

Consolidated Results for First Half of FY 2023

SHIMA SEIKI MFG., LTD.

November 2023

Summary of Operating Results for Second Quarter of the Fiscal Year Ending March 31, 2024

SHIMA SEIKI

(Terms: Million yen)	FY 2023 2Q	FY 2022 2Q	FY 2022
Net Sales	19,169	17,918	37,886
Operating Income	367	(435)	(2,184)
Ordinary Income	564	(207)	(1,700)
Net income Attributable to owners of the parent	368	(511)	(5,644)

Exchange rate (JPY)	FY 2023 2Q	FY 2022 2Q	
USD/JPY	149.58	144.81	Exchange rate at the end of the period (Upper level)
	138.24	131.87	Average exchange rate used for translation of sales (Lower level)
EUR/JPY	158.00	142.32	
	151.91	138.41	

Operational Review

【 Flat knitting machines 】

· Asia

In the Chinese and Hong Kong markets, although there was weak capital spending for domestic demand because of a delayed recovery, there was new investment in the next generation SWG-XR WHOLEGARMENT flat knitting machine by major Hong Kong-based customers and sales growth of N.SVR with its high production efficiency. Consequently, net sales of flat knitting machines increased overall.

In areas, such as Bangladesh, where production was made mainly by OEM, there was a sales increase due to orders received from major apparel manufacturers.

· European and Middle Eastern markets

In the Italian market, there was a sales increase in WHOLEGARMENT flat knitting machines due to capital spending related to major brands' own product development. In the Turkish market, there was a sales decline in the computerized flat knitting machine from the previous period mainly due to the economic slowdown in the Euro-zone.

【 Design systems 】

- For APEXFiz, which is a subscription service for the SDS-ONE APEX software, there was an increase in new and renewed licensing agreements with apparel brands mainly in the United States, Europe, and Japan.
- For the P-CAM automatic cutting machine, there was a sales increase mainly in Japan.

