

# **Consolidated Results for First Half of FY 2024**

SHIMA SEIKI MFG., LTD.

November 2024

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# **I . Summary of Operating Results for Second Quarter of FY 2024**

# Summary of Operating Results for Second Quarter of FY 2024

**SHIMA SEIKI**

(Terms: Million yen)		FY 2024 2Q	FY 2023 2Q	FY 2023
Net Sales		14,771	19,169	35,910
Operating Income		(1,938)	367	430
Ordinary Income		(2,035)	564	1,018
Net income Attributable to owners of the parent		(2,124)	368	1,030

Exchange rate (JPY)		FY 2024 2Q	FY 2024 2Q	
USD/JPY		142.73	149.58	Exchange rate at the end of the period (Upper level)
		152.75	138.24	Average exchange rate used for translation of sales (Lower level)
EUR/JPY		159.43	158.00	
		166.07	151.91	

## Operational Review

### 【 Flat knitting machines 】

#### • Asia

In the Chinese market, capital investment for domestic demand was weak because of the delayed economic recovery. The main models, including NSVR®, for Southeast Asia were primarily purchased by major Hong-Kong customers, but net sales decreased for the entire flat knitting machines.

In Bangladesh, sales volume decreased from the previous period because the massive antigovernment demonstrations after the middle of July caused the closing of production plants and subsequent stagnancy in the supply chain; consequently, the timing of capital investments by customers was undecided.

#### • European and Middle Eastern markets

In the Italian market, sales volume decreased for both WHOLEGARMENT® flat knitting machines and molding machines because the appetite for capital investments was weaker for the entire market, including well-known apparel brands, because of the economic slowdown and the mild winter last year.

In the Turkish market, net sales decreased from the previous period because of decreased demand for domestic apparel brands, the economic slowdown in the EU market, and weak orders for fast-fashion apparel.

