Securities Code: 6302

The 130th Interim Business and Financial Report January 1, 2025 through June 30, 2025

To Our Shareholders

I would like to express our sincere gratitude for your continued support and patronage. I am pleased to present our business and financial report for the first half of the 130th fiscal year (from January 1 through June 30, 2025) as follows.

Purpose

Enhance society and those within it with compassion through our ownership and vision

Please refer to our website for details.

Business Principles

Corporate Mission Statement

We will aim to become a machinery manufacturer that continues to provide excellent products and services to the world. With integrity being a key principle in the Group, we will contribute towards society by gaining high respect and confidence from all stakeholders.

Our Values

Customer First:

We exceed customer expectations by providing sophisticated efficient products and services, giving the utmost consideration to their needs and requirements.

Embrace Changes:

We will continue to drive and embrace changes without accepting the status quo.

Commitment to Technology and Innovation:

We are passionate about contributing to society by further developing our unique, in-house technologies.

Respect People:

We will nurture an organizational climate that fosters mutual respect, tolerance and learning for growth.

Business Performance during the Half-Year Period under Review

During the six-month period ended June 2025, while the Japanese economy experienced a gradual recovery in capital investment and exports, the recovery of the semiconductor market remained sluggish. Overseas, the United States saw continued solid economic conditions during the period despite increased uncertainty from trade policies. The European economy showed an upward trend, but the Chinese economy remained weak as policies aiming to increase domestic demand had a limited effect.

Given this operating environment, the SHI Group worked to improve profitability, enhance capital efficiency, and strengthen new business exploration to develop a robust entity, while also implementing a variety of measures including initiatives to make a greater contribution to the achievement of the UN's Sustainable Development Goals (SDGs) and build on our efforts to reduce our environmental impact, with the aim of "Increase corporate value in a sustainable manner by solving social issues through products and services" based on the Medium-Term Management Plan 2026.

As a result of these efforts, orders increased 18% year on year, to ¥535.5 billion, while net sales declined 5%, to ¥494.6 billion.

In terms of profit, operating profit decreased 35% year on year, to \(\xi\)21.7 billion, while ordinary profit was 40% lower, at \(\xi\)20.2 billion, and profit attributable to owners of parent decreased 47%, to \(\xi\)12.4 billion.

Based on these interim results, we have decided to pay an interim dividend of ¥60 per share, the same as for the year-earlier period.

Progress under the Medium-Term Management Plan 2026

Under the Medium-Term Management Plan 2026, we will identify social issues by backcasting the ideal state of SHI and

maintain our policy of "Increase corporate value in a sustainable manner by solving social issues through products and services." With a basic policy of "Developing a robust entity," we have designated "Improving profitability," "Enhancing capital efficiency," and "Strengthening new business exploration" as key issues, and are addressing these issues using both corporate and segment measures while responding to various changes in the external environment.

(1) Corporate strategy

- Promote business portfolio reformation: We will work to expand our business by rebuilding a strategy for businesses with low growth and low profitability and concentrating management resources in businesses with growth potential in four key investment areas. We will implement measures to enhance profitability of underperforming businesses and rebuild and implement new strategies for businesses with low growth and low profitability.
- Capital policy: Along with promoting measures to improve ROIC and thereby strengthen our ability to generate cash flow, we plan to make use of interest-bearing debts to the extent that it does not compromise our sound financial position to invest ¥190.0 billion, mainly in key investment areas, ¥90.0 billion for research and development, and ¥70.0 billion for shareholder returns.

Seven designated material issues of sustainability and main related indexes and targets

