

Consolidated Results for FY 2023

SHIMA SEIKI MFG., LTD.

MAY 2024

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**I . Summary of Operating of the
Fiscal Year Ended March 31, 2024**

Summary of Operating of the FY 2023

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(Millions of yen)	FY 2023	Comparison with previous year (%)	FY 2022
Net Sales	35,910	-5.2%	37,886
Operating Income	430	—	-2,184
Ordinary Income	1,018	—	-1,700
Net income Attributable to owners of the parent	1,030	—	-5,644

Exchange rate (JPY)	FY 2023	FY 2022	
USD/JPY	151.41	133.53	Exchange rate at the end of the period (Upper level)
	142.71	134.80	Average exchange rate used for translation of sales (Lower level)
EUR/JPY	163.24	145.72	
	155.00	140.45	

From the financial results presentation materials

【Flat knitting machines】

<Asian market>

- In the Chinese and Hong Kong markets, capital investments for domestic demand had been sluggish due to the slow pace of economic recovery but it should be noted that a new investment in the SWG-XR WHOLEGARMENT flat knitting machines by a major Hong Kong-based client and sales of such blue-chip products as the N.SVR to Southeast Asia increased.
- In Bangladesh, capital investments stagnated and sales volumes declined due to delays in opening letters of credit, which was in turn caused by the impact of the political situation and shortages of foreign currency.

<European and Middle Eastern markets>

- In the Italian market, sales of WHOLEGARMENT flat knitting machines increased due to capital investments carried out in connection with in-house product development work undertaken by famous brands but sales of flat knitting machines overall went down.
- In the Turkish market, sales declined on a year-on-year basis due to domestic inflation, an economic slowdown affecting the Euro zone, a warm winter, and other factors.

<Domestic market>

- Sales of WHOLEGARMENT flat knitting machines and other products expanded due to capital investments for improving productivity and upgrading-driven demand.

【 Design systems 】

- The number of license agreements for the APEXFiz, a subscription service for the SDS-ONE APEX series, increased primarily among major European, American, and Japanese apparel brands.
- Sales of the P-CAM, an automatic cutting machine, increased primarily in Japan.

