

Consolidated Results for FY 2022

SHIMA SEIKI MFG., LTD.

MAY 2023

Summary of Operating Results for Second Quarter of the Fiscal Year Ending March 31, 2023

(Millions of yen)

	FY 2022	FY2021	FY2021
Net Sales	37,886	+22.2%	30,998
Operating income	△2,184	—	△4,268
Ordinary income	△1,700	—	△3,400
Net income Attributable to owners of the parent	△5,644	—	△3,589

Exchange rate (JPY)	FY2022	FY2021	
USD/JPY	133.53	122.39	Exchange rate at the end of the period (Upper level)
	134.80	111.87	Average exchange rate used for translation of sales (Lower level)
EUR/JPY	145.72	136.70	
	140.45	130.80	

Highlights

Business overview

[Flat knitting machines]

Asian Market

- In China, zero-COVID-19 measures resulted in confusion in the supply chain, which led to weakness in capital investment and sales of WHOLEGARMENT flat knitting machines.
- In Southeast Asia and Bangladesh, there was growth in capital investment in garment length knitting machines.

European market

- Development of in-house products by established brands accelerated capital investment. This increased demand for WHOLEGARMENT flat knitting machines and garment length knitting machines for realizing a high level of design.

Middle Eastern market

- Orders from fast-fashion apparel for Europe and in local countries accelerated capital investment.

Japanese market

- There was an increase in sales of mold knitting machines.

[Design system]

- There was an increase in license contracts mainly with Western and Japanese apparel brands for the APEXFiz subscription software service in the SDS-ONE APEX design system series.
- There was a sales increase for the P-CAM automatic fabric cutting machine mainly in overseas markets.

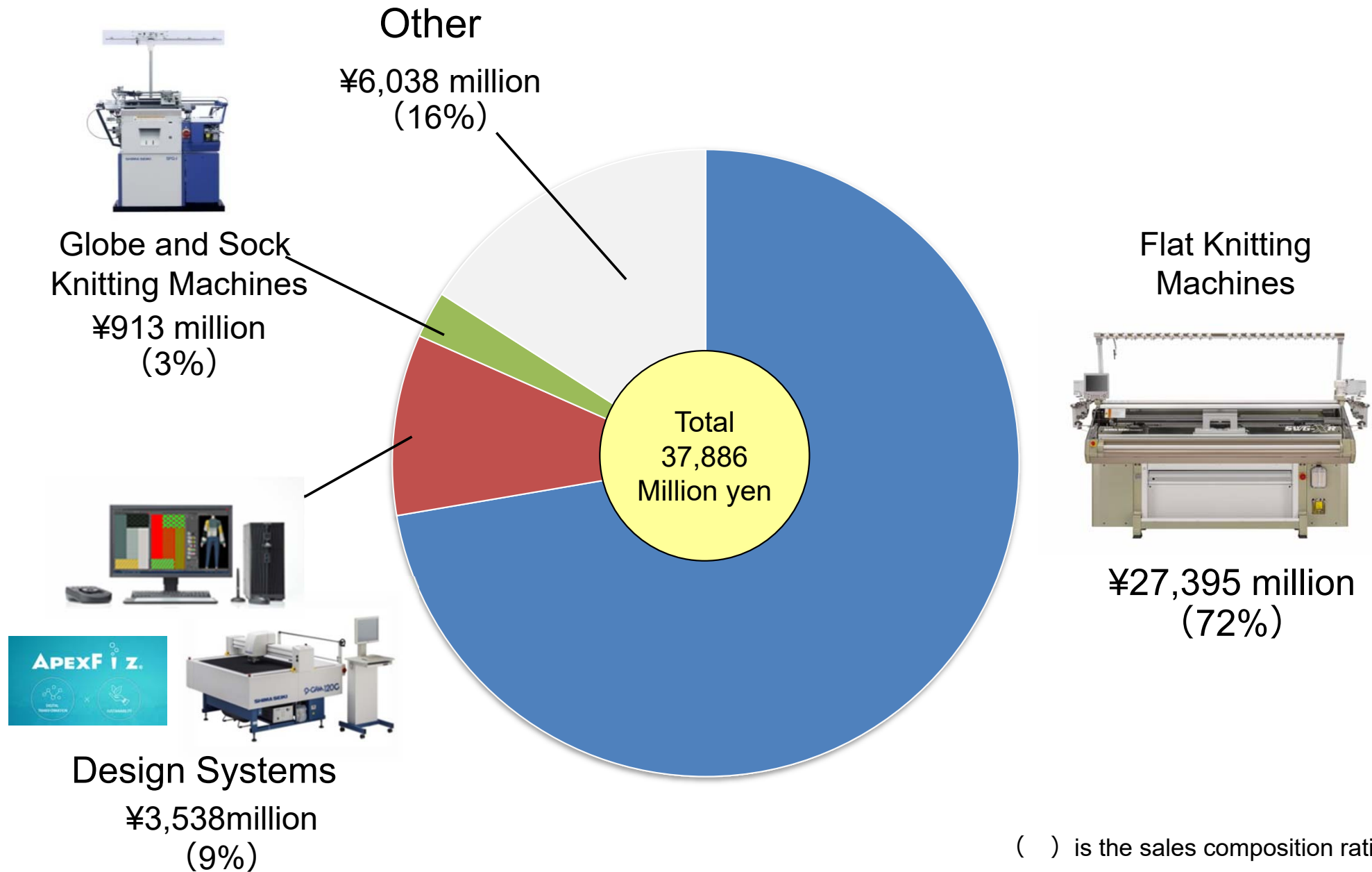
[Glove and sock knitting machines]

- There was a large decrease in net sales because of a round of capital investment by Japanese and overseas major users.

