

(Explanatory Meeting)

# First Half Account Settlement FY2020 ending December 31, 2020 on a consolidated basis

August 6, 2020  
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*Mind & Technology*

*(This translation may be used for reference purposes only)*



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## Part 1

# Performance of the 1st Half of FY2020 (ending Dec. 2020)

# 1-1 Performance Trends and Dividends for the 1st Half of FY2020

Net sales decreased by 41.2% year-on-year as demand for capital investment continued to remain low, particularly due to low operating ratio of some companies, including our customers whose sewing factories in a number of countries and regions suspended operations.

Operating profit and ordinary profit declined sharply respectively year-on-year, mainly due to the impact of lower sales, despite further deepening the structural reforms beyond the initial targets set out at the beginning of the fiscal year and making major production adjustments, including a simultaneous suspension of operations at the head office and Group factories in Japan and overseas, improving profits through temporary leave for administrative (indirect) functions and introduction of new forms of working.

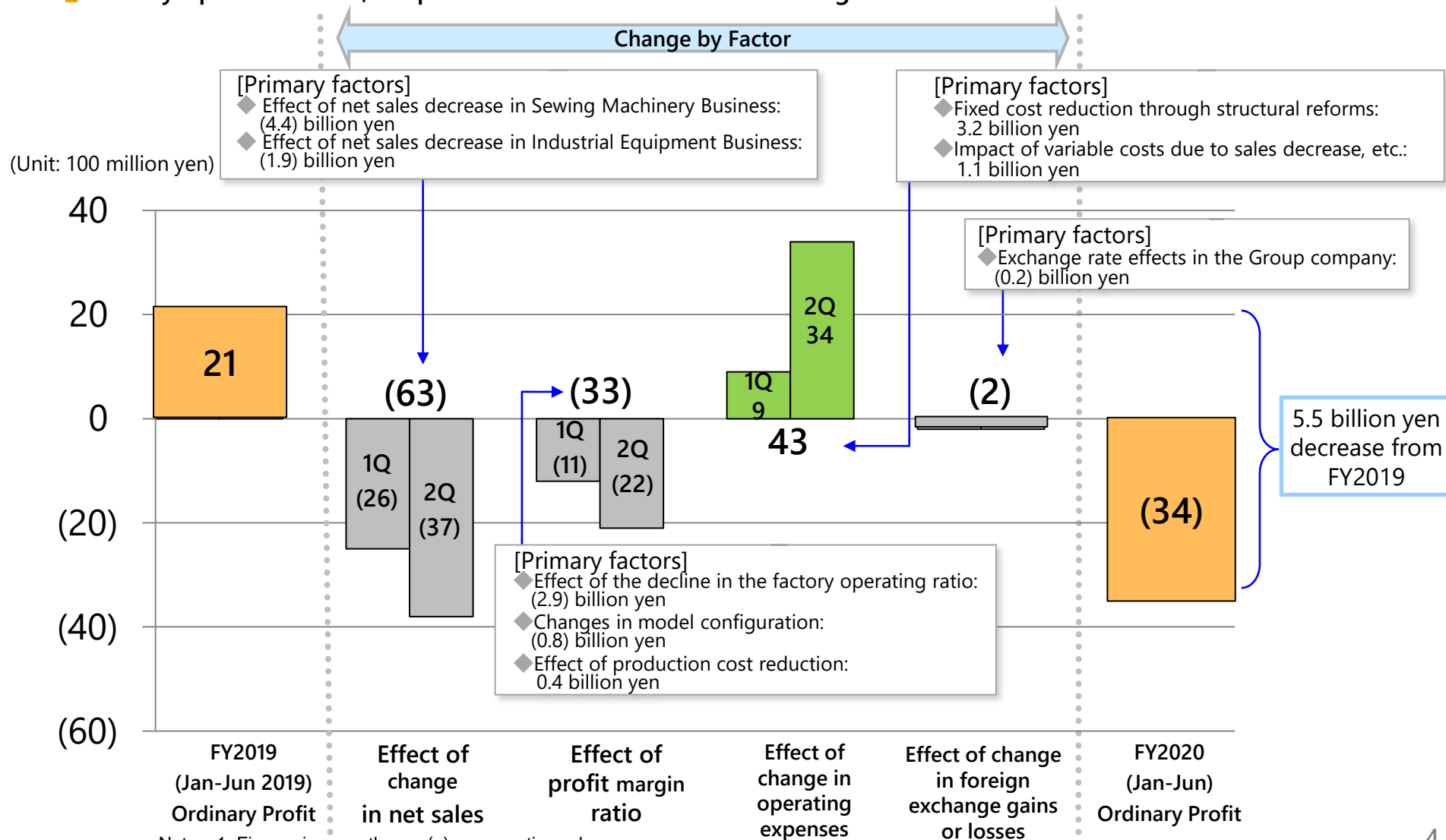
(Unit: million yen)

		FY2019 ended December 31, 2019			FY 2020 ending December 31, 2020			Year-on-Year change < B-A > (%)
		1st half			1st half			
		1Q	2Q	1st half <A>	1Q	2Q	1st half <B>	
		Jan-Mar 2019	Apr-Jun 2019	Jan-Jun 2019	Jan-Mar 2020	Apr-Jun 2020	Jan-Jun 2020	
Net Sales		25,753	26,132	51,885	16,860	13,636	30,496	(21,389) (41.2)%
Operating Profit		1,349 [5.2%]	1,246 [4.8%]	2,595 [5.0%]	(1,472) [(8.7)%]	(1,996) [(14.6)%]	(3,468) [(11.4)%]	(6,063) -
Ordinary Profit		1,103 [4.3%]	1,004 [3.8%]	2,107 [4.1%]	(1,732) [(10.3)%]	(1,710) [(12.5)%]	(3,442) [(11.3)%]	(5,549) -
Profit		727 [2.8%]	709 [2.7%]	1,436 [2.8%]	(1,836) [(10.9)%]	(2,067) [(15.2)%]	(3,902) [(12.8)%]	(5,339) -
Exchange Rate	1 US\$	¥110	¥110	¥110	¥109	¥108	¥108	¥(2)
	1 Euro	¥126	¥123	¥124	¥121	¥119	¥120	¥(4)

Notes: 1. Exchange rate is an average rate during the period, and such rate influences operating profit. 2. Figures in brackets [ ] are ratios of profit to net sales. 3. Figures in parentheses ( ) are negative values.

