

# Financial Results for 3rd Quarter FY2021

SHIMA SEIKI MFG., LTD.

January 2022

# Summary of Operating Results for 3rd Quarter of the Fiscal Year Ending March 31, 2022

(Terms: Millions of yen)

	FY 2021 3Q	FY 2020 3Q	FY 2020
Net Sales	22,506	15,914	24,489
Operating Income	(3,183)	(6,555)	(9,143)
Ordinary Income	(2,317)	(4,912)	(7,273)
Net income Attributable to owners of the parent	(2,636)	(5,070)	(17,866)

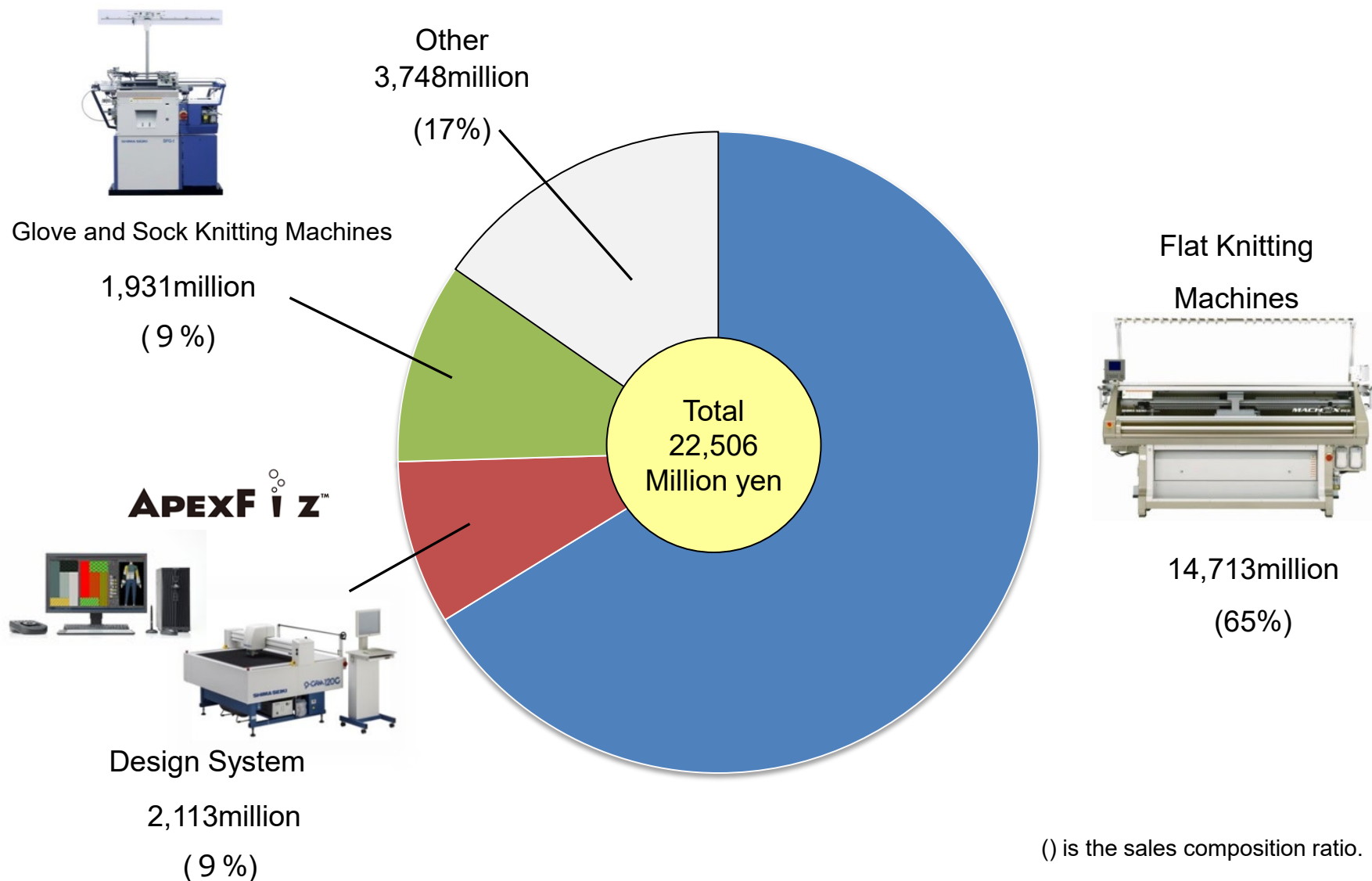
Exchange rate (JPY)

