

## SHIMA SEIKI MFG., LTD.

Representative: Mitsuhiro Shima, President

Code number: 6222

Stock listings: Tokyo Stock Exchange (1<sup>st</sup> section)

### Notice of Revisions to the Medium-Term Management Plan

SHIMA SEIKI MFG., LTD. (the “Company”) announces revisions to the management targets presented in the “Ever Onward 2020” medium-term management plan (for the fiscal year ending March 2021) and the guidelines on shareholder returns, which were published on May 8, 2018, as follows.

#### Notes

##### 1. Details of the revisions

###### (1) Revisions to the management targets (on a consolidated basis)

Unit: Yen in billions	Initial plan	Revised plan	Latest results
	FY 2020	FY 2020	FY 2018
Net Sales	100.0	<b>65.0</b>	51.3
Operating Income	25.0	<b>10.0</b>	4.6
Ordinary Income	25.0	<b>10.0</b>	4.9
Net Income	18.0	<b>7.0</b>	3.8
ROE	12%	<b>5.3%</b>	3.1%

###### (2) Revisions to net sales by product segment (on a consolidated basis)

Unit: Yen in billions	Initial plan	Revised plan	Latest results
	FY 2020	FY 2020	FY 2018
Flat Knitting Machines	81.0	<b>50.0</b>	38.8
Design System	7.5	<b>6.0</b>	4.3
Glove and Sock Knitting Machines	2.5	<b>2.0</b>	1.5
Others	9.0	<b>7.0</b>	6.6
Total	100.0	<b>65.0</b>	51.3

### (3) Revision of the guidelines on shareholder returns

Before the revision: We target a consolidated payout ratio of 25% as a guide.

After the revision : We increase the consolidated payout ratio to 30% or more.

### 2. Reasons for the recent review

The medium-term management plan has been modified after reviewing the sales results for the fiscal year ending in March 2019 which was announced today, the business forecast for the fiscal year 2020 and the latest business environment.

The demand for WHOLEGARMENT flat knitting machine, the next-generation flat knitting machine, is expected to grow steadily. The business environment for our conventional machines, however, is becoming keener than we initially predicted due to heightened price competition with circular knitting machines and Chinese made flat knitting machines in a field such as low-price casual shoe market. Furthermore, the mindsets of the users of our machines in the apparel and fashion industry, who are our main sales targets, are clearly cooling down for mid-term capital investment in response to the increased concern for global economic slowdown. All of the above reasons have led to the modification of medium-term management plan as above.

There has been no change to our basic strategies “Promote a differentiation strategy and expand our business domains” and “Step up proactive investment toward future growth” set forth in this medium-term management plan.

\*Please see our website (<http://www.shimaseiki.com/ire/plan/>) for materials on the medium-term management plan with the revised management targets.

\*Company plans, earnings forecast, and strategies herein provided are based on information and certain assumptions deemed reasonable as of the date of this announcement. Please be aware that actual results may differ significantly because of a variety of factors.