Profits

- Increased capacity utilization of plants and efforts for continuing cost reductions resulted in a trend toward recovery in the gross profit margin.
- Including impairment loss of fixed assets and loss on the evaluation of stocks of subsidiaries and affiliates, an extraordinary loss (3,436 million yen) was recorded.

Sales Composition by Segment [Consolidated]



Sales and Operating Income by Segment

(Millions of yen)	Net Sales	Comparison with previous year (%)	Operating income	Comparison with previous year (%)
Flat Knitting	27,395	+ 32.4%	2,693	+ 341.5%
Design Systems	3,538	+ 23.3%	773	+ 5.8%
Globe & Sock Knitting Machines	913	△62.6%	100	+ 342.3%
Other	6,038	+ 21.0%	1,014	+ 92.4%
Corporate elimination			△6,766	
Total	37,886	+ 22.2%	△2,184	—

Flat Knitting Machines Segment



WHOLEGARMENT® Flat Knitting Machine

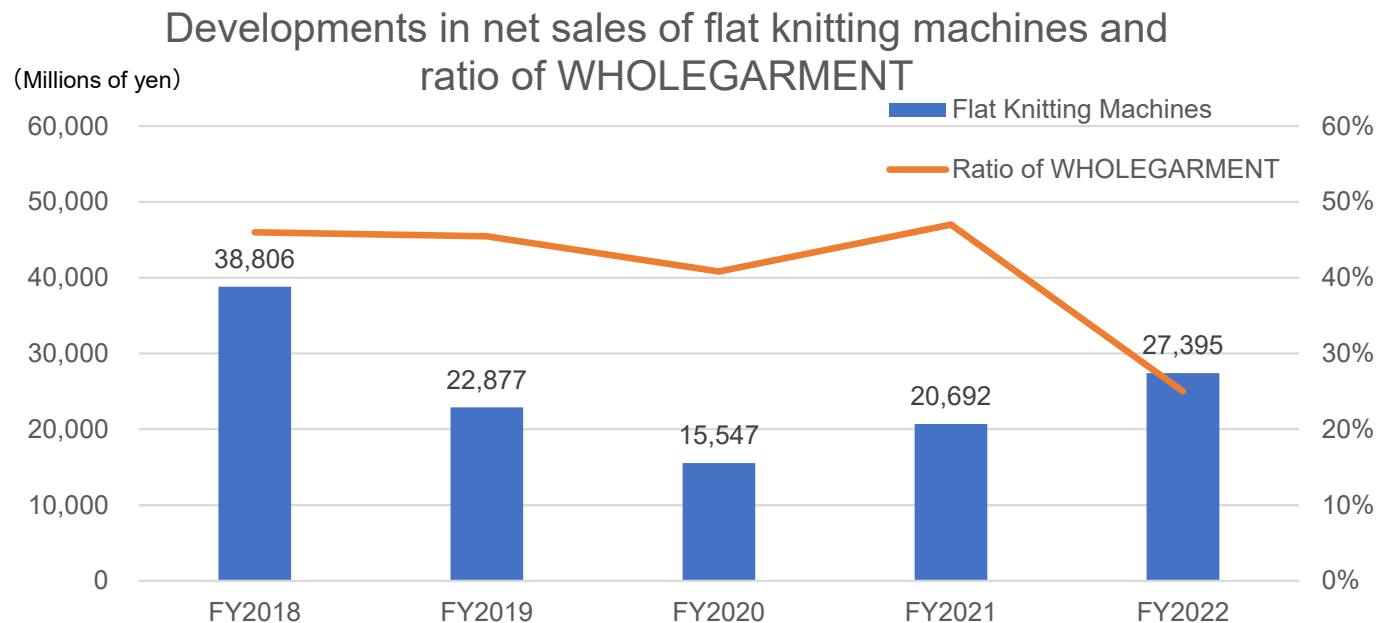
- Realization of environmentally friendly manufacturing through three-dimensional knitting of whole cloth
- Announcement of SWG-XR
- SWG-N2 suitable for the production of fashionable small objects and masks



Computerized Flat Knitting Machine

- Knitting fabrics for each part and performing sewing and linking work for completion
- SRY, N.SIR, and N.SVR SP adding value to knitted fabric
- N.SVR and N.SSR used to manufacture volume zone products in Asia and other areas

Sales composition ratio of WHOLEGARMENT decreased to the 20% level.



Design Systems Segment



3D Design system SDS-ONE APEX4

- Installing software specializing in the programming of knitting machines and pattern CAD, as well as textile design, including flat knitting, fabric, print, and circular knitting and simulation

Design Software 「APEXFiz」



- Subscription software of Design System
- The software can be downloaded to PCs and makes it possible to create designs anytime and anywhere.

