

SHIMA SEIKI MFG., LTD.

Integrated Report

2025

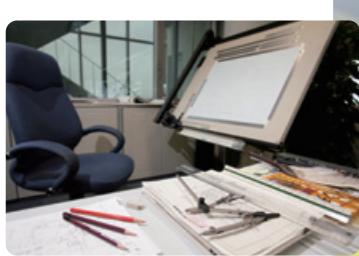
SHIMA SEIKI
<https://www.shimaseiki.com/>



SHIMA SEIKI



Well-being for tomorrow
through the power of creativity



Since our founding, **SHIMA SEIKI** has committed to **the advancement of fashion through technological innovation**. Our will to **create** is at our core, and it is what makes us who we are. Our dedication to **“make tomorrow better than today”** constantly drives us to advance our products and services. Our reason for being is to create **well-being** through such advancements.

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• Editorial Policy

This Integrated Report was created to provide our shareholders, investors, and various other stakeholders with an easy-to-understand description of our future vision and specific initiatives regarding our medium- to long-term business strategy and solutions to sustainability issues. While referring to the IFRS Foundation's International Integrated Reporting Framework, each section of the report was put together based on the concept of emphasizing the "power of creativity," which is our origin.

In this 2025 edition, we have paid particular attention to providing comprehensive descriptions of our strong commitment to corporate reform, the priority measures in our Medium-Term Management Plan, and new value creation stories.

We hope that this Integrated Report will serve to further understanding of our vision and policies among our stakeholders.

Reporting Period While the report primarily covers FY2024 (April 1, 2024 to March 31, 2025), it also includes information from before and after this period.

• Communication Tools

Financial Information

Non-Financial Information

▶ Integrated Report

This Integrated Report provides comprehensive information disclosure to our stakeholders by publishing financial information, such as our business performance, and our ESG (Environmental, Social, and Governance) initiatives to equip them with an understanding of our medium- to long-term growth and the value creation process necessary to achieve it.



▶ Shareholder Newsletters

We provide our shareholders with semi-annual business reports, our latest news, recent initiatives, etc. (Only in Japanese)



▶ Annual Securities Report / Semi-Annual Securities Report

These reports contain business overviews and financial statements, etc.

▶ Various Social Media

Product Information, Technology Information, etc.

▶ Results Briefing Materials

Presentation slides that outline quarterly financial information (simplified versions for 1st and 3rd quarters). Performance information is expressed using diagrams and photographs.



These communication tools are found on the Investor Relations page of our website under HOME > IR Library.
<https://www.shimaseiki.com/ire/library/>

Notes on Forward-Looking Statements

Performance forecasts and other forward-looking statements contained in this report are based on information available at the time of preparation and certain assumptions deemed reasonable, but are subject to uncertainties. Therefore, please be aware that actual performance, business development, or financial conditions may differ significantly from the forecasts due to various factors, including future economic trends, market demand, and economic, social and political conditions.

History of Shima Seiki

— Challenge to World Firsts —

"If it doesn't exist, we create it ourselves"

Since its foundation, Shima Seiki has created numerous world-first products and services.

To this day, we have continued to grow by responding to changes in the social environment and the needs of the times.

From 1960

1962 Foundation

Founded SHIMA SEIKI MFG. in Toba, Wakayama City



Founder Masahiro Shima

1964 Development of the Fully Automated Glove Knitting Machine

On December 25, the Company came close to bankruptcy due to an inability to settle a promissory note. However, after receiving a loan from a business owner in Osaka, Masahiro Shima roused himself to continue development tirelessly for a week without sleep. By New Year's Eve, he successfully completed the world's first fully automated glove knitting machine, marking Shima Seiki's first step toward becoming a manufacturer of fully automated glove knitting machines.



1968

Constructed a new plant in Sakata, Wakayama City, current location, and relocated the headquarters

1971

Debut in the international exhibition ITMA hosted in Paris
Started full-fledged exporting in response to international recognition

1974 Turning Point

Although financial institutions proposed downsizing due to the impact of oil crisis, instead of reducing personnel, Shima Seiki introduced the latest NC machine tools with an eye toward the coming era. This helped to improve processing precision, and in conjunction with the employment of electronics engineers, this ultimately led to the development of what later became the "computer-controlled flat knitting machine."

From 1980

1983 The Start of Internationalization

At the ITMA Milan exhibition, Shima Seiki proposed the "Apparel Multi-Design System," which incorporated every process from planning to sales, and was endorsed as the world's leading manufacturer of flat knitting machines. As Shima Seiki developed computer graphics into its third pillar of business following glove knitting machines and flat knitting machines, it marked its first year of internationalization with the establishment of overseas bases.



1985

Founded the first overseas subsidiary, SHIMA SEIKI EUROPE LTD. (U.K.)

1986

Founded SHIMA SEIKI U.S.A. INC. (U.S.)

From 1990

1990

Listed on the second section of the Osaka Stock Exchange
Completed construction of the current headquarters building



1992

Listed on the first section of the Osaka Stock Exchange

1995

Birth of the WHOLEGARMENT® Flat Knitting Machine

As production bases in the apparel industry were relocated overseas due to the high value of the yen, the knitting industry faced a crisis with the hollowing out of production and an increase in imports. To confront these challenges, Shima Seiki developed the "completely seam-free-type computerized flat knitting machine (WHOLEGARMENT® flat knitting machine)," which was ideally suited to production in areas of consumption. The innovative solution to "eliminate sewing process" brought major change to the industry.



1996

Listed on the first section of the Tokyo Stock Exchange

1998

Completion of the EMC Center

From 2000

2000 New Challenges

In response to the diversification of consumer needs and demand for new manufacturing methods, Shima Seiki developed a new design system called "SDS®-ONE" under the concept of "All in One." By utilizing high-definition virtual samples, the system reduces the time and cost required to create samples, enabling more efficient production.



2002

Obtained the ISO 9001 certification related to designing and manufacturing the apparel design system
Introduced solar power generation system

2006

Received the Minister of Economy, Trade and Industry Award for achievements in intellectual property management
Established local subsidiaries in Hong Kong and Italy

2007

Awarded the Okochi Memorial Foundation's 53rd Production Special Prize

2008

Reached 100,000-unit sales milestone for computerized flat knitting machines
Opened museum

Multifunctional design systems

Based on the concept of "All in One," Shima Seiki added multi-window functions to successfully bring together various functions including knit CAD and CG. SDS®-ONE drastically reduced the time required for design patterns and enabled high-definition virtual samples and became a core part of the Total Knitting System®.



Innovative design system, "SDS®-ONE"

2000

From 2010

2011 Expansion into Different Sectors

"P-CAM®" computerized cutting machines, which were traditionally developed for the apparel and fashion industries, were also rolled out to the field of industrial materials, marking Shima Seiki's entry into different sectors. The P-CAM® received high praise at composite materials exhibitions and aerospace exhibitions. This also paved the way for expansion of customer base and the expansion of flat knitting machines into different industries.

2012

Celebrated 50th anniversary of our founding

2015

The headquarters obtained ISO 14001 certification

2016

Received the Prime Minister's Award for contributions to greening efforts
Established local subsidiaries in Hong Kong and Italy

2017

Opened "Shima Kids' Land" as an in-house nursery school

2007

Awarded the Okochi Memorial Foundation's 53rd Production Special Prize

2008

Reached 100,000-unit sales milestone for computerized flat knitting machines

Opened museum

A new technology to enable high-quality knitting

MACH2®XS significantly increased the range of design and pattern possibilities. In addition, the use of spring-type movable sinkers allowed the loops to be held in an ideal state without being subjected to excessive force, enabling a high-quality texture even in complex three-dimensional designs.



The world's first WHOLEGARMENT® flat knitting machine with four beds equipped with movable sinkers, "MACH2®XS"

2015

From 2020

2022 Pioneering the Future

Celebrated 60th anniversary of our founding
Announced the new R series, which signifies "Revolution" and "Reborn"

Transitioned to the Tokyo Stock Exchange Prime Market

2023

As our business environment continued to undergo major changes in line with growing environmental awareness, we were committed to developing and providing products, services and solutions that support our customers' "sustainable manufacturing" efforts, aiming for further development.

2024

Clarified our philosophy and established our purpose, "Well-being for tomorrow through the power of creativity."

Shima Seiki's new digital platform

Utilizing our core technologies accumulated in the knit and other textile fields, we provide integrated support throughout the supply chain from planning to production and sales.



The world's first yarn search service, "yarnbank" 2019



Online service, "SHIMA Datamall" 2022

Introduction
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The world's first fully automated glove knitting machine was born

The world's first fully automated glove knitting machine that enabled the knitting of the fingers, palm, and wrist—areas that previously needed to be joined by hand—in one single piece. This technology has also led to the WHOLEGARMENT® flat knitting machines and paved the way for Shima Seiki's technological innovation.



Fully automated glove knitting machine (Square fingertip type)
1964

First step into computer graphics

Shima Seiki's first computer graphics technology utilized high-performance graphics boards that were formerly owned by the National Aeronautics and Space Administration (NASA). Although initially developed for pattern design for flat knitting machines, its outstanding CG performance garnered major attention from a wide range of industries including television.



Shimatronic® design system "SDS®-1000"
1981

Innovating the sewing industry with our development technology

P-CAM® was developed for the sewing industry where labor shortages and aging workforces were becoming a serious problem. Its concept was to save space, ensure high performance, and reduce running costs. Shima Seiki became the first CAD/CAM manufacturer in Japan developing both hardware and software in-house.



Computerized multi-ply fabric cutting machine "P-CAM®"
1991

Development of the first completely seam-free flat knitting machine

The world's first WHOLEGARMENT® flat knitting machine that could produce a single seam-free knitted garment from yarn in just 30 minutes. The innovative solution of eliminating sewing had a historic impact on the industry and was highly regarded internationally as "Oriental Magic."



The world's first completely seam-free-type computerized flat knitting machine, "SWG®"
1995

Business Domains

Shima Seiki operates four business segments: "Flat Knitting Machine," "Design System," "Glove and Sock Knitting Machine," and "Other Business." We combine hardware and software to provide solutions tailored to our customers' needs.

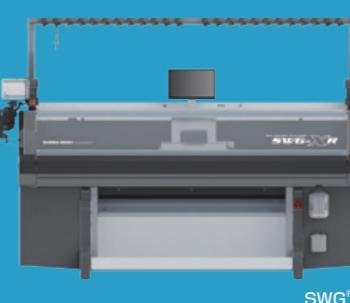
Flat Knitting Machine Segment

71.4%
(¥23,229 million)

FY2024 Performance

Net Sales	¥23,229 million	Down 10.3% year on year
Operating Income	¥(5,019) million	-% year on year

Shima Seiki's core business is the manufacture and sale of computerized flat knitting machines that boast industry-leading technological prowess. We offer WHOLEGARMENT® flat knitting machines capable of knitting entire garments three-dimensionally, as well as shaping machines capable of producing a wide range of patterns and designs. Our proprietary WHOLEGARMENT® flat knitting machine not only achieves high design quality and comfort but also eliminates the need for sewing processes, resulting in no cutting or sewing losses, significantly reducing lead times compared to traditional methods. Going forward, we will continue to develop products that contribute to solving social issues while also working on expanding into new markets outside the apparel and fashion industry, such as mobility, healthcare, and industrial materials, aiming for sustainable business growth.



Design System Segment

8.7%
(¥2,817 million)

FY2024 Performance

Net Sales	¥2,817 million	Down 18.7% year on year
Operating Income	¥113 million	Down 86.8% year on year

Our design systems and computerized cutting machines support manufacturing in a variety of industries, including the apparel and fashion industry, and address the wide-ranging needs of users. Our design systems not only facilitate programming for flat knitting machines but also enable diverse designs through high-definition virtual samples and three-dimensional simulations, contributing to reduced lead times and cost reductions. In addition to our integrated hardware and software systems, the user base for our software subscription services that allow for a variety of working styles has been steadily increasing in recent years. For computerized cutting machines, we will focus on the latest models with significantly improved cutting accuracy and productivity, and will work to expand our presence in different sectors, such as mobility and industrial materials, while also intensifying our proposal activities in the global market.



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Glove and Sock Knitting Machine Segment

2.3%
(¥756 million)

FY2024 Performance

Net Sales	¥756 million	Up 69.2% year on year
Operating Income	¥25 million	Down 58.8% year on year

This segment manufactures and sells glove and sock knitting machines, which are the origin of our technological development. Through continuous improvements, we have equipped them with technology, durability, and reliable productivity, expanding our user base worldwide. In recent years, we have been advancing functionality and fine gauge capabilities, strengthening our response to high value-added fields such as medical and outdoor applications. We aim to acquire new users and improve our performance further in the future.



Other Business Segment

17.6%
(¥5,716 million)

FY2024 Performance

Net Sales	¥5,716 million	Down 6.5% year on year
Operating Income	¥(133) million	-% year on year

This segment sells maintenance parts and provides repair and maintenance services for our knitting machines and system equipment, as well as operates a spinning business for high-end cashmere yarn, among other activities, at a subsidiary. We will continue to provide user-oriented technical services and after-sales services to expand our profitability.



Message from the President

Aiming for rapid growth by using the dramatic changes in society as opportunities for corporate reform.
Aspire to achieve a well-being society through promotion of the “Ever Onward 2026” Medium-Term Management Plan

Mitsuhiko Shima President



A Year of Major Changes in International Environments and Consumer Trends Amid Ongoing Global Uncertainty

The fiscal year ended March 31, 2025 was one of the most challenging in the history of Shima Seiki.

Although last year we anticipated that global economies would recover following the end of the COVID-19 pandemic, a downturn in the Chinese economy caused mainly by real estate sector led to an economic slowdown.

Furthermore, almost as if in tandem with this

trend, European markets also struggled in sales of products for wealthy consumers.

Even widely known super brands experienced a decline in sales, marking a period of hardship for the apparel and fashion industry.

In terms of international politics, trade friction between the U.S. and China continues to grow. In addition, with the U.S. administration's tariff policies causing a roller coaster of changes, it is a challenging time for leadership.

Even the political changes in Bangladesh went so far as to temporarily suspend market activity, which in turn had major implications for the Company.

In Japan, social issues such as soaring prices and rising labor costs have been highlighted, bringing various difficulties to individuals' lives.

In such an environment, it was also a year that made us realize once again the need to firmly grasp the situation and make appropriate decisions.

When looking at consumer trends, there has been a striking increase in the number of consumers, primarily the younger generation, who seek value for money. There also appears to be a market preference for mass-produced products, mainly those from China. This is a sign that consumer mindsets are becoming increasingly diverse depending on the generation. We therefore see the urgent need to drive our

businesses forward while aiming to resolve the contradictory challenges of curbing prices while enhancing quality.

Overcoming the Dizzying Changes of the Times by Transforming Ourselves and Responding to Needs

In a situation where it is becoming increasingly difficult to forecast the environments surrounding the business in each country, to ensure we can thoroughly respond to customer needs, we have expanded our lineup of WHOLEGARMEN[®] flat knitting machines in our main flat knitting machine business.

Message from the President

With a lineup that includes everything from standard to high-performance models, we aim to increase profits through active proposals that meet customer needs. We believe that expanding sales of entry-level models, in particular, will not only generate profits to the Company but also help solve the increasingly serious issue of a shortage of sewing machine operators in the apparel and fashion industry as a whole.

We hope that our WHOLEGARMENT® flat knitting machines can help to streamline and automate many of our customers' manufacturing processes, and even contribute to DX across the industry.

In the design system segment, sales of the "APEXFiz®" software subscription service continue to perform strongly.

The service is steadily taking root as a business model that ensures continuous earnings.

"APEXFiz®" does not require any hardware, making the installation barrier low, and it is also structured to generate long-term revenue. As such, it is one of the products we will focus on promoting in the future.

In June 2025, we released "APEXFiz® Design-Sox," an even more affordable option dedicated to sock design. In this way, we will actively develop versions and functions that are suited to market needs, and in turn boost the number of users by responding to

increasingly diverse designs and patterns. Furthermore, one advantage in releasing the software at an affordable price point has been its installation at fashion-related educational institutions.

We will use this expansion of sales channels in new fields as an opportunity to enhance our performance. In the glove and sock knitting machine segment, we have seen a rise in demand for sports socks, primarily for five-finger socks.

Whether it is their use in international football and rugby tournaments, or by successful baseball players, we will use society's growing interest as an opportunity to reinforce business performance.

We are also working to expand the market by adding value in different ways, such as by reinforcing grip strength and incorporating non-slip design.

We have also discovered that the technology used in sports socks can also be applied to other fields. For example, we can make pinpoint adjustments such as strengthening compression levels around the arch of the foot to increase tightness.

By varying levels of compression for different parts of the foot, we have been able to increase grip strength while adding the benefit of long-lasting comfort.

This has in turn led to many possibilities, such as the manufacture of socks that can promote blood flow in

the feet of people with illnesses or those who spend long hours standing at work.

In addition, the high-gauge gloves that enable precise movements thanks to our expertise in fine stitching are gaining attention.

We are currently looking at the medical and healthcare markets as areas in which we could potentially utilize these technological strengths.

We will continue working to enter new domains using our unique technological capabilities.

Contributing to DX in the Fashion Industry Through Our Solution-Based Business

While working to expand sales of our knitting machines and design systems, we have worked to go beyond simply supplying individual products to provide close-knit services in line with customer needs using our broader perspectives and technologies. This is our solution-based business.

Our solutions do not simply propose the installation of various machinery such as knitting machines and cutting machines. Rather, we select or combine the optimal products and services from our lineup to address customers' concerns and business challenges, proposing improvement measures including for preceding and subsequent processes. DX is an essential part of today's solution-based business.

We believe that DX in the apparel and fashion industry should facilitate greater focus on creative factors—that is, it should enable design that is considerate of how customers want to look and design that embodies brand concepts.

To ensure that our WHOLEGARMENT® flat knitting machines and other products and services that make up the core of our solutions can play a part in customers' DX activities, we will promote our business with a firm focus on the essence of manufacturing.

Maximizing the Strengths of AI Using the Vast Amount of Data at Our Disposal

The key to the DX is AI technology.

Even standard AI technologies can instantly present design proposals based on certain orders.

However, this involves simply finding and presenting information.

Our strengths lie in the technologies and expertise we have accumulated in knitwear manufacturing.

By utilizing the manufacturing data we have on yarn and knitting methods and linking it to AI, we are able to

construct more advanced AI-based processes. For example, a single white pullover can involve various factors, including its material—whether it is cotton, wool, or cashmere—the thickness of the yarn, and the texture.

Even with the same design, there will be different types of yarn required for different materials and colors. Previously, decisions on these factors would be made based on the experience of skilled workers. However, moving forward, we aim to resolve this by delegating these decisions to our proprietary AI that have been trained using the vast amount of data.

We do not want to develop AI that can simply make general judgements—instead, we want AI that can identify the optimal solutions for different challenges and propose specific product ideas that match user requirements.

This is our unique application of AI technology, and currently, we are proactively advancing its technological development.

Confronting Industry Challenges to Transform it for the Better

When taking a broad view of the future of the apparel and fashion industry, the development of next-generation industry personnel is one of the most critical issues.

Therefore, at Shima Seiki, we are working to develop talented, innovative individuals who can come up with designs with real value rather than imitative designs that prioritize speed and low cost.

For example, at Pitti Immagine Filati, an international exhibition held in Italy that features global apparel brands and knitwear manufacturers, we held a contest for junior designers, primarily for local Italian design students. Not only was this one way to contribute to the apparel and fashion industry, but it was also an excellent opportunity to showcase our approach to personnel development.

Working alongside material manufacturers and educational institutions to transform the industry for the better is one of our most important roles, and we will make every effort to play our part.

Making Required Changes Without Hesitation. Current Progress with the Medium-Term Management Plan and Efforts to Rebuild Our Management Infrastructure Through Change

As mentioned above, we are making steady progress in each business segment through efforts such as



Message from the President

enhancing our lineup of WHOLEGARMET® flat knitting machines, developing our solution-based business, and expanding our proprietary technologies into other industries.

In April 2025, we established the new Cutting Solutions Division.

This was our first time adopting a divisional system. By enabling employees in development, manufacturing, and sales to closely collaborate, we established an ambitious new organization that aims for customer-centric operations and faster business expansion.

The driving force behind these corporate activities has been the philosophy we crafted during the formulation of our Medium-Term Management Plan covering the three years from FY2024 to FY2026.

At the center of this philosophy is our purpose, "Well-being for tomorrow through the power of creativity."

This signifies our commitment to using our technological capabilities to embody the fundamental human aspiration to "make tomorrow better than today" in our products and services, tackling various social issues, including those in the apparel and fashion industry, and creating new values.

We are currently working to promote this philosophy throughout the Company.

In interacting with our employees and getting to know the depth of their thoughts, we are beginning to see a certain level of understanding.

While keeping our philosophy at the forefront of their minds, we want our employees to improve productivity by completing tasks even one second or 0.1 second faster.

It is important not to take on tasks alone, but to have an awareness of how things can be changed through greater efficiency and automation.

Our aim is to develop employees who, in pursuit of overall organizational optimization, can think for themselves, take action, and work diligently with an independent and active attitude.

In terms of management, with a focus on the speed of decision-making, we are currently making required changes without hesitation.

Regardless of whether it is something that has been built up for many years, if it must be changed, we will do so decisively.

We always approach our daily decisions as managers with the belief that such fast decisive action will enhance our competitive advantage.