	FY 2021 3Q	FY 2020 3Q
USD/JPY	115.02	103.50
	110.77	105.78
EUR/JPY	130.51	126.95
	130.83	122.49

Exchange rate at the end of the period (Upper level)

Average exchange rate used for translation of sales (Lower level)

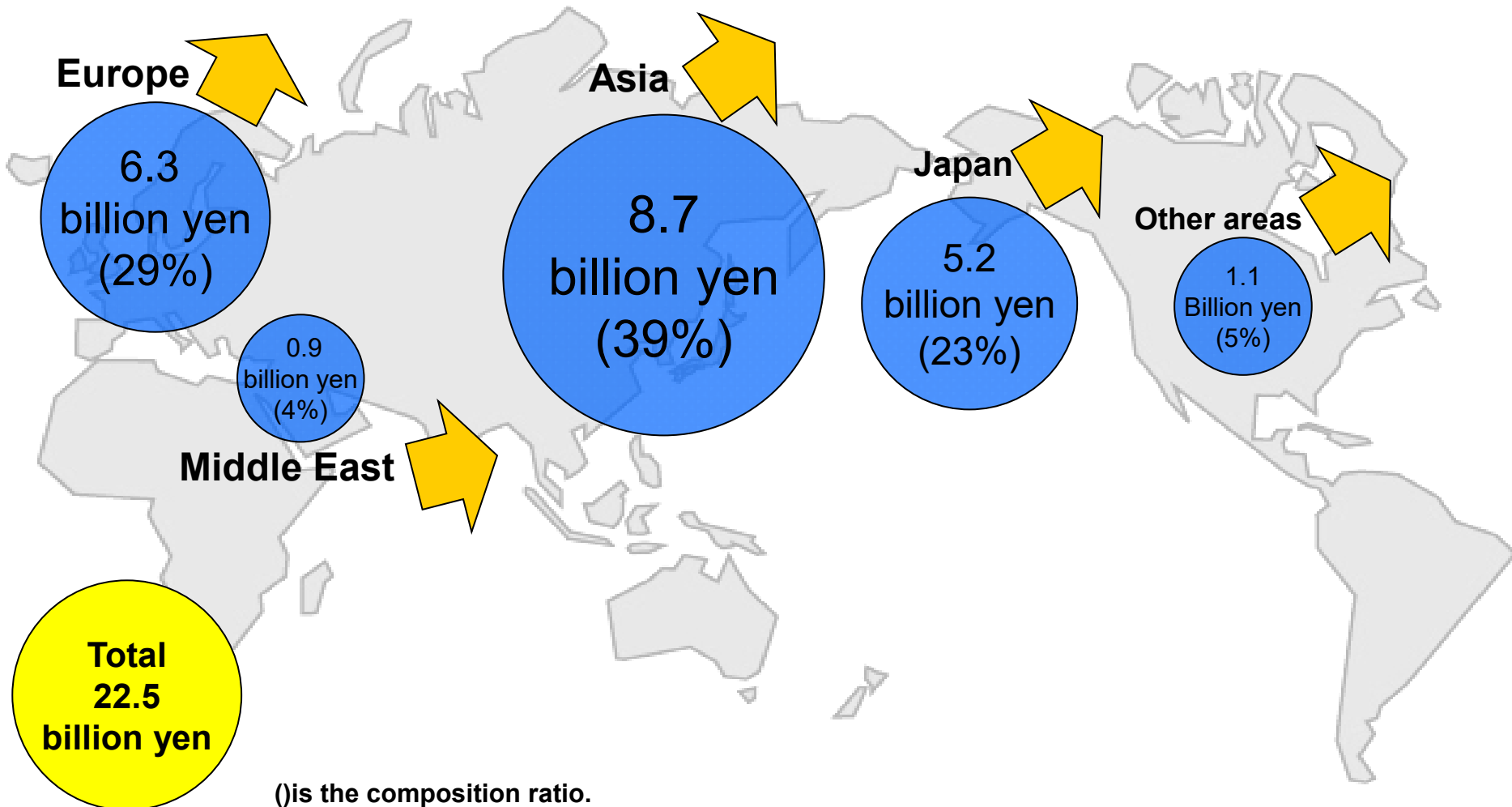
# Sales Composition by Segment [Consolidated](FY 2021 3Q)