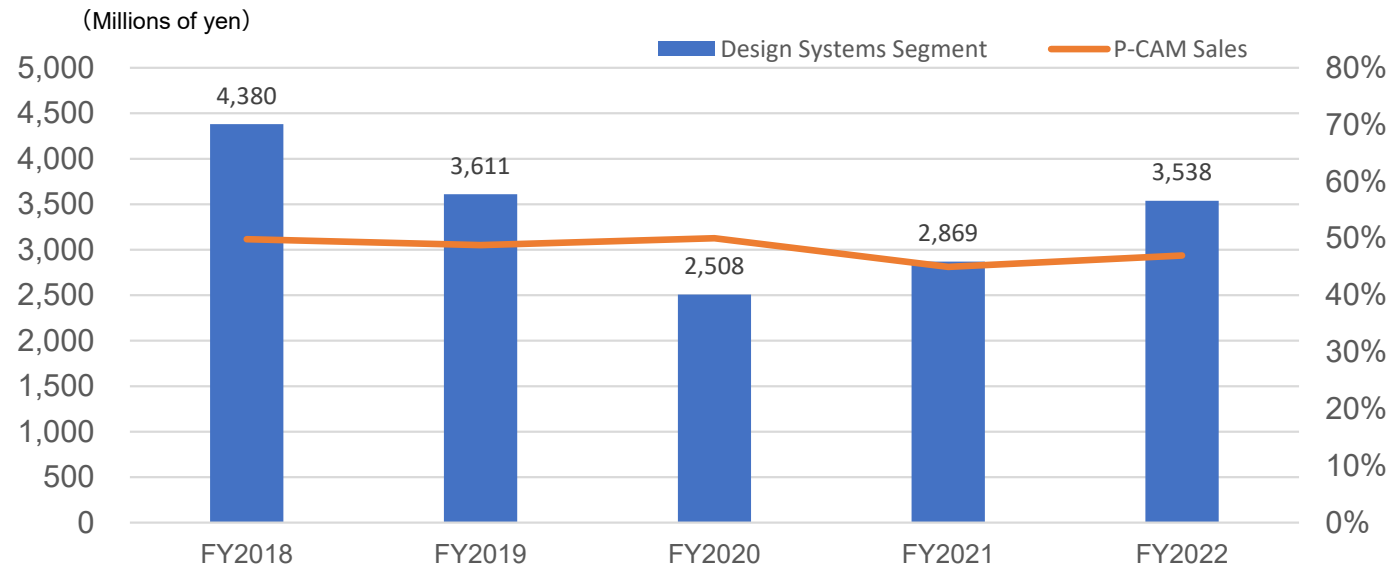


P-CAM Cutting Machines

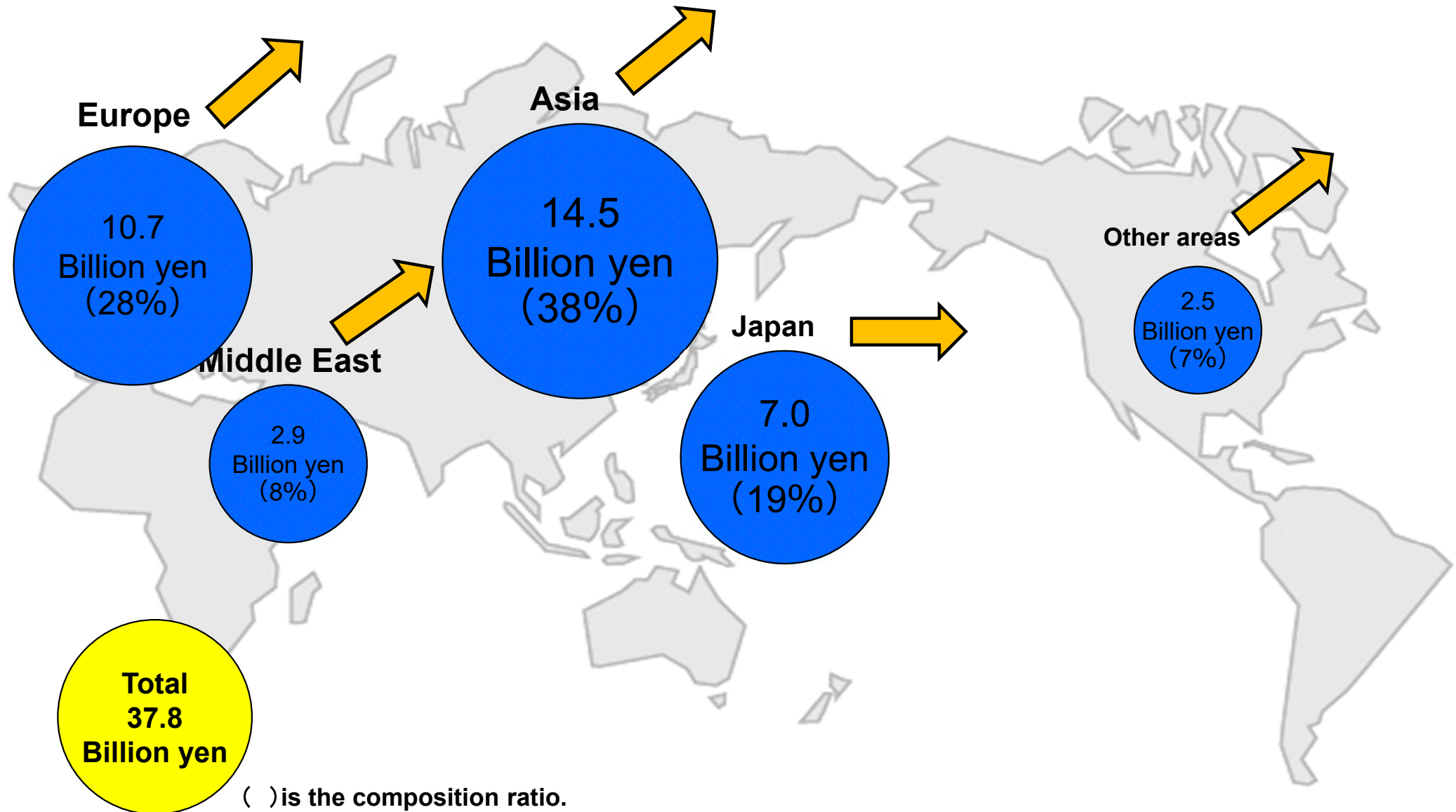
- Providing the automated cutting machine, as well as the spreading, labeling, and pick-up equipment, to save manpower in the processes before and after fabric cutting. Penetration is sought into a variety of industries that include apparel, automobiles, and industrial materials as Shima Cutting Solutions.