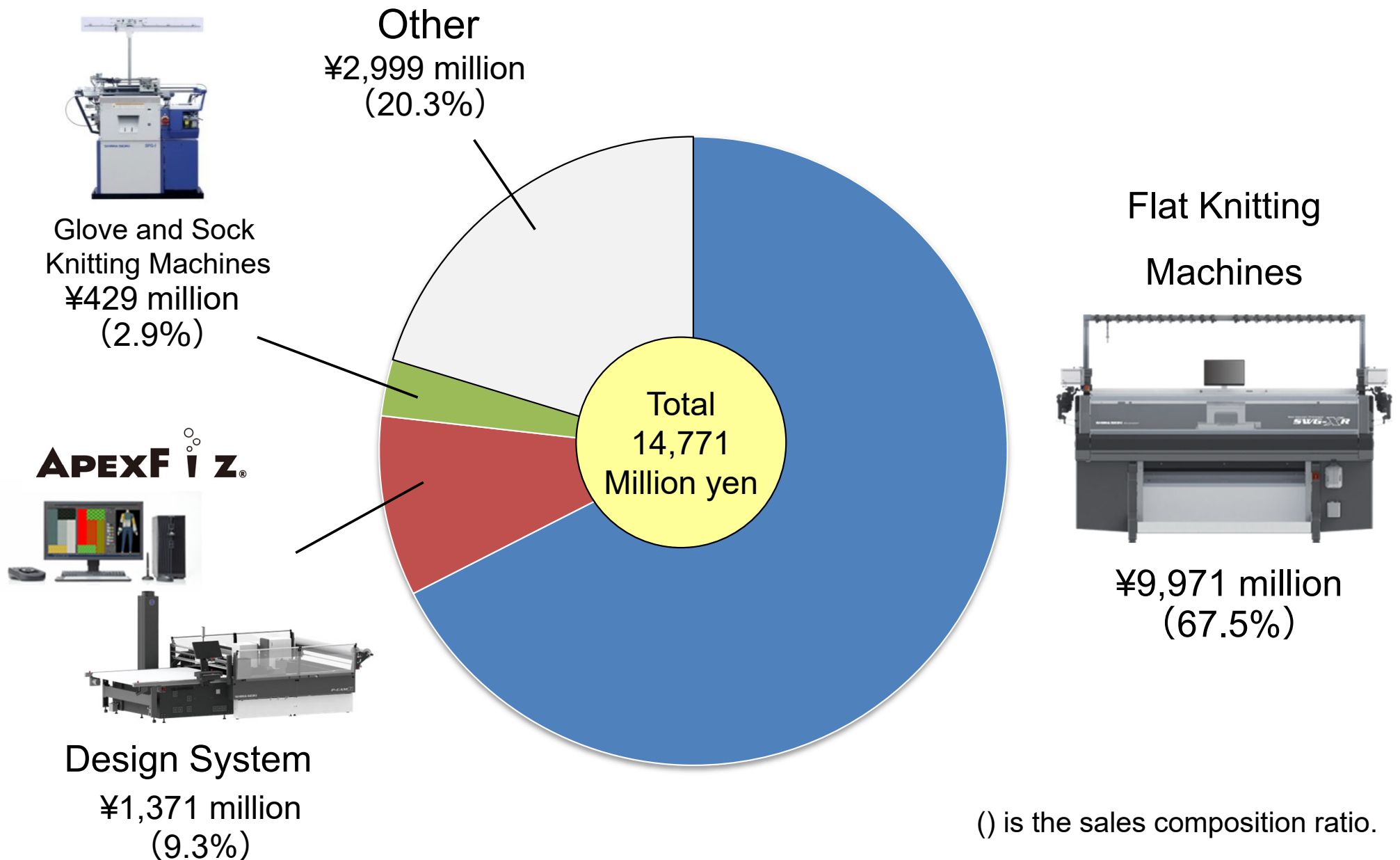
### 【 Design systems 】

- For APEXFiz®, the subscription service for the SDS®-ONE APEX software, both new and renewed license contracts increased mainly with Western and Japanese major apparel brands.
- Sales volume decreased for the P-CAM® computerized cutting machine.

### 【Globe knitting machines】

- Net sales increased within the segment because of an increase in capital investments by major overseas users.

# Sales Composition by Segment [Consolidated](FY 2024 2Q) **SHIMA SEIKI**



# Sales and Operating Income Composition by Segment (FY 2024 2Q)

**SHIMA SEIKI**

(Terms: million yen)	Net Sales	Comparison with previous year (%)	Operating income	Comparison with previous year (%)
Flat Knitting Machine	9,971	(29.6)	507	(77.5)
Design System	1,371	(19.9)	323	(18.7)
Glove and Sock Knitting Machines	429	+430.9	35	—
Other	2,999	(6.8)	409	(50.2)
Corporate elimination			(3,214)	
Total	14,771	(22.9)	(1,938)	—

# Flat Knitting Machines Segment

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## WHOLEGARMENT® Flat Knitting Machine