In addition to increasing the speed of our decisions, we are also working to balance reducing costs with adding value.

We are now in the stage of launching projects and implementing various improvement measures.

To reduce costs, we are adopting new ideas outside of

conventional know-how, even exploring measures such as reassessing the parts to be purchased.

To ensure higher added value, we have released the "SES®-R" computerized flat knitting machine, which is based on the best-selling SES® series that revolutionized the knitwear industry.

Equipped with a new movable sinker mechanism, in addition to enabling short-row knitting over a broad area, the new computerized flat knitting machine also features i-Plating® technology for print-like patterns. Through technological advancements, the new product has further increased the range of applications for flat knitting machines.

In this way, we will quickly develop products that achieve both cost reduction and quality without compromise.

Addressing Sustainability Challenges to Become a Sustainable Company That is Required by Society

In terms of environmental issues, based on our philosophy of "people and earth-friendly manufacturing," in 2022 we expressed our support for the Task Force on Climate-Related Financial Disclosures (TCFD), and to date have engaged in various other environment-focused initiatives.

The products and services we create with our "power of creativity" are aiming for a goal that is the antithesis of mass production and mass consumption. By proposing manufacturing processes with outstanding functionality and efficiency through our products and solutions, we aim to promote the manufacture of only what is needed at the right time. We want to contribute to the creation of customers' sustainable production systems and promote apparel businesses that do not overproduce.

With the utmost value on materials, our aim is to promote innovative manufacturing that recycles materials into different items once they have served their purpose.

We will promote sustainability with the belief that this type of lifestyle and lifecycle can contribute to the well-being of humanity and society overall.

In addition to changing approaches by producers, we are also increasingly noticing major changes in consumer mindsets.

Although to date we have focused on a B2B model, there is now a greater need for us to look at B2C and examine how to reflect the needs of end users into our solutions.

As I mentioned at the beginning, while we are seeing an increase in the number of mainly young consumers who are prioritizing value for money, more consumers

are also now basing their purchasing decisions on whether a product is environmentally friendly and whether it is produced using fair trade materials. We are entering an era in which, regardless of a product's quality, its value will not be recognized unless it uses environmentally friendly materials, and it will not be an option for our customers.

We reaffirm our commitment to being a company that aligns itself with end users and will continue to advance our business accordingly.

Investing in Personnel Development is the Greatest Investment to Our Success. Looking Ahead to Shima Seiki's Future

One key challenge for the future of the Company is personnel development.

Going forward, it will be personnel with the ability to create unprecedented products and develop pioneering, innovative solutions that will lead the industry.

To enable junior employees to shine and achieve self-

growth through endeavor, we want our experienced employees not to gatekeep old habits, but to boost momentum and growth.

Last year, we introduced a system to evaluate employees' independent efforts to take on new challenges, and we are beginning to see some positive results.

We want our employees to be able to enhance their individual capabilities while working with a sense of well-being and fulfillment.

We will strive for innovative evolution and we hope you will support us along the way.

In this period of turbulence and constant global change, Shima Seiki will develop new technologies and services that lead to further growth and steadily develop and nurture the human capital required to support and realize these efforts.

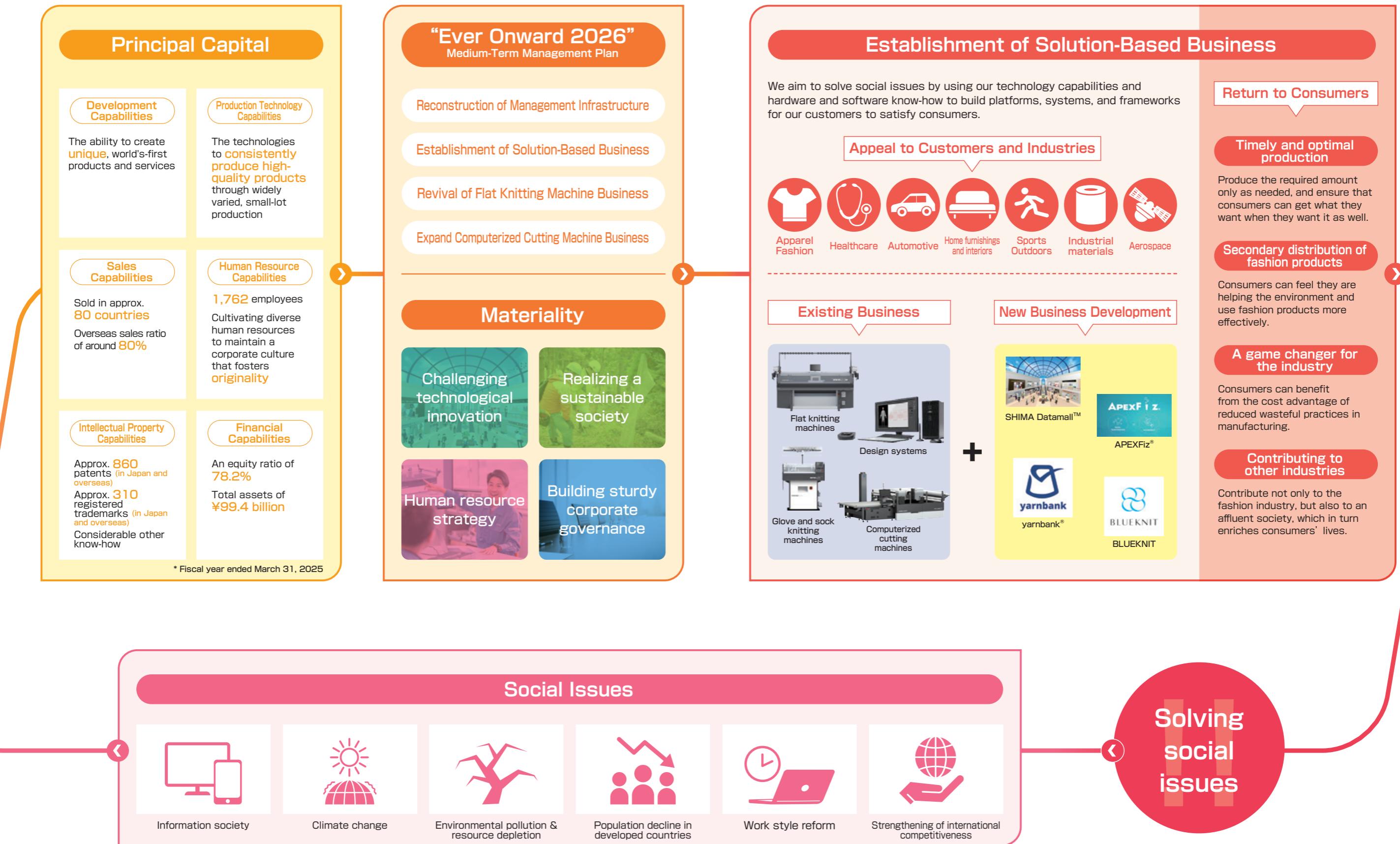
We are committed to delivering value to stakeholders through our daily business activities, which in turn promotes well-being in society overall and drives our sustainable growth.

We sincerely appreciate your continued support and cooperation as our stakeholders in these endeavors.



The Shima Seiki Value Creation Model

Shima Seiki continues to challenge unknown territories toward the solution of all social issues.



Source of Value Creation

By combining our strengths in manufacturing—that is, our development capabilities, production technology capabilities, and sales capabilities—with personnel who are willing to take on new challenges, we will achieve sustainable value creation while adapting to changes in society.

1

Development Capabilities

Continuing to Create Innovative Solutions



Shima Seiki's development history began with the "automation of glove knitting machines," and in the 1990s, we successfully developed the completely seam-free-type "WHOLEGARMENT® flat knitting machine," which was praised as "Oriental Magic." Since then, we have continued to develop flat knitting machines, design systems, computerized cutting machines, and other products that anticipate the needs of the times.

Currently, we are also focusing on developing samples that use sustainable materials and creating solutions that consistently support the entire supply chain from planning to production and sales, continuing our efforts to promote sustainable manufacturing.

POINT

- Approx. 860 patents (in Japan and overseas)
- Approx. 310 registered trademarks (in Japan and overseas)

* Fiscal year ended March 31, 2025

3

Sales Capabilities

A Global Network of Trust



The ratio of overseas sales accounts for approximately 80% of our product sales.

Our products, primarily flat knitting machines, are currently sold in approximately 80 countries, including Italy, known for producing numerous luxury brands; China, the world's largest knitting production center; and emerging production hubs in Bangladesh, Vietnam, India, etc.

With our local subsidiaries in China, Hong Kong, South Korea, Vietnam, Italy, the U.K. and the U.S. as the core, we have built service network across the world, expanding our business and services globally.

We constantly collaborate with our overseas agents to enhance our support system, ensuring that customers all around the world can use our products with peace of mind.

POINT

- Sold in approx. 80 countries
- Overseas sales ratio of around 80%

* Fiscal year ended March 31, 2025

2

Production Technology Capabilities

Seamlessly Integrated High-Quality Manufacturing



We have continuously pursued technological innovation to provide our customers with high-quality products that excel in durability and stability.

We have centralized all departments, including development, production, manufacturing, and sales, at our headquarters in Wakayama, which allows for smooth collaboration between departments, enabling us to achieve a consistent integrated manufacturing process from start to finish.

To improve quality, we regularly hold "QMS (Quality Management System) Committee" meetings to share information on initiatives and discuss solutions and improvements to issues. In doing so, we strive to develop and provide attractive products from the customers' perspective.

In addition, we are working to establish an internal traceability system, and by utilizing an internally linked system to grasp the entire production process through data, we are able to quickly respond to inquiries from customers after shipment, thereby achieving stabilization and improvement of product quality.

POINT

- Speedy development and production system

4

Human Resource Capabilities

Creating an Environment for Diverse Talent to Thrive



To realize our vision of "To become an indispensable company to society," which is set out in the "Ever Onward 2026" Medium-Term Management Plan, we have positioned "human resources" as one of our important capital assets, and we are focusing on creating an environment where employees can enhance their capabilities and maximize their potential.

We believe that the chemical reactions born from the mixing of people with different experiences, values, nationalities, and genders, who respect and inspire one another, have a significant impact on organizational development and the creation of new values. Based on this belief, we are actively promoting diversity and linking it to the sustainable enhancement of corporate value.

POINT

- Ratio of male employees taking childcare leave 88.8%
- Ratio of employees taking paid leave 75.7%

* Fiscal year ended March 31, 2025

Materiality

In order to become an indispensable company to society, Shima Seiki will contribute to the solution of social and environmental issues through our business and pursue both social and economic value to achieve sustainable growth and improve medium- to long-term corporate value.

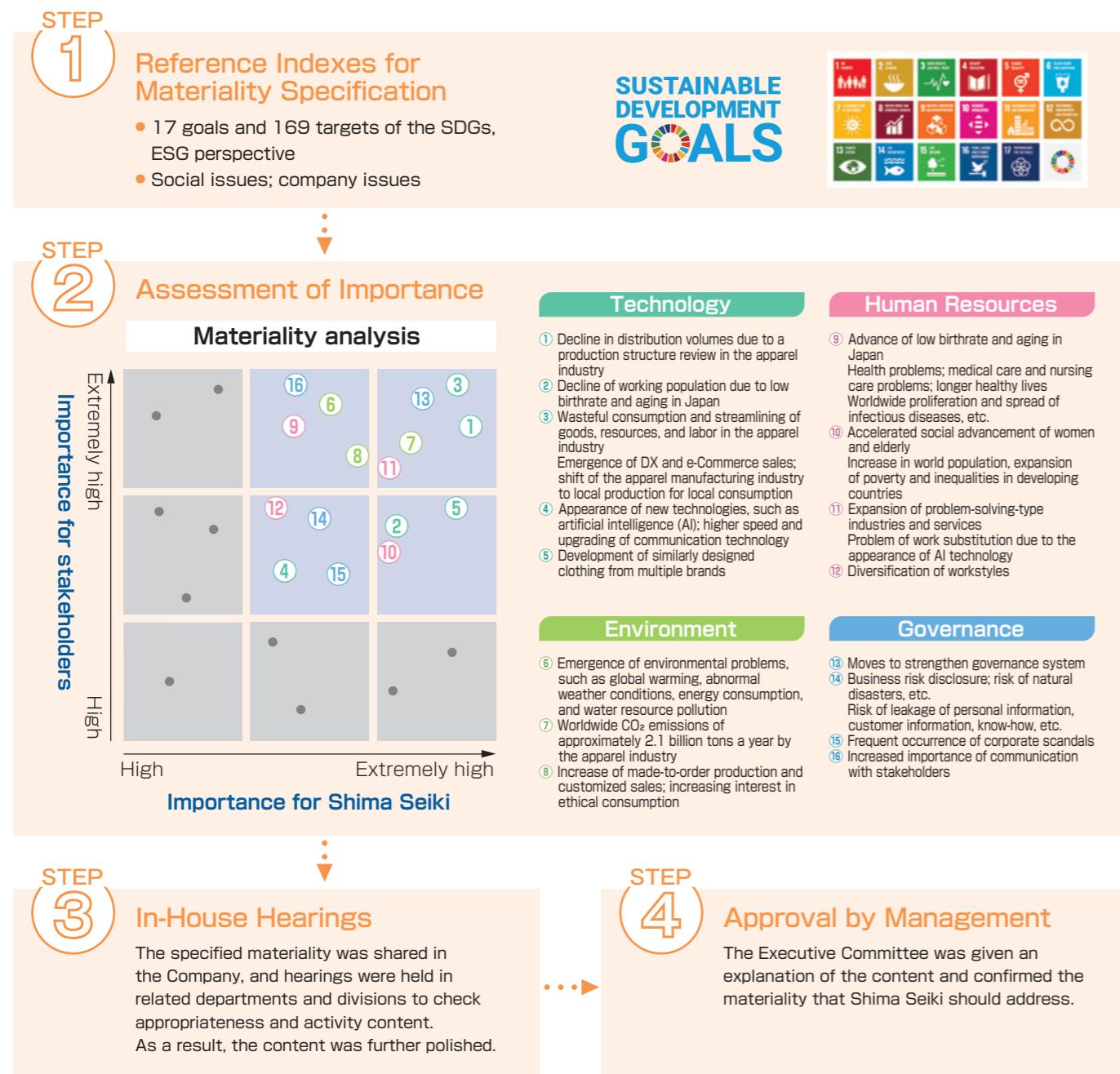
Based on this vision and management direction, we investigated and analyzed SDGs and ESG investing (investing prioritizing environmental, social, and governance factors), as well as other prominent social and environmental issues and management challenges facing our Company.

Taking into account the rapidly changing management environment, accelerating innovation, and global trends, we classified our materiality into the four categories of **technology**, **environment**, **human resources**, and **governance**, which have high degrees of importance for both our stakeholders and our business, and set themes in each category.

Our Materiality Themes			
Technology Challenging technological innovation	Human Resources Human resource strategy	Environment Realizing a sustainable society	Governance Building sturdy corporate governance

Technology Challenging technological innovation	Environment Realizing a sustainable society	Human Resources Human resource strategy	Governance Building sturdy corporate governance
			
Relevance to Shima Seiki's vision	Shima Seiki's activity content	Results until September 2025	Relation to the Medium-Term Management Plan
<ul style="list-style-type: none"> Development of original technologies that are the world's first Productivity improvement through better efficiency Building a manufacturing platform through digitization Response to cutting-edge technologies Creation of added-value clothing 	<ul style="list-style-type: none"> Development of new products and services; reinforcing functions of existing products Automation and labor-saving through the utilization of digital tools Expansion of the solution-based business that encompasses Shima Seiki products Development of products compatible with the latest technologies such as AI; making internal systems more resilient Development of new knitting methods and high-added-value yarn 	<ul style="list-style-type: none"> Environmental preservation Supply of products and services with little environmental load Shift to timely and optimal production <ul style="list-style-type: none"> Raising of mandatory retirement age; implementation of diverse workstyles Promotion of active participation of women, mid-career employees, foreign nationals, etc. Support for new business startups; flexible employment system; enhancement of in-house education Increasing workstyle options and emphasis on work-life balance 	<ul style="list-style-type: none"> Strengthening of the effectiveness of the Board of Directors Strengthening of risk management system Promotion of compliance Strengthening of investor relations and publicity systems
Relevance to Shima Seiki's vision	Shima Seiki's activity content	Results until September 2025	Relation to the Medium-Term Management Plan
		<ul style="list-style-type: none"> Established the Sustainability Management Division and the Sustainability Committee Expressed support for TCFD Participation in Wakayama Prefecture's "Kigyo no Mori" (corporate forest) activities 	<ul style="list-style-type: none"> Initiatives to strengthen the effectiveness of the Board of Directors Review of executive officer system Promotion of compliance Strengthening of crisis management system Holding of briefings for individual investors
		<ul style="list-style-type: none"> Reconstruction of Management Infrastructure Establishment of Solution-Based Business Revival of Flat Knitting Machine Business Expand Computerized Cutting Machine Business 	<ul style="list-style-type: none"> Reconstruction of Management Infrastructure Establishment of Solution-Based Business Revival of Flat Knitting Machine Business Expand Computerized Cutting Machine Business
		<ul style="list-style-type: none"> 8 INCLUSIVE AND INNOVATIVE INDUSTRIES 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS 	<ul style="list-style-type: none"> 3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY 8 INCLUSIVE AND INNOVATIVE INDUSTRIES 10 REDUCED INEQUALITIES
		<ul style="list-style-type: none"> 6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 14 LIFE BELOW WATER 15 LIFE ON LAND 	<ul style="list-style-type: none"> 11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION 16 PEACE, JUSTICE AND INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS

Materiality Specification Process



Growth Strategy Director's Message



Shosaku Kitagawa

Director, Managing Executive Officer

General Manager of the Corporate Planning Division in charge of the General Affairs and Personnel Division; Information System Division and Accounting and Finance Division

A year of major reform with unprecedented determination. Fundamentally transforming internal common sense and mindsets. Seizing the signs of a leap forward.

In the fiscal year ended March 31, 2025, we worked hard to further improve performance by building on the profitability we achieved for the previous fiscal year. However, we faced severe results.

The delay in economic recovery in the Chinese and Italian markets, along with a decline in customers' willingness to make capital investments, led to a drop in sales of high value-added products.

Our results were also significantly affected by the market turmoil caused by political upheaval in Bangladesh, a key market, leading to a slump in sales of products for the mass market. Against this backdrop, due to changes in asset valuation methods, we recorded significant inventory valuation losses and provision of allowance for doubtful accounts, resulting in a loss exceeding ¥14 billion.

The Most Important Measure in the Medium-Term Management Plan is

the "Reconstruction of Management Infrastructure."

To Realize This, Implementing Measures to Transform Employees' Mindsets, While Proceeding with a Sense of Speed in Everything from Product Development to Market Cultivation

We have positioned the "Reconstruction of Management Infrastructure" as the most important measure in the Medium-Term Management Plan. We are tackling this with the strong resolve to fundamentally reassess everything, from the way all employees think about their work and their common sense, to the details of various business operations. For example, although Shima Seiki products are primarily machines for the apparel and fashion industry, focusing on that market alone limits our growth as a company.

We therefore took the bold step to begin creating

a product and a business model that could open up new markets.

By not being constrained by precedents and by accelerating decision-making and actions at all levels within the Company, we were able to timely launch our products and services into the market.

Additionally, we are further strengthening our competitiveness by reassessing our methods of material procurement, without being bound by previous internal practices.

We are also seeing steady changes in the mindsets and the actions of each individual employee.

As the attitude of thinking and acting independently has become more ingrained, employees are now re-evaluating whether the tasks they have been performing are truly optimal, leading to numerous instances of improvement. Through these efforts, we aim to enhance customer satisfaction by deeply engaging in a wide range of areas, not only in the development, manufacturing, and sales of products and services, but also by assisting in solving various challenges faced by our customers.

To further promote these efforts, we are actively working to create an in-house environment that helps to improve employee motivation.

We have set up an open recruitment system and trainee program to encourage employees to try out jobs they are interested in.

Additionally, in our "Challenge Award Program," which recognizes employees' efforts to try new things regardless of their success or failure, many employees have already taken a new step forward.

We are also supporting employees' independent workstyles by enhancing our reduced hour working systems and setting up an in-house nursery school, both of which aim to ensure a comfortable working environment.

These comprehensive mindset transformations and behavioral changes, embraced company-wide, have helped to create a system that can quickly and reliably enhance productivity, reduce costs, and strengthen the corporate structure.

We have also reviewed our previous approaches to the priority measures in the Medium-Term Management Plan, including "Establishment of the Solution-Based Business" and "Expand Computerized Cutting Machine Business."

Rather than just selling products, we are focusing on aligning



ourselves with customers' concerns and providing equipment and measures to address them.

Furthermore, in April 2025, the Company adopted a divisional system for the first time in its history and established the new Cutting Solutions Division.

We have consolidated the development, manufacturing, sales, and maintenance functions related to computerized cutting machines into a single organization under the direct control of the President, enabling rapid decision-making.

We are strengthening our efforts with the goal of ensuring thorough customer-centered services and achieving rapid business expansion.

Making Proactive Investments Today to Pioneer the Future.

High Expectations for the Further Growth of the New Shima Seiki

Regarding our financial strategy, rather than implementing complex measures, we intend to simply and actively pursue upfront investment while improving asset efficiency.