Ratio of sales P-CAM charges 47% in Design Systems Segment.

Developments in net sales of Design Systems and ratio



Sales by Region [Consolidated]



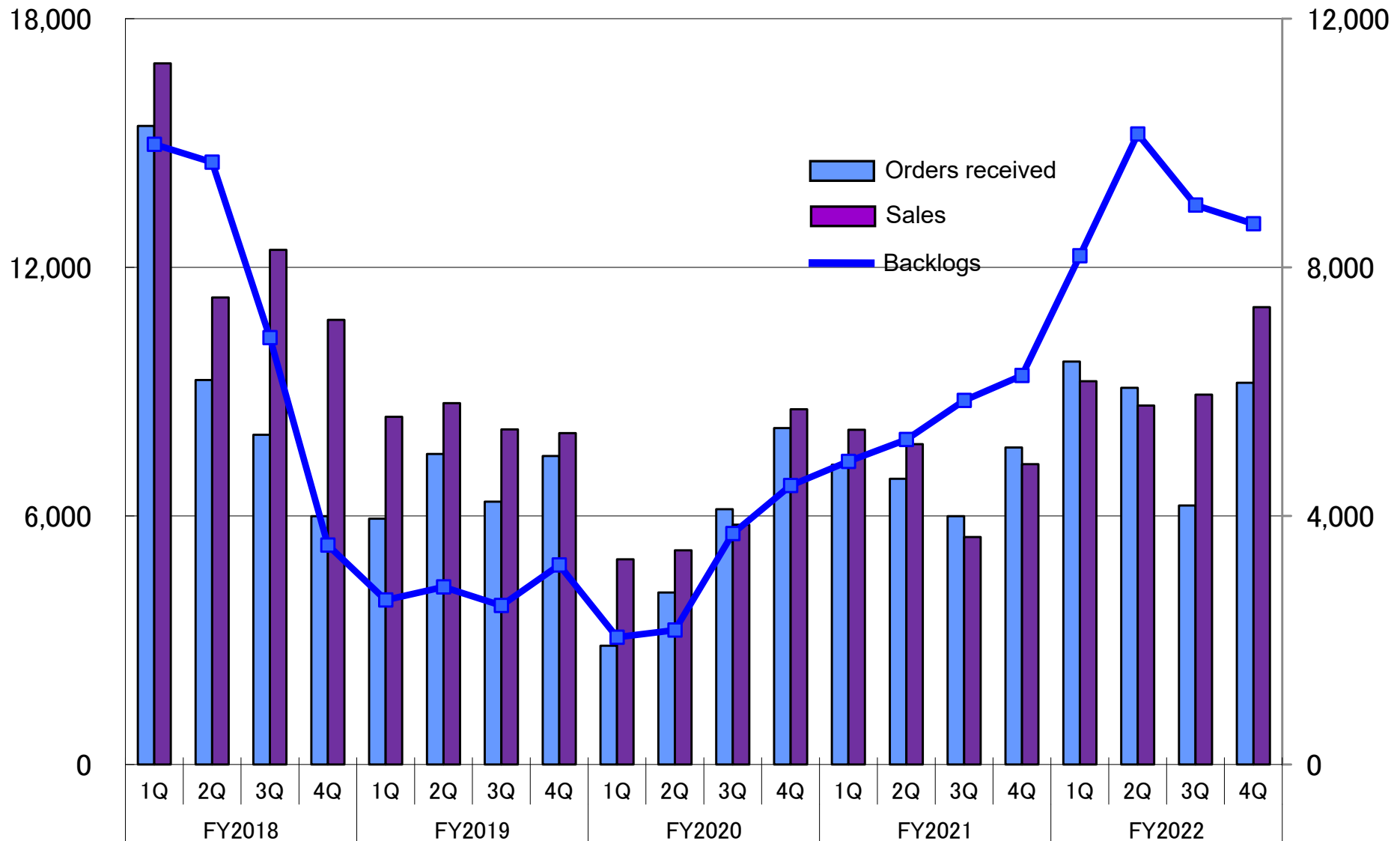
Consolidated Sales by Region

(Millions of yen)	FY2022	FY2021	Comparison with previous year(%)
Japan	7,025	6,928	+1.4%
Europe	10,797	8,772	+23.1%
Asia	14,516	11,379	+27.6%
Middle East	2,982	2,201	+35.5%
Other Areas	2,563	1,715	+49.4%
Total	37,886	30,998	+22.2%

Developments in Quarterly Orders Received, Sales and Backlogs

Orders received/Sales (Millions of yen)

Backlogs (Millions of yen)



Developments in Quarterly Results

(Millions of yen)	FY2010				FY2021				FY2022			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net Sales	4,954	5,171	5,787	8,574	8,081	7,733	6,691	8,491	9,252	8,665	8,929	11,038
Operating income	△1,970	△2,213	△2,371	△2,588	△358	△997	△1,639	△1,273	△712	276	△208	△1,540
Ordinary income	△1,414	△1,721	△1,777	△2,360	△154	△689	△1,473	△1,082	△516	309	△198	△1,294
Net income attributable to owners of the parent	△1,463	△1,745	△1,861	△12,796	△271	△797	△1,567	△952	△686	174	△545	△4,586

(Millions of yen)

Orders received	2,868	4,153	6,160	8,120	7,235	6,897	5,994	7,651	9,726	9,093	6,251	9,216
Backlogs	2,048	2,163	3,716	4,489	4,877	5,229	5,858	6,260	8,186	10,145	9,001	8,700

Balance Sheet [Consolidated]

Cash and deposits :17,530 million yen at the end of the current period (24,339 million yen at the end of the previous period), down 6,808 million yen from the end of the previous period

Trades receivable :43,560 million yen at the end of the current period (39,498 million yen at the end of the previous period), up 4,062 million yen from the end of the previous period

Inventory :20,348 million yen at the end of the current period (15,098 million yen at the end of the previous period), up 5,249 million yen from the end of the previous period

Capital adequacy ratio: 85.2% (87.2% at the end of the previous year)

Net assets per share : 2,493 yen

	FY2022	FY2021	Increase/Decrease
Current assets	77,958	74,536	+3,422
Fixed assets	23,081	27,273	△4,191
(Property, plant and equipment)	14,797	16,250	△1,452
(Intangible fixed assets)	96	2,114	△2,018