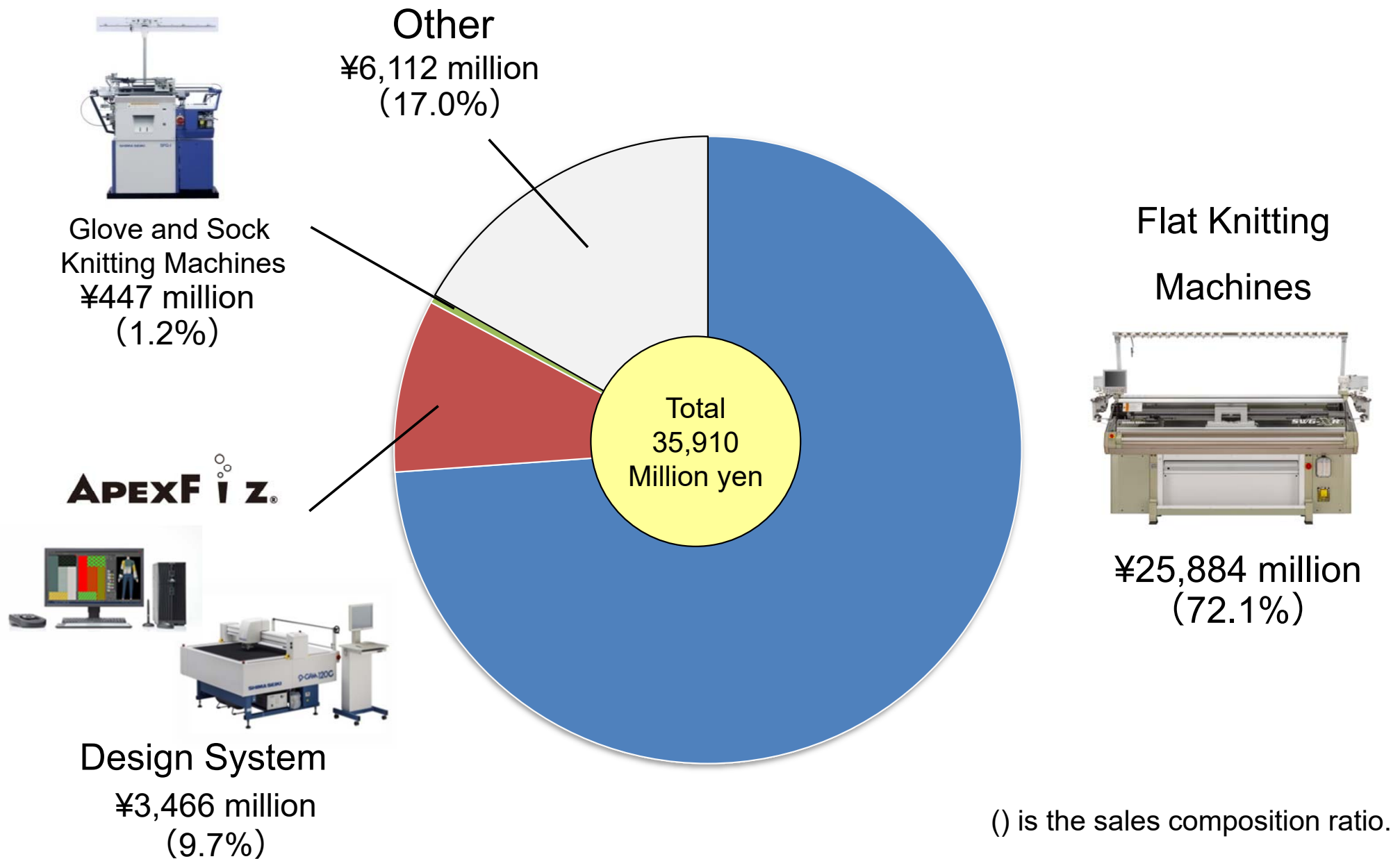
【Globe knitting machines】

- Sales decreased due to sluggish capital investments by major domestic and overseas users.

Profitability

- As a result of endeavoring to curtail selling, general, and administrative expenses by improving the gross profit margin, operating income reached 430 million yen, placing the company back in the black. (The gross profit margin from sales improved by 4.3 percentage points to 40.9% compared to the same time last year.)

Sales Composition by Segment [Consolidated]



Sales and Operating Income Composition by Segment