Category		Material issue	Implementation details for FY2024	Actual 2024	Target 2026
Issue of value	E	Reduce environmental burden	Measures to reduce CO ₂ emissions (Scope 1 and 2) during product manufacturing were implemented as planned Expand the calculation scope for Scope 3 Category 1 (Procurement) in Japan CFP calculation measures for main products	CO ₂ emission reduction (compared to 2019) - At time of manufacturing products: -30% - At time of using products: -71%	CO ₂ emission reduction (compared to 2019) - At time of manufacturing products: -35% - At time of using products: -50%
e creation		Create better ways to live and work	Certification wall climbing robot for steel structures was acquired and demonstration experiments were conducted The scope of application for remote control systems was expanded (SIRMS* large crane-integrated remote monitoring system)	(Refer to the left column)	(Further advancement of automation technology)
Issue of s	S	Prioritize employee safety, health, and development	 Declaration of diversity promotion activities by each officer Certified as an Excellent Health Management Corporation for 2024 (4 consecutive years) Awarded the Gold Prize in the PRIDE Indicator 2024 (for 2 consecutive years) 	- Female manager ratio: 2.5% (on a consolidated basis in Japan)	- Female manager ratio: 3.7% (on a consolidated basis in Japan)
of strengthening		Emphasize coexistence and co- prosperity with local communities	- "School for a Compassionate Future" (STEAM education workshop) was held in Niihama City	- Spending for social contribution activities: JPY260 million	- Spending for social contribution activities: JPY200 million
the		Establish a sustainable supply chain	- A working environment survey of our manufacturing sites and suppliers in Vietnam and Indonesia was conducted (human rights due diligence)	- Survey on high risk suppliers :67%	- Survey on high risk suppliers :100%
business base	G	Strengthen governance	The number of female directors was increased to 2 The ideal state of the Board of Directors was discussed, and matters to be presented to the Board of Directors were revised	- Number of female directors: 2 (18%)	- Number of female directors: 2
ase		Ensure high product quality	- Efforts to improve the quality of software in products were strengthened	- Number of serious incidents related to products: 1	- Number of serious incidents related to products: 0

SIRMS®: SHI-MH Integrated Remote Monitoring System

- Strengthen new business exploration functions: Primarily through the New Business Exploration Department, we are adjusting and pursuing themes for exploration across segments through coordination among the four segments and head office divisions, and identifying themes from a corporate perspective and pursuing their commercialization. We have also held an in-house pitch competition to identify new themes and are promoting activities to commercialize the themes selected, and are introducing activity programs to develop in-house entrepreneurial human resources and facilitate commercialization in accordance with the plan.
- Strengthen the business base: We continue to strengthen the business base in terms of sustainability, human capital, and digital transformation (DX).

In terms of sustainability, we are strengthening our efforts toward the achievement of the SDGs and the Group's 2050 carbon neutrality goal. Specifically, we have identified seven material issues of sustainability and are proceeding on plan to contribute to the solving of social issues through our business and addressing climate change and other medium- to long-term risks.

With regard to human capital, we are pursuing a human resource strategy based on our concept of human capital management, focusing on the key issues of securing human resources, strengthening human resource development

framework, developing global human resource management framework, enhancing organizational capabilities, and promoting diversity.

We are also building a foundation to promote DX that supports the realization of a robust entity. As a result, we are creating new customer value, producing first-class products and services, and accelerating the transformation of business processes in areas including design and manufacturing value chains, and using DX to enhance service businesses. In addition, we are introducing environmental and safety measures and addressing social issues toward the achievement of the SDGs.

(2) Segment strategy

We are executing growth strategies based on clearly identified roles and positions of the four business segments: Mechatronics; Industrial Machinery; Logistics & Construction; and Energy & Lifeline.

In light of our fiscal 2024 business results, we are working to "Improve profitability," by having the four segments focus on addressing issues in the key investment areas as well as by securing profit in the foundational business areas. The foundational businesses of gear reducers and plastic injection molding machines are currently restructuring their European operations.

The semiconductor manufacturing equipment business is weak from the effect of changes in the market environment, but in addition to market launches of newly developed equipment, we are working to strengthen the semiconductor-related business by integrating the ion implanter and laser annealing equipment businesses and working with the semiconductor manufacturing equipment business operated by the French company Laser Systems & Solutions of Europe SASU ("LASSE"), which we acquired in 2025.

Going forward, we will pursue synergies while aiming to increase the efficiency of segment organizations and build a robust entity as we work to achieve our targets.

We intend to take advantage of business opportunities in the global market regardless of the business environment, and make every effort for the resolute implementation of these strategies.

I ask for the continued understanding and support of our shareholders.

Shinji Shimomura President and CEO

Interim Consolidated Financial Statements

Stockholders' equity ratio

(Amounts less than 100 million yen have been rounded off.)