# 1-2 Factors Leading to an Increase/Decrease in Ordinary Profit

Ordinary profit decreased by 5.5 billion yen year-on-year due to the impact of lower sales and a decline in factory operation ratio, despite efforts to decrease costs through cost structure reforms and other measures.



# 1-3 Initiatives for Cost Structure Reforms

A reduction of 3.2 billion yen year-on-year was achieved through the implementation of cost reductions that went beyond the initial targets.

**Personnel Cost Reform**  
(Decrease by 0.9 billion yen)

- Personnel treatment system
- Temporary leave at Head Office
- Introduction of new forms of working

**Production Cost Reform**  
(Decrease by 1.2 billion yen)

- Substantial production adjustments including simultaneous shut down of Group factories in Japan and overseas
- Cost reduction through a transition to smart factory

**Sales Cost Reform**  
(Decrease by 1.1 billion yen)

- Cost reduction of Group companies (review of treatment, temporary leave, etc.)

**Cost Structure Reforms**  
(Decrease by 3.2 billion yen)

# 1-4 Major Financial Indices Trends

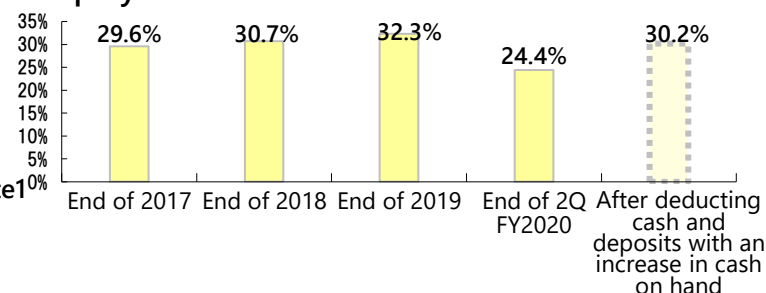
Total assets (\*Note 1) increased by 15.6 billion yen year-on-year due to factors such as an increase in cash and deposits, while accounts receivable decreased.

Interest-bearing debt (\*Note 2) was 48.7 billion yen on a cash deposit deduction basis, as cash on hand increased by 25.2 billion yen year-on-year as a measure against the new coronavirus (COVID-19).

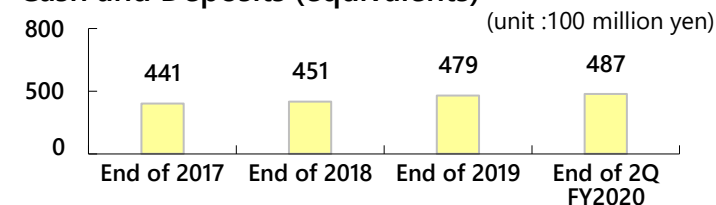
(Unit: million yen)

	As of December 31, 2019 (FY2019) <A>	As of June 31, 2020 (FY2020) <B>	Change < B-A >	
Total assets	114,715	130,282	15,566	
Net assets [Foreign currency translation adjustment]	37,752 [ (3,437)]	32,394 [ (4,074)]	(5,357) [ (636)]	
Net assets ratio	32.9%	24.9%	(8.0)%	
Equity ratio	32.3%	24.4%	(7.9)%	
Trade receivables [Turnover period]	30,461 [3.7months]	21,207 [4.2months]	(9,253) [0.5months]	
Inventories [Turnover period]	41,461 [5.0months]	41,127 [8.1months]	(333) [3.1months]	
Trade payables [Turnover period]	9,998 [1.2months]	7,222 [1.4months]	(2,775) [0.2months]	
Interest-bearing debt	53,878	79,883	26,005	
Cash and deposits	5,987	31,203	25,215	
Exchange rate (period-end)	1USD	110yen	108yen	(2)yen

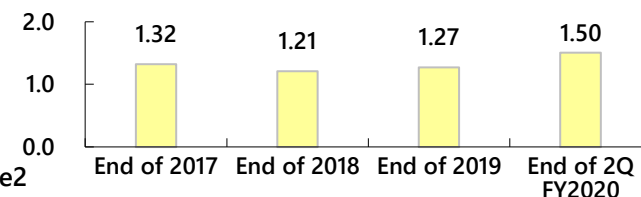
Equity Ratio



Interest-bearing Debt after Deduction of Cash and Deposits (equivalents)



Net Debt-to-equity Ratio(Interest-bearing debt after deduction of cash and deposits) /total assets



Notes: 1. Figures in brackets [ ] are ratios of profit to net sales.  
2. Figures in parentheses ( ) are negative values.



# 1-5-1 Performance by Business Segment: Change in Net Sales

Net sales of Sewing Machinery & Systems Business decreased by 45.9% year-on-year due mostly to sharp decreases in net sales of industrial sewing machines in each market, mainly in Asia, although net sales of household sewing machines increased in Japan, Europe and the U.S. due to increased demand generated by people staying at home following the spread of COVID-19 infection.

Net sales of Industrial Equipment & Systems Business decreased by 32.4% year-on-year due mostly to decreased sales in each market year-on-year, and sluggish sales of the Group Business such as contract manufacturing, mainly for in-car-related products. Sales of electronic assembly systems increased in 2Q compared to 1Q reflecting a recovery of capital investment demand related to 5G, primarily in China and other countries.

(Unit: million yen)

	FY2019 ended December 31, 2019			FY2020 ending December 31, 2020			Year-on-year change < B-A > (%)
	1st half			1st half			
	1Q	2Q	First half <A>	1Q	2Q	First half <B>	
	Jan-Mar 2019	Apr-Jun 2019	Jan-Jun 2019	Jan-Mar 2020	Apr-Jun 2020	Jan-Jun 2020	
Sewing Machinery & Systems	17,083	17,026	34,109	10,662	7,780	18,442	(15,667) (45.9)%
Industry Equipment & Systems	8,607	9,047	17,654	6,140	5,800	11,940	(5,714) (32.4)%
Others	62	59	121	57	56	113	(8) (6.6)%
Total	25,753	26,132	51,885	16,860	13,636	30,496	(21,389) (41.2)%
Group Business	2,684	2,941	5,625	2,520	1,942	4,462	(1,163) (20.7)%

Note : 1. Figures in parentheses( ) are negative values.



