,776	17,175	19,622
36,070	53,214	61,903	96,420	111,411	70,728
872	1,006	938	1,189	1,136	2,274
92,635	107,777	123,197	160,653	168,191	132,815
55.9	66.1	69.3	73.7	77.1	69.7
1,799	1,810	2,160	12,847	5,794	2,415
1.9	1.7	1.8	8.0	3.4	1.8
1,755	1,952	2,167	2,443	2,728	3,239
1.9	1.8	1.8	1.5	1.6	2.4
2,218	2,771	3,127	3,162	2,775	2,684
2.4	2.6	2.5	2.0	1.7	2.0
4,810	1,811	2,597	3,383	3,308	3,310
—	48.6	40.3	18.9	26.4	321.8

Yen

24,146	24,154	24,162	24,167	23,631	23,647
(120.05)	154.27	266.63	741.57	529.56	43.51
199.3	75.0	107.5	140.0	140.0	140.0

Corporate Information/Stock Information

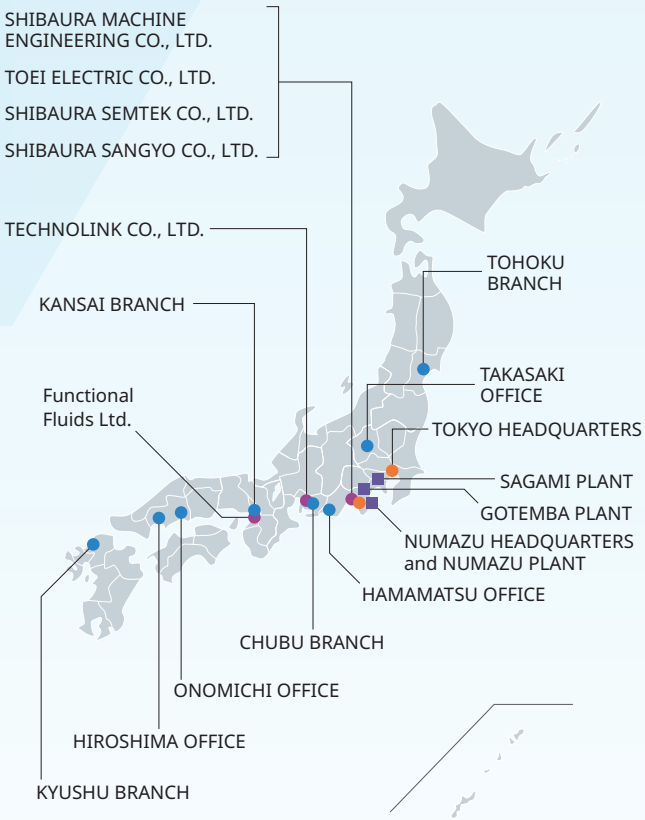
(As of March 31, 2026)

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: 3,175 (Non-Consolidated: 1,536)	

Domestic Offices and Plants/Affiliates

(As of September 30, 2026)

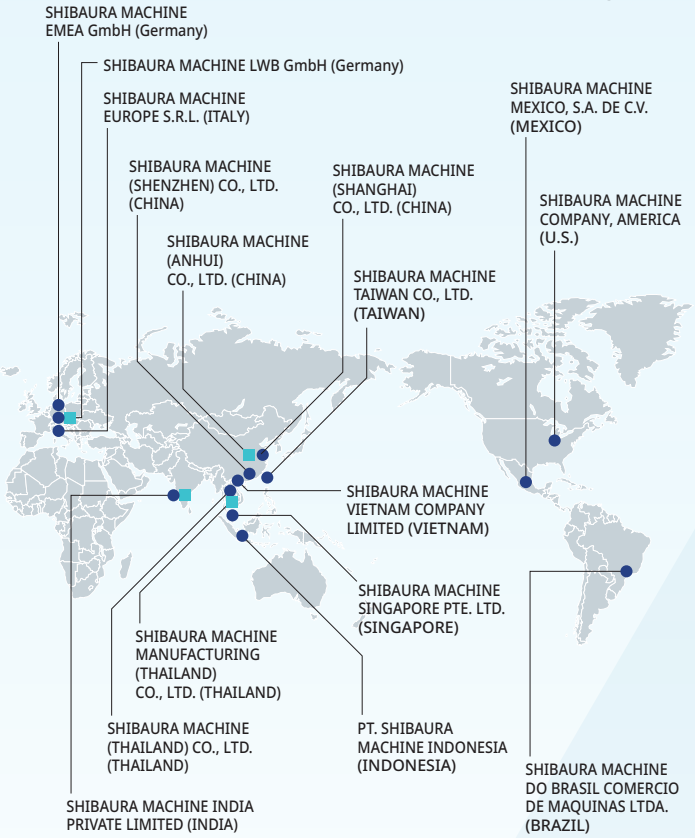
(● Headquarters ● Branches and Business Offices ■ Plants ● Domestic Affiliates)



Overseas Affiliates

(As of September 30, 2026)

(● Sales and Service Offices ■ Manufacturing Sites)

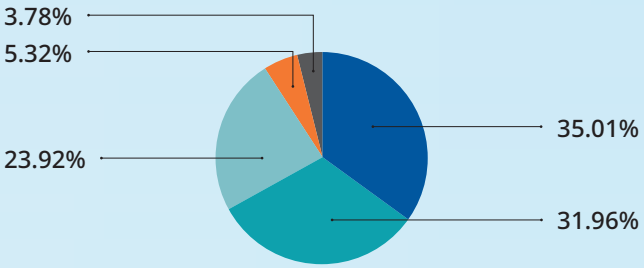


List of Offices and Manufacturing Sites https://www.shibaura-machine.co.jp/en/company/kyoten

Stock-Related Information
(As of March 31, 2026)

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: 1,173,394)
Number of shareholders	11,929 (decrease of 2,999 people from the end of the previous fiscal year)

Distribution of Shares by Shareholder Type (As of March 31, 2026)



Foreign institutions and individuals	8,690,671 Shares
Financial institutions	7,933,577 Shares
Individuals and others (including treasury shares)	5,937,321 Shares
Securities companies	1,320,893 Shares
Other Japanese companies	937,944 Shares

Note: Including treasury shares

Major Shareholders (As of March 31, 2026)

Shareholder name	Number of shares held (thousands of shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,919	16.58
Custody Bank of Japan, Ltd. (Trust Account)	2,114	8.94
Nomura Securities Co., Ltd.	1,026	4.34
Shizuoka Bank, Ltd.	596	2.52
Shibaura Machine Employee Stock Ownership Association	544	2.30
BNYM AS AGT/CLTS NON TREATY JASDEC	535	2.27
Shibaura Machine Suppliers' Stock Ownership Association	487	2.06
STATE STREET BANK AND TRUST COMPANY 505223	442	1.87
BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE SEGREGATION ACC FOR THIRD PARTY	424	1.80
STATE STREET BANK AND TRUST COMPANY 505001	369	1.56

Notes: Although SHIBAURA MACHINE holds 1,173,394 treasury shares, they are not included in the above list of major shareholders.
The percentage of shares held is calculated after deducting treasury shares.

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.

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

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