We have strengthened our efforts to address the ongoing issues of accounts receivable and inventory buildup, and as a result, we are beginning to see outcomes such as a reduction in their total amounts and a shortened turnover period.

We will redistribute these funds into growth investments such as exploring new markets, and enhancing facilities and human capital, while also utilizing external financing, to further strengthen our growth strategy.

To improve the situation where our PBR is below 0.5x, we are working to improve capital efficiency by acquiring treasury stock.

Additionally, we will aim to improve corporate value over the long term by balancing shareholder returns and future investments, such as conducting dividends with a target payout ratio of 40%.

For our global strategies, although our overseas sales ratio is significantly high, we are strengthening preemptive investments in countries and regions to which our customers' production bases are relocating.

In the rapidly growing Indian market, we have been able to acquire a significant sales share by successfully building a network of agents early on.

Furthermore, aiming for further expansion of our business scope in the future, we hope to boost our presence as a global company even more through collaboration with leading companies across various industries.

To ensure continuous improvements in corporate value, we at Shima Seiki are making steady progress with the Medium-Term Management Plan, with the entire company united in our efforts to start anew.

However, these major reforms cannot be achieved through internal efforts alone.

It is essential that we have the understanding and cooperation of our many stakeholders.

We invite you to follow our progress as we aim to start anew and look forward to your ongoing support as we do so.

We kindly request the continued support of all our stakeholders as we move forward.

Medium-Term Management Plan

Opportunities and Risks in Business Environment

Opportunities	External <ul style="list-style-type: none"> Stable market growth due to increasing world population and GDP growth Acceleration of market movement arising from changes in production environment Phased shift to sustainable production 	In-house <ul style="list-style-type: none"> Aggressive investments in the development of new markets Product development and business model construction in response to changing business environment Reconstruction of management infrastructure aimed at sustainable growth
Risks	External environment <ul style="list-style-type: none"> Lower appetite for investment caused by frequent conflicts and a more complex global economy 	Competitive environment <ul style="list-style-type: none"> Increased competition for market share

About the “Ever Onward 2026” Medium-Term Management Plan

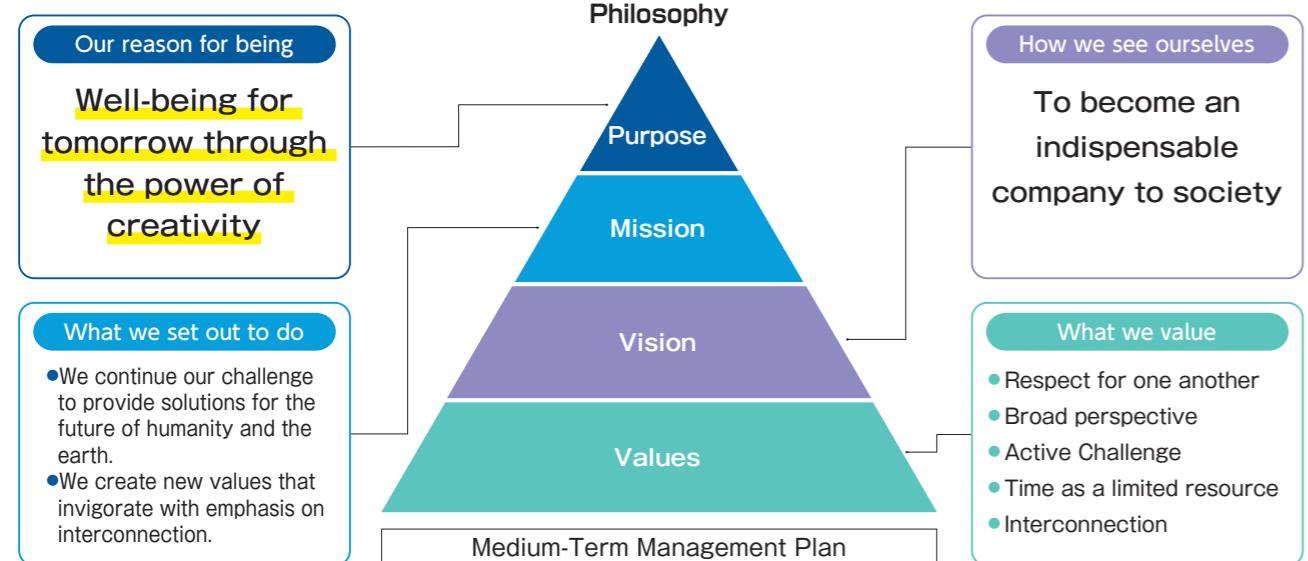
Target Period
Three-year plan from April 2024 to March 2027

Outline

- 1 Redefine Corporate Philosophy
- 2 Set Ten-Year Vision
- 3 Four Priority Measures
- 4 Four Policies

1 Redefine Corporate Philosophy

— Clarify philosophy for further expansion —



2 Set Ten-Year Vision

— Present challenges to new business domains and lineups based on the corporate philosophy —

Vision

Work vibrantly with hope and pride and continuously take on challenges

Numerical target

Net sales: JPY 200 billion Operating profit margin: 25%

Numerical target

(billion JPY)	FY2020 Result	FY2023 Result	FY2026 Target	Percent change 2023 ▶ 2026
Net sales	24.4	35.9	55.0	+53.2%
Operating income	(9.1)	0.4	7.0	16.3 times
Ordinary income	(7.2)	1.0	7.5	7.4 times
Net income	(17.8)	1.0	5.5	5.3 times
ROE	(18.1)%	1.2%	6.0%	

TOPICS

Establishment of the Cutting Solutions Division

Aiming for rapid business expansion through speedy decision making

In April 2025, we set up the new Cutting Solutions Division under the direct control of the President. This new organization is part of the Company's efforts to "Expand Computerized Cutting Machine Business," which is one of the priority measures in the Medium-Term Management Plan "Ever Onward 2026." This is the first time that we have adopted the divisional system, bringing together development, manufacturing, and sales functions for computerized cutting machines into a single organization.

The aim is to make dramatic improvements in the speed of information sharing and decision making and enable quick and flexible market response from the customer's perspective. Under this new structure, we are also creating a product sale and support system to facilitate the roll out of the new computerized cutting machine "P-CAM® R," the "P-CAM® 120C" cutting machine for industrial materials, and other products for different industries and global markets, with the aim of expanding business as fast as possible.



Masayuki Kodama
Executive Officer
General Manager of the
Cutting Solutions Division

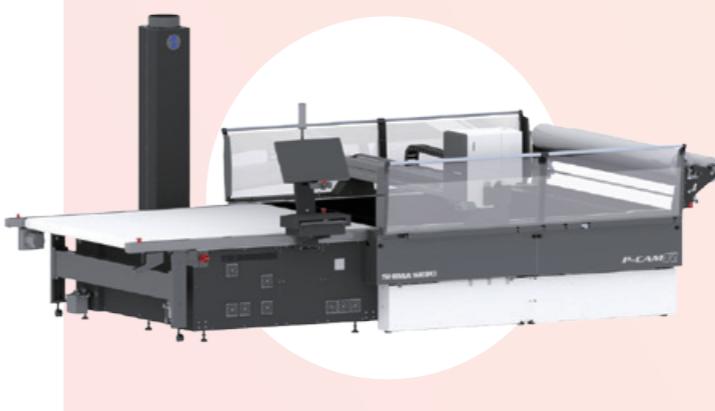
Marking a new stage for the cutting machine business with a sense of speed and unity

In April 2025, we established the new Cutting Solutions Division as part of our full-scale efforts to "Expand Computerized Cutting Machine Business," which is one of the priority measures in the Medium-Term Management Plan "Ever Onward 2026." The introduction of a divisional system, which consolidates related functions such as development, manufacturing, sales, and support into a single organization to strengthen market response with unprecedented speed and unity, was a significant challenge and the first step in our transformation. In previous vertical organizations, quickly reflecting customer feedback into operations has been a challenge, and delays in decisions have led to the loss of business opportunities. Through the adoption of the divisional system, we have created an integrated system for development, production, and sales, enabling frontline-led, rapid decisions and action. By facilitating collaboration across departments, we have made dramatic improvements to organizational flexibility and mobility. The ability to respond flexibly to market changes and provide customers with optimal solutions in the shortest time possible is one of our key competitive advantages and the driving force for our future business growth. Our core product, "P-CAM® R," a new computerized cutting machine, is equipped with state-of-the-art mechanisms developed for high-precision, high-efficiency, and high-productivity, and is a highly competitive product in global markets. In addition, we are expanding applications of our various products, including the "P-CAM® 120C" cutting machine for industrial materials, into different industries, and actively promoting them in overseas markets. Market needs are diversifying and becoming more sophisticated every day, and flexible development capabilities and proposal strength to meet those needs are increasingly demanded by customers. Our aim is to establish the cutting machine business as our second pillar of business following the flat knitting

machine business. To do so, in addition to our organizational capabilities, it is essential that each and every employee embraces the Shima Seiki philosophy and puts it into action. It is important that we always consider what type of service provides real value to customers and take independent action to generate results. It is the accumulation of these efforts that will pave the way for the future of Shima Seiki.

Divisional system

Through close collaboration between four groups—sales and support, R&D, production, and marketing—the division is responsible for development, manufacturing, sales, and support (servicing, maintenance, and training) functions associated with the cutting machine business. Its biggest strength is the ability to respond to market needs with a sense of speed.



Computerized multi-ply cutting machine P-CAM® R

The next-generation computerized cutting machine "P-CAM® R" responds to increasingly diverse and complex cutting needs, and is a flagship model that achieves "high-precision, high-efficiency, and high-productivity." Everything has been renewed from its basic design for global markets. In addition to addressing previous challenges with new control technology, a warping sensor, and an energy-efficient design, it also provides diverse value such as improving operating environments and reducing environment impact. Shima Seiki will continue to combine frontline feedback with our technological capabilities and promote product development that meets customer needs.

Development Strategy

We will utilize cutting-edge technologies to create products and services that spark innovation for a new future.

Satoshi Yamauchi
Deputy General Manager
of the Advanced
Technology Development
Team, Development
Headquarters



Development Policy

Our product development policy is to create products and services that inspire the world through Intelligence and Action. While responding to increasingly serious issues of environmental pollution and working environments, we will pursue new possibilities for manufacturing and use our

products to propose innovative solutions to our customers. Based on the understanding that personnel are the cornerstone of development, we believe that independent action, proactive information sharing within teams, and a culture that encourages endeavor are keys to the creation of innovative solutions.

Measures to Support Sustainable Growth

Roll out of the new super three-dimensional multi-roll flat knitting machine that provides innovative knitwear solutions

We have newly released the "SES®-R" super three-dimensional multi-roll flat knitting machine. While carrying forward the traditions of our renowned SES® machine, the new SES®-R is the pinnacle of shaping technology that has evolved to handle diverse design expressions, shapes, and materials. Our proprietary moveable sinker technology, which has been updated for the first time in approximately 40 years, enables five revolutionary innovations: "effortless and stunning texture," "excellent productivity," "new tight stitch and loose loop length limits," "improved plating quality," and "new manufacturing potential through super three-dimensional

shaping technology for all structures." Furthermore, with loop presser beds on the front and rear beds and auto yarn carriers, as well as the combination of i-Plating® and inlay switching functions, the new model achieves remarkable improvements in the scope and efficiency of design expressions, bringing customers' ideas to life in a highly precise manner. Using our unique technological capabilities, in addition to ensuring high-quality, high value-added product manufacturing for a wide range of customers, we will provide innovative knitwear solutions.

Launch of standard models that appeal to a wide range of users

In our core flat knitting machine business, following the development of high-spec models that contribute to high-added-value manufacturing, we are also developing standard models that balance both economic efficiency and high functionality. While incorporating the basic functions of our high-spec models, these standard models share components with

our basic models with high value for money to ensure high functionality at economical prices. By primarily targeting mid-range brands to some fast-fashion brands, we are working to increase our share of the flat knitting machine market, promote industry-wide quality improvements, and contribute to its sustainable growth.

A focus on green innovation

We are currently aiming to develop low-power products that consume 50% less power than conventional models by 2030. We are also proactively making use of sustainable materials. In addition, we give maximum consideration to safety to ensure that customers can use our products with peace of mind, and all our models are equipped with global-level safety features as standard. Furthermore, to strengthen collaboration between the development and production departments, we have

established a dedicated mass-production and maintenance design section within the production department to enhance design reviews from the prototyping phase. In doing so, in addition to the reduction of resource usage and costs, we are also securing more time for research and development and promoting greater efficiency. While reducing our environmental impact through these measures, we will spark innovation through the development of products and services and roll out strategies for sustainable growth.

Strategies to Achieve the Targets in the Medium-Term Management Plan "Ever Onward 2026"

Revival of Flat Knitting Machine Business

From high value-added products to those that prioritize value for money, we are focusing on development that meets the needs of the target market. Whether it is products that contribute to high value-added manufacturing such as WHOLEGARMENT® flat knitting machines and super three-dimensional multi-roll flat knitting machines, or economical and highly functional models that target the largest market segment, we provide products and services that exceed customer expectations using diverse approaches. In doing so, we are aiming to differentiate ourselves from our competitors and increase our share in diverse markets outside of fashion including industrial materials, medical, and sports industries.



Expand Computerized Cutting Machine Business

We are the only manufacturer that can handle both knit and woven fabrics, and our strengths lie in the unique know-how we have in these areas and our sales network. Our "P-CAM® R" multi-ply NC cutting machine is recognized for its world-class high productivity and high cutting performance. Through a new control mechanism and strain sensor, as well as improved suction efficiency, P-CAM® R works at high speed with high precision while consuming less power. We established the new Cutting Solutions Division in April 2025, integrating development, manufacturing, and sales to respond to customer needs and accelerate business expansion.



Establishment of Solution-Based Business

We are promoting the development of diverse solutions to address issues across the entire supply chain. At our development departments, we are focusing on maximizing the strength of the Total Knitting System®, which provides integrated support for all processes from planning to production and sales of knitted products. Through further labor saving, greater efficiency, and reduced resource usage, we will support sustainable manufacturing processes not only in the apparel and fashion industry but also across a wide range of other sectors. We will listen carefully to customers' needs and utilize their feedback to acquire new business opportunities.



Intellectual Property Policy

Under our intellectual property strategy, we hold numerous patents relating to a wide range of technologies including mechanisms and control of flat knitting machines and cutting machines, knitting technologies, and design systems. In addition, we hold patents as well as copyrights to the knitting programs that we provide to customers through design systems and at user sites. These intellectual property rights enable customers to use our products with confidence, and we are responding appropriately to infringement of these rights by protecting them, for our benefit and the benefit of customers. In addition to continuing with trademark rights protection measures, we are also engaged in product branding activities.

In recent years, in addition to innovation within single specialized technologies, there has been an increasing trend toward the creation of new technologies through fusion with technology from other fields. As a result, we are seeing an increase in the number of projects that involve signing confidentiality agreements with other companies every year. We strive to avoid the risk of information leakage by thoroughly communicating management of confidential information to all relevant departments and implementing strict information control. We also support the creation of new technologies through initiatives that respect mutual interests. We will continue to promote flexible and strategic intellectual property strategies moving forward.

Production Strategy

By combining the advanced technological capabilities we have cultivated since our founding and DX, we promote improvements in product quality and added value. We aim for sustainable growth and enhanced competitiveness through manufacturing that is trusted by our customers.



Basic Production Policy

The Shima Seiki Spirit "providing products with the highest functionality at economical prices" underpins our production activities, with the aim of improving product quality, enhancing customer satisfaction, and reducing environmental impact throughout the entire supply chain, while adhering to the principles of "QCD+E": Quality, Cost, Delivery, and Environment. The Production Headquarters is working on visualizing

productivity and refining work methods to improve production efficiency and standardize production systems both inside and outside of departments. Furthermore, by implementing measures to enhance the job satisfaction of employees, we aim to boost motivation and drive changes in awareness and behavior, creating a system where our human resources, who are central to our production activities, can work vibrantly and with pride.

Growth Strategy

Speedy development and production system

All departments, from development to production, sales and after-sales service, are located in the headquarters premises in Wakayama, ensuring close and smooth collaboration between each department. This environment allows us to quickly and accurately grasp customer requirements and market needs. In addition, as new technological innovations from the development departments are shared with other departments in real time, they can quickly and directly be reflected into manufacturing processes.

Extensive in-house technological capabilities from parts manufacturing to software development

Since our founding, we have embraced the spirit of "If it doesn't exist, we create it ourselves," we have refined our wide-ranging technological capabilities in diverse fields, from ultra-precision mold components to computer motherboards and system development. While flexibly responding to ever-changing market environments and customer needs, we will maximize our advanced technological capabilities and continue to provide high-quality, highly reliable products and services.

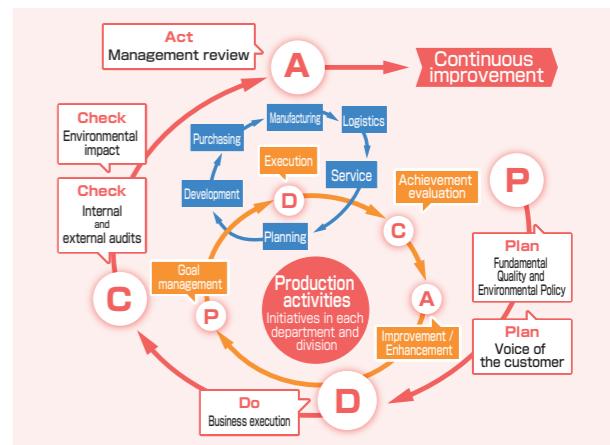
Procurement reforms and cost reductions

Aiming to reinforce our competitive advantages in a sustainable manner, we are focusing on the optimization of procurement processes and thorough cost reductions. First, by building long-term reliable partnerships with our suppliers, we are working to create optimal procurement conditions in terms of quality, delivery times, and prices. In addition, by working with a diverse range of suppliers and promoting global procurement, we are aiming to distribute risks and enhance our cost competitiveness. Furthermore, through close collaboration between the procurement and production departments, we are working to develop cost-efficient machines while maintaining profitability and performance of products. We are seeing steady progress with cost reductions and productivity enhancements as a result of improving our material selection and manufacturing processes. Through stronger inter-departmental collaboration moving forward, we will strive to further optimize costs and improve product value to deliver products that meet customers' needs.

Quality Management

To perform thorough quality control, we established a quality management system (QMS) to earn the trust of our customers. The system enables us to maintain and improve quality and provide safe and secure products to customers. We have also established an environmental management system (EMS). We promote "people and earth-friendly manufacturing" through the development and provision of "environmentally-conscious products," contributing to environmental conservation. At the QMS/EMS Committee meeting held regularly, the committee selects support members from various departments and divisions to continuously improve both quality and environment, working toward information-sharing and problem-solving for customers. Furthermore, to strengthen our energy-saving activities, we reorganized our Energy Conservation Promotion Committee in April 2025 to play a central role in improving environmental awareness across the Company, with the aim of achieving a sustainable future. Going forward, we will work as one to strive for quality improvement and environmental impact reduction, focusing

on developing and delivering customer-oriented attractive products.



Supply Chain Management

For sustainable business growth, it is important to maintain a high level of product quality and safety while ensuring compliance with laws and regulations, respect for human rights, and environment considerations throughout the entire supply chain. Proper management of the supply chain is

essential to achieve this. We conduct procurement activities in consideration of social responsibility, based on fair and impartial transactions, and are committed to building partnerships with our suppliers aimed at coexistence and co-prosperity.

Basic Policy on Material Procurement

To ensure responsible procurement in the supply chain, we have established the "Basic Policy on Material Procurement." In March 2024, we established the "Shima Seiki Group Supplier Sustainability Guidelines" to promote responsible corporate behavior in the supply chain.

By fostering two-way communication between the Group and our suppliers and aligning our understanding based on these policies and guidelines, we aim to build long-lasting cooperative relationships and contribute to realizing a sustainable society.

Declaration of Partnership Building

The Company supports the "Council on Promoting Partnership Building for Cultivating the Future" and has announced the "Declaration of Partnership Building." We will continue to focus on "coexistence and co-prosperity across the entire supply chain and new collaboration beyond scale or affiliations" and "compliance with promotion standards."



Basic Policy on Material Procurement

- Comply with laws, regulations, and social norms.
- Deal fairly and impartially.
- Build win-win relationships with suppliers.
- Collaborate with suppliers in terms of cost and technology.
- Ensure procurement with less environmental load.

Future Initiatives

We are enhancing our DX initiatives as we aim for further productivity improvements. To properly manage work performance, progress, quality control, and traceability in the production and manufacturing processes of our products, we have introduced our proprietary process management system and are operating it internally. We have also begun external sales of this platform to our business partners, which is helping to boost our performance. In addition, following our selection for Wakayama Prefecture's DX Challenge Support Program, we are proceeding with full-scale development of an automated picking system using robots, aiming for its practical implementation in-house. As part of our DX promotion initiatives, we have also begun

efforts to visualize labor productivity indicators. Using the performance data collected from the aforementioned process management system, we visualize labor productivity at the group level and make it available for employees to check at any time. We have also built a proprietary daily workload calculation system to automatically quantify all workers' skills. By implementing systematic personnel allocation in each process with no wasteful processes and inefficiencies, we have eliminated variations in productivity to ensure stable production. Going forward, we will continue to promote DX and aim for even higher value-added manufacturing.