(Investments and other assets)	8,187	8,907	△719
Total assets	101,040	101,809	△768
Current liabilities	10,773	8,188	+2,585
Long-term liabilities	4,158	4,825	△666
Total liabilities	14,932	13,013	+1,919
Shareholders' equity	79,908	85,899	△5,989
Accumulated other comprehensive income	6,159	2,862	+3,297
Equity warrants	19	16	+3
Non-controlling interest	19	17	+1
Total net assets	86,107	88,795	△2,687
Total liabilities and net assets	101,040	101,809	△768

(Figures of less than one million are rounded down)

Statements of Cash Flows [Consolidated]

Cash flows from operating activities :

Net cash decrease of 7,178 millions yen due to increase in trade receivables and inventory.

Cash flows from investing activities :

Net cash decrease of 2,133 millions yen due to Expenditure on acquisition of property, plant and equipment.

Cash flows from financing activities :

Net cash decrease of 309 millions yen mainly due to payments of short-term loans and cash dividends.

Cash flows from equivalents at end of year :

Decrease of 8,754 millions yen from the same period the previous year.

Title of accounts	FY2022	FY2021
Cash flows from operating activities	△7,178	6,196
Cash flows from investing activities	△2,133	△1,023
Cash flows from financing activities	△309	△7,759
Effect of exchange rate changes on cash and cash equivalents	866	1,275
Increase (decrease) in cash and cash equivalents	△8,754	△1,311
Cash and cash equivalents at beginning of year	24,271	25,582
Cash and cash equivalents at end of year	15,517	24,271

(Millions of yen)

(Figures of less than one million are rounded down)

Forecast [Consolidated]

	(Millions of yen)		(Millions of yen)
	FY2023 (forecast)	Comparison with the previous year (%)	FY2022
Net sales	43,000	+13.5%	37,886
Operating income	1,000	—	△2,184
Ordinary income	1,700	—	△1,700
Net income Attributable to owners of the parent	1,200	—	△5,644

Forecast of currency rates for March 2023 : 130 JPY/USD, 140 JPY/EUR

Sensitivity of operating income where the exchange rates fluctuate by 1 yen : 41 million yen for the USD, 6 million yen for the EUR

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 business that contribute to management stabilization