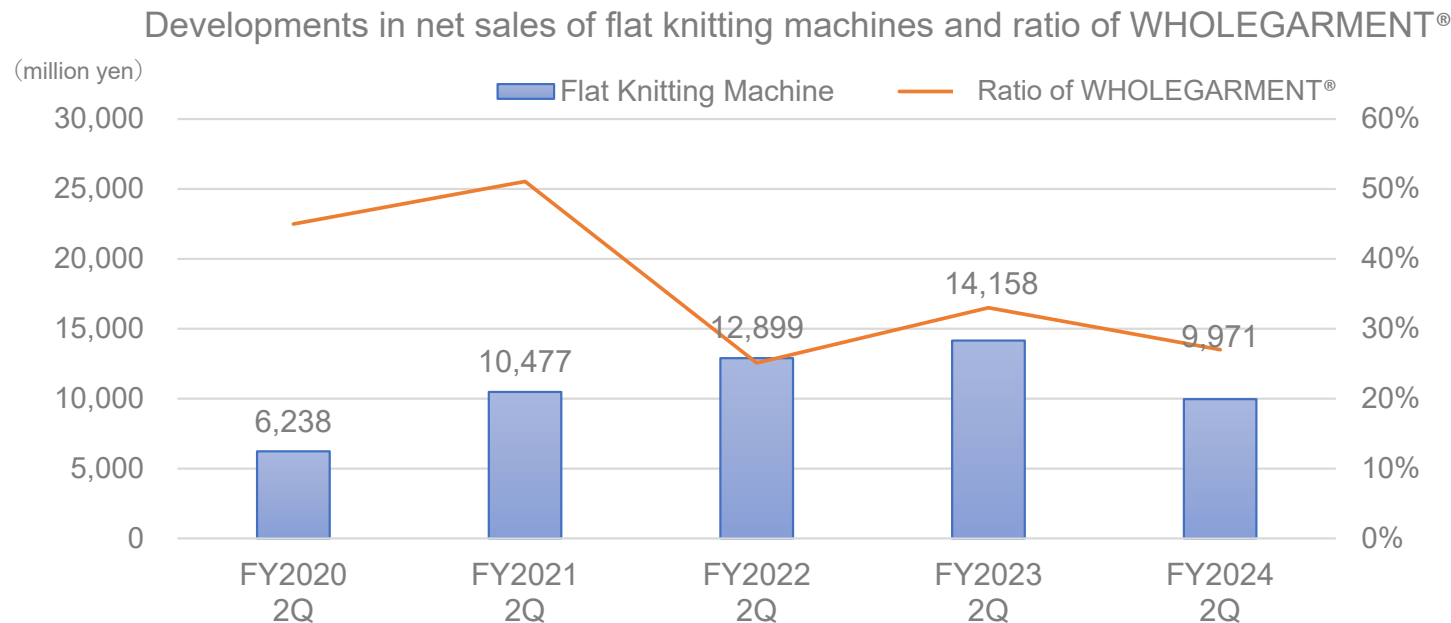
- SWG®-XR and MACH2®XS sterically knitting the whole wear
- Realizing environment-friendly manufacturing
- SWG®-N2 covering small-type merchandise such as manufacturing of small fashion goods and masks



## Computerized Flat Knitting Machine

- Making wear by knitting the fabric for each part, sewing and linking
- SRY®, N.SIR®, N.SVR®SP and N.SVR® adding value to knitting fabric
- N.SSR® used to manufacture the volume zone for Asia

The ratio of WHOLEGARMENT® net sales stood at around 27% (33% in the same period last year)





# Design systems Segment

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## 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®」



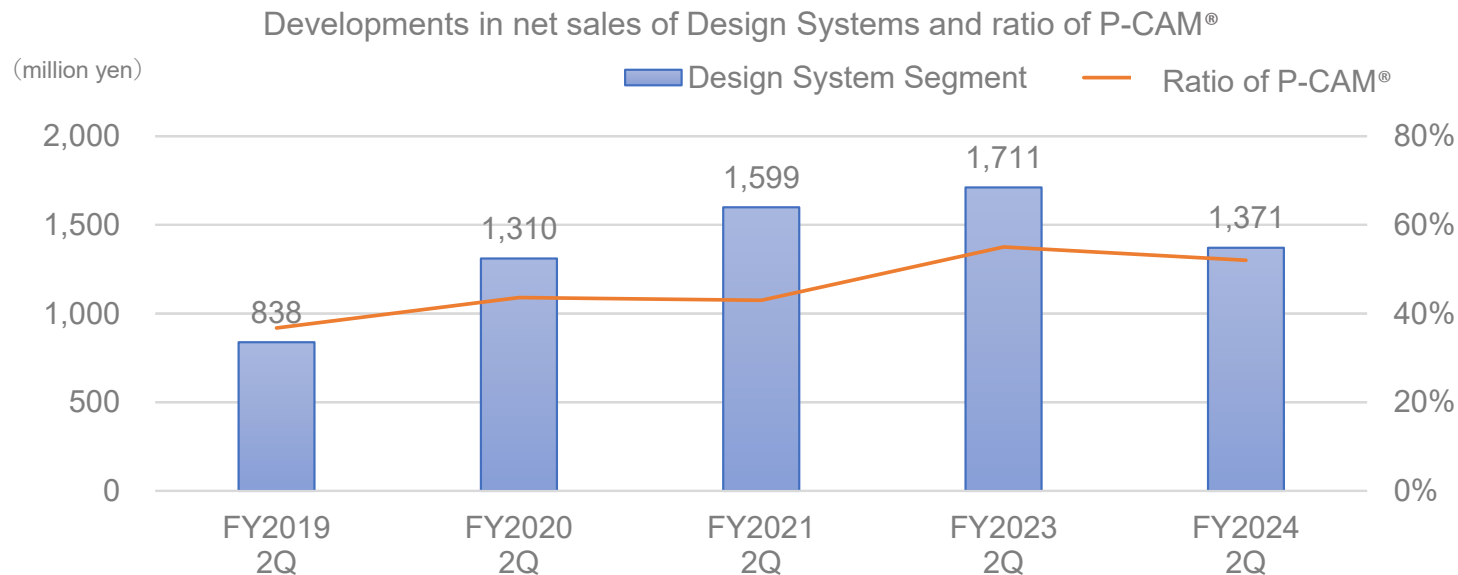
- Subscription software of Design System
- The software can be downloaded to PCs and makes it possible to create designs anytime and anywhere.