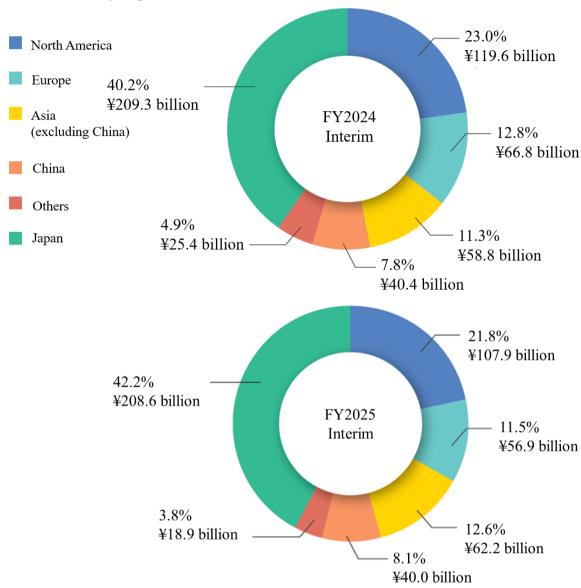
50.8%

50.5%

Interim Consolidated Balance Sheet (Summary) (Billions of yen) FY2025 End of FY2024 Account Items End of interim period (As of December 31, 2024) (As of June 30, 2025) Current assets 784.5 755.4 Cash and deposits 111.1 116.1 Notes and accounts receivable 307.4 266.6 Inventories 333.9 340.3 Other 32.2 32.1 Fixed assets 475.7 481.6 Tangible fixed assets 348.0 355.5 Intangible fixed assets 29.4 28.3 Investments and other assets 99.5 96.7 Total 1,260.2 1,237.0 Liabilities 613.8 606.6 Notes and accounts payable 153.2 148.6 Interest-bearing liabilities 238.6 237.9 Other 222.0 220.1 Net assets 646.4 630.4 478.5 Stockholders' equity 473.6 Accumulated other comprehensive income 167.0 146.4 Non-controlling interest 5.7 5.5 1,260.2 1,237.0 Total Net ratio of interest-bearing debts 10.1% 9.8%

Interim Consolidated Statements of Income (Summary) (Billions of yen) FY2024 FY2025 Interim period Interim period Account Items (January 1, 2024 through (January 1, 2025 through June 30, 2024) June 30, 2025) Orders 453.1 535.5 520.4 Net sales 494.6 Operating profit 33.3 21.7 Operating profit ratio 6.4% 4.4% Ordinary profit 33.9 20.2 6.5% 4.1% Ordinary profit ratio Extraordinary gains (losses) (0.4)(0.9)Profit before income taxes 33.5 19.4 Profit attributable to owners of parent 23.5 12.4 Ratio of profit attributable to owners of parent 4.5% 2.5%

Net Sales Ratio by Region



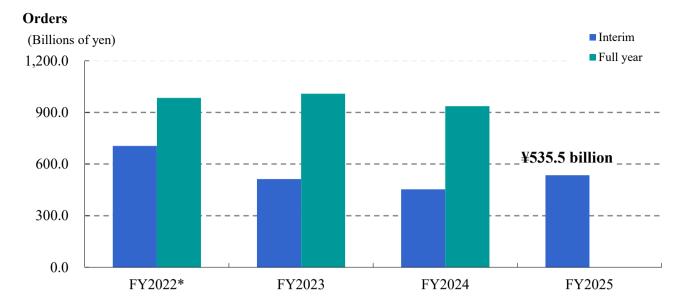
FY2024 Interim

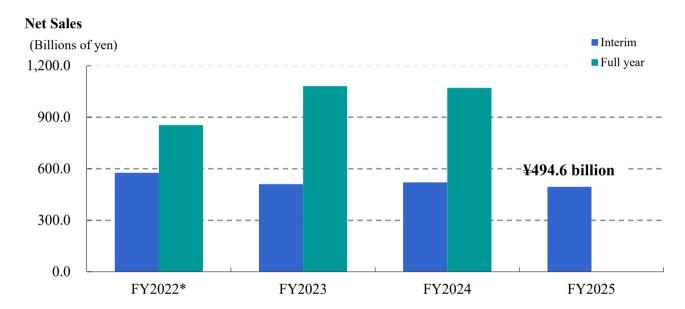
Region	Net sales (Billions of yen)	Net sales ratio (%)
North America	119.6	23.0
Europe	66.8	12.8
Asia (excluding China)	58.8	11.3
China	40.4	7.8
Others	25.4	4.9
Japan	209.3	40.2