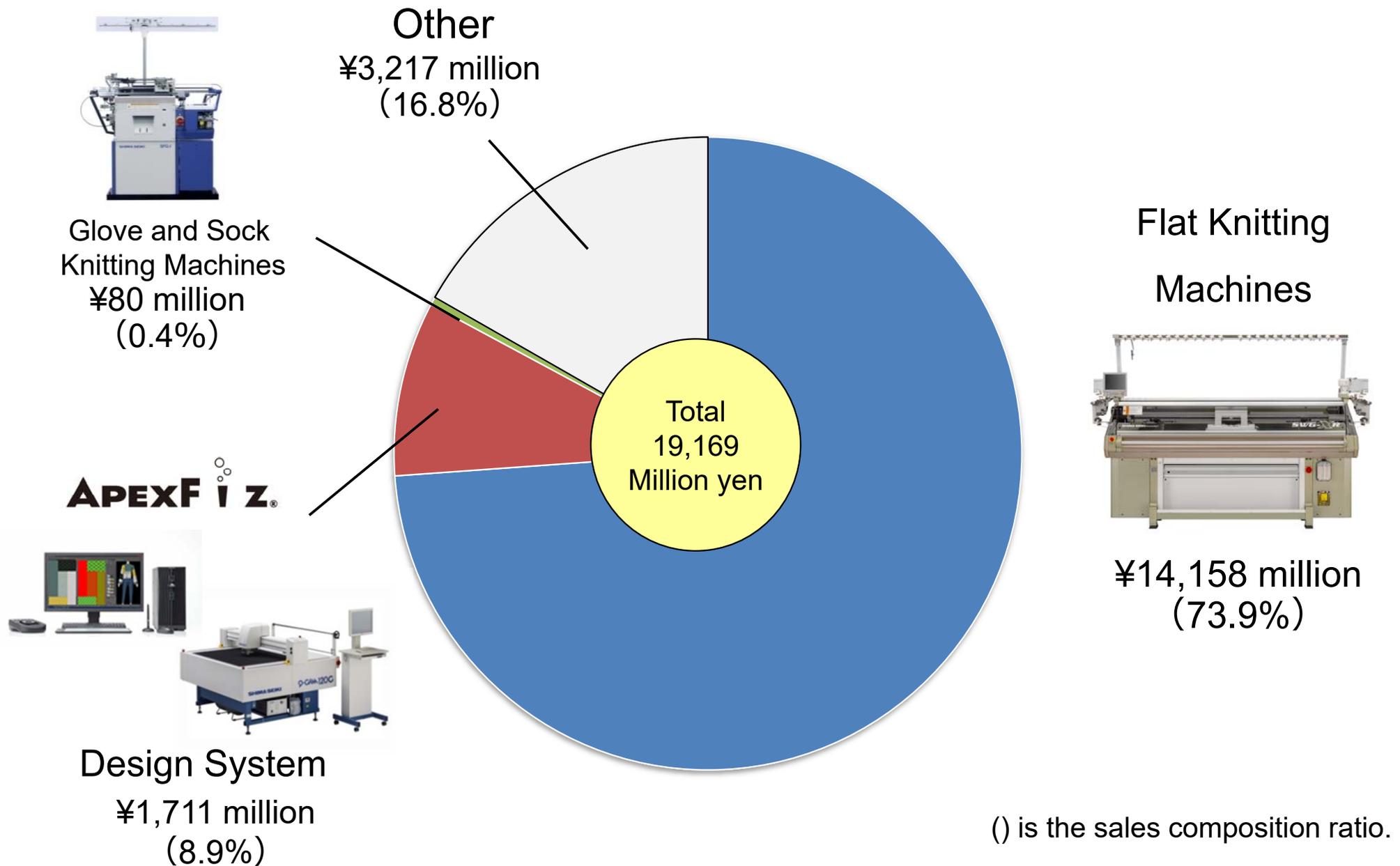
【Globe knitting machines】

- After the start of this period, net sales declined because of the round of capital spending by major manufacturers.

Income

- A return to profitability was achieved due to an increase in capacity utilization of factories and better control of selling, general, and administrative expenses. This resulted in an operating income of ¥367 million.

(The gross profit margin increased by 2.2 percentage points YoY to 40.3%)



Sales and Operating Income Composition by Segment (FY 2023 2Q)

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(Terms: million yen)

	Net Sales	Comparison with previous year (%)	Operating income	Comparison with previous year (%)
Flat Knitting Machine	14,158	+9.8	2,254	+16.2
Design System	1,711	+7.1	397	+12.0
Glove and Sock Knitting Machines	80	(81.4)	(8)	—
Other	3,217	+7.8	822	+57.2
Corporate elimination			(3,098)	
Total	19,169	+7.0	367	—

Flat Knitting Machines Segment



WHOLEGARMENT Flat Knitting Machine

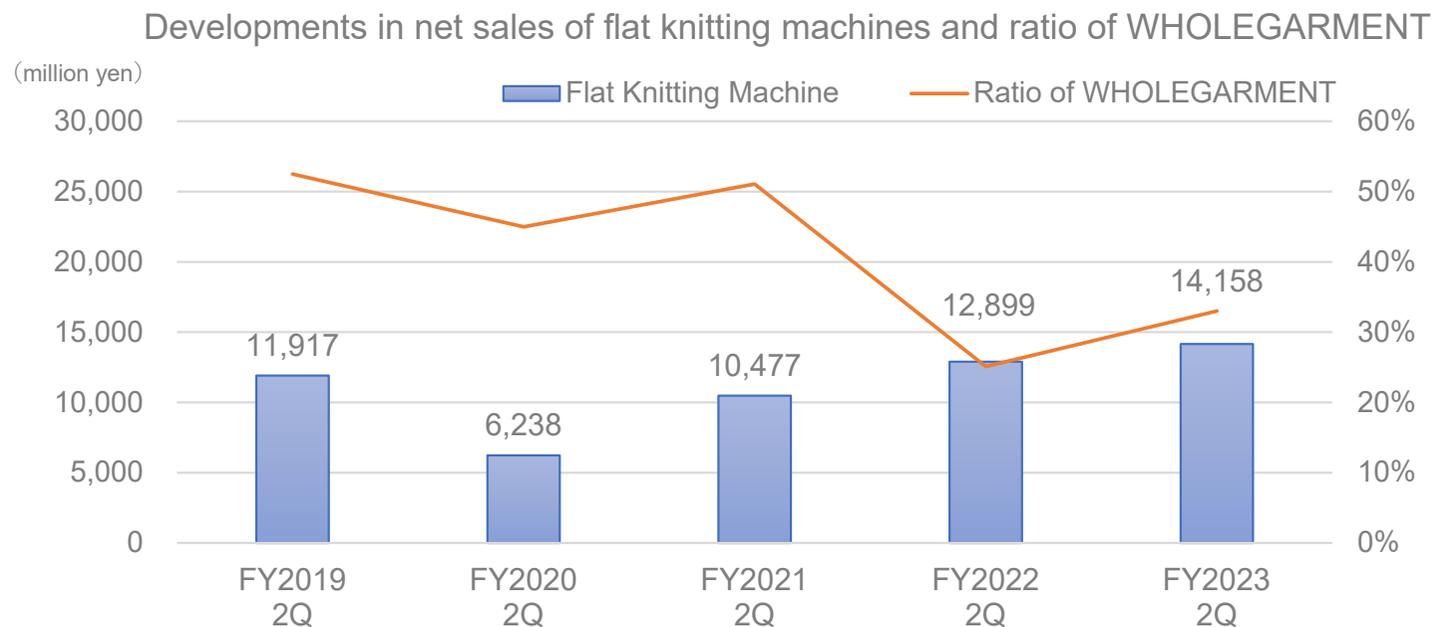
- SWG-XR and MACH2XS sterically knitting the whole wear
- Realizing environment-friendly manufacturing
- Additionally, covering small-type merchandise such as manufacturing of small fashion goods and masks