Flat Knitting Machine Segment



Market Environment

Opportunities

- Expansion of apparel consumption market due to global population growth and GDP growth in developing countries
- Expansion of flat knitting machine products outside of the apparel industry, including the industrial materials, furniture, and medical sectors
- Acquisition of new customers following the withdrawal of European competitors from the flat knitting machine business

Risks

- Intensifying market competition due to Chinese competitors' full-scale expansion into markets outside of China
- Intensifying price competition due to commoditization of flat knitting machines
- Decline in willingness for capital investments due to the U.S. tariff policies
- Decrease in demand for knitted products due to lower spending by the younger generation on fashion

Value proposition and strengths of our products in addressing social issues

- Our "Total Fashion System®," centered on WHOLEGARMENT®, enables advanced product knitting and reduces inventory loss. Together with digital data services centered on our "SDS®-ONE APEX" series design systems and software, we can facilitate speedy, smart, and environmentally friendly manufacturing.
- From high-performance models that can recreate designs in high definition to basic models that prioritize production efficiency for the largest market segment, we boast an extensive lineup of products.
- Our products are sold in approximately 80 countries worldwide. With our local subsidiaries in China, Hong Kong, South Korea, Vietnam, Italy, the U.K. and the U.S. as the core, we have built a service network across the world.

Business Overview

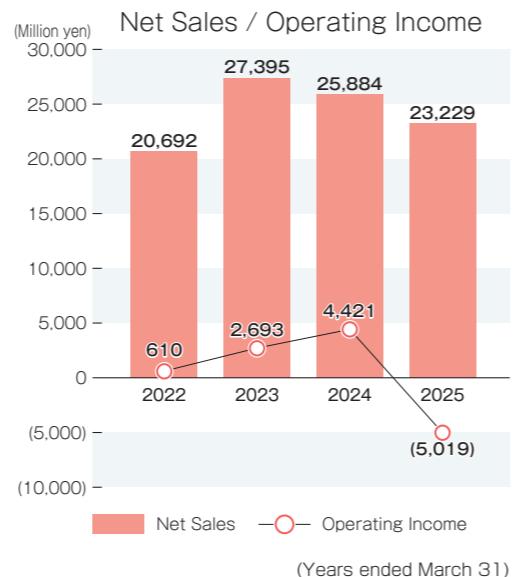
(Market Conditions in the First Half of the Fiscal Year Ending March 31, 2026, and Full-Year Forecast)

Overview of the fiscal year ended March 31, 2025

In the fiscal year ended March 31, 2025, due to delays in economic recovery in China, which is the main market for our flat knitting machines, as well as impacts from large-scale political protests in Bangladesh, which is a production hub for knitted products destined for developed countries, there was a decline in customers' capital investments and delays in investment timings. Against this backdrop, unit sales of WHOLEGARMENT® flat knitting machines and shaping machines declined, leading to net sales of ¥23,229 million (down 10.3% year on year).

Forecast for the fiscal year ending March 31, 2026

In the fiscal year ending March 31, 2026, we anticipate that the U.S. tariff policies will directly impact the Chinese market and expect appetite for capital investments to continue to decline. Meanwhile, in Bangladesh, where orders for the European market are increasing, although impacts from these tariff policies are limited, an intensification of price competition is anticipated due to the full-scale entry of competitor manufacturers who previously focused on China as their main market. In India, with domestic consumption expanding, circular knitting and fabric manufacturers are considering entering the flat knitting production sector, and market expansion is anticipated.



Growth Strategy

1 Launch of cost-saving machines

Our "NSSR®-E" shaping machine is now more attractively priced and boasts greater specifications, functionality, and value for money than previous models. By launching this product to large market segments in China, Hong Kong, Bangladesh, and India, we aim to secure market share and improve revenue through improved factory utilization rates.

2 Launch of new models in high value-added markets

We will release the new super three-dimensional multi-roll flat knitting machine "SES®-R" for knitted product manufacturers targeting luxury brands primarily in Europe and the U.S. We aim to acquire new customers by capturing the replacement demand for products from European competitors who have withdrawn from the flat knitting machine business.

3 Enhanced entry into non-apparel markets

Working together with a wearable product manufacturer from Asia and Europe, we will actively provide machines on a loan/trial basis in line with user needs. In doing so, we will strengthen our sampling contact points for non-apparel fields and promote entry into the flat knitting machine business.

Design System Segment



Market Environment

Opportunities

- Rapid advancements in efficiency, material waste reduction proposals, energy-saving measures, and automation in a wide range of industries
- Acceleration in sustainability efforts and regulatory compliance, particularly in the apparel and fashion industry
- Growing use of 3D design tools and generative AI for product planning and design leading to cost reductions in product development and quicker decision making, while sustainability efforts are also increasing

Risks

- Development and acquisition of personnel well-versed in 3D design and digital engineering
- Shift to AI-driven design operations due to progress with generative AI. Generative AI may easily replicate the key features of our software
- Stagnation of product development

Value proposition and strengths of our products in addressing social issues

- Through the creation of super-high-definition virtual samples to replace real samples, we can significantly reduce prototyping at the product planning stage to promote resource conservation.
- We can create a more efficient supply chain by linking design data created from virtual samples to the production process.
- Our latest computerized cutting machine, "P-CAM® R," consumes less power than conventional models and reduces material waste through high-precision cutting technology. This in turn reduces environmental impact from the cutting process, contributing to sustainability at sewing factories.

Business Overview

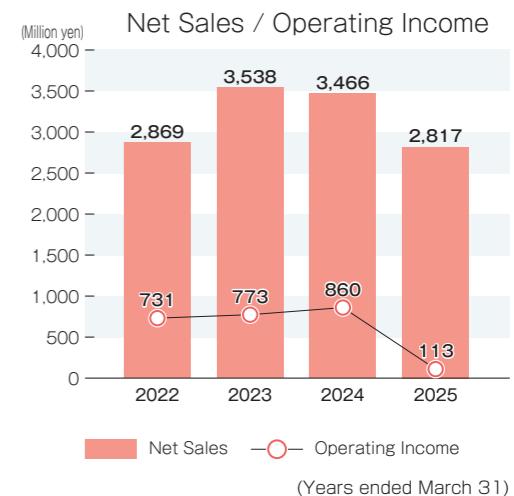
(Market Conditions in the First Half of the Fiscal Year Ending March 31, 2026, and Full-Year Forecast)

Overview of the fiscal year ended March 31, 2025

Although the number of new and renewed licensing agreements for "APEXFiz®," our "SDS®-ONE APEX" software subscription service, increased primarily among major apparel brands in Europe, the U.S., and Japan, unit sales of our computerized cutting machine "P-CAM®" decreased. As a result, net sales were ¥2,817 million (down 18.7% year on year).

Forecast for the fiscal year ending March 31, 2026

Since the end of the COVID-19 pandemic, a growing number of fashion brands have begun actively using 3D digital samples and virtual samples, and an increasing number of companies are beginning to generate results. While some brands are reducing the use of software due to technological hurdles, there has been an increase in the number of proposals for software introduction in the overall supply chain, and we expect further expansion going forward. In terms of our computerized cutting machines, companies' capital investment appetite stagnated due to impacts from the U.S. tariff policies in the first half of the fiscal year ending March 31, 2026. However, in the second half of the fiscal year, we expect an increase in inquiries and orders from the automotive industry, mainly in Southeast Asia and the Middle East. In Japan, we expect a recovery in capital investment appetite through the use of government subsidies for labor-saving and manufacturing activities.



Growth Strategy

1 Design systems

- We will work to strengthen sales and support for major apparel and fashion brands, and aim to increase introduction of our design systems throughout the supply chain, including to their suppliers.
- Centered on "APEXFiz® Design-Sox," which we launched on June 20, 2025, we will strengthen our approach to the sock industry and, at the same time, promote collaboration with the sock knitting machine manufacturer Lonati to drive business growth.
- By strengthening our collaboration with 3D digital sample-related tech partners, we will extend our touchpoints to the users of partner companies, improve access, and link this to software sales expansion. In addition, we will utilize new sales networks to focus on developing new markets such as India.

2 Computerized Cutting Machines

- Revamp conventional machines and concentrate on the new computerized cutting machine "P-CAM® R Series," boasting high productivity and safety, as the mainstay to expand the cutting machine business, mainly targeting overseas markets and high value-added zones as our main markets.
- By integrating "High-Efficiency Nesting CAD Systems" with "P-CAM® R," we will achieve further improvements in yield. We will contribute to the achievement of the SDGs, lowering our environmental impact by reducing material and cutting waste.
- In addition to focusing on ASEAN, Bangladesh, India, Turkey, and Mexico, which are markets covered by our local subsidiaries and distribution agencies, we will strengthen collaboration between local Japanese companies and our domestic bases to enhance sales in the Chinese market. Additionally, we will deploy marketing activities in Italy, the U.S., Brazil, and other locations where we have a base in the flat knitting machine business, thereby striving to develop the global market.
- We will further focus on expanding sales channels outside of the textile industry, mainly in industrial materials. Centered on our "P-CAM® PCI Series" of computerized cutting machines for industrial materials, we will actively exhibit at various tradeshows to showcase our solutions to diverse industries and uncover new markets.

Glove and Sock Knitting Machine Segment



Market Environment

Opportunity

- With global rise in health and safety awareness, demand increases for gloves and socks with functionality and added value

Risks

- Declining prices of gloves and socks forcing customers to choose production equipment in the low-price range

Value proposition and strengths of our products in addressing social issues

- Models capable of producing fine-gauge and ultra-fine-gauge products can facilitate the production of new products with high added-value in response to needs in various fields, such as gloves for precision work, medical gloves, and coating gloves.
- With stable production planning and minimal defective products, we achieve resource-efficient production through timely and optimal production.

Business Overview

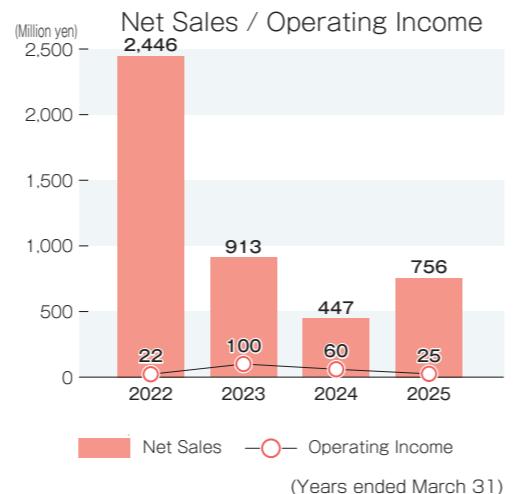
(Market Conditions in the First Half of the Fiscal Year Ending March 31, 2026, and Full-Year Forecast)

Overview of the fiscal year ended March 31, 2025

Due to an increase in capital investments by major overseas users, net sales were ¥756 million (up 69.2% year on year).

Forecast for the fiscal year ending March 31, 2026

Although we expect an increase in orders from South Asia for machines for high value-added products, we anticipate that shipments of our core models will stagnate due to impacts from major overseas users' capital investment cycles.



Growth Strategy

Strengthening relationships with existing major users

Due to the limited number of players in the glove and sock industry, we will strengthen our relationships with major business partners who appreciate the advantages of our machines and who have been loyal customers for many years.

By proposing replacement options through new product development, we aim to ensure stable sales and prevent the entry of rival products.

New product proposals with SPG®-R and SFG®-R

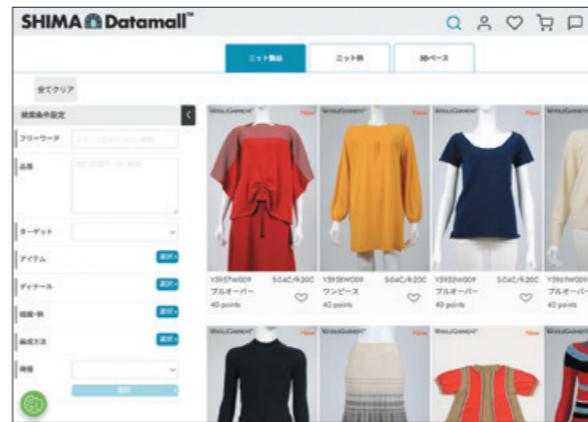
By proactively showcasing the advantages of the outstanding functionality of our latest models, we will aim to increase sales by showing users their ability to produce new products with excellent functionality and high added-value. In addition, we will expand the scope of our proposals to different industries, including industrial materials, and work to develop new markets.

Solution-Based Business

We are focusing on the development of solutions that promote sustainable manufacturing by consistently supporting the entire supply chain from planning to production and sales through sample development utilizing sustainable materials.

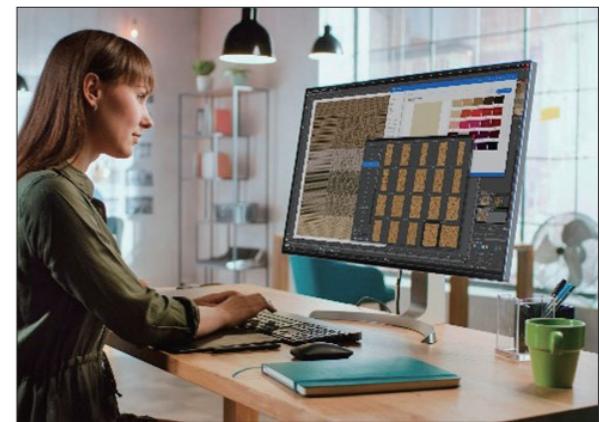
We are committed to offering proprietary solutions unique to Shima Seiki by utilizing our core technologies accumulated in the knit and other textile fields.

SHIMA Datamall™



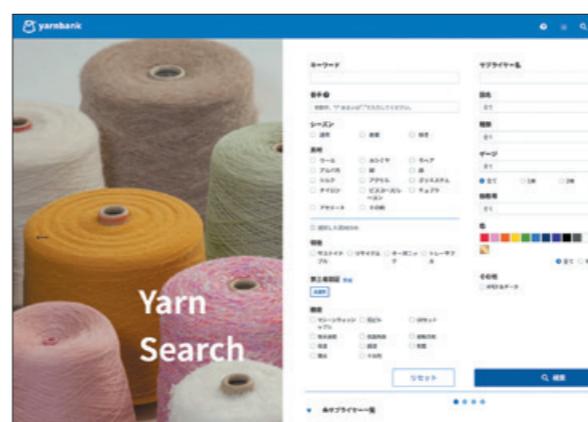
An online service that allows users to search, view, and purchase various digital data useful for planning, production, and sales of fashion items. We will promote the improvement of operational efficiency for flat knitting machine users by utilizing the "SDS®-ONE APEX" series and "APEXFiz®". We will strongly support the DX of manufacturing while simultaneously achieving a shift toward sustainable manufacturing.

APEXFiz®



A software subscription service that retains the advanced features of the design system "SDS®-ONE APEX" series while supporting diverse work styles. It promotes the DX of planning and design, reducing waste in materials and time associated with sampling, thereby contributing to sustainable manufacturing.

yarnbank®



A web service that allows users to search, browse, and download yarn data. By using the downloaded digital yarn data for virtual sampling with the "SDS®-ONE APEX" series of design systems, we promote efficiency in product planning and contribute to the promotion of sustainable manufacturing.

SHIMA KnitManager™



A production management software developed for flat knitting factories. By visualizing various information such as machine operation status and production progress, we can eliminate unnecessary processes and maximize productivity. This software allows for online monitoring of flat knitting machines, enabling users to check production status via the web in real-time.

Customer Case Studies

Case 1

Development of Unique Products Using WHOLEGARMENT® Technology and Use of a Production Management System to Improve Operational Efficiency



Leg Knit Kurisu Inc.

Founded: 1986
Location: Koryo-cho, Kitakatsuragi-gun, Nara Prefecture
Business description: Manufacture of socks, small knitted products, and functional knitted products
URL: <https://legknit-kurisu.jp/> (only in Japanese)

Leg Knit Kurisu is based in Koryo-cho in Nara Prefecture, an area famous for sock manufacturing. By installing WHOLEGARMENT® flat knitting machines, the company has successfully differentiated itself from competitors through product functionality rather than production volume or price. Furthermore, by utilizing SHIMA KnitManager™, the company has achieved improvements such as automation of routine tasks, reduction of working hours, and operational analyses.



Establishing a Solid Presence in the Industry with Functional Socks Produced by WHOLEGARMENT®



The domestic sock industry is on the decline due to increasing pressure from low-priced imports.

To differentiate its products from these imported products, Leg Knit Kurisu has introduced our WHOLEGARMENT® flat knitting machines and is working to develop and manufacture high-quality functional products that address customers' concerns.

Among the company's flagship products are its five-finger sports socks. Their seamless construction ensures excellent comfort and stretch, while the three-dimensionally knitted toe and heel sections provide grip and stability to significantly improve their functionality as sports socks. Like this, the company has established a solid presence in the domestic sock industry by manufacturing products that excel in both functionality and design and that cannot be copied by other manufacturers.

Improving Operational Efficiency Using SHIMA KnitManager™

The production efficiency improvements at Leg Knit Kurisu have also been supported by the production management software, SHIMA KnitManager™.

The company calculates the operating rate of its knitting machines on a weekly basis, with all employees analyzing errors and examining measures to improve operating rates.

SHIMA KnitManager™ enables data management of the production process, automating the aggregation work that was traditionally performed manually, which resulted in reduced working hours.

In addition, since operating status can be monitored online, rapid response to errors or trouble occurrences becomes possible, contributing to improved operational rates.

Previously, the company transferred some production data to its machines through USB. Now, by fully switching to network-based management, information security has been enhanced.

	Before	Without SHIMA KnitManager™	After	With SHIMA KnitManager™
Aggregation	Handwritten notes / Inputting into Excel	Automatic aggregation	30 to 60 minutes	Work time reduction
Analysis	Understanding of operating status	Real-time understanding of operating status	Confirmation of errors / Countermeasures	Enable rapid initiatives to improve operating rates



Through the proactive use of digital technologies, Leg Knit Kurisu is working to create smart factories that combine the expert techniques of skilled workers with the latest technologies in an optimal balance. Shima Seiki will continue to help Leg Knit Kurisu improve its manufacturing efficiency and manufacture high-quality and highly functional products.

Case 2

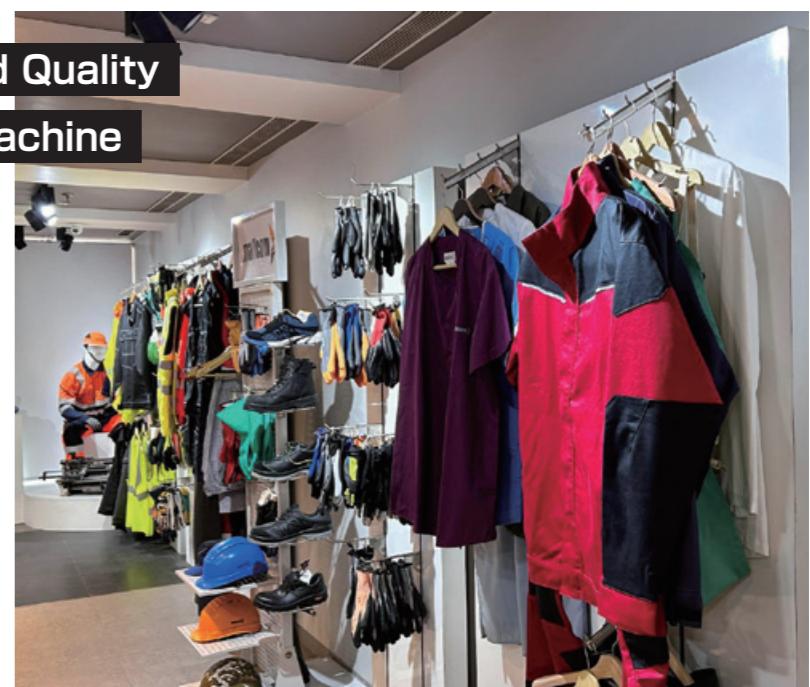
Enhanced Efficiency and Quality With P-CAM® Cutting Machine



MALLCOM INDIA Ltd.

Founded: 1983
Location: Kolkata, India
Business description: Manufacture and export of personal protective equipment
URL: <https://mallcom.in/>

Mallcom India Ltd. ("Mallcom India") is a major global company in India that plans, manufactures, and distributes personal protective equipment (PPE), including industrial workwear, gloves, safety shoes, and helmets. Mallcom India has long used Shima Seiki's glove knitting machines. For the purpose of further improvement in the production process and manufacturing high-quality products, it has newly introduced the computerized cutting machine P-CAM®, achieving efficient and labor-saving operations.



A Long-Standing Partnership



Since its establishment in 1983, Mallcom India has steadily expanded its operations by providing users with comprehensive solutions for protective gear from head to toe. Certified under ISO, SA, SEDEX, and Fair Wear standards, Mallcom ensures compliance with regulatory requirements in Europe, the United States, and India. Currently, it has expanded to over 55 countries across six continents, establishing its position as a global leader in the PPE industry. A key contributor to this growth is the long-time use of Shima Seiki's glove knitting machines for over 30 years. This deep-rooted trust in Shima Seiki's products and services has led to the introduction of the computerized cutting machine P-CAM®.

Transformation with P-CAM®

Mallcom India has achieved improved work efficiency, quality improvement, and reduced labor costs through the introduction of the computerized cutting machine P-CAM®. Additionally, improved cutting accuracy has minimized material waste. By continuously providing high-quality PPE with short lead times, Mallcom India has further reinforced its reputation as a trusted leader in the global safety equipment market.