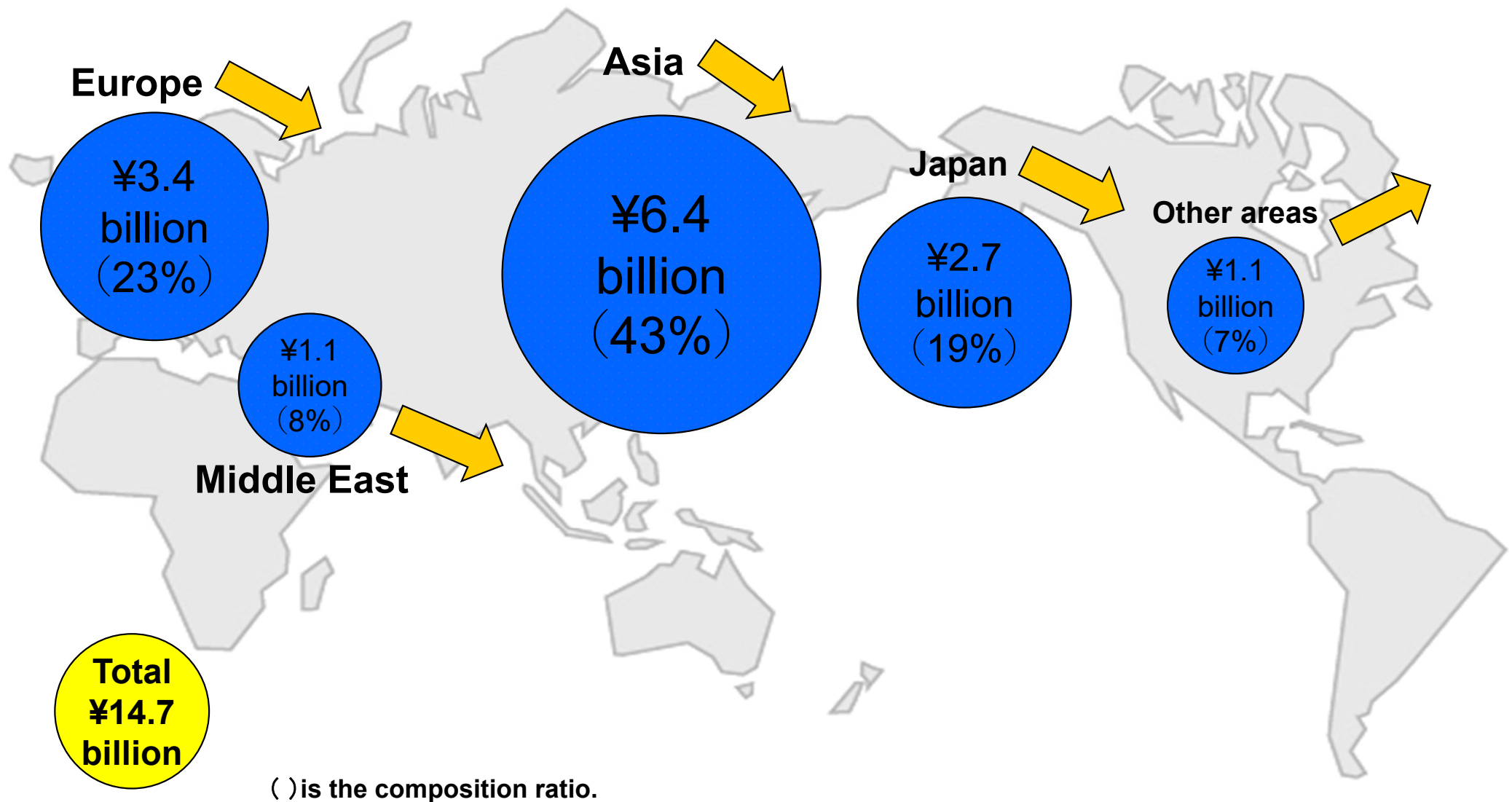


## P-CAM® Cutting Machines

- 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.

The ratio of P-CAM® to net sales increased to approximately 52%.  
(55% in the same period last year)





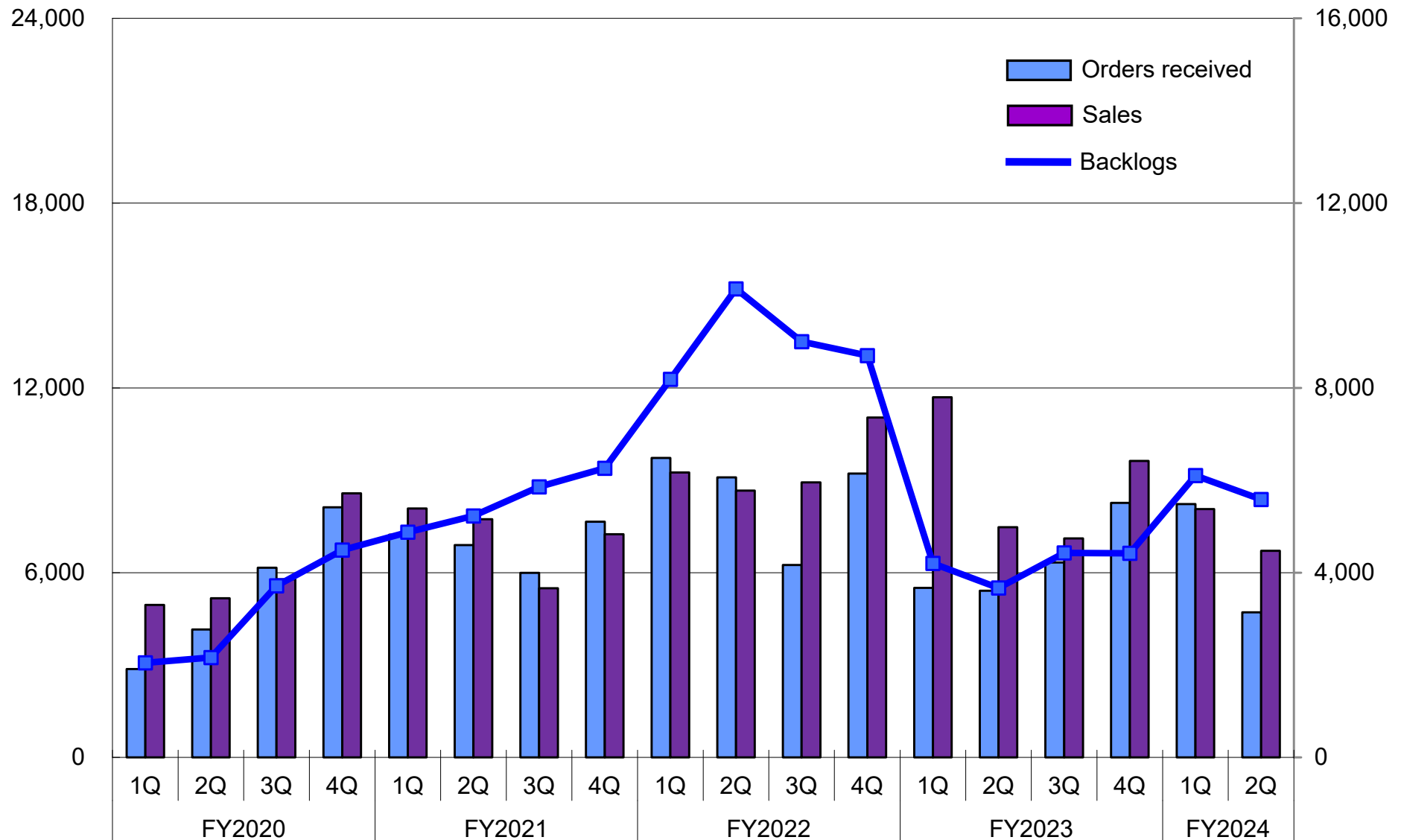
(million yen)	FY 2024 2Q	FY 2023 2Q	Comparison with previous year (%)
Japan	2,778	3,600	-22.8
Europe	3,387	4,039	-16.1
Asia	6,379	9,065	-29.6
Middle East	1,141	1,604	-28.8
Other Areas (Overseas)	1,084	860	+26.0
Total	14,771	19,169	-22.9