# Sales and Operating Income Composition by Segment (FY 2021 3Q)

(Terms: million yen)	Net Sales	Comparison with previous year (%)	Operating income	Comparison with previous year (%)
Flat Knitting Machine	14,713	+55.0	575	—
Design System	2,113	+21.7	529	—
Glove and Sock Knitting Machines	1,931	+33.1	(6)	—
Other	3,748	+15.8	284	+451.6
Corporate elimination			(4,566)	—
Total	22,506	+41.4	(3,183)	—

# Sales by Region [Consolidated] (FY 2021 3Q)



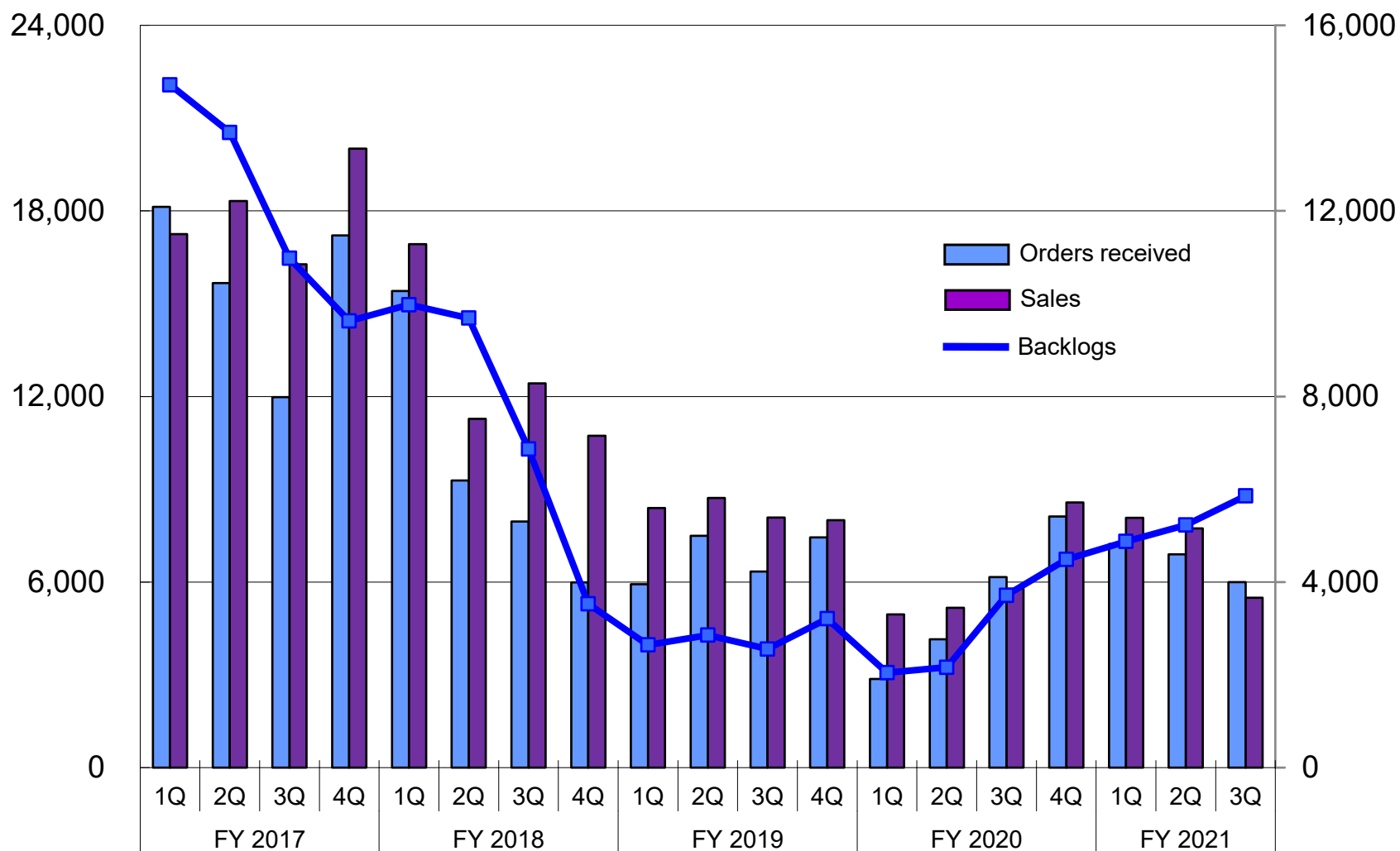
# Consolidated Sales by Region [Consolidated] (FY 2021 3Q)