	Before	Without P-CAM®	After	With P-CAM®
Process	Manual cutting involving fabric spreading, marking, and cutting with a straight knife machine	Once P-CAM® is set up, fabric spreading, marking, and cutting are automated.		
Time	High-volume cutting process results in long operation times.	Cutting time is significantly reduced.		
Cost	Mass production requires many operators, leading to high labor costs	Labor costs are reduced, while cutting volume increases.		
Quality	Cutting quality varies depending on staff experience and adherence to standardized work processes.	Accurate cutting improves quality and ensures consistency.		
Safety	High risk of accidents and injuries.	Safer cutting environment is realized.		

Through its extensive range of product lineup, from knitting machines to computerized cutting machines, Shima Seiki will continue to be a vital partner that contributes to Mallcom India's advancement in the global market.

Sustainability

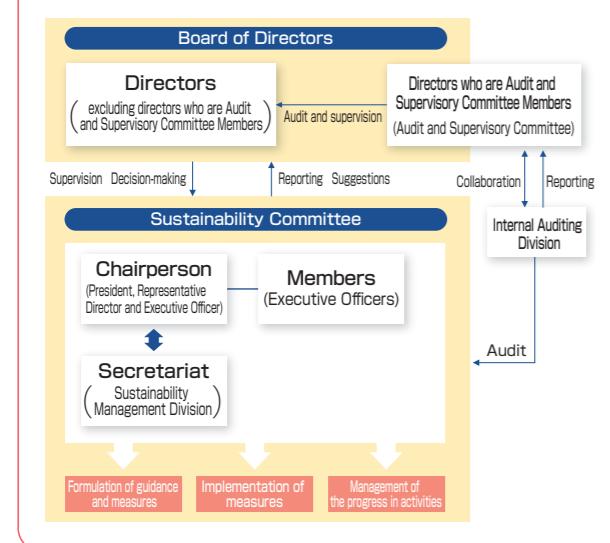
In order to become an “indispensable company to the society,” we will strive for the sustainable development of society and the preservation of the global environment, and realize the enhancement of corporate value.

We will take on the challenge of solving all issues, fulfill our social contribution through sustainable value creation, and continue to grow together with all of our stakeholders.

We view sustainability as an “important initiative to meet social demands and improve corporate value.” Based on this concept, we established the Sustainability Management Division and formulated the “Basic Policy on Sustainability” and the “Policy on Human Rights.”

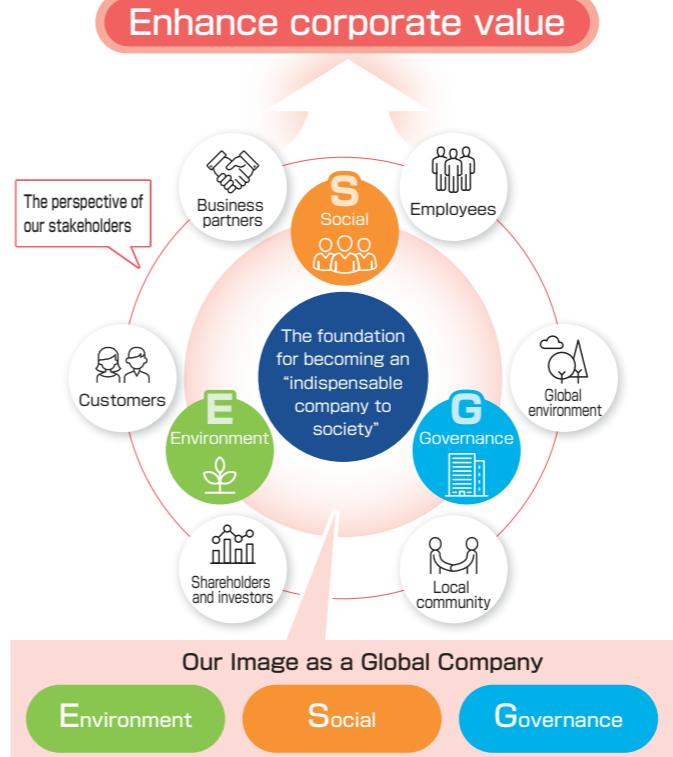
Reflecting the growing awareness of the environment, there has been an accelerating shift toward sustainable manufacturing in the apparel and fashion industry as well. We will work to solve various issues that exist in each process of our supply chain by offering a variety of solutions.

Sustainability organizational chart



The Shima Seiki Group's Basic Policy on Sustainability

- 1 We will contribute to the sustainable development of society by generating new values through the provision of products and services that help resolve environmental and social problems.
- 2 We endeavor to maintain the global environment by understanding the significance of environmental protection and the maintenance of biodiversity and promoting environmental load reduction, such as by reducing greenhouse gas emissions and preventing pollution, the sustainable procurement of materials, the proper management of chemical substances contained in our products, and the efficient and cyclical use of resources.
- 3 With a view to realizing a society in which the dignity of all people tied in any way to our business is protected, we endeavor to prevent the violation of human rights by taking appropriate actions to address the impact of our business activities on human rights and the risks that such activities pose in this respect.
- 4 We endeavor to create a climate in which each individual can fully demonstrate their individuality, sensitivity, and creativity while respecting diversity regardless of race, nationality, sex, age, and other backgrounds and cultivating and utilizing human resources as a source for the creation of new values.
- 5 We will comply with laws, regulations, and social norms, and engage in fair and responsible business activities in collaboration with our stakeholders.



We will fulfill our responsibilities as a corporation from the viewpoints of our stakeholders to enhance our corporate value by, for example, establishing our image as a global company (Governance), contributing to a sustainable society (Social), and considering the global environment (Environment).

Shoichi Chiya

Deputy General
Manager of
Sustainability
Management Division

In an era of ever-increasing uncertainty, in addition to financial information, it is becoming more important for companies to disclose their non-financial information. At Shima Seiki, we strongly recognize the importance of business development that incorporates a sustainability perspective. As a corporate entity, it is essential that we look at how to perceive and address various global and social issues such as climate change, biodiversity, and human rights.

In the Medium-Term Management Plan, "Sustainability" is positioned as one of the four policies aimed at proactively addressing these social issues and enhancing corporate value. As part of this policy, looking ahead to 2050 and toward what we want to be for 2030 to 2040, we have identified six issues to address. Furthermore, we have categorized our initiatives for the next three years addressing these issues into six specific areas and are moving forward with the relevant initiatives.

With the relevant initiatives, Through environmentally conscious initiatives in our business activities, transitioning to a circular economy, business activities respecting human rights and ethics, creating and maintaining relationships of trust with stakeholders, creating an inclusive environment where all can thrive and demonstrate their abilities, and leveraging our products, systems, and services to solve industry and societal issues, we strive for the sustainable development of our Company, our stakeholders, and society.

—Well-being for tomorrow through the power of creativity—

At the Shima Seiki Group, every employee shares the conviction "to become an indispensable company to the society." In order to meet the diverse social responsibilities demanded of us, we will cherish our connections, generate thrilling new value, and continue our challenge to provide solutions for the future of humanity and the earth.

humanity and the earth.
I sincerely ask for the continued guidance
and encouragement of our stakeholders.

Environmental Initiatives

Basic Ideas

In order to pass on our irreplaceable Earth to the next generation, we believe one of our missions is to conduct environmental conservation activities through our business and, at the same time, reduce the environmental impact caused by disposal of inventory losses in the apparel and fashion industry. We will use our power of creativity to

promote corporate activities that take global environmental issues into account. Shima Seiki Group has formulated its Environmental Conduct Guidelines, and all employees actively work to ensure the systemic and efficient operation of the guidelines and continuously improve their effectiveness.

Environmental Management

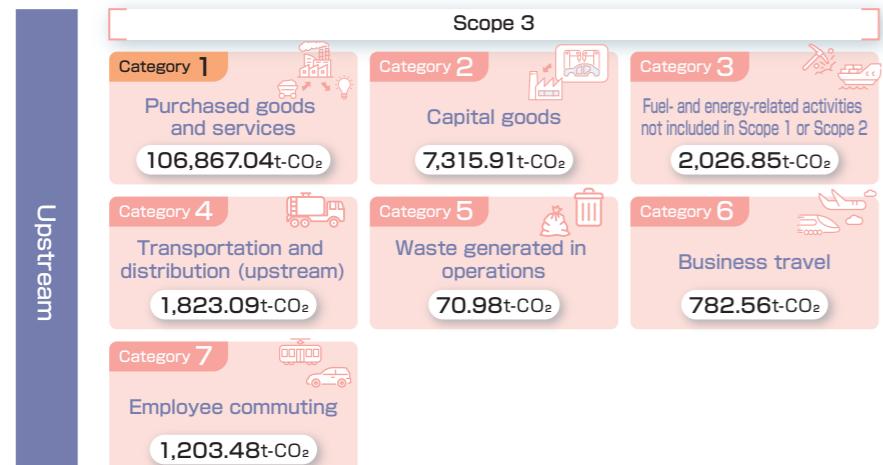
We acquired third-party certification under ISO 14001 from an external certification body for all corporate operations related to all products we design, manufacture, and sell. Management indicators include reductions of various environmental impacts, factory greening efforts, and

the promotion of renewable energy usage as well as the provision of WHOLEGARMENT® flat knitting machines, design systems, and other environmentally-conscious products. We will contribute to global environmental conservation through our business activities.

Greenhouse Gas Emissions

We are working to reduce greenhouse gas emissions. With regard to Scopes 1 and 2, we promote the reduction of energy consumption and the introduction of renewable energy. As for Scope 3, we prioritize the reduction of "emissions

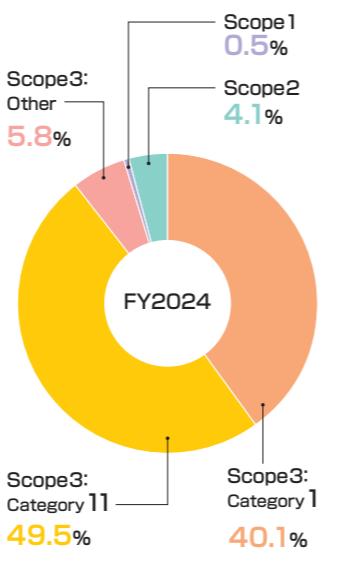
from purchased goods and services (Category 1)" and "emissions from the use of sold products (Category 11)" with high emission rates, and thereby aim to reduce greenhouse gas emissions throughout the supply chain.



Total CO₂ emissions in FY2024

266,605.78t-CO₂

Scope 1, 2 : 12,285.8 t-CO₂
Scope 3 : 254,319.98 t-CO₂



Formulation of a Decarbonization Roadmap

In 2024, we have formulated a "Decarbonization Roadmap" aimed at reducing Scope 1 and Scope 2 emissions, and have started initiatives involving all employees across all workplaces within the Company through Energy Conservation Promotion Committee. We are currently executing and advancing numerous

decarbonization measures to achieve our target of a 30% reduction in greenhouse gas (Scope 1 and Scope 2) emissions by 2030 (compared to FY2013). In FY2024, our decarbonization measures facilitated an approximately 15% reduction in all CO₂ emissions, equivalent to reduction of around 390 t-CO₂.

Shift to Renewable Energy

Since 2002, we have implemented large-scale photovoltaic power generation systems, leading the way in promoting the use of renewable energy ahead of other companies. Currently, we have photovoltaic power generation systems operating with a total output of approximately 2,380 kW for the entire Group. In the fiscal year ended March 31, 2025, our photovoltaic power generating systems generated 1,723.15 MWh of electricity. In addition, some subsidiaries in Japan and overseas are moving forward with the purchase of electricity derived from renewable sources through the purchase of Non-Fossil Certificates. In addition to measures to reduce energy consumption, we are engaged in activities to ensure that 30% of all our energy consumption is from renewable energy by 2030.

Expansion of Photovoltaic Power Generation and Storage Battery Facility



In FY2024, we installed a new 200 kW photovoltaic power generation facility and a new 200 kWh storage battery facility to add to our existing 100 kW photovoltaic power generation facility at the South Factory of our headquarters. Through these facilities, we will ensure effective use of renewable energy.

Environmental Education Activities

Awareness-Raising for All Employees through Internal Newsletters

We share sustainability-related information every month through internal newsletters delivered to all employees. These newsletters cover themes that extend beyond environmental information and lead to sustainable activities. Through environmental education, we will continue to encourage employees to understand the importance of such themes and connect it to their own actions.

SDGs Training Program for New Employees

At the time of joining the company, starting with the basics of the SDGs, new employees will learn about the significance of SDGs for society and companies, and then about Shima Seiki's SDGs. We aim to develop human resources who will be able to think and implement the SDGs as their own cause and lead Shima Seiki's future.

Sustainability Training

To offer new employees the opportunity to think about the future of a sustainable apparel and fashion industry, we provide training that allows them to experience the entire process from cotton cultivation to spinning and knitwear production using flat knitting machines.

Factory Greening

Our belief that "good products come from a good environment" is expressed in our greening activities around our factory and other areas, and we are working on greening the surrounding areas of the premises. We have now made approximately 30% of the site a green area, planting approximately 13,000 trees, exceeding the standards of the Factory Location Act and contributing to CO₂ reduction. We have also provided a portion of the plant site as walkways to create an environment where local residents can enjoy the trees.



Response to Climate Change

We regard climate change and other global environmental issues as one of our most important management priorities. We recognize that harmony with the global environment affects our activities, survival, and sustainable growth, and we strive to reduce the

environmental impact of our business activities. We have identified risks and opportunities related to climate change and are taking action based on the following framework.

Governance

As a company with social responsibilities, we have established the Sustainability Management Division to demonstrate our commitment to ESG and SDGs. Under the overall direction of the president, this division coordinates the direction of the Company and uniformly disseminates it internally and externally. In addition, we have established a Sustainability

Committee, chaired by the president, and composed of executive officers, to consider responses to various issues related to climate change, implement measures, and manage the progress of activities. The Board of Directors receives reports, deliberates, supervises, and makes decisions on important policies and matters.

Strategies

In terms of climate change, in addition to efforts across the apparel and fashion industry, we will work to contribute to environmental protection, low carbonization, and decarbonization through the development and provision of new products that meet

market needs, such as our knitted products and knitting machine technologies, Total Fashion System® centered on WHOLEGARMENT® flat knitting machines and design systems, and various other solutions.

Short/medium-term challenges (by 2030)

- **30%** reduction in emissions of greenhouse gases (GHG)
- **30%** usage rate of renewable energy
- **Securing 35%** of green areas at factories
- **Zero** dioxin emissions [Achieved in FY2024]

Long-term challenges (by 2050)

- Achieve **carbon neutrality**
- **Zero** waste water from factories

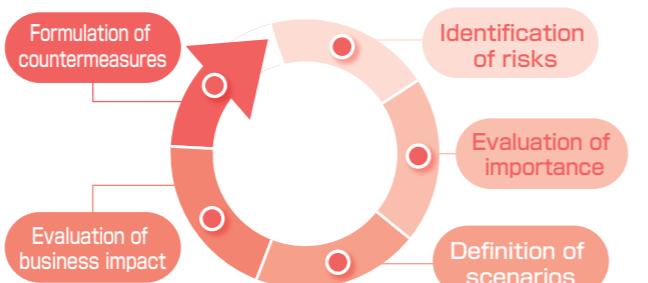
Risk Management

Identification and evaluation process

The Company will identify social issues related to its business activities, evaluate their importance, verify their validity, and ultimately have them approved by the Board of Directors.

Management process

The status and progress of response to risks concerning climate change in the Company's businesses are managed by relevant divisions and committees, and regularly monitored by the Sustainability Management Division.



Targets

We conducted a scenario analysis and, based on the results, have set a GHG emission reduction target of net zero for Scope 1 and Scope 2 emissions by 2050 to reduce risks associated with climate change.

To achieve the target, we have set a GHG emission reduction target of 30% by 2030 compared to FY2013 levels. For Scope 3, we are in the process of setting specific targets based on information from various initiatives.

Category	Climate change item	Risk	Opportunity	Evaluation	Measures
Policy and legal regulation	Introduction and rise of carbon tax	Increase in procurement costs due to price pass-through of carbon tax	Energy saving Reduction of the impact on energy procurement costs due to early decarbonization response	Medium	Reduce CO ₂ emissions in production activities
		Increase in operating costs due to increases in fuel and electricity costs, and other costs		Medium	Promote the efficient implementation of renewable energy
	Energy saving, strengthened decarbonization regulations, and the achievement of emission reduction targets	Increase in facility costs due to upgrading to energy-saving and renewable energy-compatible facilities	Reduction of emissions through the promotion of energy saving and renewable energy	Medium	Promote the efficient implementation of renewable energy
		Increase in expenses due to purchase of emission rights for emissions that cannot be reduced		Medium	Reduce CO ₂ emissions in production activities Further advance measures to eliminate the need to purchase emission rights
		Increase in costs due to the use of materials that can be recycled	Lower carbon used in and reduction of emissions from materials thanks to the use of recycled materials	Medium	Efforts to maintain and improve machine performance by using single-material parts, and to reduce prices by using them in multiple parts in larger quantities
	Transition risks	Increase in expenses related to collection, reuse, etc. of materials to be recycled		Medium	Improvement of collection and reuse efficiency by using the same type of materials
		Increase in costs due to switching to low-carbon and environmentally-conscious materials	Expansion of opportunities through businesses related to products that contribute to low carbonization and environmental consciousness	Medium	Promote energy-saving design for products
	Technology	Increase in costs of R&D for low-carbon materials and technologies	Expansion of business opportunities through early development and provision to the market	Medium	Actively collaborate with research institutes and companies to improve production efficiency and create other new technologies
		Changes in consumption behavior due to global warming	Decrease in clothing purchases	Large	Propose all-season knitted products with features that go beyond cold protection
Market	Dissemination of low-carbon emission technologies	Changes in consumer preferences toward environmental issues	Challenges in the fashion industry affect consumer choice	Large	Provide new products and services that contribute to the production of knitted products suitable for timely and optimal-volume production
		Negative response from stakeholders regarding climate change response	Criticism toward companies not responding to climate change and decline in evaluation of investment decisions	Small	Enhance information disclosure and strengthen communication
	Reputation	Reduced manufacturing capacity due to disasters hitting supply chains	Improvement of corporate evaluation by demonstrating environmental initiatives	Small	Diversify products and parts procurement source (purchase from multiple suppliers)
		Intensification of extreme weather	Enhancing resilience by dual sourcing and establishing supply chain BCP	Large	Improve drainage facilities, etc. to reduce damage from floods, and ultimately ensure to pass on technology that allows for consignment production
Physical risks	Chronic	Increase in damage such as shutdowns and equipment damage caused by natural disasters	Reduction of restoration costs by strengthening the BCP system and preparing flood prevention measures	Large	Promote the efficient implementation of renewable energy Research of new materials and processing methods
		Increase in cooling costs to maintain the working environment and processing accuracy	Introduction of energy-saving equipment and development of new business areas using materials that are not affected by environmental temperatures	Small	

Society in Harmony with Nature

—Natural Capital and Biodiversity—

Our economic activities depend on benefits derived from natural capital (ecosystem services), such as air, water, minerals, soil, and plant/animal life.

We benefit in many ways including through the provision of resources such as water and metals, the mitigation of wind and flood damage through forests, and the purification of water by microorganisms.

For us to continue to benefit from this natural capital, it is essential that we strive to maintain a balance between various organisms and ensure biodiversity.

From a corporate sustainability standpoint, we believe it is important to understand the dependencies and impacts of our business activities on natural capital, including biodiversity, to reduce our negative impacts on nature, and to generate positive impacts.

We will assess and manage our nature-related risks and opportunities and strive to enhance Group resilience. We will also examine the specifics of our initiatives and information disclosure.

Forest Conservation Activities “Shima Seiki Amano no Satoyama”

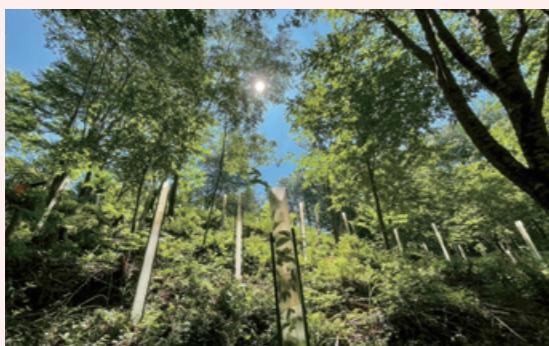
We have been participating in the “Kigyo no Mori” (corporate forest) project since December 2019, an initiative by Wakayama Prefecture calling for cooperation from companies and organizations in forest conservation within the prefecture. We are engaged in forest conservation activities such as planting and thinning in a 1.91-hectare land in Katsuragi Town, Wakayama Prefecture.

This area consists of diverse environment including areas with artificial forests of cedar and cypress and thickets, as

well as streams and swamps that serve as water sources for the surrounding areas.

We manage the forest by properly tidying it up by hand and assisting in the renewal of natural trees remaining in the area, to enhance the multifaceted functions of the forest.

Through these activities, we strive to achieve environmental conservation and community contribution via forestation, while interacting with local residents and experiencing the beauty of nature.



With the cooperation of the Katsuragi Town Forestry Cooperative, a total of 194 people have participated in 22 activities so far, including undergrowth clearing. We have planted about 500 trees, including wild cherry, bayberry, Japanese chestnut, and walnut trees.



We have created benches using wood from the thinning of artificial forests and installed them in our activity areas. In addition, timber taken from thickets has been used as wood for the cultivation of mushrooms such as shiitake and nameko mushrooms, and the mushrooms have been successfully harvested.