FY2025 Interim

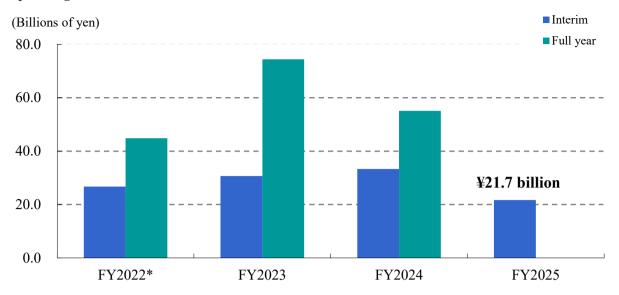
Region	Net sales (Billions of yen)	Net sales ratio (%)
North America	107.9	21.8
Europe	56.9	11.5
Asia (excluding China)	62.2	12.6
China	40.0	8.1
Others	18.9	3.8
Japan	208.6	42.2

Consolidated Financial Highlights

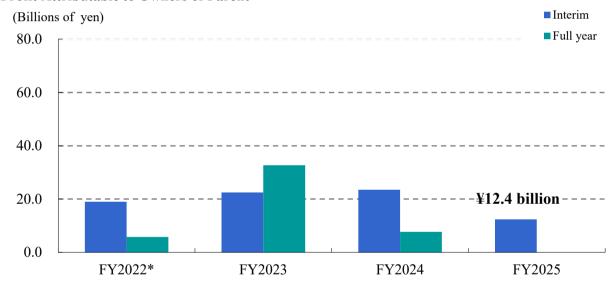




Operating Profit



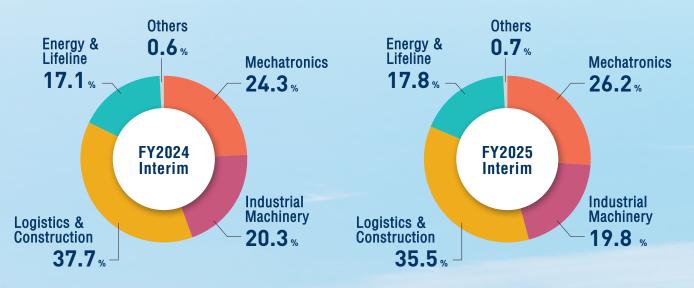
Profit Attributable to Owners of Parent



* With the change in the Company's fiscal year, the first half of fiscal 2022 for the Company and consolidated subsidiaries with fiscal years from April 1 through March 31 of the following year was the six-month period from April 1 through September 30, 2022, and for consolidated subsidiaries with fiscal years of January 1 through December 31 of each year, the first half was the nine-month period from January 1 through September 30, 2022. Also, with the change of the Company's fiscal year, fiscal 2022 for the Company and consolidated subsidiaries with fiscal years ending in March was the nine-month period from April 1 through December 31, 2022, and for consolidated subsidiaries with fiscal years ending in December, fiscal 2022 was the 12-month period from January 1 through December 31, 2022.

Net Sales Ratio by Segment

* From fiscal 2025, the Mechatronics segment's laser systems business has been transferred to the Industrial Machinery segment, and the Industrial Machinery segment segment's cryocoolers business has been transferred to the Mechatronics segment. For year-on-year comparisons, the figures shown for the previous fiscal year are based on the new segment classifications.



Major Products

Power Transmission and Control Equipment, Motors, Inverters, Cryogenic Equipment, Precision Positioning Equipment, Equipment for Control Systems

Both domestic and overseas demand for power transmission and control equipment recovered, motor and inverter inventory adjustments at European customers ended, and Chinese demand for semiconductor-related products rose, resulting in growth in orders. This growth in orders led to increases in sales and operating profit as well.

Note: Numbers less than one unit are rounded to the nearest unit

Industrial Machinery



Major Products

Plastic Injection Molding Machines, Film Processing Machines, Precision Forgings, Semiconductor Manufacturing Equipment, Laser Processing Systems, Accelerators, Medical Equipment and Devices, Forging Presses, Machining Tools, Air Conditioning Equipment, Defense Equipment

Orders and sales at the plastic injection molding machine business rose, driven by increased electric and electronic-related demand in China, but operating profit declined on weaker profitability in Europe.