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(Millions of yen)	Net Sales	Comparison with previous year (%)	Operating income	Comparison with previous year (%)
Flat Knitting Machine	25,884	-5.5	4,421	+64.1
Design System	3,466	-2.0	860	+11.3
Glove and Sock Knitting Machines	447	-51.1	60	-39.3
Other	6,112	+1.2	1,317	+29.9
Corporate elimination			-6,230	
Total	35,910	-5.2	430	—

Flat Knitting Machines Segment



WHOLEGARMENT Flat Knitting Machine

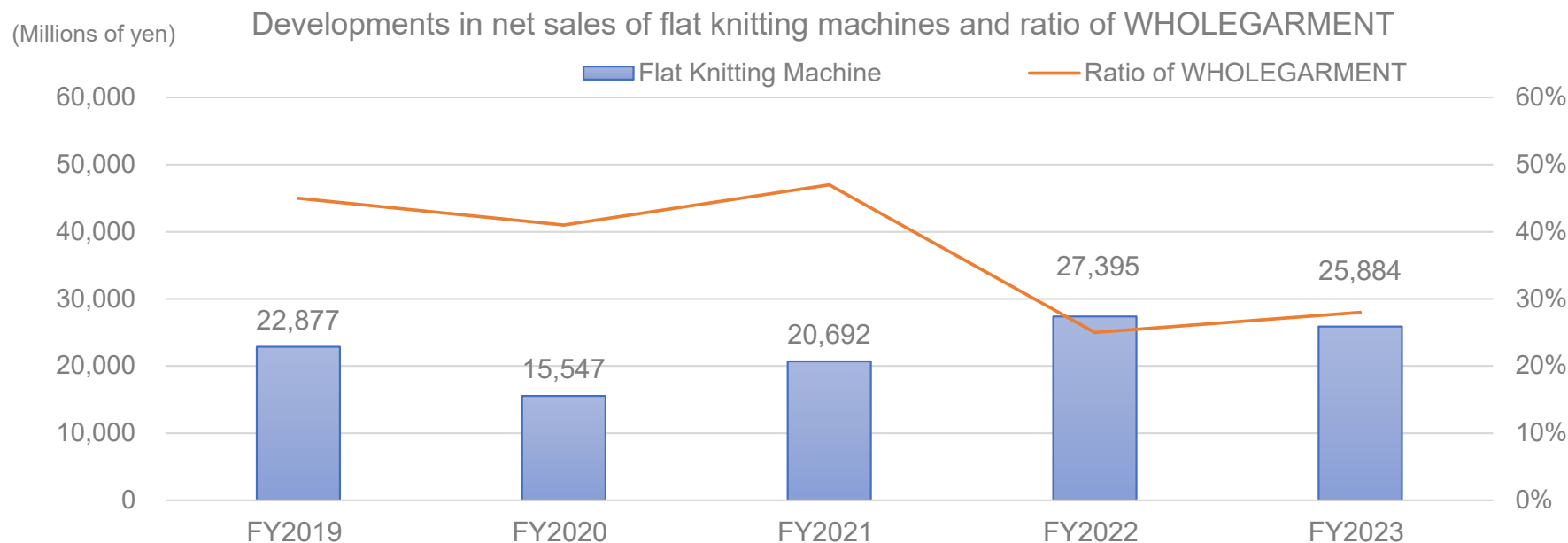
- SWG-XR and MACH2XS sterically knitting the whole wear
- Realizing environment-friendly manufacturing
- Additionally, covering small-type merchandise such as manufacturing of small fashion goods and masks