Computerized Flat Knitting Machine

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

WHOLEGARMENT sales ratio recovered to 33% (25% in the same period last year)





3D Design system SDS-ONE APEX4

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

Design Software 「APEXFiz」



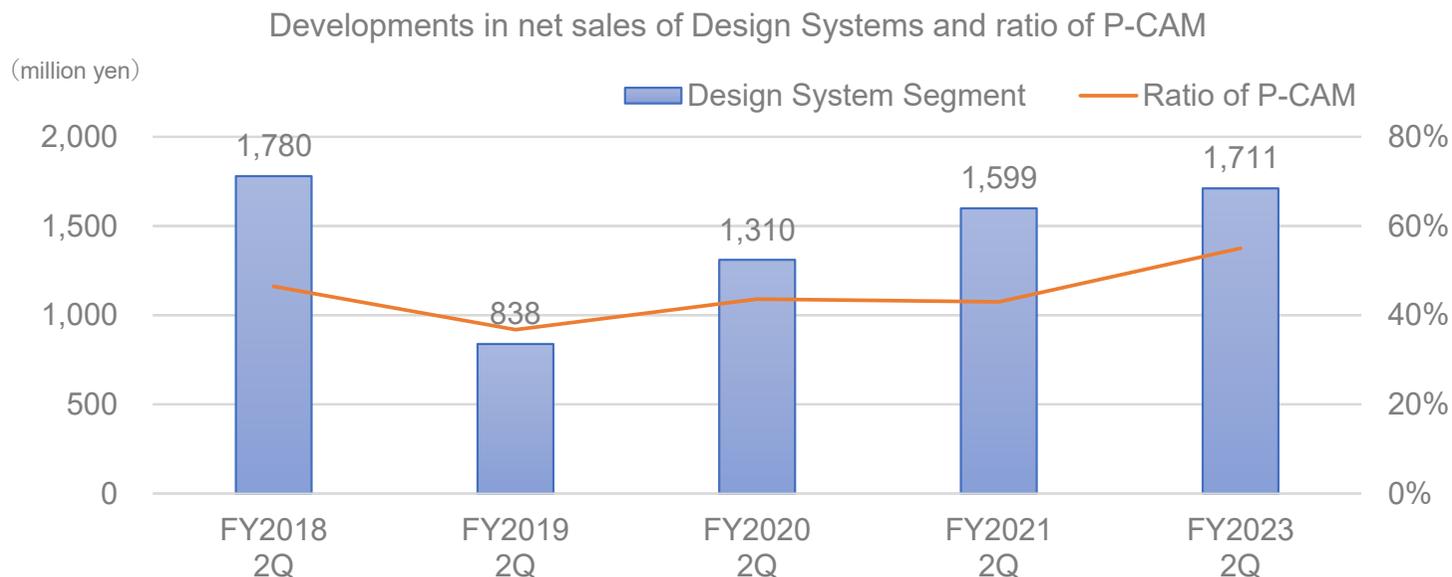
- Subscription software of Design System
- The software can be downloaded to PCs and makes it possible to create designs anytime and anywhere.