At other businesses, although semiconductor-related demand declined, demand for other types of equipment rose in general and orders grew, but with a decrease in the semiconductor-related order backlog, sales and operating profit declined.

Logistics & Construction

Plastic Injection Molding Machine



Major Products

Hydraulic Excavators, Construction Cranes, Road Construction Machinery, Material Handling Systems, Logistics Systems, Parking Systems

Orders at the hydraulic excavator business rose as previously stagnant demand in Japan and North America recovered, but the previous fiscal year's low level of orders in Japan and North America resulted in decreases in sales and operating profit.

At other businesses, orders at the construction crane business were flat year on year, but sales and operating profit rose on the order backlog. Orders and sales at the material handling systems business grew on strong market conditions, but a decline in highly profitable projects resulted in a decrease in operating profit.

Energy & Lifeline



Major Products

On-Site Power Generation Equipment, Boilers, Air Pollution Control Systems, Water Treatment Systems, Turbines, Pumps, Reactor Vessels, Mixing Vessels, Food Production Equipment, Ships

Orders at the energy plant business rose as a result of winning biomass power generation facility projects in Europe, and although sales declined on a low order backlog, improved profitability on large projects resulted in an increase in operating profit.

At other businesses, orders for products including water treatment systems grew, and an order backlog led to increases in sales and operating profit.

Special Feature 1: Opening of Yokosuka Innovation Hub, Cs'-Lab+ and Research Results of the Technology Research Center





The Yokosuka Innovation Hub, Cs'-Lab+ opened on the premises of the Yokosuka Works in April 2025, as a base for new innovation that will include the Technology Research Center.

The Technology Research Center has been the source of the SHI Group's technologies since 2001, and has been engaged in the development of fundamental and elemental technology for SHI Group products with the Yokosuka Works as its main site. With a view to the future, the new facility was built for the further strengthening of research and development with significantly expanded office space for researchers as well as research and testing equipment for a wide range of fields including IoT/AI/data science, automation/autonomization, decarbonization, and carbon dioxide utilization and storage technology.

The "Cs" in Cs'-Lab+ represents the three "Cs" of Choose, Connect, and



Create. Based on this work style concept, each division's office space is arranged to facilitate communication with a strong sense of interconnection within its field of specialization, but there are also free

Various events and activities, from large seminars to daily club activities, can be held in the event hall

spaces where it is easy for members of different divisions to gather, and the cafeteria and reception hall, which were designed with employee input, can be used for a variety of purposes.

The facility is designed to reduce its environmental impact and conserve energy. and by creating an environment in which diverse human resources can be actively engaged, it aims to create a positive cycle encompassing individuals, the company, and society. with the goal of creating a variety of technologies that will lead to the resolution of social issues going forward.

Facility name: Yokosuka Innovation Hub, Cs'-Lab+

Technology Research Center, Yokosuka Works' administrative divisions

Address: 19 Natsushimacho, Yokosuka-shi, Kanagawa Access: Approx. 15 minutes by Keikyu Bus from Oppama Station on the

Keikvu Line

The entrance/gallery introduces some of the Group's core products and the associated technologies developed at the Technology



Vacuum deposition equipment for forming electron transport lavers

The following is an introduction of the Technology Research Center's latest achievements and research related to "environment/energy fields," one of the four key investment areas under the Medium-Term Management Plan 2026. Cs'-Lab+ is cooperating internally and externally to create seeds of innovation that enhance society and those within it with compassion.

Hydrogen society



and managing liquid hydrogen, contributing to the realization of a hydrogen society.

Cryocooler technology

As a source of very pure hydrogen, liquid hydrogen is attracting particular attention for use in fuel cells. Liquid hydrogen evaporates very easily, however, creating the issue of loss when storing. SHI has developed a cryocooler to avoid losses of liquid hydrogen due to evaporation during storage. Applying our cryocooler technology, the hydrogen gas that is emitted within the storage container is

efficiently recondensed and returned to the container. This reduces the cost of storing, replenishing,

Please scan here for more information.



Image of the new cryocooler * Not the actual model



Renewable energy



Film deposition technology

Next-generation perovskite solar cells are thin, lightweight and flexible, and with uses including installation in places where it is difficult to install traditional solar power generation equipment, are seen as key to the expanded use of renewable energy going forward. SHI has developed a new film deposition technology of "electron transport layers" for efficient power generation. Applying our proprietary film deposition technology, we are able to mass produce superior shapes in a way that is more environmentally friendly than traditional film deposition methods. The widespread use of perovskite solar cells will contribute to the achievement of carbon neutrality.