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.SSR used to manufacture the volume zone for Asia

WHOLEGARMENT sales ratio recovered to 28% (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



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.

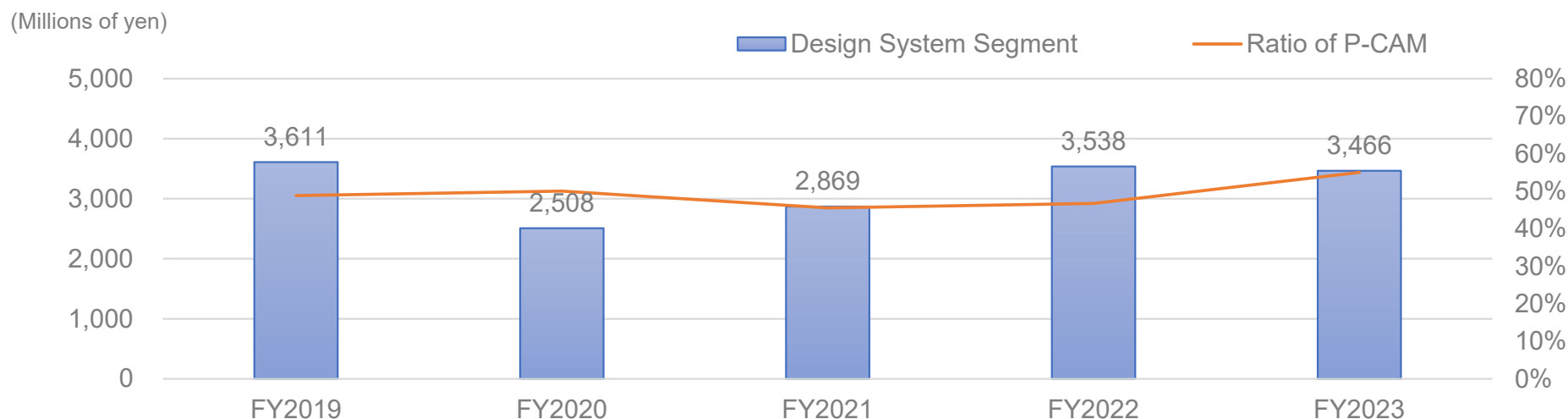
Design Software 「APEXFiz」



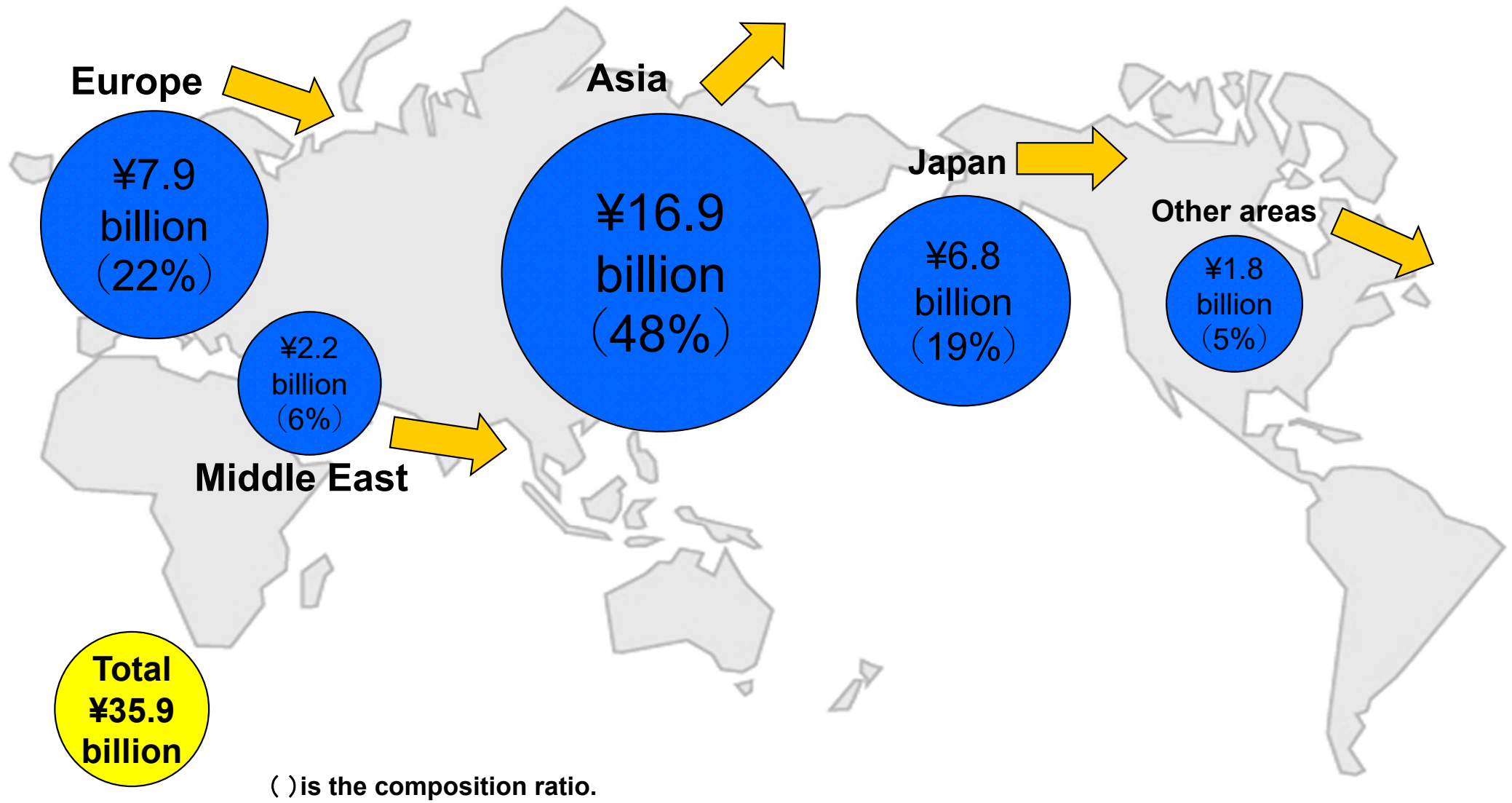
- Subscription software of Design System
- The software can be downloaded to PCs and makes it possible to create designs anytime and anywhere.

The ratio of P-CAM to net sales increased to approximately 55%.
(47% in the same period last year)

Developments in net sales of Design Systems and ratio of P-CAM



Sales by Region [Consolidated]