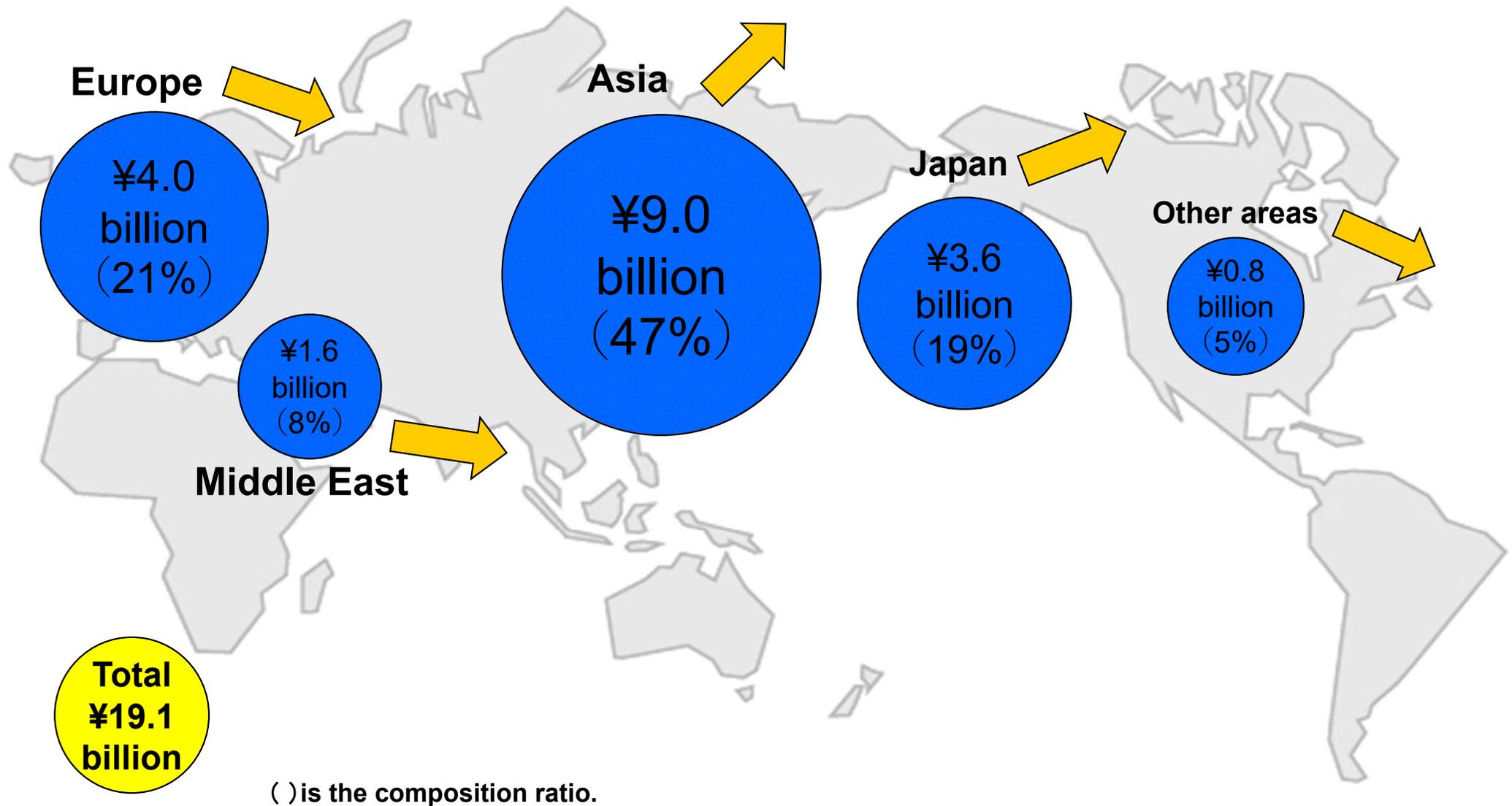


P-CAM Cutting Machines

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

The ratio of P-CAM to net sales increased to approximately 55%.
(43% in the same period last year)