(4) Restructuring management infrastructure in response to social change

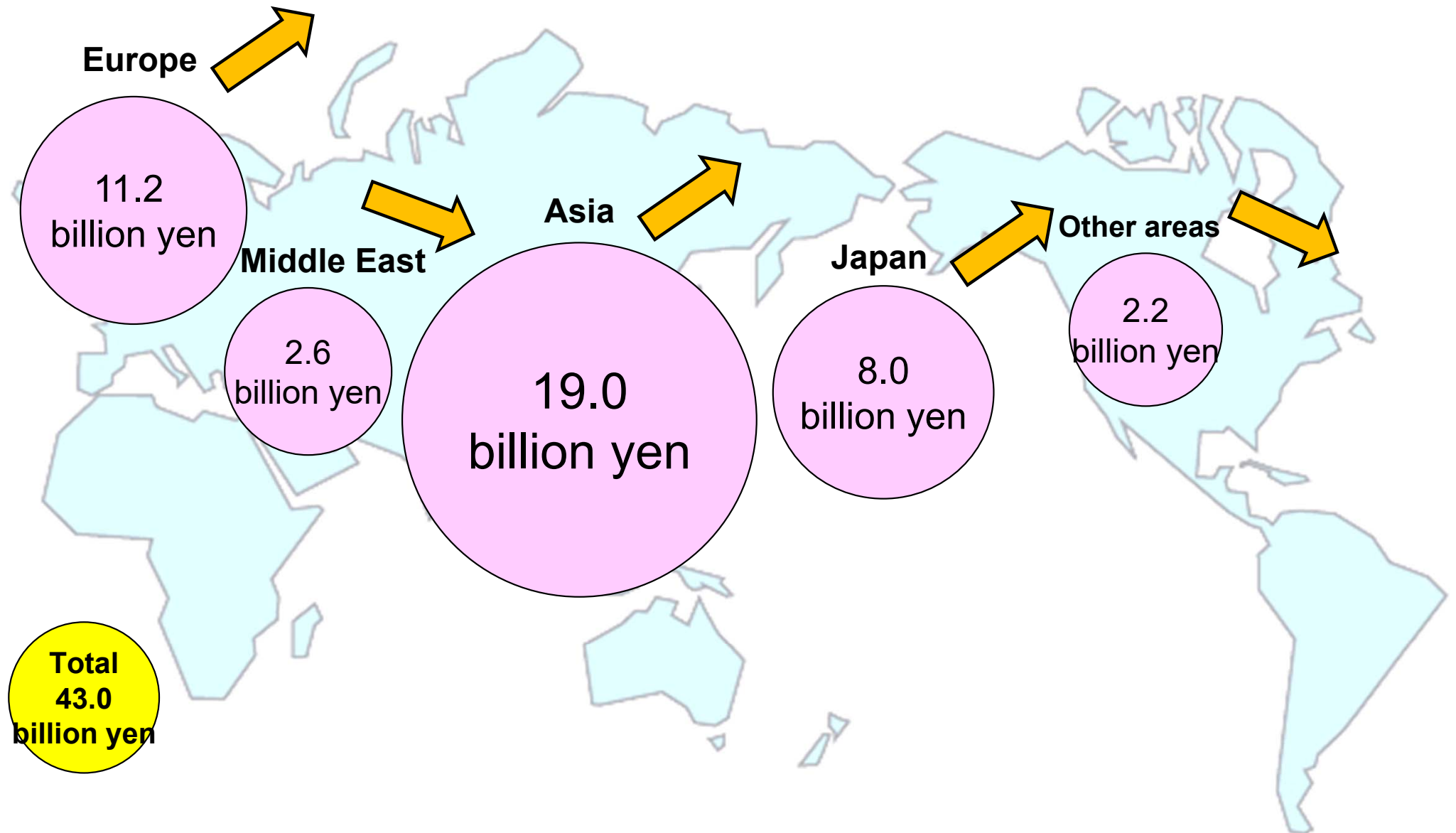
- Management structure that meets the requirements of post COVID-19

Sales and Operating Income Forecast by Segment

	Net Sales		Operating income	
	Full-year forecast	Comparison with previous year (%)	Full-year forecast	Comparison with previous year (%)
Flat knitting	31,850	+16.3%	5,700	+111.6%
Design Systems	3,700	+4.6%	800	+3.5%
Glove & Sock Knitting Machines	950	+4.0%	100	△0.2%
Other	6,500	+7.6%	1,100	+8.4%
Corporate/elimination			△6,700	
Total	43,000	+13.6%	1,000	—

(Millions of yen)

Forecast Sales by Region [Consolidated]