Acquisition of “B” Rank in the CDP’s “Climate Change Report 2024” and “Water Security 2024”

Shima Seiki was rated “B” in the CDP’s “Climate Change Report 2024” and “Water Security 2024.” The B ranking indicates that we are at the management level.

The B rank is the third highest possible rating in the eight-level scoring system. It demonstrates that we are aware of internal environmental risks and impacts and that we are taking the necessary action.

In May 2022, we announced our support for the Task Force on Climate-related Financial Disclosures (TCFD),

and since then have engaged in initiatives to reduce our CO₂ emissions and disclosed information in line with TCFD recommendations.

Moving forward, we will strive to make further contributions to the achievement of a sustainable society through our business activities and grow together with all stakeholders.



Initiatives for Business and Human Rights

Shima Seiki Group Policy on Human Rights

Shima Seiki Group strives to become an “indispensable company to society” through sustainable business development under our corporate philosophy of “Ever Onward – limitless progress.”

Recognizing that our business activities may have a direct or indirect impact on human rights, we have

formulated the Shima Seiki Group Policy on Human Rights (the “Policy”) to ensure respect for the human rights of all people concerned with our business activities and are promoting human rights initiatives in line with the Policy.

1. Basic ideas

As a member of society, we recognize the importance of respecting human rights in all our business activities. We support and respect human rights in line with the “International Bill of Human Rights” and the International

Labour Organization (ILO)’s “ILO Declaration on Fundamental Principles and Rights at Work,” and are promoting activities based on the United Nations’ “Guiding Principles on Business and Human Rights.”

2. Scope of the Policy

The Policy applies to all officers and employees* of the Shima Seiki Group.

In addition, based on the Policy, we will respect the human rights of all business partners and other parties associated with the Shima Seiki Group’s businesses, and ensure that

3. Initiatives for respecting human rights

● Elimination of discrimination

We are committed to maintaining a healthy workplace environment where fundamental human rights and diversity are respected, ensuring there is no discrimination, harassment, or other unjust handling based on factors such as nationality, race, belief, religion, gender, age, disability, or social standing.

● Consideration for business activities

In line with the Shima Seiki Group Code of Conduct and the Basic Policy on Material Procurement, we will work together with the Group’s suppliers to maintain a responsible supply chain.

In addition to respecting customer privacy, we will also strive to prevent any social discrimination toward our customers.

child labor, forced labor, and harassment, manage appropriate working hours, guarantee minimum wage, provide safe and hygienic workplace environments, and ensure freedom of association and respect the right to collective bargaining.

● Consideration for employees

We strive to respect the diversity, basic human rights, and privacy of our employees, and in addition to working to eradicate discrimination in its various forms, we will eliminate

4. Practice of respect for human rights

● Exercise human rights due diligence

We will strive to prevent and reduce any negative impacts on human rights by building a system for human rights due diligence and identifying and addressing any human rights risks to society.

● Remedial measures

Using a reporting system for human rights concerns, we will quickly investigate any reports of human rights infringements, and in the event of clear and direct negative impacts on human rights, or any involvement in such infringement, we will implement corrective measures through the necessary internal and external procedures.

● Education

We will provide appropriate education and training to all officers and employees to ensure that the Policy is incorporated into all aspects of the Shima Seiki Group’s activities.

● Dialogue with stakeholders

We will strive to reinforce our measures for human rights through sincere dialogue and discussion with related stakeholders regarding our measures to prevent any negative impacts on human rights.

● Information disclosure

We will appropriately disclose information on the progress of measures to address any negative impacts on human rights via our website and Integrated Report.

Supplier Sustainability Guidelines

In recent years, in addition to response to issues such as climate change and biodiversity, there is increasing social interest and demand for measures to address risks associated with business and human rights throughout the supply chain. We have formulated these guidelines to raise awareness among the Group’s suppliers of the importance of our corporate social responsibilities in addressing these

challenges. Through collaboration that goes beyond existing business relationships and corporate scale, we will strive to coexist with our suppliers while working with them to respond to any risks. Along with a supplier sustainability checklist, we have also published our Guidance on Green Procurement to guide our suppliers’ activities.

Human Capital

Basic Ideas on Human Capital

We have established our purpose as "well-being for tomorrow through the power of creativity." Our will to create is at our core. Our dedication to "make tomorrow better than today" constantly drives us to advance our products and services. Our reason for being is to create well-being through such advancements. Under this purpose, we regard our human resources, the source of our "power of creativity," as essential human capital for the sustainable growth of the Company. To enhance this human capital, we will implement measures such as building an environment where individuals can hone their skills and maximize their potential, and acquiring and developing diverse human resources full of individuality. Through these efforts, we will endeavor to foster a free and open corporate culture where each employee can work vibrantly with hope and pride, continuously taking on the challenge of solving various social issues. In doing so, we strive to grow alongside society as an "indispensable company to society."



Three Priority Measures

Measures

"Hiring and Developing Human Resources"

Who Will Support the Future of Shima Seiki

Changes in the Business Environment and Measures

Looking ahead to Shima Seiki's future and realizing what we want to be, we will strengthen our human resource base by hiring diverse talent, permeating our philosophy, and developing human resources who can learn and act independently.

Even within a social environment changing at dizzying speeds—with diversifying business models and consumer behavior and rapid digitalization—we will continue to swiftly solve social issues.

"Active Participation by Diverse Talents"

Who Create Innovations

With the intensification of international competitiveness and the increasing complexity of social demands, creating an organization that draws on diversity is becoming increasingly important for sustainable business development and gaining a competitive advantage.

The Company recognizes that a diverse set of values and expertise are indispensable for the strengthening of management capabilities and innovations.

In order to create new added value through collaboration derived from the utilization of individual abilities, we are focusing on promoting diversity and establishing supportive environments.

"Establishing an Internal Environment"

that Generates Job Satisfaction and Provides Peace of Mind for Everyone

Currently, work styles and lifestyles have significantly changed, with talent mobility becoming even more active.

We are working to create a safe internal environment where each and every one of our employees can work with peace of mind so that they can demonstrate their abilities to the maximum extent.

In order to do so, we believe achieving a fulfilling life with a good work-life balance is necessary, and are actively promoting efforts to realize a balance of work and life.

"Hiring and Developing Human Resources"

Who Will Support the Future of Shima Seiki

We want to move forward together with people who learn through repeated challenges and failures, and who proactively engage in creating new values. We are promoting human resources recruitment and development by seeking human resources who can act flexibly and swiftly and on their own initiative while staying attuned to the rapidly changing social environment.

Priority Initiatives

Hiring Diverse Human Resources

We believe that chemical reactions generated from the mixing of various people with different experiences and values, who respect and inspire one another, have a significant impact on organizational development and the creation of new values.

We are promoting the diversification of human resources under our basic policy of hiring human resources who can play an active role in our company regardless of age, gender, nationality, and other factors.

Fostering Autonomous Learning Habits in Talent Development

In order for us to respond to a rapidly changing social environment and aim to develop business sustainably, we believe it is important that each and every one of our employees learn autonomously and take on challenges to achieve high goals. To support this individual growth, we have established a comprehensive training system. In terms of utilizing our human resources, we have introduced an internal

recruitment system that allows employees to voluntarily take on work they are interested in. In addition, we have introduced an inter-departmental trainee system that allows employees to experience work in other departments for several months. Through these efforts, we are working to create an environment where employees can proactively broaden their range of experience.

Examples of Activities

Employment records over the past five years (cumulative)

2021-2025 New graduates and mid-career hires
* As of the end of September 2025

University graduates (51 persons)		High school graduates (45 persons)		Mid-career hires (46 persons)	
Male	Female	Male	Female	Male	Female
39 persons	12 persons	33 persons	12 persons	40 persons	6 persons

Continuous development of next-generation management personnel

We have established requirements for our management leaders, and are actively promoting the development of the next generation of human resources through initiatives such as selective training, etc. At the same time, we identify candidates, devise development measures, and systematize the development process.

Human resource development programs

We provide rank-specific career training so that each individual can work with goals in mind, as well as basic training for business people and language training to enable employees to demonstrate their abilities in a global enterprise. We also have a support system in place to allow employees to work with peace of mind, providing life-planning training to design careers toward mandatory retirement and reemployment.

Internal recruitment system / Inter-departmental trainee system

In addition to the benefits of seizing opportunities and proactively broadening experiences, through this program, we are also committed to developing employees' interests in work outside their own divisions and cultivating the habit of autonomous learning, considering what is lacking to pursue the work they want to do.

"Active Participation by Diverse Talents" Who Create Innovations

To ensure competitiveness from a global perspective amid a rapidly changing market, we are striving to build a system that can accept diversity. In the belief that promoting human resources with diverse values and expertise allows us to enhance flexibility and potential for creating new values, we are creating an environment where individual performance can be demonstrated to the maximum extent.

"Establishing an Internal Environment" that Generates Job Satisfaction and Provides Peace of Mind for Everyone

We believe that securing employee safety and maintaining and improving their physical and mental health are the sources of our sustainable growth and creation of innovation. Therefore, we prioritize our employees' work-life balance, striving to cultivate a working environment where everyone can thrive while experiencing job satisfaction and fulfillment in their personal lives.

Promoting Diversity & Inclusion (D&I)

We consider diverse values and expertise as essential for strengthening management capabilities and driving innovations. Therefore, we have been actively hiring diverse human resources regardless of gender, nationality, age, or whether they are new graduates or mid-career hires, and promoting them based on their abilities and aptitudes. In addition, we are working to create an environment

in which each and every one of our employees can demonstrate their performance to the maximum extent by, for example, establishing an in-house nursery school and promoting working from home. We will continue to further strengthen our efforts to create an environment where employees can respect each other and work vibrantly.

Ratio of female employees	26.6%	Ratio of mid-career hires	26.0%	Ratio of employees taking childcare leave	Male 88.8% Female 100.0%
Ratio of female managers	15.1%	Ratio of foreign employees	1.1%	Average number of days of childcare leave taken	Male 137.1 days Female 370.7 days

Initiatives to Promote D&I

Promoting Active Participation of Women

We are working to create an environment in which human resource development and flexible work styles can be implemented on an ongoing basis. These efforts include the establishment of a project team for promoting the active participation of women, holding roundtable talks and lectures involving female directors, discussions towards creating an environment friendly to female employees, and providing a forum for direct suggestions to directors.



Establishing an In-House Nursery School

In 2017, we established an in-house nursery school called "Shima Kids' Land" to upgrade our working environment for balancing work and family. As of the end of March 2025, a cumulative total of 174 children of employees have made use of this program.



Recruiting Foreign Nationals Toward Globalization

In order to increase international competitiveness, we actively hire foreign nationals and aim to develop a workforce capable of responding to diverse needs and playing an active role on the global stage.

Employing People With Disabilities

We are striving to create a work environment where diverse talent can thrive in a variety of roles that are suitable for each person, including production and manufacturing work and work that utilizes programming.

Health & Safety and Disaster Prevention Initiatives

We have established the Health and Safety Committee; and under the basic policy of "securing safety and health of all employees," we strive to not only promote the health of employees but also eliminate industrial accidents and commuting accidents through health and safety activities, and improve labor productivity. For disaster prevention measures, we have established

the Disaster Prevention Committee to consider how we can secure the safety of all employees, their families, and relevant persons. In addition, we are working to establish a system that will enable us to resume business operations as quickly as possible in the event of a disaster by formulating a Business Continuity Plan (BCP), for example.

Initiatives to Promote Work-Life Balance

We have established systems that allow employees to select various work styles to strike a balance between work and life. A structure is in place that supports the realization of individual work-life balance, where everyone can utilize

systems such as childcare leave, nursing care leave, and reduced working hours as needed. In addition, we are promoting more efficient work styles and actively working to reduce overtime hours.

Examples of Activities

Promoting Physical and Mental Health

We ensure that health checkups and stress checks are implemented for all employees. Employees are notified of the results directly, and industrial physicians provide face-to-face guidance when necessary.

Promoting Paid Leave Usage

In addition to ensuring compliance with the mandatory five-day annual leave, we have established an environment that facilitates taking annual leave, such as by setting company-wide paid leave days and introducing an hourly paid leave system.

Employee-Selectable Systems

In response to diversifying work styles, we have established systems under which employees can select their own work styles. These systems include working from home, reinstatement, and shorter working hours for parents with children up to the fourth grade of elementary school, which exceeds the statutory requirement.

Stakeholder Communication

We believe that active communication with various stakeholders is essential for understanding and solving social issues. Here, we introduce our initiatives regarding dialogue with each stakeholder group.

Shareholders and Investors

We recognize that the most important part of our IR activities is communication with our shareholders and investors.

In addition to positioning the General Meeting of Shareholders as an important opportunity for dialogue with our shareholders, through our biannual shareholder newsletters, we provide information on the latest corporate trends as well as business reports from the management team.

In addition, this Integrated Report includes our financial data as well as enhanced content of non-financial information such as ESG initiatives, presenting our Company's medium- to long-term growth vision in an easy-to-understand manner.

For our investors, we provide numerous opportunities for interaction such as through financial results briefings, regular IR interviews, and online briefings for individual investors. The feedback we receive through these platforms is shared at the Board of Directors and other meetings and used for further enhancements to our information disclosure and IR activities.

FY2024 Results

Number of interviews with institutional investors	Approx. 100 per year
Earnings presentations for investors	Twice a year; approx. 80 participants



Customers

In addition to maintaining product quality and strengthening our management systems, we are also aiming to further improve customer satisfaction.

To ensure customers can use our products with peace of mind, in addition to post-sales maintenance and inspections, our experienced professional staff provide lectures on our products at training facilities in our headquarters.

We offer various plans tailored to customers' levels and

needs, from beginner to advanced courses, available in multiple languages including English and Chinese. Through our integrated web portal "SHIMA SEIKI Online Services," we offer various services, including the e-learning system "SHIMANAVI®" and comprehensive customer support website "SHIMA HelpCenter," to support customers' business efficiency and sustainable manufacturing.

Local Community

We operate the "Fusion Museum," a museum of knits to encourage children of the future to learn about the mechanisms and history of machines, and to help them develop an interest in manufacturing through questions of "Why does this happen?," and nurture their creativity through curiosity.

Inside the museum, we exhibit a diverse range of knitting machines, from the world's first sock knitting machine to the world's fastest flat knitting machine, showcasing the history of the knit industry and disseminating information as valuable historical material.

Visitors can also take part in a scarf or cushion cover manufacturing workshop using our design systems and WHOLEGARMER® flat knitting machines.

Annual visitors in FY2024: Approx. 31,340



Suppliers

We consider our suppliers to be important business partners and are dedicated to carrying out responsible sourcing practices.

We are striving to create sustainable partnerships through fair and impartial transactions.



Procurement Policy Briefing

We hold an annual "Procurement Policy Briefing" for existing suppliers. By communicating and sharing our business plan and vision, we are working to deepen relationships of trust and establish stable procurement structure.

Number of participants to Procurement Policy Briefing:
Approx. 400 (including online participants)

In-House Exhibitions and Seminars

We invite suppliers to host product exhibitions and seminars at our premises, utilizing them in information gathering and technological improvement for not only the material procurement departments but also other relevant departments.

Additionally, our employees visit suppliers to host technical exchange sessions, working together to solve mutual issues and problems and achieve quality improvements and stable product supply.

Employees

To provide dialogue opportunities between the president and employees, we have implemented presidential talks at monthly all-hands morning assemblies, during which the president personally delivers a message to employees.

Furthermore, we hold inter-departmental networking events to foster communication beyond departmental boundaries, as well as informal discussion events where employees can speak freely with our experienced outside directors. These serve as opportunities for employees to share values and exchange opinions regarding career development.



Basic Information of the Fusion Museum

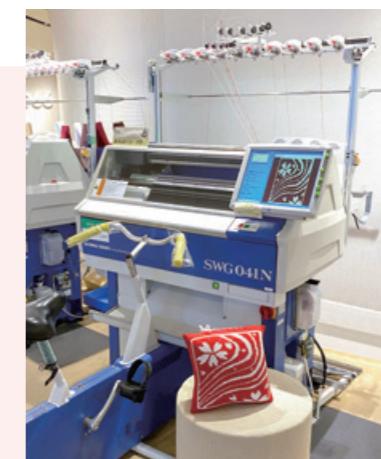
Location : FORTE WAJIMA 3rd floor,
2-1 Honmachi, Wakayama
City, Wakayama Prefecture

Opening hours : 10:00 a.m. to 7:00 p.m.

Closed : January 1st to 3rd

Admission: Free

TEL : +81-73-488-1962



Corporate Governance

Basic Policies and Systems

Shima Seiki recognizes enhancing corporate governance as one of its most critical issues. We will improve management efficiency, soundness, and transparency while conducting management that emphasizes the interests of stakeholders such as shareholders, customers,

business partners, and employees. By fully utilizing the functions of the Board of Directors and the Audit and Supervisory Committee, we will strive to build a system that enables proper and efficient corporate governance.

Governance Structure

Board of Directors

The Board of Directors consists of eight members, including four outside directors (as of June 26, 2025), and, as a general rule, meets at least once each month, flexibly as needed, to deliberate on matters stipulated by law and important management matters, determine management policies, and supervise the execution of business. During the fiscal year ended March 31, 2025, the Board of Directors held 12 meetings and implemented one deemed resolution in writing under Article 370 of the Companies Act. The Board of Directors has active discussions regarding resolutions on important management strategies and business policies; status reporting and policy decisions on medium-term management plans and business/sales activities; policy decisions on sustainability; examination of business risks; and reporting on the evaluation of Board of Directors effectiveness and reviews on issues.

Audit and Supervisory Committee

The Audit and Supervisory Committee consists of one director who is a Standing Audit and Supervisory Committee Member and two Audit and Supervisory Committee Members (outside directors) with specialized knowledge, such as on legal affairs or finance and accounting. The Committee meets monthly as a general rule and at any time as needed. During the year ended March 31, 2025, the Audit and Supervisory Committee held 13 meetings. The members of the Committee have discussions from their professional and objective views, with the agenda including resolutions, deliberations, and reports on significant matters related to audits.

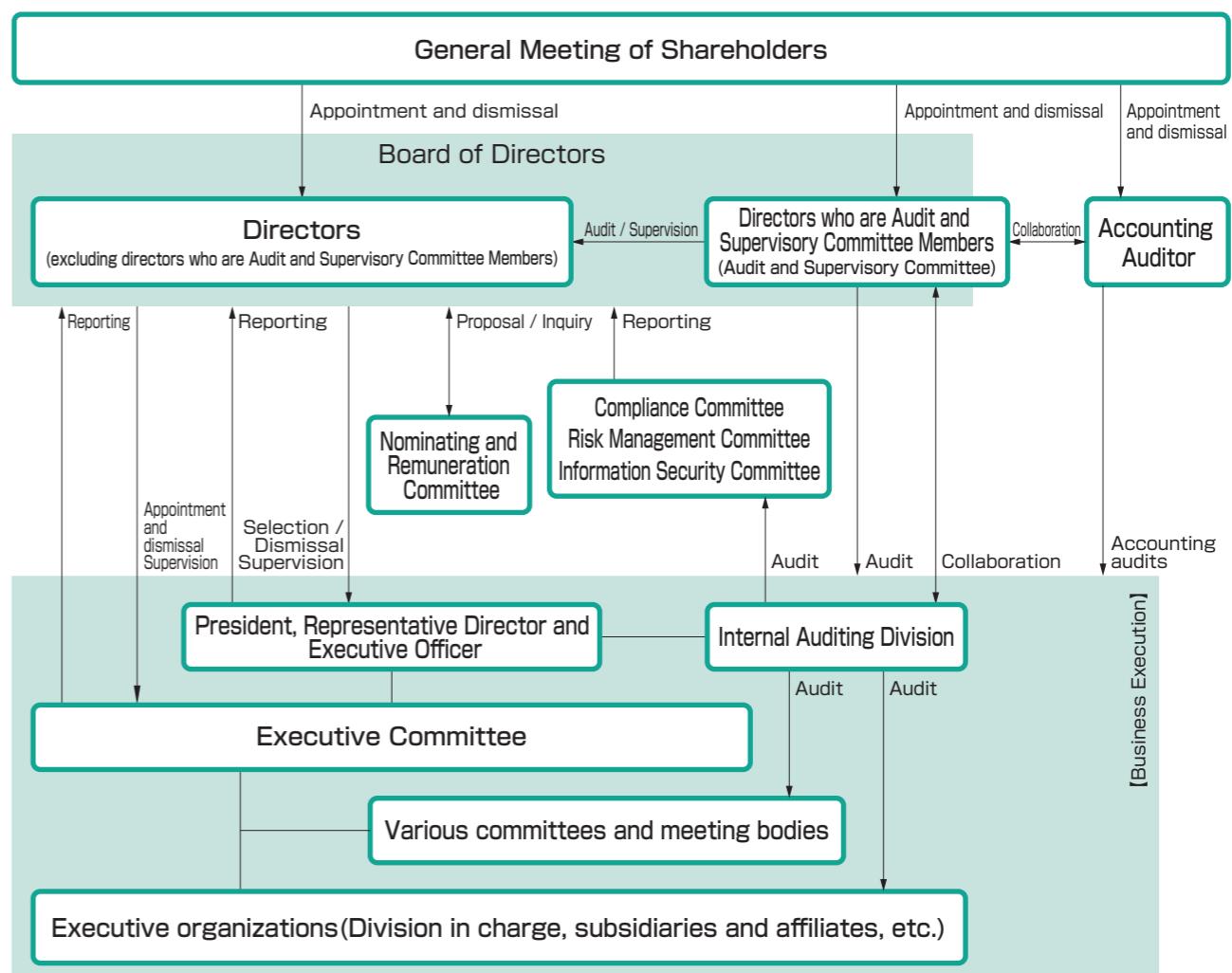
Internal Auditing Division

Aiming at enhanced internal control, the Company has established an Internal Auditing Division, consisting of three members, that conducts efficient internal audits and internal control evaluations according to the audit plan. The results are reported to the president and other directors, fed back to relevant divisions, and improvement results are confirmed. Regular meetings are also held with the Audit and Supervisory Committee and the accounting auditor to report on internal audit results and ensure that all parties' opinions and suggestions are reflected in audit operations.