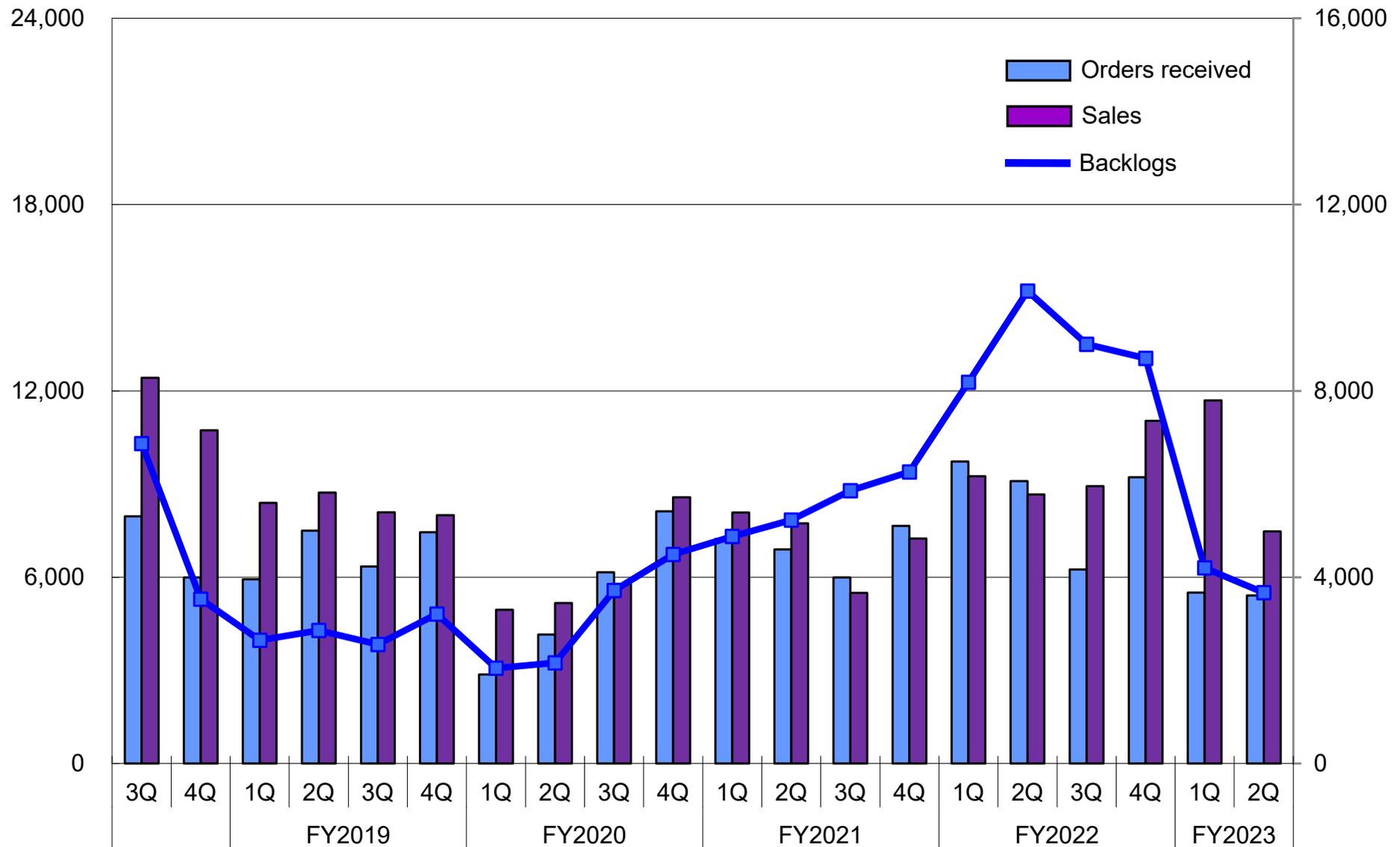


(million yen)	FY 2023 2Q	FY 2022 2Q	Comparison with previous year (%)
Japan	3,600	3,197	+12.6
Europe	4,039	5,211	-22.5
Asia	9,065	6,689	+35.5
Middle East	1,604	1,725	-7.0
Other Areas (Overseas)	860	1,094	-21.3
Total	19,169	17,918	+7.0

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

(Orders received/Sales) million yen

(Backlogs) million yen



(million yen)	FY2021				FY2022				FY2023	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Net Sales	8,081	7,733	6,691	8,491	9,252	8,665	8,929	11,038	11,695	7,474
Operating income	(358)	(997)	(1,639)	(1,273)	(712)	276	(208)	(1,540)	695	(327)
Ordinary income	(154)	(689)	(1,473)	(1,082)	(516)	309	(198)	(1,294)	918	(353)
Net income attributable to owners of the parent	(271)	(797)	(1,567)	(952)	(686)	174	(545)	(4,586)	740	(372)
Orders received	7,235	6,897	5,994	7,651	9,726	9,093	6,251	9,216	5,507	5,413
Backlogs	4,877	5,229	5,858	6,260	8,186	10,145	9,001	8,700	4,201	3,669

Balance Sheet [Consolidated] (FY 2023 2Q)

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Cash and deposits	14,029 million yen in the first half of the fiscal year ending March 31, 2024 (17,530 million yen at the end of the previous period), down 3,500 million yen from the end of the previous period
Trade accounts receivable	47,698 million yen in the first half of the fiscal year ending March 31, 2024 (43,560 million yen at the end of the previous period), increase 4,138 million yen from the end of the previous period
Inventories	23,055 million yen in the first half of the fiscal year ending March 31, 2024 (20,348 million yen at the end of the previous period), increase 2,706 million yen from the end of the previous period
Equity Ratio	86.5% (85.2% End of fiscal year ended March 31, 2023)

(million yen)	FY 2023 2Q	FY 2022	Increase / decrease
Current assets	81,129	77,958	3,170
Fixed assets	23,202	23,081	121
(Property, plant, and equipment)	14,804	14,797	6
(Intangible fixed assets)	145	96	49
(Investments and other assets)	8,252	8,187	64
Total assets	104,331	101,040	3,291
Current liabilities	10,125	10,773	(648)
Long-term liabilities	3,894	4,158	(264)
Total liabilities	14,019	14,932	(913)
Shareholder's equity	80,111	79,908	202
Accumulated other comprehensive income	10,164	6,159	4,004
Equity warrants	16	19	(3)
Non-controlling interest	20	19	1
Total net assets	90,312	86,107	4,204
Total liabilities and net assets	104,331	101,040	3,291

(Figures of less than one million are rounded down)

Statements of Cash Flows [Consolidated]

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Cash flows from operating activities Decreased 3,287 million yen due to an increase in trade receivables and inventory.
 Cash flows from investing activities Decreased 583 million yen due to mainly the acquisition of property, plant, and equipment.
 Cash flows from financing activities Decreased 1,013 million yen due to mainly payment of lease obligations and borrowings.
 Cash and cash equivalents at end of year Decrease of 3,835 million yen from the end of the previous year.