(millions of yen)	FY 2021 3Q	FY 2020 3Q	Comparison with previous year (%)
Japan	5,214	4,102	+27.1
Europe	6,390	3,248	+96.7
Asia	8,792	6,759	+30.1
Middle East	967	856	+13.0
Other Areas (Overseas)	1,142	947	+20.6
Total	22,506	15,914	+41.4

# Developments in Quarterly Orders Received, Sales and Backlogs [Consolidated]

(Orders received/Sales) Millions of yen

(Backlogs) Millions of yen



# Developments in Quarterly Results 〔Consolidated〕

(Terms: Millions of yen)

	FY2019				FY2020				FY2021		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Net sales	8,393	8,724	8,089	7,998	4,954	5,171	5,787	8,574	8,081	7,733	<b>6,691</b>
Operating income	(872)	(1,838)	(1,145)	(1,746)	(1,970)	(2,213)	(2,371)	(2,588)	(644)	(913)	<b>(1,624)</b>
Ordinary income	(944)	(1,954)	(963)	(1,721)	(1,414)	(1,721)	(1,777)	(2,360)	(154)	(689)	<b>(1,473)</b>
Net income attributable to owners of the parent	(689)	(1,372)	(852)	(5,513)	(1,463)	(1,745)	(1,861)	(12,796)	(271)	(797)	<b>(1,567)</b>

Orders received	5,934	7,495	6,345	7,447	2,868	4,153	6,160	8,120	7,235	6,897	<b>5,994</b>
Backlogs	2,647	2,858	2,558	3,211	2,048	2,163	3,716	4,489	4,877	5,229	<b>5,858</b>



# Forecast〔Consolidated〕

All of sales, operating loss, ordinary loss, and net loss attributable to owners of the parent are expected to improve because of active capital spending in China and the European markets arising from the resumption of economic activities despite the continuing impact on business from the globally tight supply of semiconductors and other raw materials and higher global transportation costs. Therefore, the company must revise its full-year earnings forecasts.

	(Millions of yen)		(Millions of yen)
	FY 2021	Comparison with the previous year (%)	FY 2020
Net Sales	29,500	20.5	24,489
Operating income	(5,600)	—	(9,143)
Ordinary Income	(4,600)	—	(7,273)
Net income Attributable to owners of the parent	(5,000)	—	(17,866)