Energy and resource conservation



Motor design technology

Rare earths have strong magnetic force and are an important resource for increasing the efficiency of motors, but are also associated with the issues of price volatility and geopolitical risk. SHI is working to increase the efficiency of motors without using rare earths. Using the Technology Research Center's proprietary motor design technology, we have surpassed the level of the current main rank of international efficiency standard (IE3) with efficiency more than two ranks higher (IE5/IE6 equivalent). By conserving the energy used by motors, which account for roughly half of global electric power consumption, we will create sustainable products and contribute to the environment and society.



Highly efficient rare-earth-free motor

Special Feature 2: "School for a Compassionate Future" STEAM Education Workshops

We came up with many things



What should a compassionate future include?





Create any kind of ideas!

As an initial material iss and co-pros launched the practical STEA Recently, as pro

As an initiative related to our Purpose and one of our material issues of sustainability, "Emphasize coexistence and co-prosperity with local communities," the SHI Group launched the School for a Compassionate Future program of practical STEAM education*¹ workshops in 2023.

Recently, as programming classes become compulsory at elementary and junior high schools, a greater emphasis is being placed

on "thinking and creating," but society overall does not yet offer sufficient opportunities to "develop thinking skills" centered around STEAM education.*2

The SHI Group views this as a social issue, and has been planning workshops to give children more opportunities to experience STEAM education. These workshops have students think about what they would "like to have" in their future communities and daily lives, and use their own hands to create whatever they can imagine.

These workshops give students an opportunity to experience the ideas of STEAM education, and participants produce many ideas and forms.

Through the School for a Compassionate Future, the SHI Group provides local children with opportunities to "think freely for themselves and create a compassionate future" to fill people and society with compassion.

- *1 STEAM education: An educational philosophy that combines science and math education—which covers the five areas of science, technology, engineering, arts and liberal arts, and mathematics—with creativity education.
- *2 As pointed out by a survey we conducted in 2024, STEAM education has yet to be sufficiently implemented in communities and society, with a penetration rate of less than 20%. ("Less than 20% Awareness of STEAM Education Penetration in Local Communities ~From the Post-Survey of the "School for a Compassionate Future" Held in FY2024~," January 24, 2025)

(https://www.shi.co.jp/english/info/2025/6kgpsq0000003pud.html)

School for a Compassionate Future website

https://mirai-gakko.shi.co.jp/ (in Japanese only)





To be held in Obu-shi, Aichi Prefecture, in October 2025!



If you have questions, try consulting with A!

Company Information (as of June 30, 2025)

Corporate Data

Incorporated: November 1, 1934
 Paid-in capital: \(\frac{\pmathbf{x}}{30,871,651,300}\)
 Number of employees (consolidated): 25,337

· Offices

Head office: 1-1, Osaki 2-chome, Shinagawa-ku, Tokyo, Japan

Business offices: Chubu Office (Nagoya-shi)

Kansai Office (Osaka-shi) Kyushu Office (Fukuoka-shi)

Plants: Tanashi Works (Nishitokyo-shi, Tokyo)

Chiba Works (Chiba-shi)

Yokosuka Works (Yokosuka-shi, Kanagawa Pref.)

Nagoya Works (Obu-shi, Aichi Pref.)

Okayama Works (Kurashiki-shi, Okayama Pref.)

Niihama Plant of Ehime Works (Niihama-shi, Ehime Pref.) Saijo Plant of Ehime Works (Saijo-shi, Ehime Pref.)

Laboratory: Technology Research Center (Yokosuka-shi, Kanagawa Pref.)