Title of accounts (Terms: million yen)	FY 2023 2Q	FY 2022 2Q
Cash flows from operating activities	(3,287)	(4,933)
Cash flows from investing activities	(583)	513
Cash flows from financing activities	(1,013)	(665)
Effect of exchange rate changes on cash and cash equivalents	1,049	1,336
Increase (decrease) in cash and cash equivalents	(3,835)	(3,749)
Cash and cash equivalents at beginning of year	15,517	24,271
Cash and cash equivalents at end of year	11,681	20,521

(Figures of less than one million are rounded down)

Forecast〔Consolidated〕

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(million yen)

	FY 2023	Comparison with the previous year (%)	FY 2022
Net Sales	43,000	+13.5	37,886
Operating income	1,000	—	(2,184)
Ordinary Income	1,700	—	(1,700)
Net income Attributable to owners of the parent	1,200	—	(5,644)

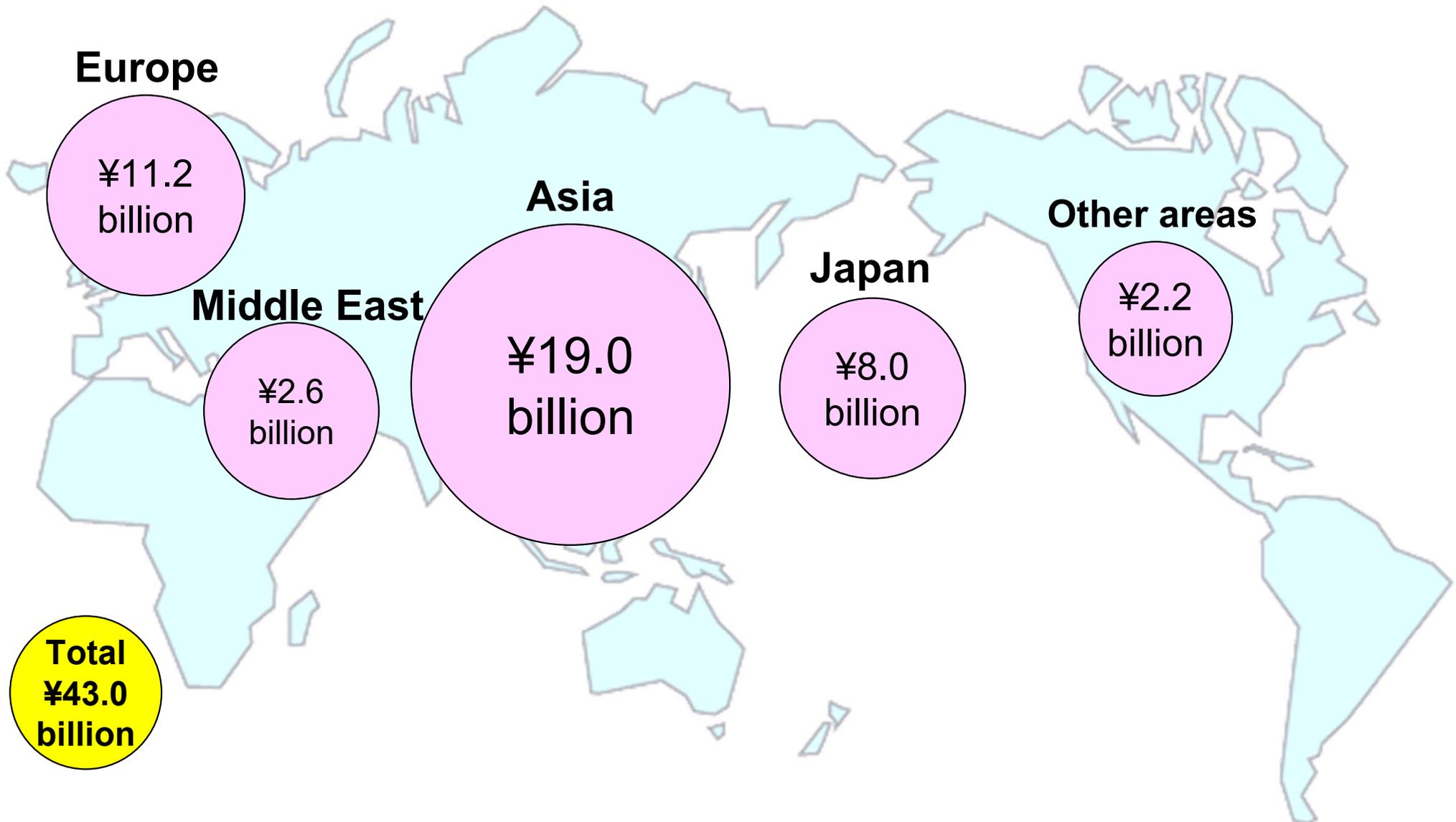
Forecast of currency rates for March 2024: 130 JPY/USD, 140 JPY/EUR

Sales and Operating Income Forecast by Segment

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

Forecast Sales by Region [Consolidated]