Consolidated Sales by Region

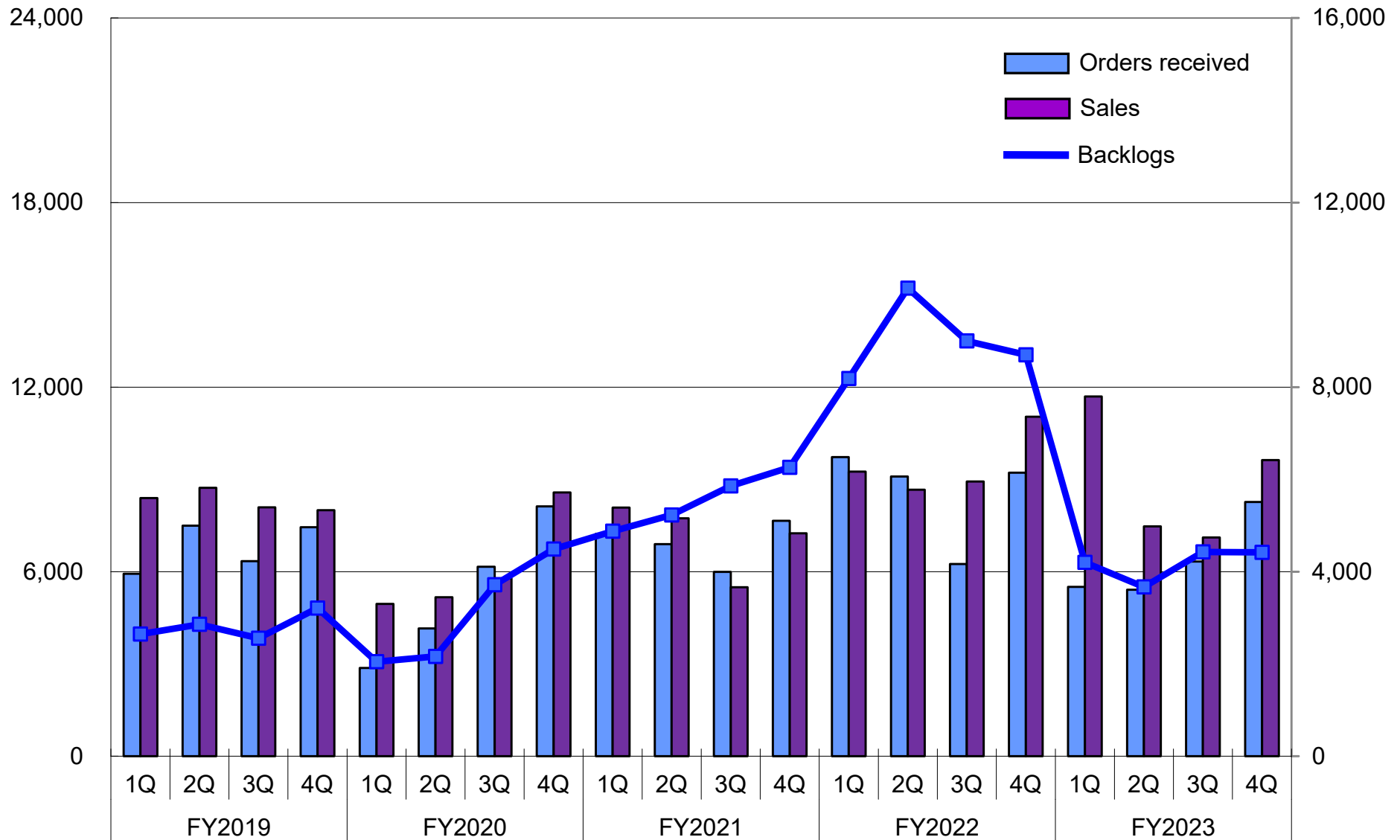
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(Millions of yen)	FY 2023	FY 2022	Comparison with previous year (%)
Japan	6,887	7,025	-2.0
Europe	7,990	10,797	-26.0
Asia	16,981	14,516	+17.0
Middle East	2,234	2,982	-25.1
Other Areas (Overseas)	1,816	2,563	-29.1
Total	35,910	37,886	-5.2

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

Orders received/Sales (Millions of yen)

Backlogs (Millions of yen)



Developments in Quarterly Results [Consolidated]

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(Millions of yen)	FY2021				FY2022				FY2023			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net Sales	8,081	7,733	6,691	8,491	9,252	8,665	8,929	11,038	11,695	7,474	7,112	9,628
Operating income	-358	-997	-1,639	-1,273	-712	276	-208	-1,540	695	-327	391	-328
Ordinary income	-154	-689	-1,473	-1,082	-516	309	-198	-1,294	918	-353	633	-180
Net income attributable to owners of the parent	-271	-797	-1,567	-952	-686	174	-545	-4,586	740	-372	616	44

(Millions of yen)

Orders received	7,235	6,897	5,994	7,651	9,726	9,093	6,251	9,216	5,507	5,413	6,333	8,263
Backlogs	4,877	5,229	5,858	6,260	8,186	10,145	9,001	8,700	4,201	3,669	4,428	4,419

Balance Sheet [Consolidated]

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Cash and deposits :14,822 million yen at the end of the current period (17,530 million yen at the end of the previous period),
down 2,708 million yen from the end of the previous period
 Trades receivable :45,502 million yen at the end of the current period (43,560 million yen at the end of the previous period),
up 1,942 million yen from the end of the previous period
 Inventory :26,297 million yen at the end of the current period (20,348 million yen at the end of the previous period),
up 5,948 million yen from the end of the previous period
 Capital adequacy ratio: 85.2% (85.2% at the end of the previous year) Net assets per share : 2,662 yen

(Millions of yen)	FY 2023	FY 2022	Increase / decrease
Current assets	84,019	77,958	6,060
Fixed assets	23,785	23,081	703
(Property, plant, and equipment)	15,066	14,797	268
(Intangible fixed assets)	152	96	56
(Investments and other assets)	8,566	8,187	378
Total assets	107,804	101,040	6,764
Current liabilities	11,836	10,773	1,062
Long-term liabilities	4,040	4,158	- 118
Total liabilities	15,877	14,932	944
Shareholder's equity	80,599	79,908	690
Accumulated other comprehensive income	11,290	6,159	5,130
Equity warrants	16	19	- 3
Non-controlling interest	21	19	2
Total net assets	91,926	86,107	5,819
Total liabilities and net assets	107,804	101,040	6,764

(Figures of less than one million are rounded down)

Statements of Cash Flows [Consolidated]

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Cash flows from operating activities : An increase in inventory assets resulted in a decrease in funds by 4,120 million yen.