# Developments in Quarterly Orders Received, Sales and Backlogs 〔Consolidated〕

**SHIMA SEIKI**

(Orders received/Sales) million yen

(Backlogs) million yen



# Developments in Quarterly Results〔Consolidated〕

**SHIMA SEIKI**

(million yen)	FY2022				FY2023				FY2024	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Net Sales</b>	9,252	8,665	8,929	11,038	11,695	7,474	7,112	9,628	8,061	6,710
<b>Operating income</b>	(712)	276	(208)	(1,540)	695	(327)	391	(328)	(493)	(1,444)
<b>Ordinary income</b>	(516)	309	(198)	(1,294)	918	(353)	633	(180)	(343)	(1,692)
<b>Net income attributable to owners of the parent</b>	(686)	174	(545)	(4,586)	740	(372)	616	44	(380)	(1,744)
<b>Orders received</b>	9,726	9,093	6,251	9,216	5,507	5,413	6,333	8,263	8,224	4,712
<b>Backlogs</b>	8,186	10,145	9,001	8,700	4,201	3,669	4,428	4,419	6,102	5,584

# Balance Sheet [Consolidated] (FY 2024 2Q)

**SHIMA SEIKI**

Cash and deposits	14,522 million yen in the first half of the fiscal year ending March 31, 2025 (14,822 million yen at the end of the previous period), down 299 million yen from the end of the previous period
Trade accounts receivable	40,746 million yen in the first half of the fiscal year ending March 31, 2025 (45,502 million yen at the end of the previous period), down 4,756 million yen from the end of the previous period
Inventories	27,867 million yen in the first half of the fiscal year ending March 31, 2025 (26,297 million yen at the end of the previous period), increase 1,570 million yen from the end of the previous period
Equity Ratio	83.7% (85.2% End of fiscal year ended March 31, 2024)