# 1-5-2 Performance by Business Segment: Change in Ordinary Profit

Ordinary profit for Sewing Machinery & Systems declined year-on-year due to a decrease in sales and a decline in the factory operating ratio (decreased by 54.4% year-on-year), while a reduction of deficit in 2Q was achieved compared with those in 1Q by efforts to reduce costs through structure reforms.

Ordinary profit for Industrial Equipment & Systems declined year-on-year due to a decrease in sales and a decline in the factory operating ratio (decreased by 33.2% year-on-year), despite a reduction of deficit in 2Q achieved by efforts to reduce costs through structural reforms.

(Unit: million yen)

	FY2019 ended December 31, 2019			FY2020 ending December 31, 2020			Year-on-year change < B-A > (%)
	1st half			1st half			
	1Q	2Q	First half <A>	1Q	2Q	First half <B>	
	Jan-Mar 2019	Apr-Jun 2019	Jan-Jun 2019	Jan-Mar 2020	Apr-Jun 2020	Jan-Jun 2020	
Sewing Machinery & Systems	795 [4.7%]	1,016 [6.0%]	1,811 [5.3%]	(922) [(8.6)%]	(879) [(11.3)%]	(1,801) [(9.8)%]	(3,612) -
Industrial Equipment & Svstems	679 [7.9%]	498 [5.5%]	1,177 [6.7%]	(384) [(6.3)%]	(231) [(4.0)%]	(615) [(5.2)%]	(1,792) -
Others	13 [21.0%]	27 [45.8%]	40 [33.1%]	19 [33.3%]	22 [39.3%]	41 [36.3%]	1 (2.5%)
Adjustment	(384)	(538)	(922)	(445)	(621)	(1,066)	(144)
Total	1,103 [4.3%]	1,004 [3.8%]	2,107 [4.1%]	(1,732) [(10.3)%]	(1,710) [(12.5)%]	(3,442) [(11.3)%]	(5,549) -

Notes: 1. Figures in brackets [ ] are a ratio of ordinary profit to net sales.

2. Figures in parentheses( ) are negative values.

# (Reference Info#1)

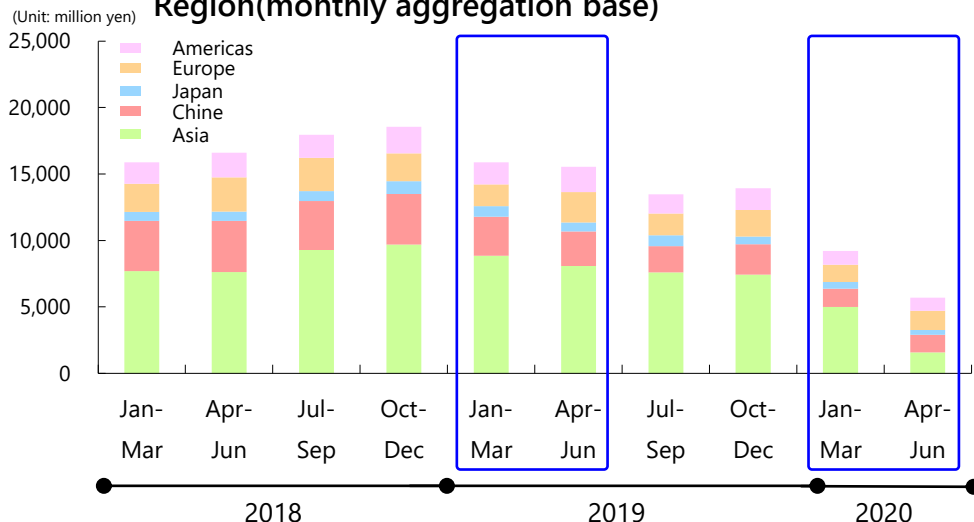
## Performance by Business Segment:

### Sewing Machinery & Systems Business

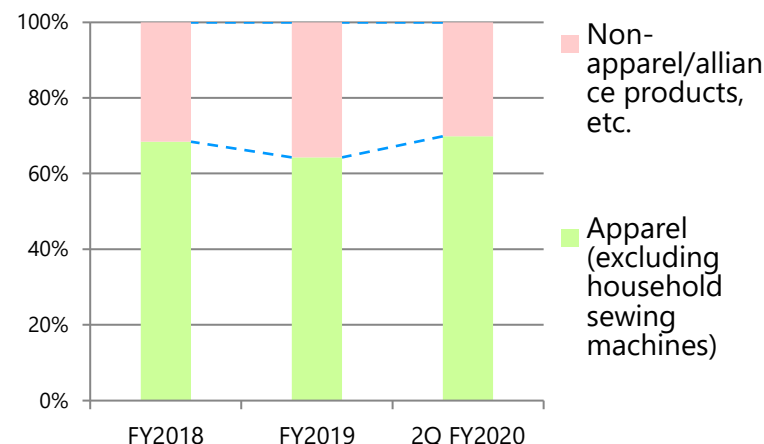
Net sales of industrial sewing machines decreased by 53% year-on-year due to a drop in sales in each market, particularly in Asia.

Net sales of household sewing machines increased by 25% year-on-year.

#### 1. Changes in Net Sales of Industrial Sewing Machines by Region (monthly aggregation base)



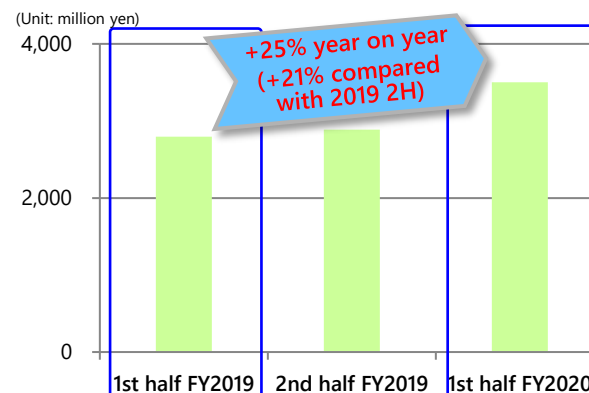
#### 2. Changes in Net Sales of Apparel/Non-Apparel Products (excluding Household Sewing Machines)