Cash flows from investing activities : Disbursements for the acquisition of fixed assets caused funds to shrink by 167 million yen.

Cash flows from financing activities : An increase in short-term loans payable, among other factors, led to an increase in funds by 348 million yen.

Cash and cash equivalents at end of year : Decrease of 2,707 millions yen from the same period the previous year.

(Millions of yen)

Title of accounts	FY 2023	FY 2022
Cash flows from operating activities	-4,120	-7,178
Cash flows from investing activities	-167	-2,133
Cash flows from financing activities	348	-309
Effect of exchange rate changes on cash and cash equivalents	1,232	866
Increase (decrease) in cash and cash equivalents	-2,707	-8,754
Cash and cash equivalents at beginning of year	15,517	24,271
Cash and cash equivalents at end of year	12,809	15,517

(Figures of less than one million are rounded down)

II . Forecast [Consolidated]

Forecast [Consolidated]

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(Millions of yen)

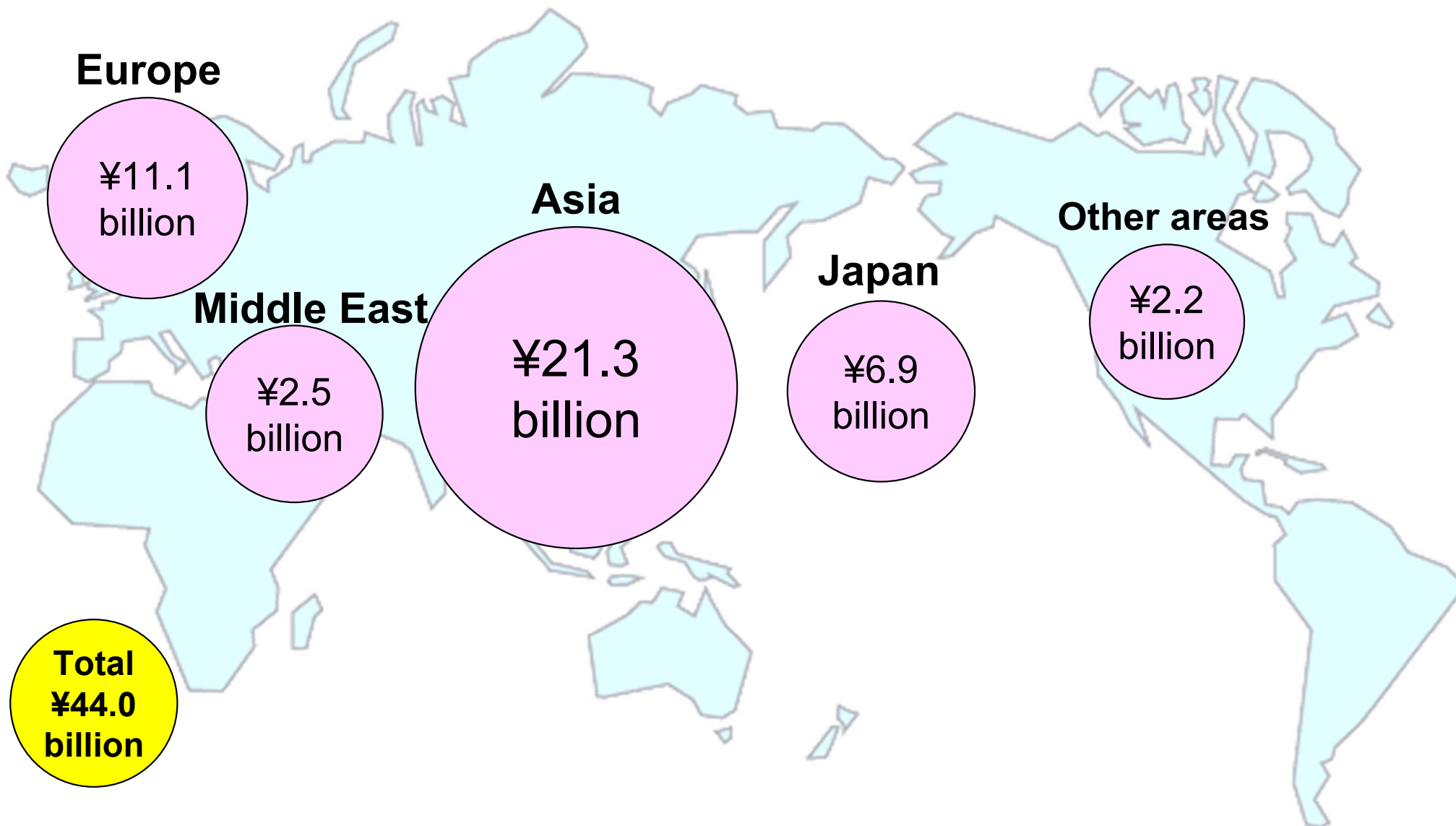
	FY 2024	Comparison with the previous year (%)	FY 2023
Net Sales	44,000	+22.5	35,910
Operating income	1,500	+248.6	430
Ordinary Income	2,200	+116.1	1,018
Net income Attributable to owners of the parent	1,700	+65.0	1,030