(million yen)	FY 2024 2Q	FY 2023	Increase / decrease
<b>Current assets</b>	80,671	84,019	(3,347)
<b>Fixed assets</b>	24,109	23,785	324
(Property, plant, and equipment)	15,561	15,066	495
(Intangible fixed assets)	160	152	7
(Investments and other assets)	8,387	8,566	(178)
<b>Total assets</b>	<b>104,781</b>	<b>107,804</b>	<b>(3,023)</b>
Current liabilities	13,148	11,836	1,311
Long-term liabilities	3,871	4,040	(169)
<b>Total liabilities</b>	<b>17,019</b>	<b>15,877</b>	<b>1,142</b>
Shareholder's equity	78,307	80,599	(2,292)
Accumulated other comprehensive income	9,417	11,290	(1,872)
Equity warrants	13	16	(3)
Non-controlling interest	24	21	2
<b>Total net assets</b>	<b>87,761</b>	<b>91,926</b>	<b>(4,165)</b>
<b>Total liabilities and net assets</b>	<b>104,781</b>	<b>107,804</b>	<b>(3,023)</b>

(Figures of less than one million are rounded down)

# Statements of Cash Flows [Consolidated]

**SHIMA SEIKI**

Cash flows from operating activities	Decrease of 1,651 million yen mainly due to an increase in inventories.
Cash flows from investing activities	Decrease of 747 million yen mainly due to the acquisition of property, plants, and equipment.
Cash flows from financing activities	Increase of 3,025 million yen mainly due to an increase in borrowings.
Cash and cash equivalents at end of year	Increase of 93 million yen from the end of the previous year.

Title of accounts (Terms: million yen)	FY 2024 2Q	FY 2023 2Q
<b>Cash flows from operating activities</b>	(1,651)	(3,287)
<b>Cash flows from investing activities</b>	(747)	(583)
<b>Cash flows from financing activities</b>	3,025	(1,013)
Effect of exchange rate changes on cash and cash equivalents	(532)	1,049
Increase (decrease) in cash and cash equivalents	93	(3,835)
Cash and cash equivalents at beginning of year	12,809	15,517
<b>Cash and cash equivalents at end of year</b>	<b>12,903</b>	<b>11,681</b>

(Figures of less than one million are rounded down)

## **II. Forecast [Consolidated]**



# Forecast〔Consolidated〕

**SHIMA SEIKI**

The full-year consolidated earnings forecast for FY 2024 is unchanged from the previous forecast (which was announced on May 10, 2024) because the outlook remains deeply uncertain because of the unstable political situation in Bangladesh as well as global economic slowdown and mild winter, and it is difficult to rationally calculate the impact on business results.

The updated earnings forecast will be announced immediately at the time when it can be rationally calculated.

			(million yen)
	FY 2024	Comparison with the previous year (%)	FY 2023
Net Sales	44,000	+22.5%	35,910
Operating income	1,500	+ 248.6%	430
Ordinary Income	2,200	+ 116.1%	1,018
Net income Attributable to owners of the parent	1,700	+ 65.0%	1,030