#### Net sales: Year-on-year comparison (Unit: 100 million yen)

	Jan-Jun 2019	Jan-Jun 2020	Amount of change	(% of change)
China	55	27	(28)	(51)%
Asia	169	66	(104)	(61)%
China + Asia	225	93	(132)	(59)%
Japan	14	8	(6)	(42)%
Europe	39	28	(12)	(30)%
Americas	36	20	(15)	(43)%
<b>Total</b>	<b>314</b>	<b>149</b>	<b>(165)</b>	<b>(53)%</b>

#### 3. Changes in Net Sales of Household Sewing Machines

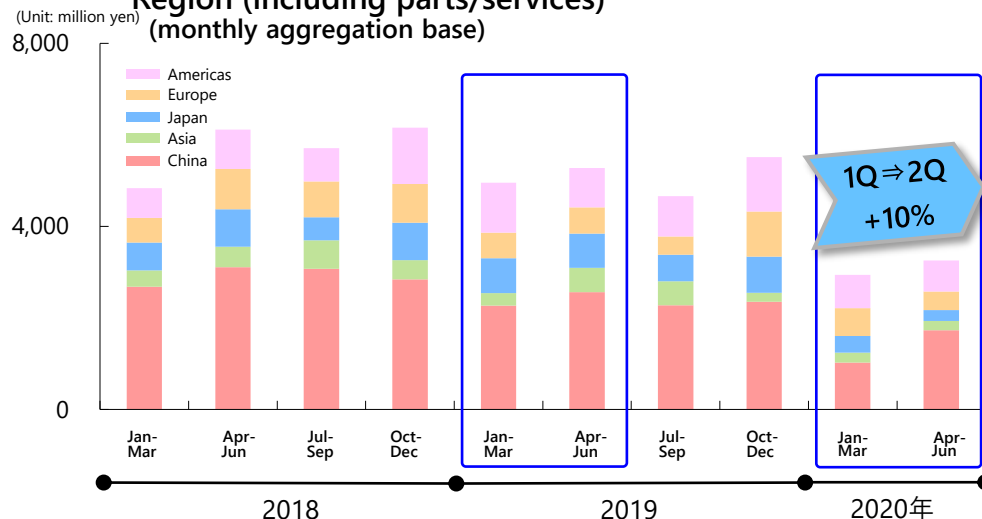


Note: 1. Figures in parentheses ( ) are negative values.

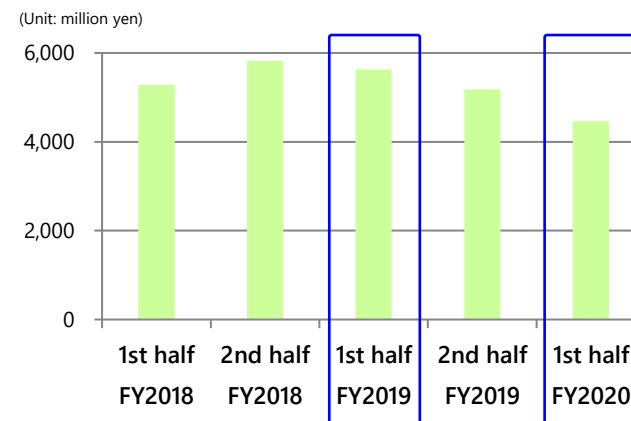
# (Reference Info#2) Performance by Business Segment : Industrial Equipment & Systems Business

Net sales for electronic assembly system, including the Parts Business increased by 10% in 2Q but decreased by 40% year-on-year

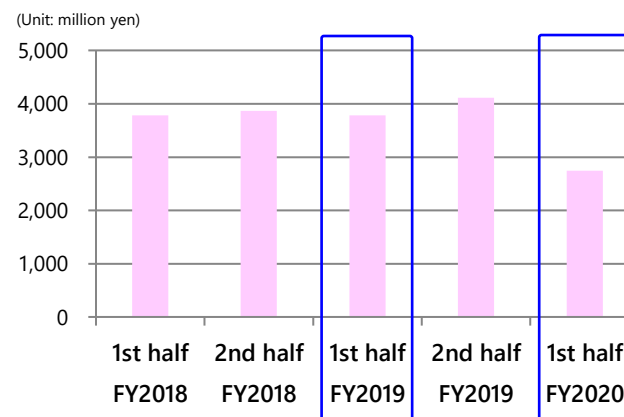
## 1. Changes in Net Sales of Electronic Assembly Systems by Region (including parts/services) (monthly aggregation base)



## 2. Group Business: Changes in Net Sales



## 3. Parts Business: Changes in Net Sales



Net Sales: Year-on-year Comparison (Unit: 100 million yen)

	Jan-Jun 2019	Jan-Jun 2020	Amount of change	(% of change)
China	48	28	(21)	(43)%
Asia	8	4	(4)	(48)%
China+Asia	56	32	(25)	(44)%
Japan	15	6	(9)	(60)%
Europe	11	10	(1)	(10)%
Americas	20	14	(6)	(28)%
Total	102	62	(40)	(40)%

Note: 1. Figures in parentheses ( ) are negative values.

## Part 2

# Key Initiatives for the 2nd Half of FY2020

\*The Company is currently reviewing the Medium-Term Management Plan that was previously posted because the preconditions for achieving the initially planned target value have changed due to the impact of COVID-19. The Company will scrutinize the plan in this year and disclose it again.

## 2-1-1 Anticipated Business Climate and Market Trends

Until remedies of COVID-19 and preventive vaccines become available and infections are completely overcome, it remains to be a major challenge to balance "saving lives" and "recovering the economy."

### The Economy

#### Economic Recovery:

- The economy is recovering while coexisting with COVID-19. While China, Europe, the U.S., Japan and Southeast Asia are heading for recovery, areas such as South Asia and Africa are expected to remain stagnant.
- Review of companies' supply chains and relocation of production sites are likely to continue to maintain stable supply.
- Expanding use of advanced technologies such as AI, 5G, and IoT for various products and services.

### Social requirement

#### Adapting to the New Normal:

- Promotion of work style reform (digitalization of work, remote work), promotion of social distancing measures.

#### Initiatives for SDGs (Realization of Sustainable Society):

- Responding to efforts to save resources and reduce waste.
- Strengthening compliance and corporate governance.

In the future, the New Normal with and after COVID-19 will take hold, and new industries will be born. There will be new business opportunities in it!!