Forecast of currency rates for March 2024: 140 JPY/USD, 150 JPY/EUR

Sales and Operating Income Forecast by Segment

(Millions of yen)	Net Sales	Comparison with previous year (%)	Operating income	Comparison with previous year (%)
	Full-year forecast		Full-year forecast	
Flat Knitting Machine	33,500	+29.4	5,700	+28.9
Design System	3,700	+6.7	900	+4.6
Glove and Sock Knitting Machines	800	+79.0	100	+64.3
Other	6,000	-1.8	1,000	-24.1
Corporate elimination			-6,200	
Total	44,000	+22.5	1,500	248.6

Forecast Sales by Region [Consolidated]



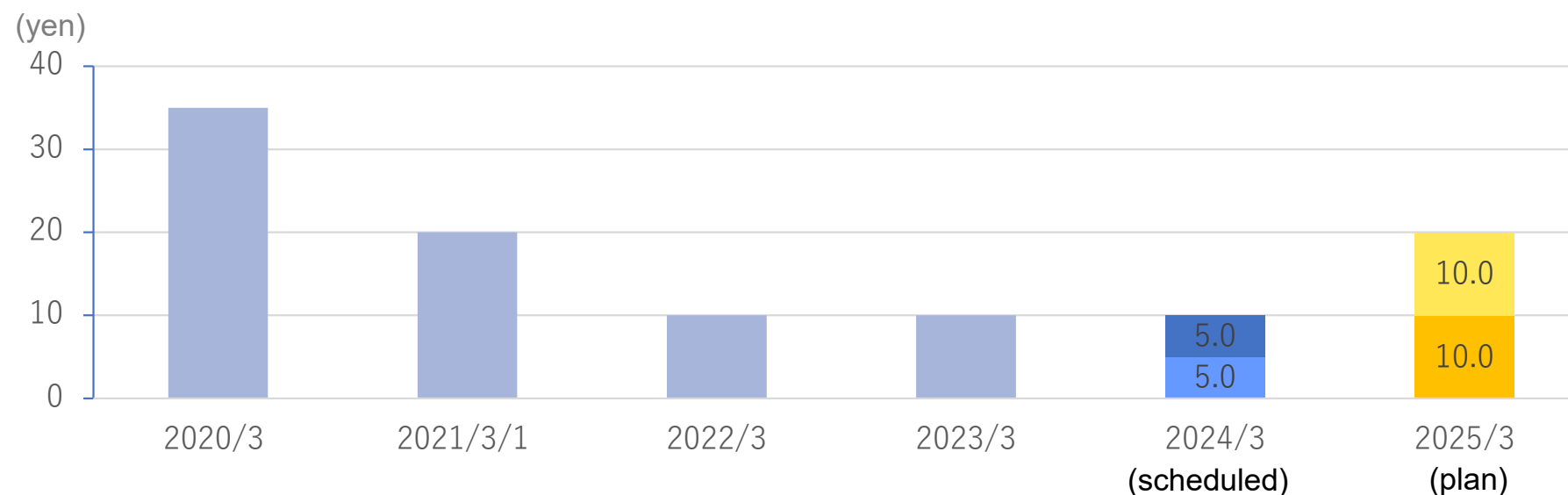
III. Shareholder Returns

Fiscal year ended March 31, 2024 (Scheduled):
Interim dividend of 5.0 yen and year-end dividend of 5.0 yen

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

〈Dividend policy〉

We are committed to enhancing shareholder returns by paying dividends to shareholders with a target consolidated dividend payout ratio of 40 percent while endeavoring to make proactive growth investments for increased profitability and to strengthen our financial position in accordance with Ever Onward 2026, our three-year medium-term management plan starting in fiscal year 2024.