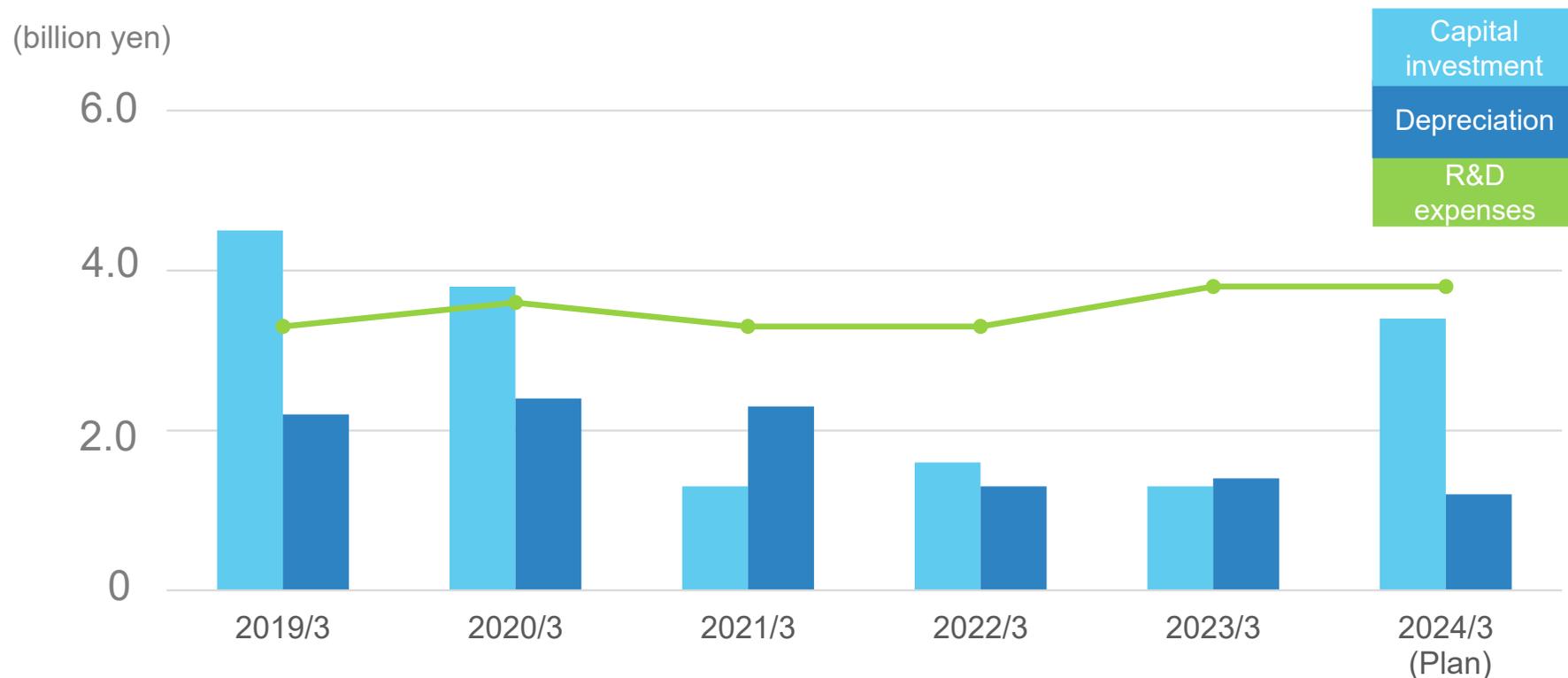
Maintain the pace of development

Fiscal year ending March 2024 2Q (Actual results)