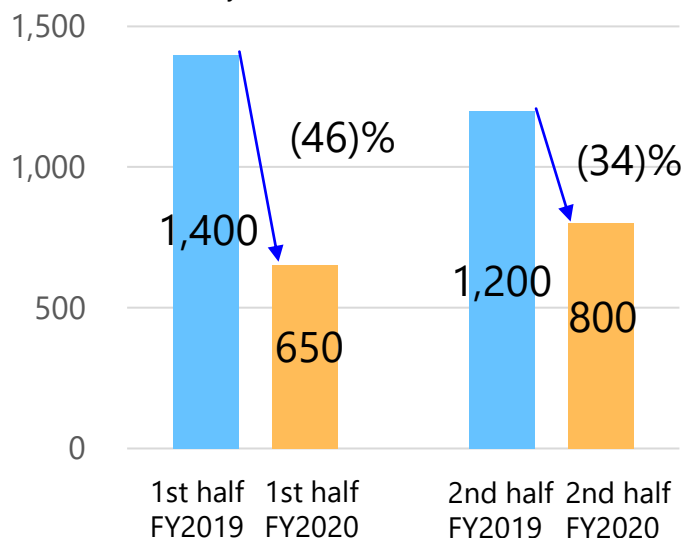
## 2-1-2 Market Trends (Main Businesses)

The market for industrial sewing machines shrank by 30-40% year-on-year due to slow recovery in apparel demand. The market for electronic assembly systems expanded by approximately 5% year-on-year due to 5G-related demand in China and others.

### 2nd Half FY2020 Market Forecast (Main businesses)

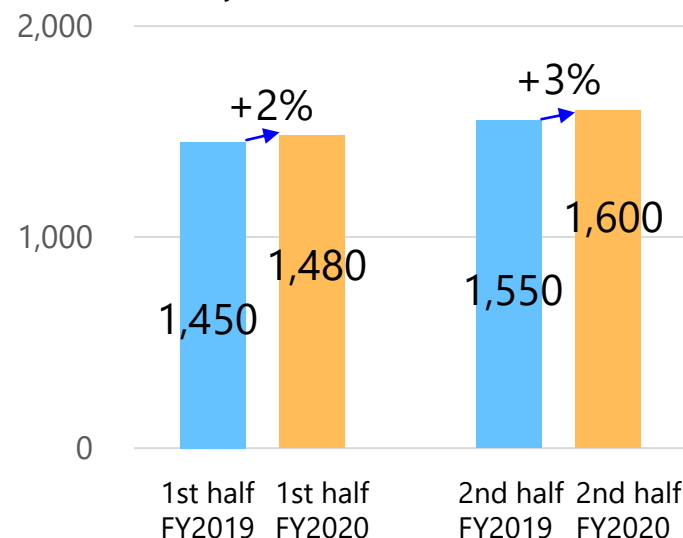
**Industrial Sewing Machine Market**

(Unit: 100 million yen)



**Electronic Assembly Systems (SMT) Market**

(Unit: 100 million yen)



Note: 1. Figures in parentheses( ) are negative values.

Four priority policies that JUKI should pursue in the context of living with COVID-19

Priority  
Policy  
for  
2nd  
half  
of  
FY2020

(1) Thorough implementation of JUKI New Principles (action guidelines) and a shift to a new work system in order to maintain sound business establishments.

(2) Further aggressive reduction of expenses through cost structure reforms.

(3) Add value by strengthening existing businesses, creating new businesses and expanding our business areas.

(4) Building a new management system in anticipation of post COVID-19 society.\*

\*Review of work operations by establishing specialized departments and construction of highly efficient work operation systems by introducing RPA and others.

The most important agendas for improving profits in the 2nd half of FY2020



## 2-2-2 Key Initiatives for the 2nd Half of FY2020

### -Cost Reduction through Cost Structure reforms-

Expenses to be reduced by approximately 2.7 billion yen year-on-year through the implementation of additional measures for further reduction of the cost level in the 1st half of FY2020.

**Personnel Cost Reform**  
(Decrease by 0.4 billion yen)

- Temporary leave at Head Office (continued)
- Institutionalization of new forms of working (addition)
- Streamlining of administrative and indirect functions of Head Office (addition)

**Production Cost Reform**  
(Decrease by 0.9 billion yen)

- Production adjustment including simultaneous shutdown of Group factories in Japan and overseas (continued)
- Cost reduction through a transition to smart factory (continued)
- Optimization of factory manufacturing scale (addition)

**Sales Cost Reform**  
(Decrease by 1.4 billion yen)

- Cost reduction of Group companies (continued)
- Streamlining of administrative and indirect functions of sales companies (addition)