Directors and Corporate Auditors

Representative Director and Chairman of the Board Tetsuya Okamura Representative Director and President & CEO Shinji Shimomura Representative Director Eiji Kojima Director Kazuo Hiraoka Director Toshihiko Chijiiwa Director Toshiro Watanabe Director Tatsuro Araki Director Susumu Takahashi Director Akio Hamaji Director Sumie Morita Yaeko Hodaka Director Standing Corporate Auditor Hideo Suzuki **Standing Corporate Auditor** Shoji Uchida Corporate Auditor Masaichi Nakamura Corporate Auditor Mio Minaki Corporate Auditor Haiime Watanabe

Executive Officers

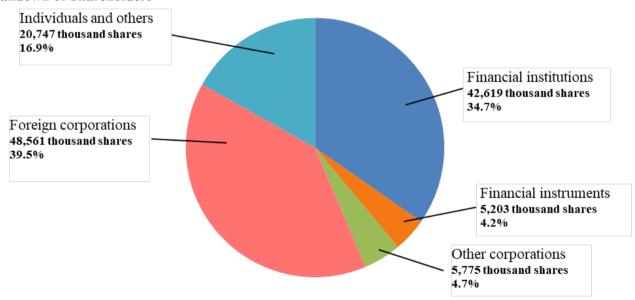
President & CEO Shinji Shimomura **Executive Vice President** Toshiharu Tanaka **Executive Vice President** Kazuo Hiraoka **Executive Vice President** Taiji Tsuchiya **Executive Vice President** Eiji Kojima Toshihiko Chijiiwa **Executive Vice President Executive Vice President** Tatsuro Araki Executive Vice President & CFO Toshiro Watanabe **Executive Vice President** Shaun Dean Senior Vice President Morihiro Kondo Senior Vice President Shigeru Tajima Senior Vice President Kazutoshi Shiraishi Senior Vice President Senior Vice President Senior Vice President Mitsukuni Tsukihara Haruhiko Tsuzuki Masaki Arai Takanori Nagai Melvin Porter Yoichi Kato Isamu Mitsuhashi Hiroyuki Tominaga Chie Okamoto

Stock Information (as of June 30, 2025)

Stock Data

Total number of authorized shares: 360,000,000
 Total number of issued shares: 122,905,481
 Number of shareholders: 38,744

Breakdown of Shareholders



Note: The number of shares and shareholding ratios are rounded to the nearest unit.

Shareholder Information

Fiscal Year	January 1 through December 31 of each year		
Ordinary General Meeting of	March (every year)		
Shareholders			
Record Dates	Ordinary General Meetings of Shareholders	December 31	
	Payment of Interim Dividends	June 30	
	Payment of Term-end Dividends	December 31	
Custodian of the Register of	Sumitomo Mitsui Trust Bank, Limited		
Shareholders and the Institution	1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan		
that Manages the Special Accounts			
Handling Place of Register of	Sumitomo Mitsui Trust Bank, Limited		
Shareholders	Stock Transfer Agency Department		
	1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan		
	[Mailing Address]		
	Sumitomo Mitsui Trust Bank, Limited		
	Stock Transfer Agency Department		
	2-8-4, Izumi, Suginami-ku, Tokyo 168-0063, Japan		
	F		
	[Telephone Inquiries]		
	Toll free number: 0120-782-031	11 11 1	
	Hours: 9:00–17:00 (except for Saturdays, Sunda	ays, and holidays)	
	[Website]		
	https://www.smtb.jp/personal/procedure/agency	·/	
Method of Public Notice	To be posted on the Company's Website (https://www.shi.co.jp).		
THE MICH OF I WOILD I TOUGH	However, where required by unavoidable circumstances, public		
	notices will be made in the Nihon Keizai Shimb		
	nones will be made in the remain Reizur Silling	. 0.111	

[Notification or Inquiries about Change of Address with Respect to Shares]

Shareholders who have an account with a securities company are asked to give notification or make inquiries about matters such as change of address to the securities company at which he or she has an account. Shareholders who do not have an account with a securities company are asked to call the following telephone number.

[Special Accounts]

For shareholders who did not use the depository and book-entry transfer system (*Hofuri*) operated by the Japan Securities Depository Center prior to dematerialization of share certificates, we have opened an account (called a special account) at the transfer agent Sumitomo Mitsui Trust Bank, Limited. Inquiries about, or notifications of, matters such as change of address with regard to special accounts should be made to the following telephone number.

[Request for the Purchase or Sale of Shares of Less than One Unit]

Please contact the securities company at which you have an account for requests for the purchase or sale of shares of less than one unit (100 shares). In the case of requests regarding shares recorded in a special account, please call the following telephone number.

Contact: Stock Transfer Agency Department

Sumitomo Mitsui Trust Bank, Limited Toll free number: 0120-782-031

Hours: 9:00–17:00 (except for Saturdays, Sundays, and holidays)