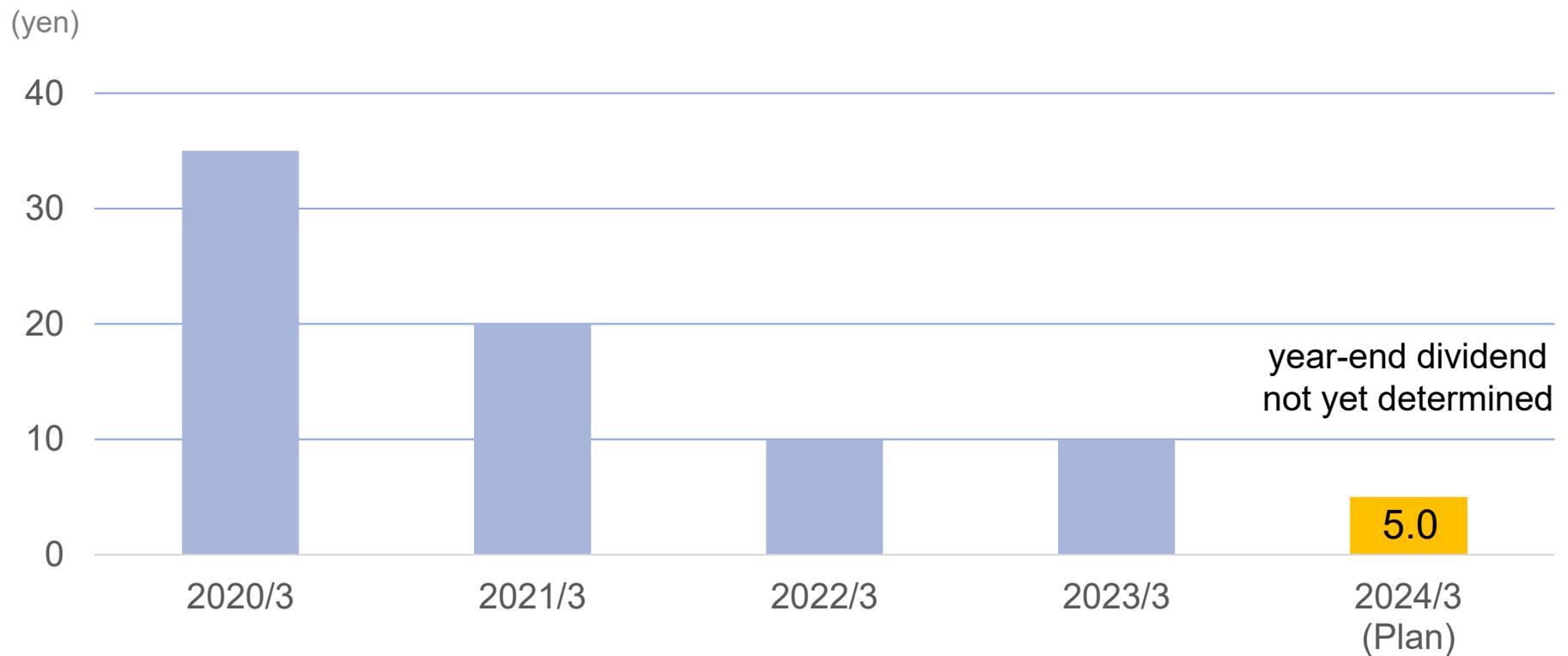
Capital investment of 0.38 billion yen (including leased assets of 0.02 billion yen), depreciation and amortization of 0.46 billion yen, R&D of 1.6 billion yen

Fiscal year ending March 2024 (Plan)

Capital investment of 3.4 billion yen (including leased assets of 0.6 billion yen), depreciation and amortization of 1.2 billion yen, R&D of 3.8 billion yen



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



ITMA 2023 (Milan, Italy)

*Held on June 8-14, 2023



08 — 14
JUNE 2023

FIERA MILANO RHO
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【The world's largest international textile and garment technology exhibition】

- In this ITMA, there were a total of 110,000 visitors.
- We could have made a significant impact and surprised visiting customers by announcing new technology at this ITMA under the concept of Reborn.
- We exhibited a full lineup of next-generation models of the R series, including the SWG-XR, the WHOLEGARMENT flat knitting machine with cutting-edge functions.

ITMA ASIA + CITME (Shanghai, China)

*Scheduled for November 19–23, 2023

【Asia's Leading Business Platform for Textile Machinery】

- We will exhibit leading-edge flat knitting machines and design systems along with solutions.



19-23 November 2023 | Shanghai, China
www.itmaasia.com | www.citme.com.cn

SHIMA SEIKI *Reborn*



ITMA 2023

- **Among the nine models, eight of them are new or prototypes.**
【We exhibited a full lineup of next-generation models of the R series】
- WHOLEGARMENT flat knitting machine : SWG-XR
 - Computer flat knitting machine : SES-R
 - Glove and sock knitting machine : SFG-R、SPG-R
 - Customers visiting our booth were surprised and excited by the exhibition of more than 300 samples, the new version of APEXFiz, and proposals for a wide variety of web services.



• SWG-XR WHOLEGARMENT flat knitting machine

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



• P-CAM R automatic fabric cutting machine

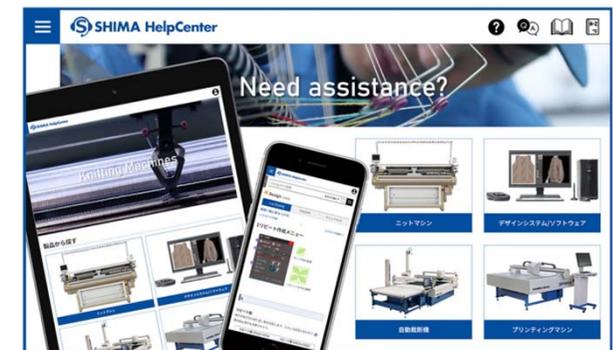
Developed the P-CAM R whose cutting function was fundamentally reviewed under the motto “Try to be the world’s best cutting technology.”

• SPG-R glove knitting machine

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

• Integrated customer support site – SHIMA HelpCenter

The site improves the convenience of users by consolidating the help, FAQs, operating manual, and glossary of Shima. Seiki products and supports cross-content keyword searches.



SHIMA SEIKI

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