**Cost Structure Reforms**  
(Decrease by 2.7 billion yen)

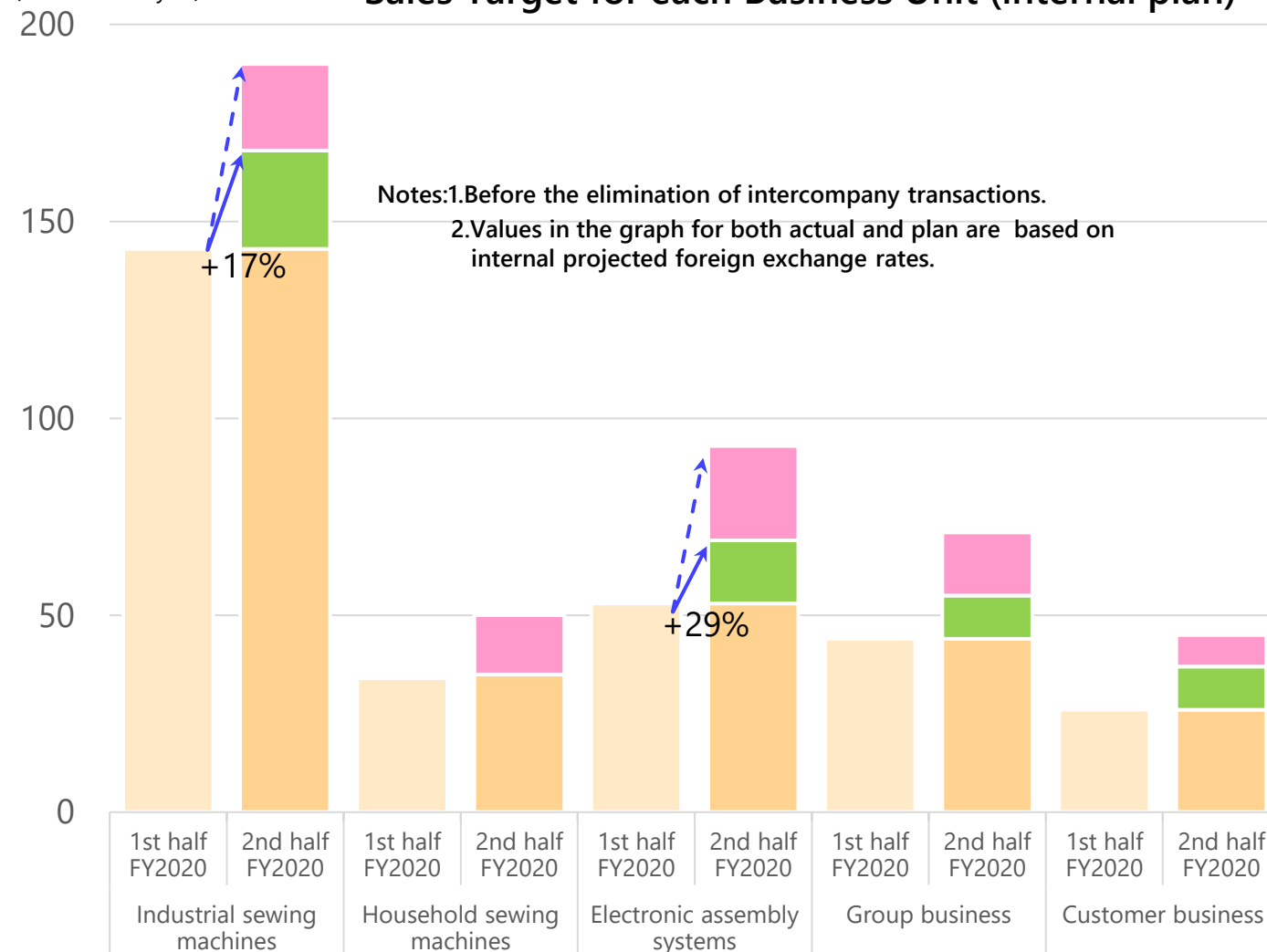
## 2-2-3 Key Initiatives for the 2nd Half of FY2020

-Strengthening Existing Businesses/Creating New Businesses and Expanding Business Areas-

Enhancing added value by creating new businesses and expanding our business areas, in addition to strengthening existing businesses,

(Unit: million yen)

### Sales Target for each Business Unit (internal plan)



**Strengthening existing businesses**  
5.5 billion yen



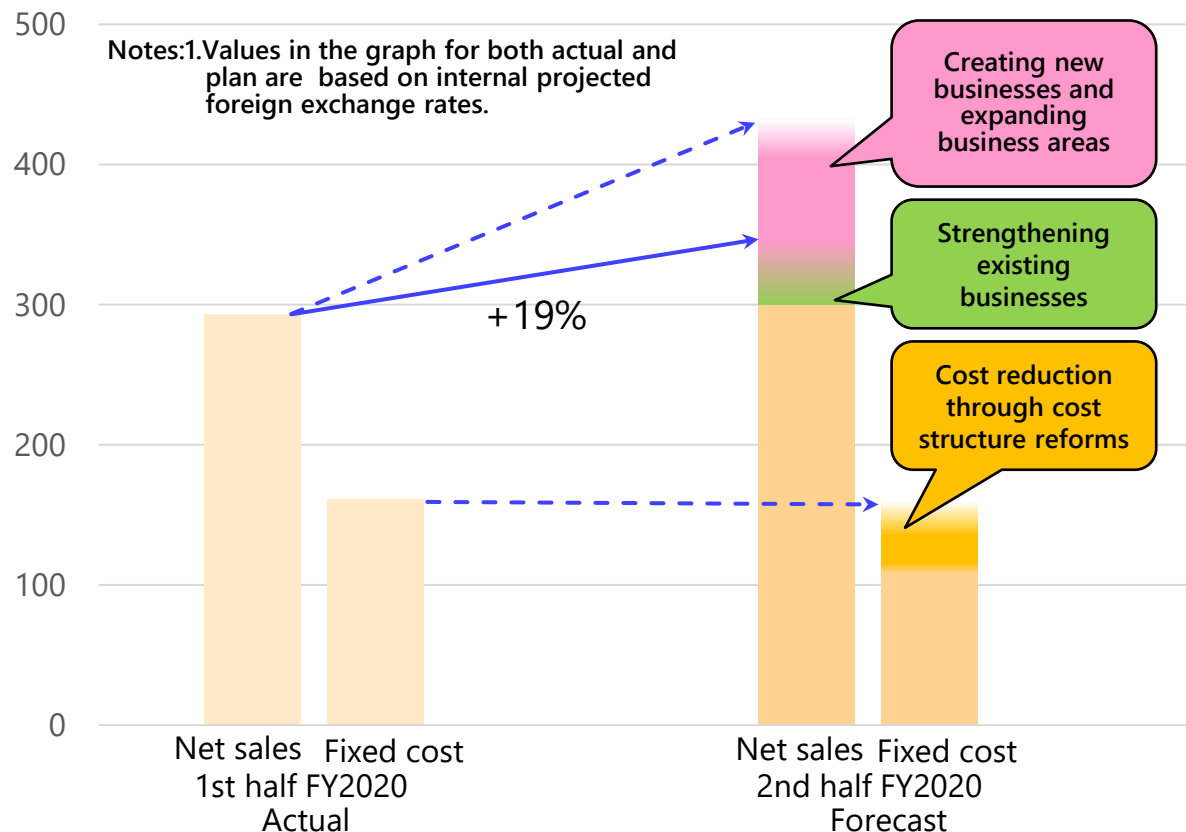
**Creating new businesses and expanding business areas**  
8.5 billion yen

## 2-2-4 FY2020 Full-Year Results Forecast

- Aiming to recover business performance by "reducing costs through cost structure reforms" + "strengthening existing businesses" + "creating new businesses and expanding business areas."
- However, it is difficult to predict when the spread of COVID-19 will be brought under control, and "forecasts remain yet to be decided."