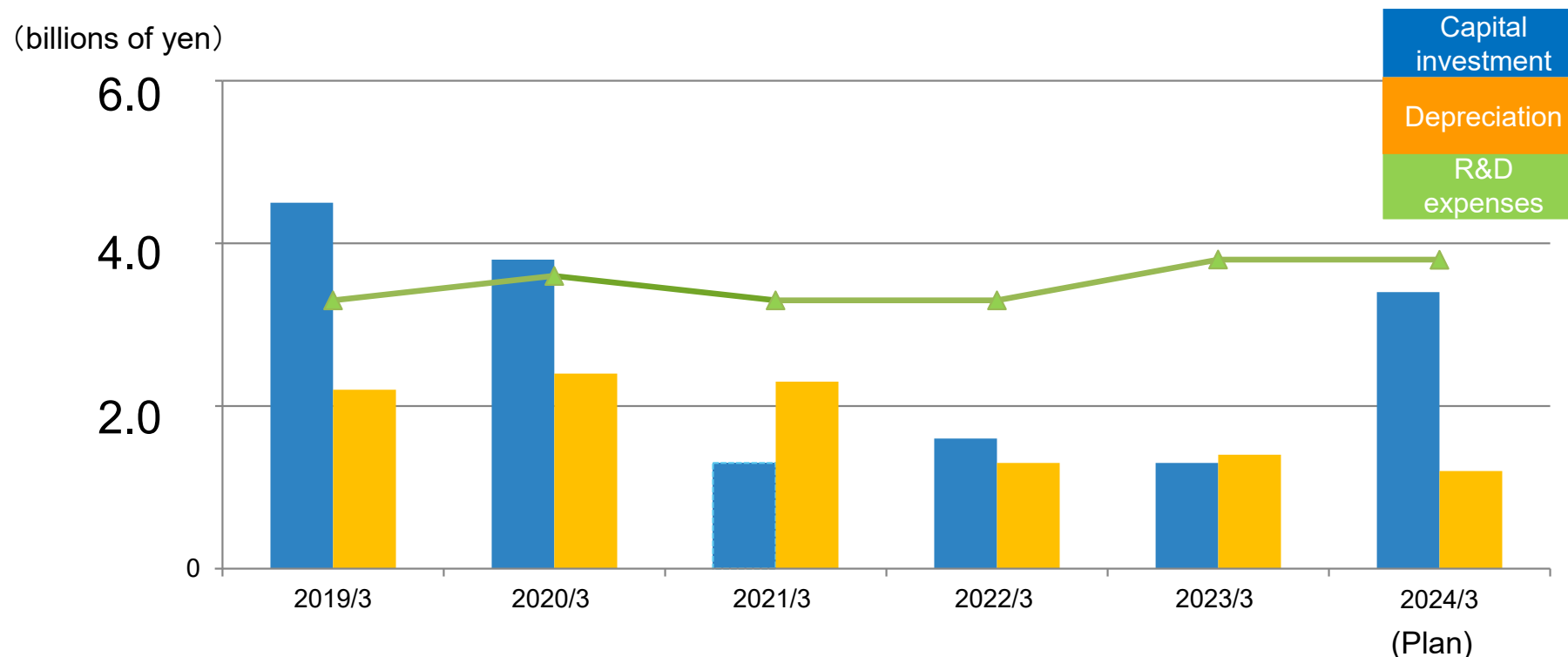
Developments in R&D Expenses and Capital Investment [Consolidated]

Fiscal year ending March 2023 (Actual results)

Capital investment of 1.3 billion yen (including leased assets of 90 million yen), depreciation and amortization of 1.4 billion yen, R&D of 3.8 billion yen

Fiscal year ending March 2024 (Plan)

Capital investment of 3.4 billion yen (including leased assets of 600 million yen), depreciation and amortization of 1.2 billion yen, R&D of 3.8 billion yen

