

SHIMA SEIKI MFG., LTD.

Representative: Mitsuhiro Shima, President

Code number: 6222

Stock listings: Tokyo Stock Exchange (Prime)

Notice regarding Posting of Extraordinary Loss, Amendments to Full-year Earnings Forecasts and dividend forecast

SHIMA SEIKI MFG., LTD. (the “Company”) is expected to post an impairment loss of fixed assets as an extraordinary loss in the consolidated accounting period for the fiscal year ending March 2023. The Company hereby announces that in relation to this, full-year consolidated and unconsolidated earnings forecasts for the fiscal year ending March 2023, which were published on January 31, 2023, are amended as describe below.

the Company also announces that it has revised the year-end dividend forecast for the fiscal year ending March 31, which were published on May 10, 2022, at the meeting of the Board of Directors held today.

Notes

1. Posting of extraordinary loss (impairment loss)

The Company examined the future recoverability of fixed assets of land and manufacturing facilities owned by it and fixed assets and goodwill held by some consolidated subsidiaries based on the Accounting Standard for the Impairment of Fixed Assets. As a result of the examination, it is expected to post an extraordinary loss (impairment loss) of about 3,180 million yen on a consolidated basis and about 1,440 million yen on an unconsolidated basis, respectively, for the fiscal year ending March 2023.

2.Revision of earnings forecast

(1) Revised consolidated earnings forecast for the year ending March 31, 2023

(April 1, 2022 – March 31, 2023)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecast (A)	37,500	-800	-450	- 1,200	Yen - 34.77
Revised forecast (B)	37,600	-1,800	-1,300	- 5,100	- 147.76
Increase or decrease (B-A)	100	- 1,000	-850	- 3,900	—
Percentage change (%)	0.3	—	—	—	—
<Reference> Previous results (FY2021)	30,998	- 4,296	- 3,400	- 3,589	- 104.00

(2) Revised non-consolidated earnings forecast for the year ending March 31, 2023
(April 1, 2022—March 31, 2023)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecast (A)	30,000	-2,200	-1,700	-2,000	Yen -57.95
Revised forecast (B)	30,300	-2,600	-2,300	-4,100	-118.79
Increase or decrease (B-A)	300	-400	-600	-2,100	—
Percentage change (%)	1.0	—	—	—	—
<Reference> Previous results (FY2021)	24,365	-4,080	-3,429	-3,783	-109.63

(3) Reasons for the revision

For full-year earnings forecasts, net sales are expected to almost meet the forecast previously announced. Operating income and ordinary income are expected to be below the forecasts previously announced, respectively, because the loss on the evaluation of products recorded by some consolidated subsidiaries, combined with a rise in raw material prices and energy prices, resulted in a fall in the gross profit margin. In addition, it is expected that the recording impairment loss included in extraordinary loss, which is stated in item 1 above, will force the Company to record a substantial consolidated net loss attributable to owners of the parent and an unconsolidated net loss. Given these conditions, the Company is revising its (consolidated/unconsolidated) full-year earnings forecasts.

3. Revision of year-end dividend forecast

(1) Details of revision to dividend forecast

	Dividend per share (Yen)				
	1 st quarter	2 nd quarter	3 rd quarter	Year-end	Total
Previous forecast (May 10, 2022)	—	—	—	10.00	15.00
Revised forecast	—	—	—	5.00	10.00
Current results	—	5.00	—		
Previous results (FY2021)	—	5.00	—	5.00	10.00

(2) Reasons for revision of forecast

The Company thinks that the return of profits to shareholders is one of the most important tasks for businesses; therefore, the Company has the basic policy of continuously paying stable dividends for a long period through the sustainable development of business. For the fiscal year ending March 31, 2023, the Company is expected to record a substantial loss as stated above. Therefore, unfortunately, the Company is revising the forecast for the year-end dividend per share, which was announced on May 10, 2022, from 10 yen to 5 yen.

* The above forecast of financial performance is based on information currently available to the Company, as well as certain assumptions deemed reasonable, and is not intended as a commitment by the Company to achieve such results. The actual results may differ significantly due to various factors.