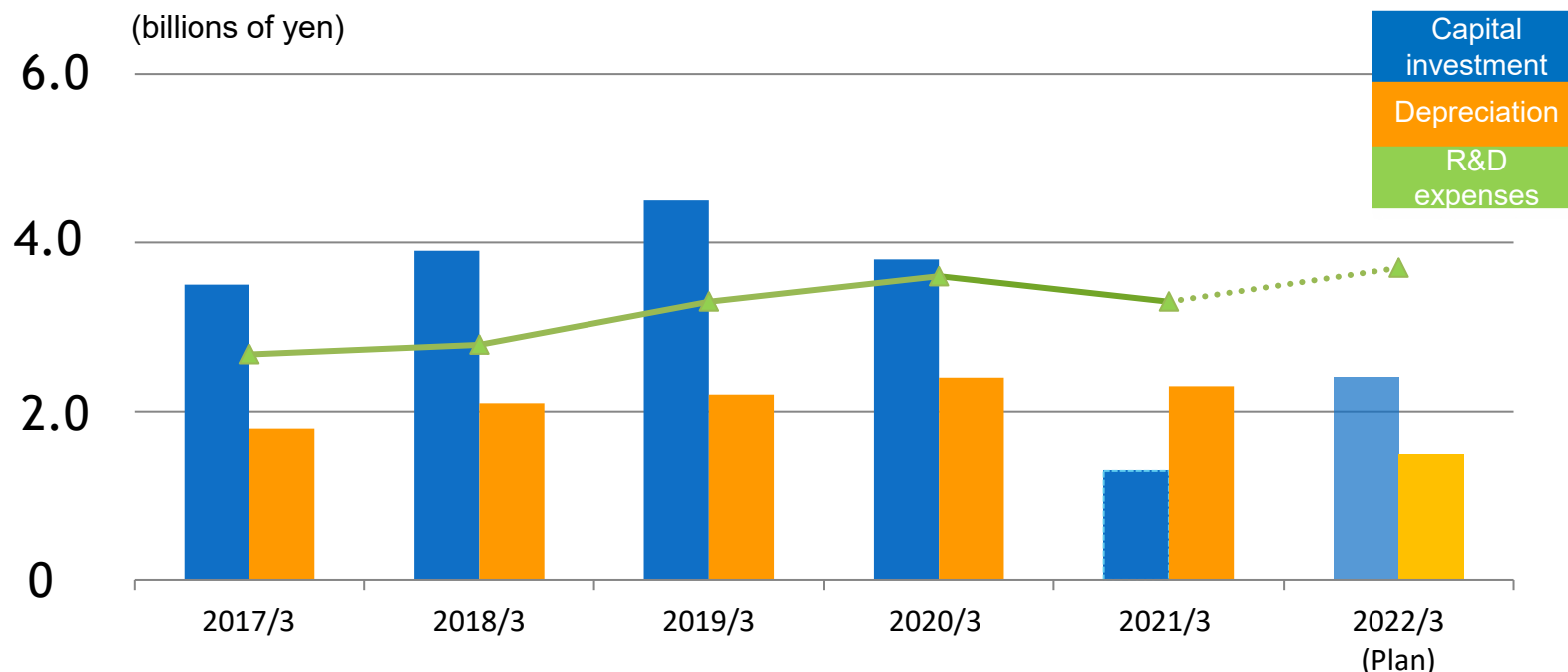
## Maintain the pace of development

### Fiscal year ending March 2022 3Q (Actual results)

Capital investment of 1.2 billion yen (including leased assets of 0.2 billion yen), depreciation and amortization of 1.0 billion yen, R&D of 2.4 billion yen

### Fiscal year ending March 2022 (Plan)

Capital investment of 2.4 billion yen (including leased assets of 0.9 billion yen), depreciation and amortization of 1.5 billion yen, R&D of 3.7 billion yen