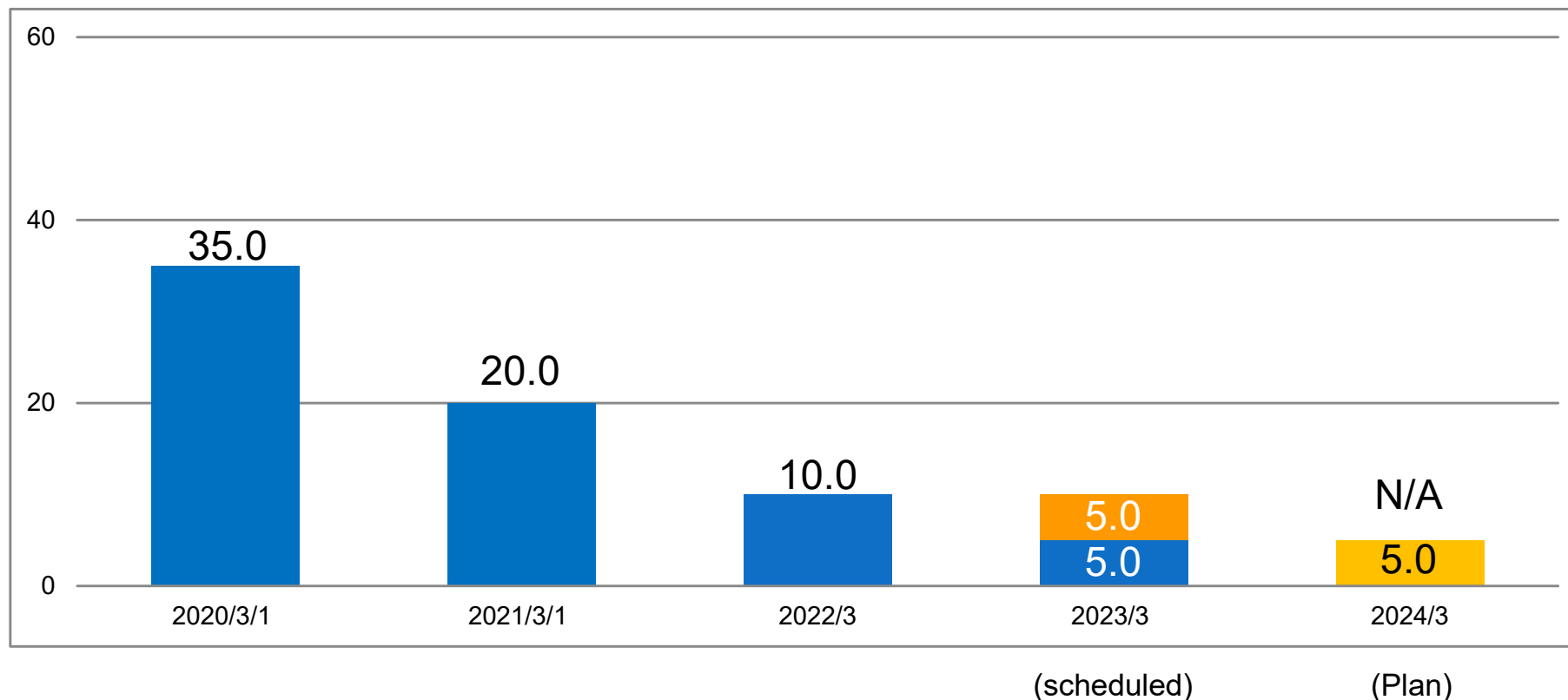


Shareholder Returns

Fiscal year ended March 31, 2023 (scheduled):
Interim dividend of 5.0 yen and year-end dividend of 5.0 yen

Fiscal year ended March 31, 2024 (Plan):
Interim dividend of 5.0 yen, Year-end dividend: Not yet determined

(Yen)



Sales Activities for FY 2023

ITMA 2023 (Milano, Italy)

Held for June 8–14, 2023

One of world's largest textile machine trade shows



08 — 14
JUNE 2023

FIERA MILANO RHO
MILAN . ITALY
www.itma.com

ITMA ASIA + CITME (Shanghai, China)

Scheduled to be held in November 2023 (postponed from 2022)

One of Asia's largest textile machine trade shows

- Scheduled to exhibit cutting-edge flat knitting machines, design system, automated fabric cutting machines, glove and sock knitting machines, and solutions

New product and service information

SWG-XR WHOLEGARMENT flat knitting machine

- Increasing production efficiency by 25% or more from conventional models
- Realizing diversification of design and support for all seasons
- Simplifying the operations of customers to save labor and work
- Penetrating WHOLEGARMENT as a flagship model



P-CAM R automatic fabric cutting machine

Developed the P-CAM R whose cutting function was fundamentally reviewed under the motto “Try to be the world’s best cutting technology”



SPG-R glove knitting machine

Expanded the lineup through development of the next generation model of the SPG-R pile glove knitting machine

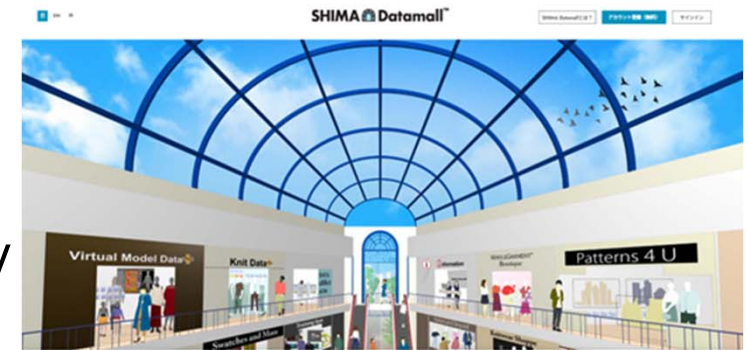
Topics

「SHIMA Datamall」

Opened the online service SHIMA Datamall where it is possible to search, view, and purchase digital data useful in planning, producing, and selling fashionable goods.

Promoting the digital transformation of apparel industry through the combination of a wide variety of products and services of the company, including yarnbank.

SHIMA  Datamall™



「BLUEKNIT store」

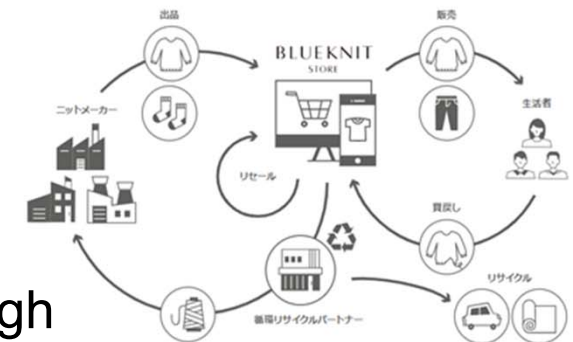
Opened the BLUEKNIT store, the online shopping site where domestic knit products are available.

Developing the site as a platform providing knit products with zero disposal by buying back products with the BLUEKNIT tag.

Assisting the D2C business of domestic manufacturers through these efforts and concurrently seeking to increase the percentage of domestic production of textile products.

 BLUEKNIT

BLUEKNITのサーキュラーエコノミー



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.