Accounting Audits

The Company has appointed Ohtemae Audit Corporation as its accounting auditor. Regular accounting audits and internal control audits of the Company by the auditing firm enhance the effectiveness of the audit system.

Corporate Governance Organization



Governance Reforms

2004	2006	2008	2014	2015	2018	2020	2021	2022	2024
• Formulation of the Disclosure Policy	• Formulation of the Basic Policies Related to Improvement of the Internal Control System • Formulation of the Shima Seiki Group Code of Conduct • Formulation of the Internal Reporting Regulations	• Formulation of the Basic Policies on Internal Control over Financial Reporting	• Appointment of an outside director	• Formulation of the "Ever Onward 2017" Medium-Term Management Plan	• Formulation of the "Ever Onward 2020" Medium-Term Management Plan • Introduction of an executive officer system • Establishment of the Nominating and Remuneration Committee	• Transition to a company with an Audit and Supervisory Committee	• Formulation of the Corporate Governance Basic Policy • Formulation of the "Ever Onward 2023" Medium-Term Management Plan	• Establishment of the Sustainability Committee	• Formulation of the "Ever Onward 2026" Medium-Term Management Plan

Nominating and Remuneration Committee

As a voluntary advisory body of the Board of Directors, we established the Nominating and Remuneration Committee, which is chaired by an outside director and consists of a majority of outside directors, to ensure the objectivity and transparency of nomination and remuneration.

The Nominating and Remuneration Committee deliberates on basic policies and personnel proposals for the appointment and dismissal of directors; succession plan proposals; and basic policies and proposals for directors' remuneration. The Committee then reports its recommendations to the Board of Directors.

The Nominating and Remuneration Committee held three meetings during the fiscal year ended March 31, 2025.

Policy and Procedures for Appointment and Dismissal of Senior Management and Nomination of Director Candidates by the Board of Directors

For director candidates (excluding directors who are Audit and Supervisory Committee Members), we aim to ensure that the Board of Directors as a whole has a balanced mix of knowledge, experience, capability, and expertise required for directors to effectively fulfill their duties and responsibilities, while maintaining an ideal balance of diversity and appropriate size. Among the directors, independent outside director candidates must meet standards relating to the independence of outside directors and include individuals with management experience. The nomination of director candidates, representative directors, and executive directors is deliberated by the

Activities in FY2024

- ◆ The nomination of candidates for directors (excluding directors who are Audit and Supervisory Committee Members) and executive officers
- ◆ The appropriateness of remuneration for directors (excluding directors who are Audit and Supervisory Committee Members) and executive officers

Nominating and Remuneration Committee, and based on their recommendation, decided by resolution of the Board of Directors. For director candidates who are Audit and Supervisory Committee Members, prior consent of the Audit and Supervisory Committee is required. If a director, representative director, or executive director violates laws and ordinances or the Articles of Incorporation, or if there are reasonable grounds to consider them unqualified in a way that damages the Company's corporate value, the Nominating and Remuneration Committee will deliberate on their dismissal or removal.

Policy and Procedures for Determination of Remuneration for Senior Management and Directors (Excluding Directors Who Are Audit and Supervisory Committee Members) by the Board of Directors

The remuneration for directors (excluding directors who are Audit and Supervisory Committee Members) is commensurate with each director's role and responsibilities, and the remuneration system is designed to enhance incentives for directors to achieve sustainable growth of our Company and increase corporate value over the medium-to-long-term. Accordingly, directors' remuneration comprises basic remuneration, performance-linked bonuses as short-term incentives based on the business performance of the

corresponding fiscal year, and stock options as medium-to long-term incentive remuneration. The remuneration for outside directors is limited to basic remuneration, considering their role and independence. The determination of directors' remuneration is deliberated by the Nominating and Remuneration Committee, and based on their recommendation, decided by resolution of the Board of Directors.

Director Remuneration

Basic Policy on Director Remuneration

- 1 The remuneration shall be designed to motivate directors to achieve the Company's continuous growth and improve its medium-to-long-term corporate value.
- 2 The remuneration system shall be commensurate with each director's role and responsibilities, and will ensure transparency and objectivity.
- 3 The remuneration shall be designed to contribute to securing talented human resources necessary to enhance corporate value.
- 4 The remuneration system shall be designed to share interests with shareholders.

Composition of Director Remuneration

The remuneration of executive directors consists of "basic remuneration," "performance-linked bonuses," and "share remuneration-type stock options." With respect to the composition ratio of remuneration, while performance-linked bonuses may not be paid, in principle, they shall not exceed the basic remuneration. The share remuneration-type stock option typically is set at approximately 10 to 20% of the basic remuneration.

Please refer to the "64th Annual Securities Report" (pages 46 to 47) for details on the remuneration paid to directors.



Messages from Outside Directors

In order to be a company that is trusted by stakeholders, the Shima Seiki Group is working to strengthen its corporate governance with the aim of increasing the transparency of the Board of Directors and the Audit and Supervisory Committee, thereby ensuring their functions are fully performed. We heard from four outside directors who play a central role in our system about the strengths and issues of our governance system and the vision we should aim for.

Yoshio Ichiryu Outside Director

Our unwavering competitive advantages lie in our creative manufacturing and high-quality products. We are currently in the second year of our Medium-Term Management Plan, entering a phase where we will further develop the technologies we have cultivated up to this point. However, for us to continue adapting to rapidly changing market environments, it is essential that we engage in "human resources development" and efforts to "improve our innovative capabilities." Therefore, employees are required to proactively take on the challenge of creating new value, and achieving our goals requires both concrete and effective action plans and coordination across the entire organization. We also expect that focusing on gathering a wide range of information from both domestic and international sources, building diverse human resource networks and incorporating multifaceted perspectives will lead to sustained growth. Moving forward, we will utilize our unique technologies to respond flexibly to market changes and further improve our corporate value.



Rieko Zamma Outside Director

Through the proprietary technological capabilities we have developed over many years and the honest and sincere approach of our employees, we have developed unrivaled strengths that set us apart from our competitors. Although we are currently working toward a new stage of growth in our Medium-Term Management Plan, we are seeing a growing number of situations in which our existing know-how alone is not enough to respond to the rapidly changing business environment. As such, going forward, it is urgent that we clarify our management axes, including the redefinition of our corporate philosophy, and reconstruction of our management infrastructure. To do so, every member of the management team and every employee must confront the current circumstances and take independent action to drive change. While maximizing the potential of our technologies, we will continue to make fundamental changes to our conventional development, production, and sales systems.



Daisuke Shinkawa Outside Director (Audit and Supervisory Committee Member)

Through the Audit and Supervisory Committee and the Nominating and Remuneration Committee, Shima Seiki has separated supervision and execution functions and is working to ensure quick and effective management and enhance corporate governance. Meanwhile, there is an urgent need to improve performance if we are to achieve sustainable growth and solve social issues. We must therefore focus on the creation of highly transparent management infrastructure with a further emphasis on ESG factors, address the issues identified through our effectiveness assessments, and deepen our discussions on management strategies and sustainability.

To fulfil our philosophy: "We continue our challenge to provide solutions for the future of humanity and the earth," it will be important for us to build innovative platforms and businesses that go beyond industry frameworks.



Sachiko Nomura Outside Director (Audit and Supervisory Committee Member)

By delegating a certain level of authority to the Executive Committee, we have created a structure that allows the Board of Directors to focus on company-wide issues including management policies, governance, and sustainability. As a company with a large ratio of overseas sales, thorough management of our overseas subsidiaries is an important issue. That said, we are working to strike a balance between the headquarters' control and local independence through the creation and thorough promotion of management regulations. Meanwhile, the current most critical issue is performance improvement. To support this, the governance structure requires the establishment of systems that promote the fostering of shared understanding within the Company and smooth communication. We hope to become a company that fosters pride among our employees, enabling them to believe that Shima Seiki can bring "Well-being for tomorrow through the power of creativity."



Directors



Mitsuhiro Shima

President, Representative Director and Executive Officer
Director of the Sales Headquarters in charge of the Internal Auditing Division, Sustainability Management Division and Cutting Solutions Division

Profile

Mar. 1987 Joined the Company
Mar. 1998 General Manager of the System Development Division
Jun. 2002 Director, General Manager of the System Development Division
Jun. 2007 Executive Director in charge of the Control System Development Division, Intellectual Property Department and Total Design Center, General Manager of the Graphic System Development Division
Jun. 2011 Senior Executive Director in charge of the Machinery Production Technology Division and Total Design Center, Director of the Production Headquarters
Jun. 2012 Executive Vice President in charge of the Corporate Planning Division and Total Design Center, Deputy Director of the Sales Headquarters
Jun. 2017 President, Representative Director, Director of the Sales Headquarters in charge of the Corporate Planning Division
Jun. 2018 President, Representative Director and Executive Officer, in charge of the Corporate Planning Division
Jun. 2024 President, Representative Director and Executive Officer, Director of the Sales Headquarters in charge of the Internal Auditing Division and Sustainability Management Division
Jun. 2025 President, Representative Director and Executive Officer, Director of the Sales Headquarters in charge of the Internal Auditing Division, Sustainability Management Division and Cutting Solutions Division (current)



Akihiro Ohtani

Director, Managing Executive Officer
General Manager of the Production Headquarters in charge of the Development Headquarters

Profile

Aug. 1988 Joined the Company
Mar. 2018 General Manager of the Production Headquarters
Jun. 2018 Executive Officer and General Manager of the Production Headquarters
Jun. 2021 Director, Executive Officer, General Manager of the Production Headquarters in charge of the Development Headquarters
Jun. 2024 Director, Managing Executive Officer, General Manager of the Production Headquarters in charge of the Development Headquarters and Physical Distribution Division
Jul. 2024 Director, Managing Executive Officer, General Manager of the Production Headquarters in charge of the Development Headquarters
Jun. 2025 Director, Managing Executive Officer, General Manager of the Production Headquarters in charge of the Development Headquarters (current)



Shosaku Kitagawa

Director, Managing Executive Officer
General Manager of the Corporate Planning Division in charge of the General Affairs and Personnel Division, Information System Division and Accounting and Finance Division

Profile

Mar. 1991 Joined the Company
Mar. 2016 General Manager of the Corporate Planning Division
Jun. 2018 Executive Officer and General Manager of the Corporate Planning Division
Jun. 2021 Director, Executive Officer, General Manager of the Corporate Planning Division in charge of the General Affairs and Personnel Division and Information System Division
Jun. 2024 Director, Managing Executive Officer, General Manager of the Corporate Planning Division in charge of the General Affairs and Personnel Division, Information System Division and Administrative Division
Jun. 2025 Director, Managing Executive Officer, General Manager of the Corporate Planning Division in charge of the General Affairs and Personnel Division, Information System Division and Accounting and Finance Division (current)



Yoshio Ichiryu

Outside Director

Profile

Apr. 1968 Joined the Ministry of International Trade and Industry (now Ministry of Economy, Trade and Industry)
Jun. 1993 Director-General, MITI-Kinki Bureau
Jun. 1995 Director-General, Machinery and Information Industries Policy, Machinery and Information Industries Bureau
Aug. 1996 Director-General for Policy Coordination, Minister's Secretariat
Jul. 2000 Established Ichiryu Associates, Inc.
President & CEO (current)
Feb. 2003 Outside Audit & Supervisory Board Member, SALA Corporation
Feb. 2006 Outside Director, SALA Corporation (current)
Jun. 2014 Director, the Company (current)
Jan. 2023 Established General Incorporated Association Research Organization for Building Japan's Future
Representative Director (current)



Rieko Zamma

Outside Director

Profile

Apr. 1970 Joined Shizuoka Broadcasting System Co., Ltd.
Jun. 1973 Joined Kobunsha Co., Ltd.
Jun. 1980 Established Candid, Inc.
(Merged with Candid Produce, Inc. in May 2021), CEO
Jul. 2005 Established Creative Senior, Inc.
(now Candid Produce, Inc.), CEO (current)
Jan. 2009 Established club willbe, a network for grownups, Representative (current)
Jun. 2016 Director, the Company (current)
Sep. 2016 Outside Director, Open Up Group Inc. (formerly BeNext-Yumeshin Group Co.) (current)



Hisahito Totsui

Director
(Standing Audit and Supervisory Committee Member)

Profile

Mar. 1988 Joined the Company
Mar. 2008 Deputy General Manager, Internal Auditing Division
Jun. 2018 Standing Audit & Supervisory Board Member
Jun. 2020 Director (Standing Audit and Supervisory Committee Member) (current)



Daisuke Shinkawa

Outside Director
(Audit and Supervisory Committee Member)

Profile

May 1991 Registered as certified public accountant
Aug. 1991 Registered as tax attorney
Apr. 2002 Established HOKUTO tax accountant office, Partner
Jan. 2003 Representative Partner, HOKUTO tax accountant office (current)
Jun. 2012 Audit & Supervisory Board Member, the Company
Jun. 2016 Outside Director (Audit & Supervisory Committee Member), Kurabo Industries Ltd. (current)
Jun. 2020 Director (Audit and Supervisory Committee Member), the Company (current)
Jun. 2024 Corporate Auditor, Ozeki Corporation (current)

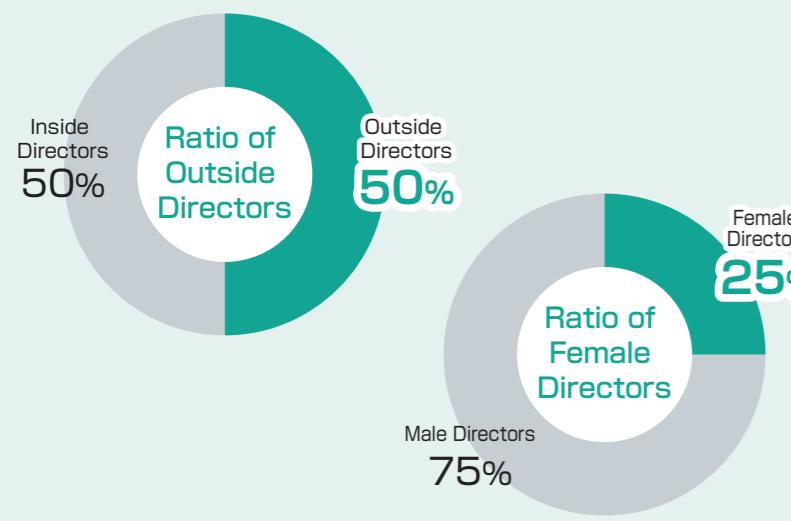


Sachiko Nomura

Outside Director
(Audit and Supervisory Committee Member)

Profile

Apr. 2000 Registered as attorney
Joined Dojima Law Office (to present)
Adjunct Professor, Osaka University Graduate School of Law (current)
Audit & Supervisory Board Member, the Company
Apr. 2014 Jun. 2015 Jan. 2018 Jan. 2018 Jun. 2019 Jun. 2020 Jan. 2022 Jan. 2025 Outside Director, Kobe Bussan Co., Ltd.
Outside Corporate Auditor, B&P Co., Ltd.
Outside Corporate Auditor, Shinobu Foods Products Co., Ltd. (current)
Director (Audit and Supervisory Committee Member), the Company (current)
Outside Director (Audit and Supervisory Committee Member), Kobe Bussan Co., Ltd. (current)
Outside Director (Audit and Supervisory Committee Member), B&P Co., Ltd. (current)



<Skills Matrix of Directors>

Directors	Name	Position (Current)	Attendance in FY2024		Management Strategy Global Marketing	Technology / R&D IT / DX New Business Development	Human Resource Management	Finance and Accounting	Legal Affairs and Internal Control Risk Management	Sustainability
			Board of Directors (Total 12 Meetings)	Audit and Supervisory Committee (Total 13 Meetings)						
Mitsuhiro Shima	President, Representative Director and Executive Officer	12			●	●	●		●	●
Akihiro Ohtani	Director, Managing Executive Officer	12			●	●	●		●	●
Shosaku Kitagawa	Director, Managing Executive Officer	12			●	●	●	●	●	●
Yoshio Ichiryu	Outside Director	12			●		●	●	●	●
Rieko Zamma	Outside Director	12			●		●	●	●	●
Hisahito Totsui	Director (Standing Audit and Supervisory Committee Member)	12	13					●	●	●
Daisuke Shinkawa	Outside Director (Audit and Supervisory Committee Member)	12	13					●		●
Sachiko Nomura	Outside Director (Audit and Supervisory Committee Member)	12	13					●	●	●

● : Knowledge and expertise particularly expected of each person (up to five)

* The above list does not represent all skills possessed by each person.

Risk Management

Shima Seiki has identified risks that occur or may occur in the future relating to our operations as a whole and has established "Risk Management Regulations" as a basic framework for implementing appropriate measures to prevent and manage identified risks. With these regulations as our highest standard of risk management, we endeavor to conduct corporate operations properly and smoothly. The Risk Management Committee, established based on our Risk Management Regulations, specifies and analyzes risks that should be managed company-wide, formulates countermeasures, and constructs a system for continuous risk monitoring. Furthermore, in the event of an unforeseen situation, we have established a crisis management system where

a "Crisis Management Headquarters" headed by the president is set up to respond swiftly and appropriately, prevent the expansion of damage, and minimize losses.



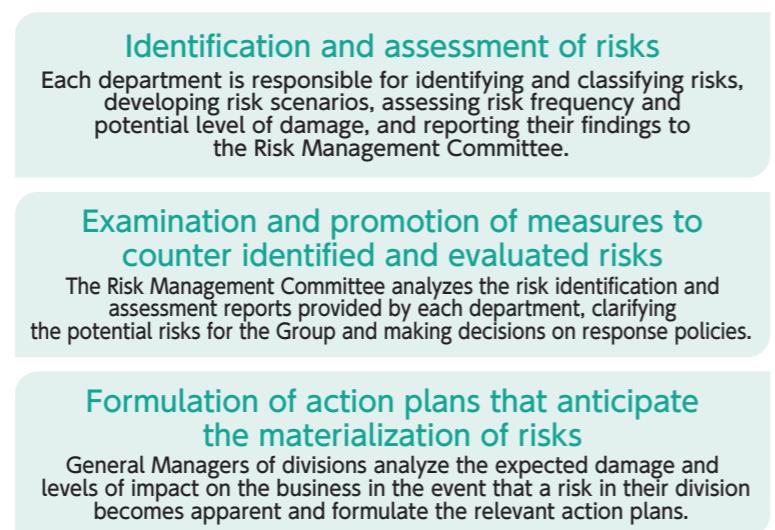
Business and Other Risks

Our Group identifies major items as risk factors in our business operations that may have an impact on our operating results and financial position. However, these risks do not necessarily encompass all potential risks, and our Group may be affected in the future by unexpected risks and other risks considered immaterial as of now.

Our Group recognizes the possibility of these risks occurring and strives to avoid their occurrence and take appropriate responses should they materialize.

* Please see our Annual Securities Report or website for more details. (https://www.shimaseiki.com/ire/risk_info.html)

- 1 Fluctuation Risk of the Market Environment and Competitive Situation
- 2 Impact of Social Systems Changes in Business Operation Areas
- 3 Exchange Rate Fluctuations
- 4 Financial Risks
 - ① Credit and Trade Receivables Risk
 - ② Financing Risk
- 5 Issues in Intellectual Property Protection Strategy
- 6 Organizational and Human Resources Risks
- 7 Product Liability Risk
- 8 Information Security Risk
- 9 Risks Related to Natural Disasters, International Conflicts, Accidents, Spread of Infectious Diseases, Etc.
 - ① Impact on Sales
 - ② Impact on Production
- 10 Overconcentration of Production Bases
- 11 Risk Associated with the Spread of Infectious Diseases, Etc.
- 12 Compliance Risk
- 13 Sustainability-related Risks



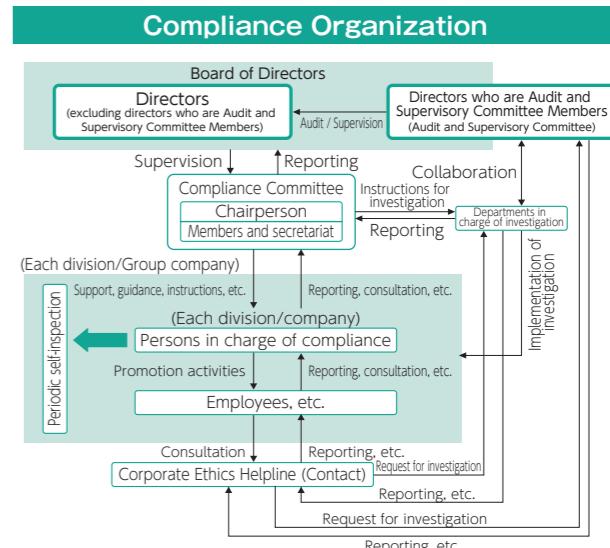
Regarding the establishment of the internal control system, Shima Seiki is promoting initiatives based on the recognition that it is a requirement for not only compliance with laws and regulations but also for realizing the corporate philosophy and goals through revision of the current overall business operations and construction of a robust corporate structure. To improve internal control effectiveness, we have introduced the "Internal Reporting System (Corporate Ethics Helpline)." Additionally, we have formulated the "Basic Policies Related to Improvement of the Internal Control System" and have conducted pertinent reviews of the content in consideration of such factors as legal revisions, changes in institutional design, and the progress of initiatives. Furthermore, to ensure that internal controls function effectively, we have established the "Compliance Committee," the "Risk Management Committee," and the "Information Security Committee," endeavoring to reinforce our internal control through the activities of these committees. Regarding "internal control over financial reporting," from the perspective of protecting investors, we have constructed a system to reasonably ensure the reliability of financial reporting and promote fair and impartial disclosure.