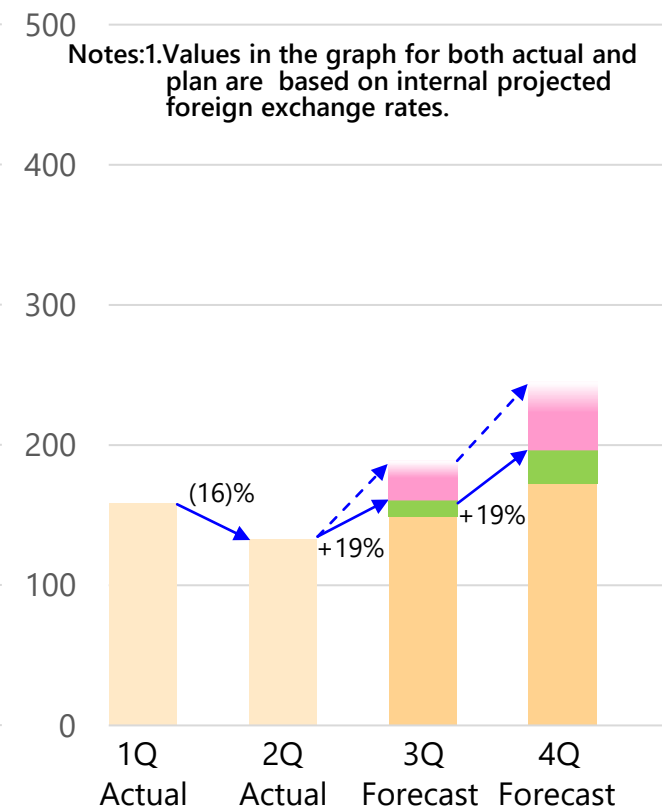
### Company-wide Sales Target Value (internal plan)

(Unit: 100 million yen)



### Changes in Net Sales for Fourth Half of FY2020

(Unit: 100 million yen)



Note: 1. Figures in parentheses ( ) are negative values.

# 2-2-5-1 Sewing Machinery & Systems Business (Industrial Sewing Machines)

## Vision

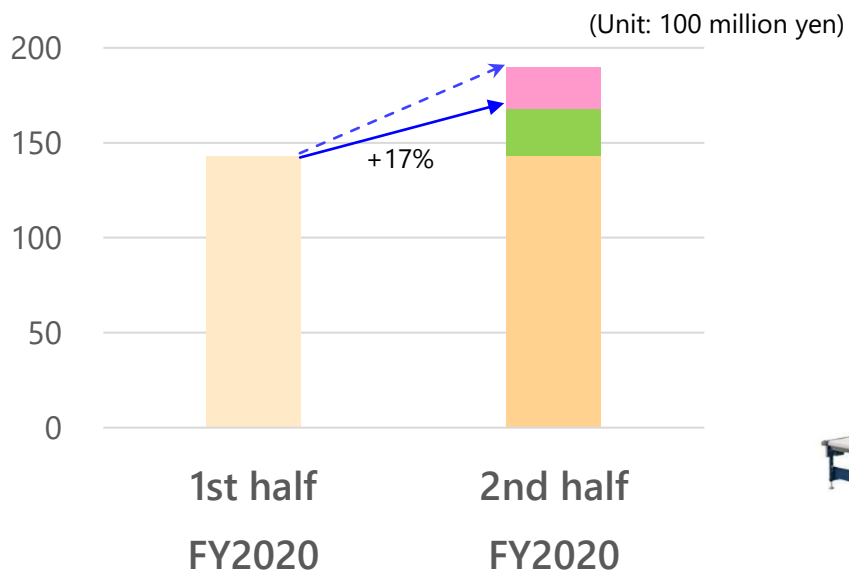
Contribute our energy towards enabling customers to make smart factories by offering JUKI Smart Solutions.

## Basic Policies

- Develop new line solution business for COVID-19 measures.
- Build a future customer base by finding and developing new middle-market customers and bringing them into high-end market.

### Target Value for the 2nd half of FY2020

Notes: 1. Before inter-company eliminations.  
2. Values in the graph for both actual and plan are based on internal projected foreign exchange rates.