(yen)

Exchange rate	FY 2022		FY 2023		FY2024 (Plan)
	Average exchange rate used for translation of sales	Exchange rate at the end of the period	Average exchange rate used for translation of sales	Exchange rate at the end of the period	
USD/JPY	1 3 4 . 8 0	1 3 3 . 5 3	1 4 2 . 7 1	1 5 1 . 4 1	1 4 0
EUR/JPY	1 4 0 . 4 5	1 4 5 . 7 2	1 5 5 . 0 0	1 6 3 . 2 4	1 5 0

Foreign exchange sensitivity

(impact of a one-yen change on operating income)

	FY2024(Plan)
USD/JPY	9 0 million yen
EUR/JPY	3 0 million yen

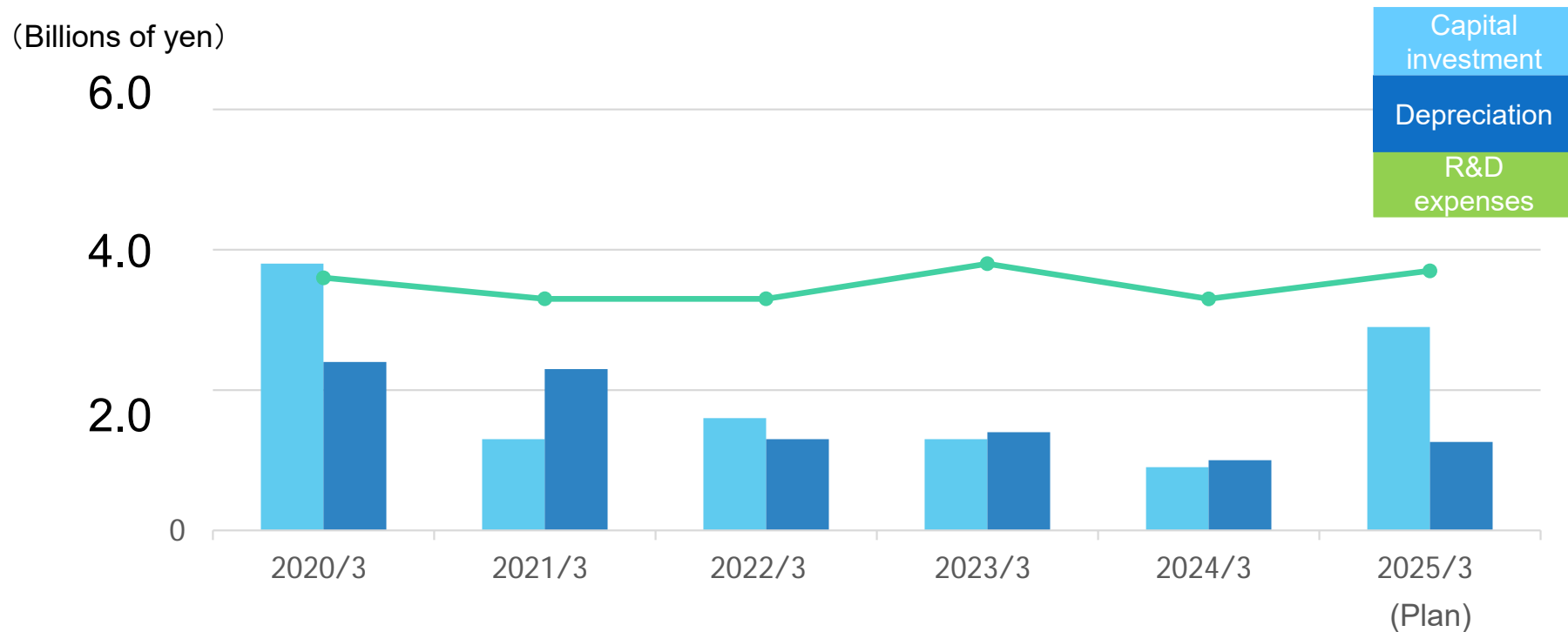
Developments in R&D Expenses and Capital Investment [Consolidated]

Fiscal year ended March 2024 (Actual results)

Capital investment of 0.9 billion yen (including leased assets of 30 million yen), depreciation and amortization of 0.99 billion yen, R&D of 3.34 billion yen

Fiscal year ending March 2025 (Plan)

Capital investment of 2.9 billion yen (including leased assets of 600 million yen), depreciation and amortization of 1.26 billion yen, R&D of 3.7 billion yen



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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.