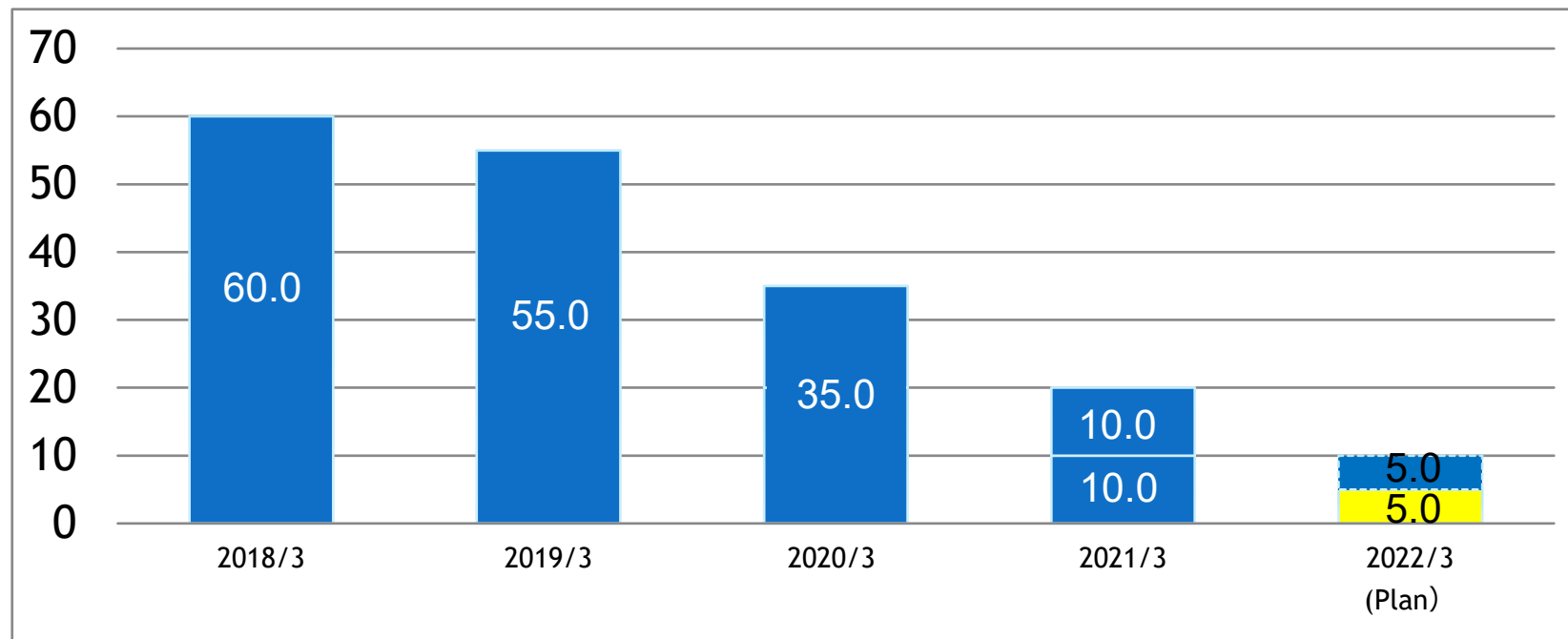


# Shareholder Returns

Fiscal year ended March 31, 2022:

Interim dividend of 5.0 yen and year-end dividend of 5.0 yen (plan)

(yen)



# Market Environment and Issues Facing the Company

## Environment Surrounding the Company

### Consumers

- GDP growth due to global population increase etc.
- Change in consumer behavior (Intangible goods consumption, growing interest in SDGs, spread of social media)

### Suppliers

- Growing momentum for DX and smart factories
- Investment in conventional machines has peaked out and shifted to seamless machines
- Demand for lower-priced flat knitting machines

### Retailers

- Acceleration of electronic commerce due to COVID-19 spread
- Growing engagement in SDGs

### Competitors

- Highly competitive pricing and expanded product lineup
- Developments in industry restructuring

### Increasing Opportunities

- Stable apparel market in mid- and long-term
- Creation of new market in changing landscape (DX and meeting SDGs)

### Issues Facing the Company

- Shifting business structure to combination of “WHOLEGARMENT” and “Solution-based business”
- Speeding up product development and time-to-market to meet the needs of customers
- Business development in new areas (e.g. diversification along existing business)

# Priority Measures for Achieving the Targets

## (1) Strengthening WHOLEGARMENT business

- Shift of core business structure from conventional machine to WHOLEGARMENT

## (2) Conversion to solution-based business

- Restructuring the supply chain for the entire fashion industry

## (3) Advancing diversification with distinction

- Speedy launch of new businesses that contribute to management stabilization

## (4) Restructuring management infrastructure in response to social change

- Management structure that meets the requirements of post COVID-19

# Operating Activities

## Strengthen dispatch of information by webinar



Offer fashion tech-related (3D virtual sampling) series

"What is the sustainable knitting WHOLEGARMENT®?"

Expand to automatic fabric cutting machine "P-CAM"-related

## ITMA ASIA + CITME 2020 (Shanghai) Held in June, 2021

Held the private exhibition Cross Tex in Hong Kong at the same time

Introduced a new model of the WHOLEGARMENT® flat knitting machine  
(prototype)



# Sustainability

## • Integrated Report

Issued our first Integrated Report 2021 (Japanese/English)  
(October)



## • Set up sustainability promotion office

The office was set up as an organization directly under the president on July 1, 2021.

# SHIMA SEIKI

The plans, business result forecasts, and strategies of the Company as described herein are based on information available as of the day of the announcement with specific assumptions considered reasonable; consequently, they may largely differ due to a variety of different factors. Please understand this in advance.