Internal Control System

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Compliance Structure

Our Group formulated the "Shima Seiki Group Code of Conduct" in October 2006, pledging our resolution to "comply with laws and regulations and corporate ethical standards" in its General Rules. Each and every employee has strived to maintain high ethical standards and act with common sense as a member of society. To enhance compliance throughout the Group, we set up a "Compliance Committee" that regularly checks the status of compliance and systematically works to establish compliance through training and sharing case studies, thereby improving awareness across the entire company. In addition, Shima Seiki has introduced a "Corporate Ethics Helpline" as an internal and external point of contact for reporting when employees discover legal violations or other significant matters, or when they experience acts contrary to corporate ethics such as human rights infringement or various forms of harassment. We strive to address and rectify any incidents promptly and prevent recurrence.



Information Security

The Group considers confidential information and corporate assets as important resources and strives to manage them correctly and contribute to society through our business.

Basic Policy on Information Security

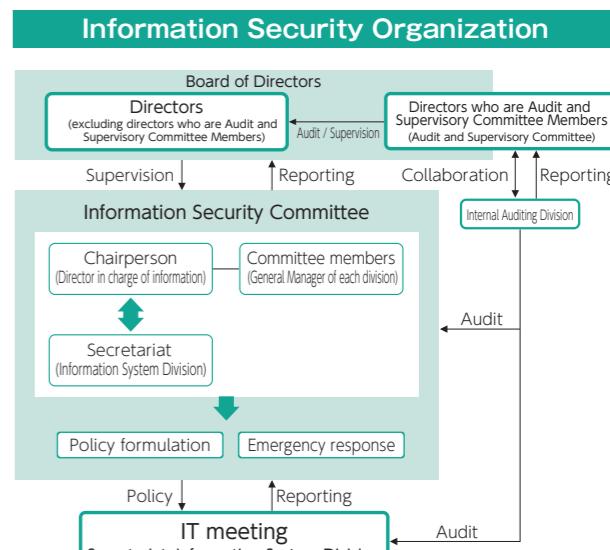
Shima Seiki recognizes the importance of information assets such as "customer personal information, corporate information, trade secrets, and technological development information" handled in business operations, and endeavors to ensure information security by implementing relevant protection measures.

1 Information Security Management

To maintain information assets at a high-security level, Shima Seiki will comply with laws, regulations, etc. related to information security and take account of various standards and guidelines stipulated by administrative bodies and others.

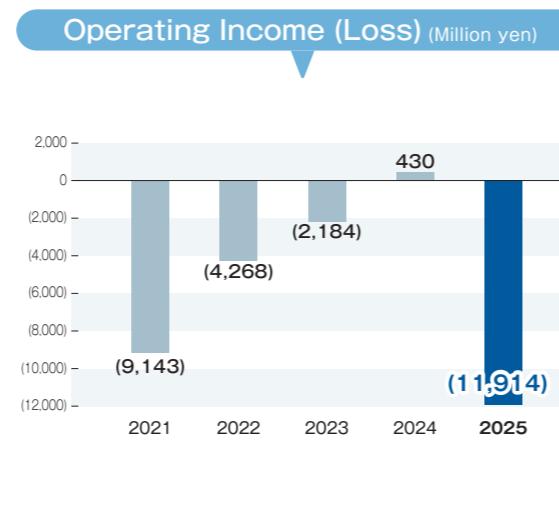
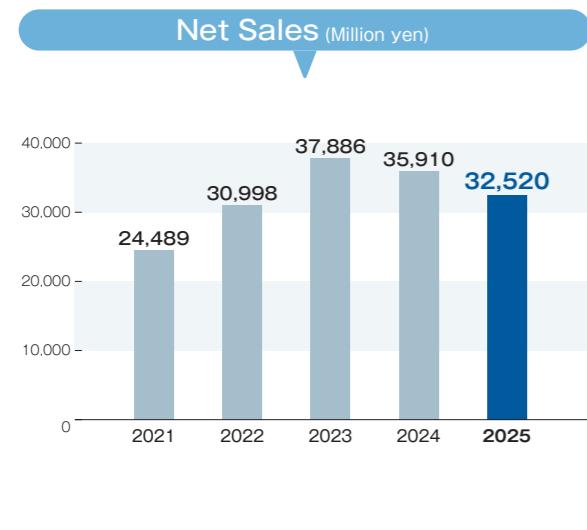
2 Legal Compliance

In handling information, Shima Seiki will comply with laws, regulations, etc. related to information security and take account of various standards and guidelines stipulated by administrative bodies and others.



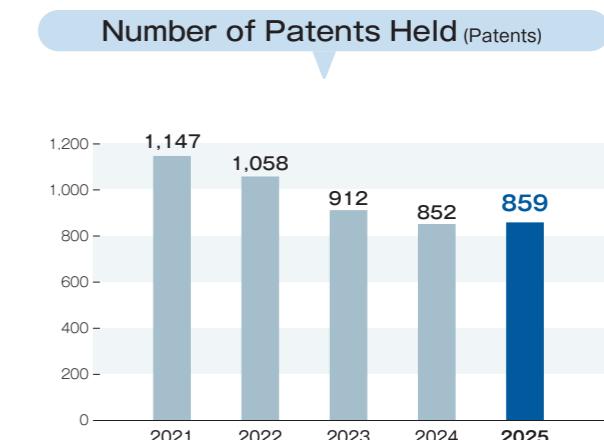
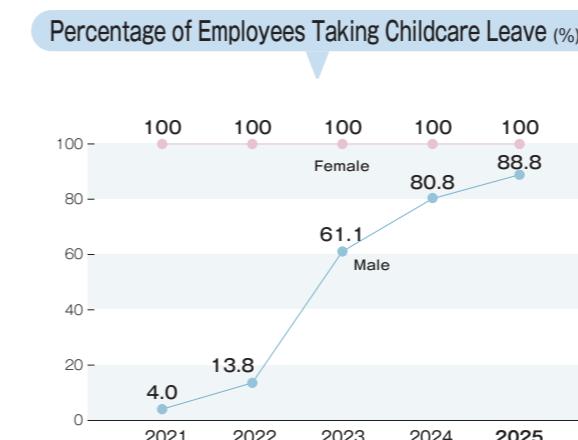
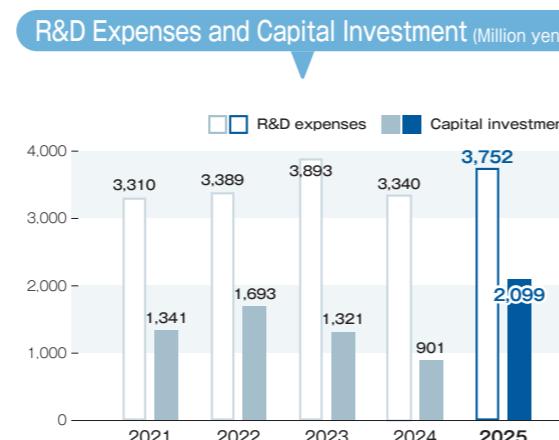
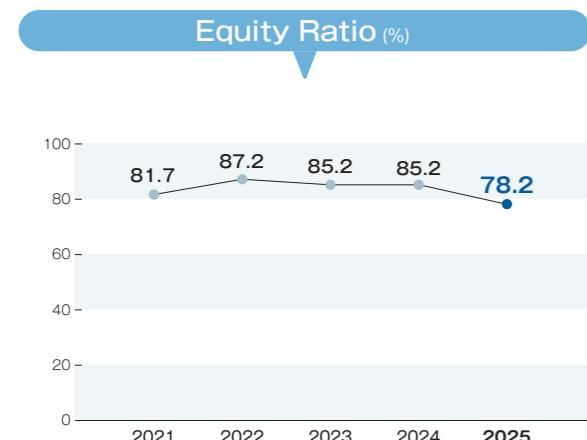
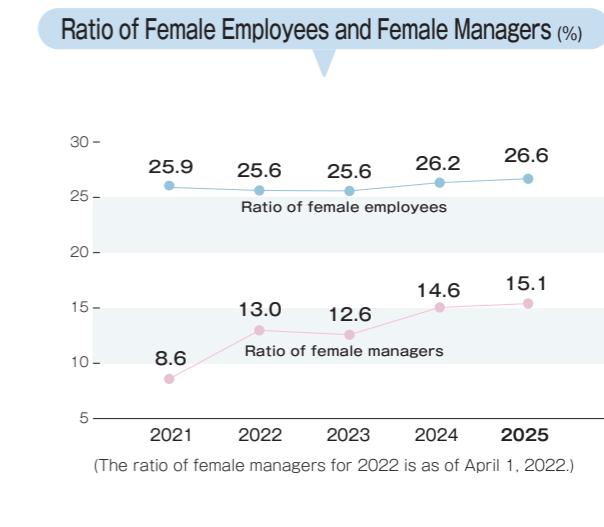
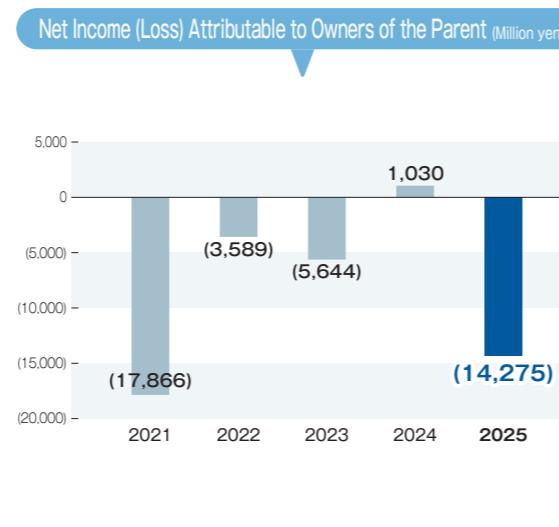
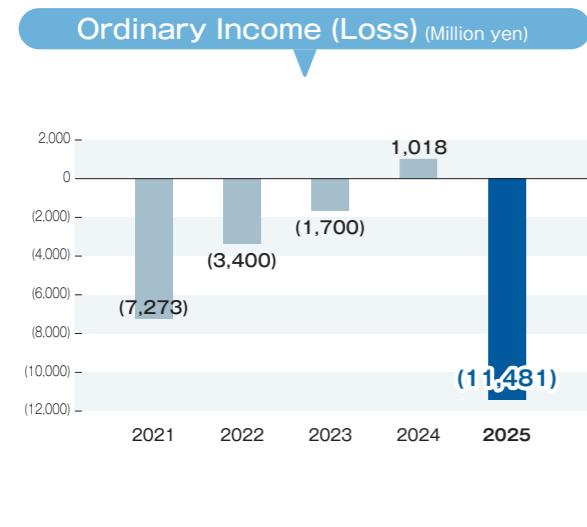
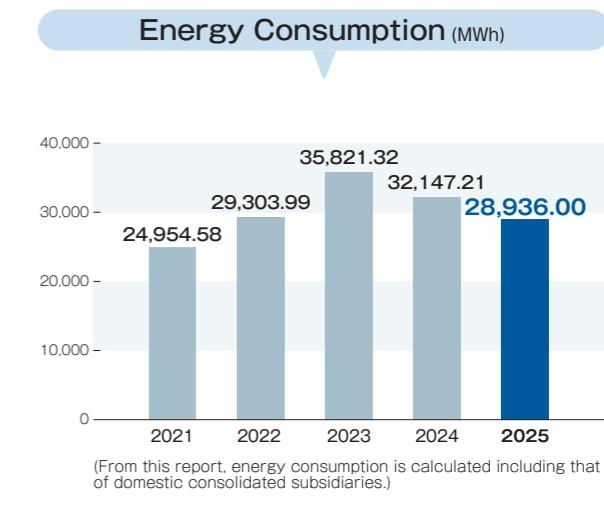
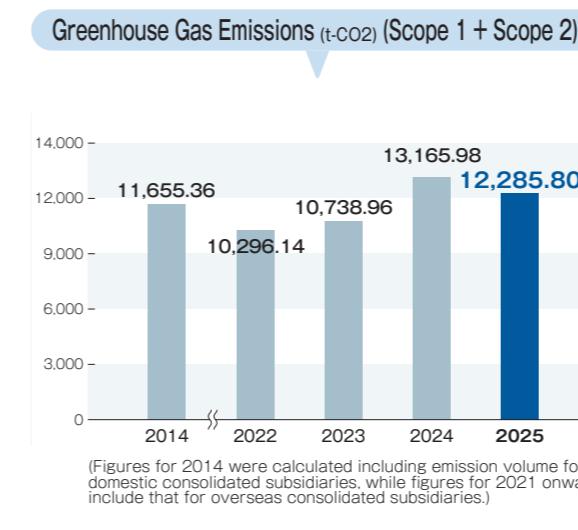
Financial Highlights

The Company's financial performance over the past five years is as follows.
(Fiscal years ended March 31)



Non-Financial Highlights

The Company's non-financial results are as follows.
(Fiscal years ended March 31)



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10-Year Financial Summary

SHIMA SEIKI MFG., LTD. and Consolidated Subsidiaries
(Fiscal years ended March 31)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
For the Fiscal Year (Million yen)										
Net sales	49,582	62,432	71,858	51,352	33,206	24,489	30,998	37,886	35,910	32,520
Gross profit	23,345	29,048	33,438	23,155	11,629	5,961	10,201	13,859	14,689	8,633
Operating income (loss)	5,781	11,262	14,905	4,638	(5,602)	(9,143)	(4,268)	(2,184)	430	(11,914)
Income (loss) before income taxes and minority interests	4,803	9,979	15,443	5,099	(6,552)	(17,610)	(3,368)	(5,137)	1,313	(13,760)
Net income (loss) attributable to owners of the parent	3,271	7,198	11,279	3,835	(8,427)	(17,866)	(3,589)	(5,644)	1,030	(14,275)
R&D expenses	2,609	2,676	2,794	3,250	3,675	3,310	3,389	3,893	3,340	3,752
Capital investment	2,128	3,559	3,999	4,483	3,801	1,341	1,693	1,321	901	2,099
Cash Flows (Million yen)										
Cash flows from operating activities	1,257	6,988	9,397	9,935	3,776	5,937	6,196	(7,178)	(4,120)	(4,461)
Cash flows from investing activities	(2,350)	(1,241)	(4,843)	(872)	(3,085)	1,299	(1,023)	(2,133)	(167)	(3,222)
Cash flows from financing activities	(1,776)	2,470	1,731	(6,540)	(5,555)	(3,776)	(7,759)	(309)	348	5,376
At Fiscal Year-End (Million yen)										
Total assets	126,415	141,931	154,337	145,146	130,695	110,140	101,809	101,040	107,804	99,405
Net assets	98,293	104,879	123,491	121,166	107,950	90,036	88,795	86,107	91,926	77,740
Per Share Data (Yen)										
Net income (loss)	95.61	209.97	316.82	105.62	(239.68)	(517.71)	(104.00)	(163.54)	29.85	(413.58)
Cash dividends applicable to the year	37.50	45.00	60.00	55.00	35.00	20.00	10.00	10.00	10.00	10.00
Net assets	2,867.00	3,039.66	3,381.85	3,411.08	3,126.86	2,607.72	2,571.71	2,493.70	2,662.21	2,251.04
Financial Indicators (%)										
ROA	2.6	5.4	7.6	2.6	(6.1)	(14.8)	(3.4)	(5.6)	1.0	(13.8)
ROE	3.3	7.1	9.9	3.1	(7.4)	(18.1)	(4.0)	(6.5)	1.2	(16.8)
Equity ratio	77.6	73.8	80.0	83.5	82.6	81.7	87.2	85.2	85.2	78.2
Overseas sales ratio	83.5	87.6	90.0	83.2	78.9	77.1	77.6	81.5	80.8	83.1

Note: Operating income (loss) has been reclassified, and from the fiscal year ended March 31, 2023, the "gain on reversal of allowance for doubtful accounts" and "gain on reversal of provision for loss on guarantees," which were previously recorded in "non-operating income," have been changed to be excluded from "selling, general and administrative expenses," which is in the same classification as the amount provided for receivables based on transactions. To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2022 have been restated.

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Corporate and Stock Information

Corporate Information (As of March 31, 2025)

Company Name	SHIMA SEIKI MFG., LTD.	Capital	¥14,859,800,000
Headquarters	85 Sakata, Wakayama City, Wakayama 641-8511, Japan	Total Number of Employees	1,328 (Consolidated: 1,762)
Telephone:	+81-73-471-0511	URL	https://www.shimaseiki.com/

Consolidated Subsidiaries

Company Name	Location of Headquarters	Major Business Description
① SHIMA FINE PRESS CO., LTD.	Wakayama City	Manufacture of parts for the Company's products
② KAINAN SEIMITSU CO., LTD.	Kainan City, Wakayama	Manufacture of parts for the Company's products
③ TOYOBOSHI KOGYO CO., LTD.	Tadaoka-cho, Senboku-gun, Osaka	Manufacture, sales, exports and imports of textile raw materials, and sales of flat knit products
④ SHIMA SEIKI EUROPE LTD.	United Kingdom	Sales of the Company's products
⑤ SHIMA SEIKI U.S.A. INC.	U.S.A.	Sales of the Company's products
⑥ SHIMA SEIKI (HONG KONG) LTD.	China	Sales of the Company's products
⑦ SHIMA SEIKI ITALIA S.p.A.	Italy	Sales of the Company's products
⑧ SHIMA SEIKI WIN WIN SHANGHAI LTD.	China	Sales of the Company's products
⑨ SHIMA SEIKI SPAIN, S.A.U.	Spain	Sales of the Company's products
⑩ SHIMA SEIKI WIN WIN DONGGUAN LTD.	China	Sales of the Company's products
⑪ SHIMA SEIKI (THAILAND) CO., LTD.	Thailand	Sales of the Company's products
⑫ SHIMA SEIKI KOREA INC.	South Korea	Sales of the Company's products

Stock Information (As of March 31, 2025)

Stock Status

Authorized Common Shares	142,000,000	Stock Listings	Tokyo Stock Exchange (Prime)
Issued Common Shares	35,800,000	Code Number	6222
Number of Shareholders	19,874	General Meeting of Shareholders	Every June

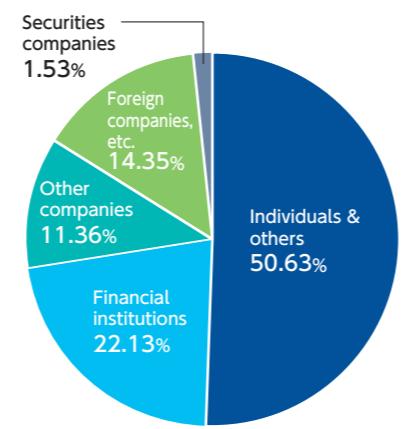
Status of Major Shareholders (Rounded down to the nearest thousand shares)

Name	Number of Shares Held (Thousands)	Percentage of Share Held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,573	10.35
Wajima Kosan Co., Ltd.	3,001	8.69
The Kiyo Bank, Ltd.	1,387	4.02
THE BANK OF NEW YORK MELLON 140044	1,128	3.27
Masahiro Shima	1,070	3.10
Mitsuhiro Shima	1,061	3.08
The Bank of Mitsubishi UFJ, Ltd.	880	2.55
Wako LLC	780	2.26
Chikage Umeda	632	1.83
Kyoko Tatsumi	572	1.66

Notes: 1. The Company holds 1,281 thousand shares of treasury stock.

2. Treasury stock is excluded from the calculation of the percentage of shares held.

Shareholder Breakdown by Type



WHOLEGARMENT® is the name of a dedicated flat knitting machine equipped with the world's first seam-free knitting technology, SHIMA SEIKI's proprietary technology, and the knitted products created using that flat knitting machine. SHIMA SEIKI, SWG, SWG-XR, MACH2, FIRST, SES, SSR, SRY, SFG, SPG, SPF, SDS, SDS-ONE, SDS-ONE APEX, APEXFiz, P-CAM, SlideNeedle, i-DYCS, SATC, ReMateri, REPAC, SHIMA Datamall, SHIMANAVI, SHIMA KnitManager, yarnbank, Shimatronic, TOTAL FASHION SYSTEM, TOTAL KNITTING SYSTEM, and WHOLEGARMENT are either registered trademarks or trademarks of SHIMA SEIKI MFG., LTD. ©2025 SHIMA SEIKI MFG., LTD.