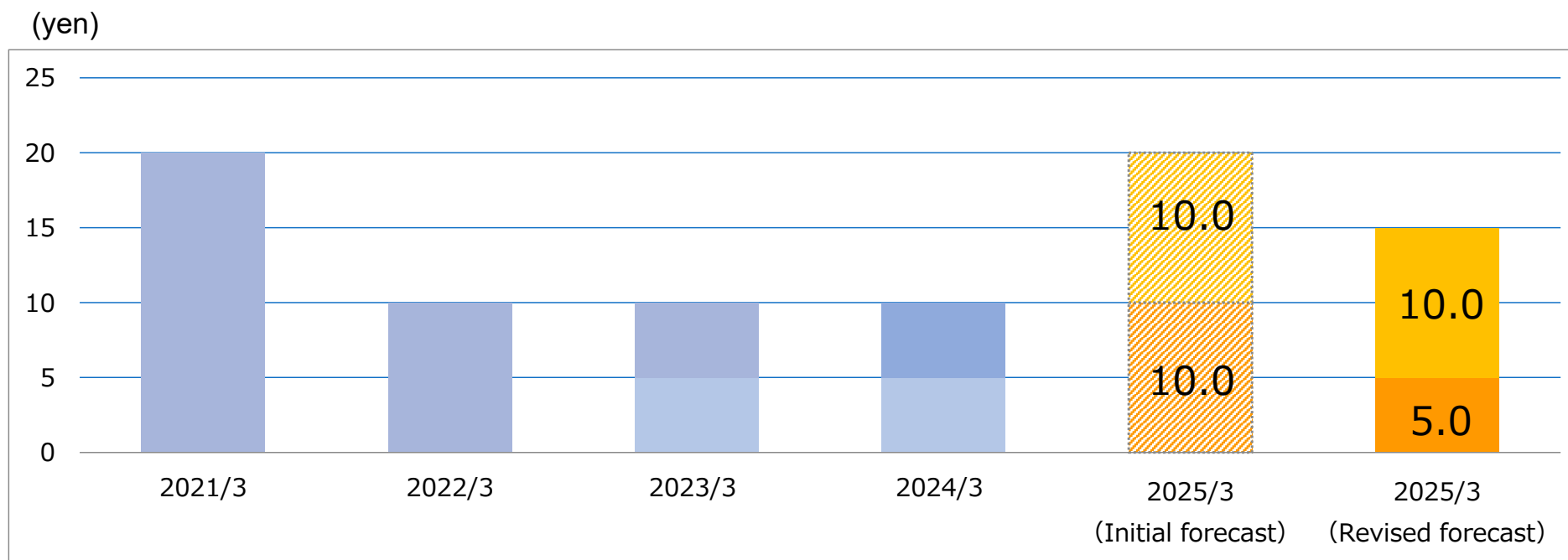
Forecast of currency rates for March 2025: 140 JPY/USD, 150 JPY/EUR

## **III. Shareholder Returns**

Fiscal year ending March 31, 2025 (Plan) :  
Interim dividend of 5.0 yen and year-end dividend of 10.0 yen.

## 【Revisions to the forecast】

As for the dividend forecast, the Company, unfortunately, has revised the interim dividend to 5 yen per share in light of the business results for the second quarter. There is no revision to the year-end dividend forecast because the full-year earnings forecast is now unchanged.



## **FEBRATEX 2024**

(Santa Catarina, Brazil, for August 20-23, 2024)

One of the largest textile machinery exhibitions in South America. The Company exhibited eight WHOLEGARMENT® flat knitting machines and molding machines in total. The computerized collar knitting machines, which were introduced at the exhibition for the first time, attracted extreme attention because collar knitting machines (flat knitting machines) are often used to knit the collars, cuffs, and hems of the polo shirts that are actively manufactured in the venue of Brazil.



## **Preview In Seoul 2024**

(Soul, South Korea, for August 21-23, 2024)

The largest comprehensive textile exhibition in South Korea. The Company exhibited real machines and product samples of multi-use flat knitting machines and compact WHOLEGARMENT® flat knitting machines to approach the small-sized knitted accessory area in South Korea where demand has remained strong. The Company also promoted support for the digital exchange of supply chain through the SDS®-ONE APEX series design system and gained inquiries from major apparel companies.



## **Intertextile Shanghai**

(Shanghai, China for August 27–29, 2024)

One of the largest international fabric trade shows in Asia. In the Digital Solution Zone, which was newly set up this time, the company exhibited the APEXFiz® subscription design software and made an appeal for the realization of sustainability through high-definition virtual samples and support for digital exchange.



## **SAMPE Japan Advanced Materials Technology Exhibition**

(Tokyo, Japan for September 18–20, 2024)

It is one of the largest composite sector exhibition in Japan. The Company exhibited real multi-ply automated cutting machines and performed a demonstration of cutting synthetic fabrics and glass clothes. The Company also exhibited many knit samples of industrial materials, in addition to product samples made by computerized cutting machines, to show the ability to make a wide range of proposals unique to the Company covering both cutting machines and flat knitting machines.



The logo for SHIMA SEIKI, featuring the company name in a bold, blue, sans-serif font. The letters are closely spaced, and the overall design is clean and professional.

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.