### Creating New Business

Expand line solution business for face mask sewing



# 2-2-5-2 Key Initiatives for FY2020: Sewing Machinery & Systems Business (Industrial Sewing Machines)

## One-stop JUKI smart factory

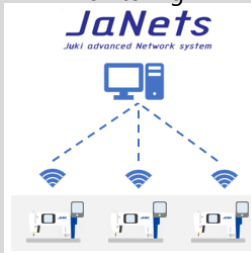
### PARTS Web



### JOL (Technical support system)



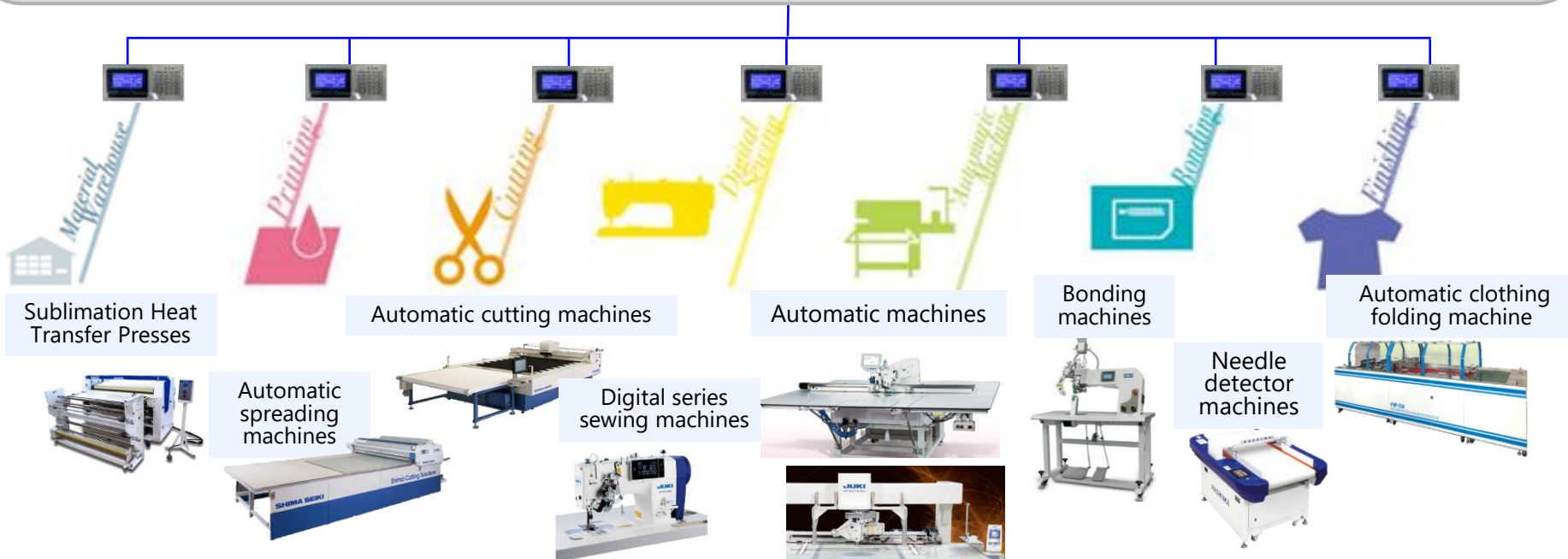
### Equipment operation monitoring



### Inspection support app



### Remote support system



Expanding Business Areas

Existing Business Areas

Expanding Business Areas

## 2-2-6-1 Sewing Machinery Systems & Business (Household Sewing Machines)

### Vision

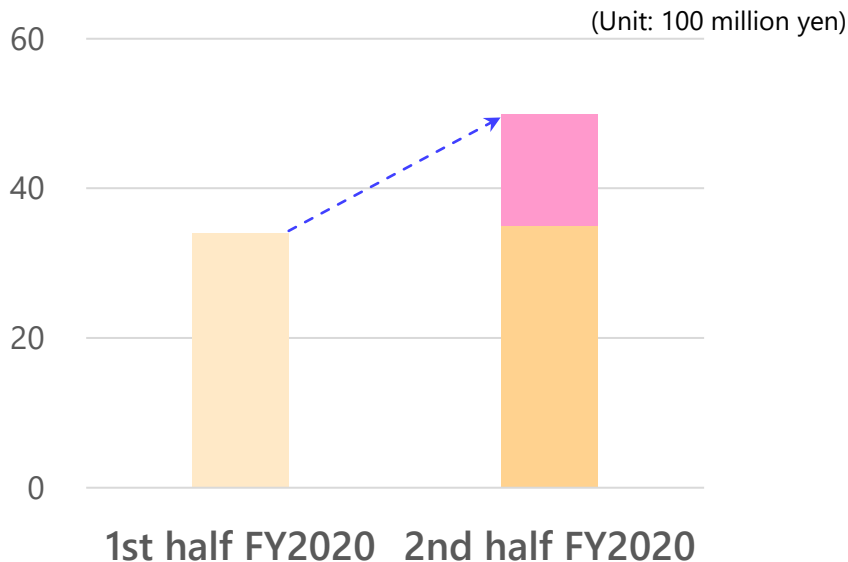
Create new ways to enjoy handicraft-making, in collaboration with customer (home sewers) who have excellent handicraft capabilities.

### Basic Policy

Expand solid business based on strengths in high-end household sewing machines, small overlock machines, sewing machines for professionals, and quilting machines.

### Target Value for the 2nd half of FY2020

Notes: 1. Before the elimination of intercompany transactions.  
2. Values in the graph for both actual and plan are based on internal projected foreign exchange rates.



### Expanding Business Areas

Expand sales by deploying platinum models of sewing machines for professionals.



New model to be released this autumn



## 2-2-6-2 Key Initiatives for FY2020: Sewing Machinery & Systems Business (Household Sewing Machines)

Strengthen the lineup that matches the market trends and supply products that respond to changes in business environment.

《Japan》

- High-end sewing machines for professionals
- Computer sewing machines



SL-700EX

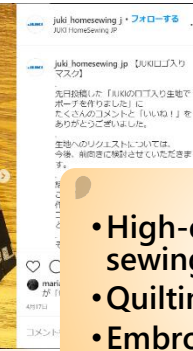


HZL-100B

Digital & Online Marketing



Manufacturing development



《Americas》

- High-end household sewing machines
- Quilting machines
- Embroidery machines



DX-2000QVP

《Europe》

- High-end household sewing machines
- Small overlock machines



《Kirei》  
HZL-NX7



MO-114D

《SAI》

QVP

(Manufactured by Tajima Industries, Ltd)



《Miyabi》  
J-350QVP



# 2-2-7-1 Industrial Equipment & Systems Business (Electronic Assembly Systems)

## Vision

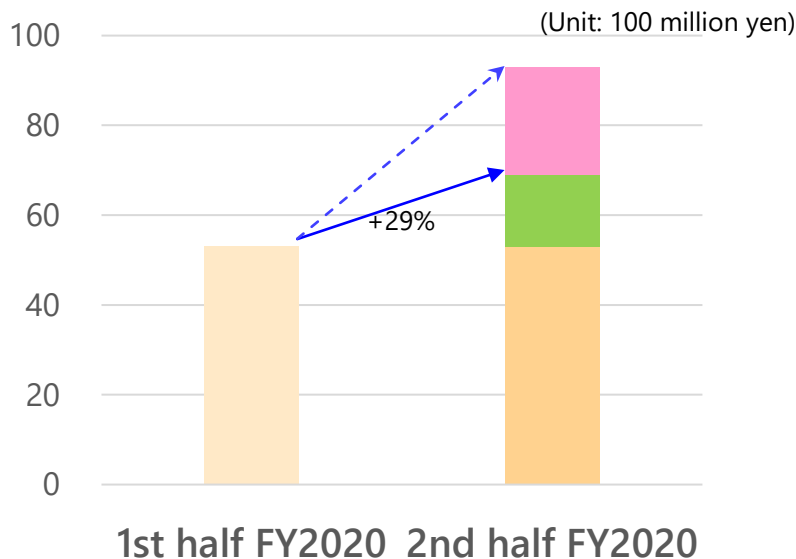
Become an essential business partner for customers through devoting resources to our areas of strength and by proposing and providing automation and labor-saving solutions.

## Basic Policy

Expand business base by increasing solution sales in the non-mounter segment and line solution sales in the mounter segment.

### Target Value for the 2nd half of FY2020

- Notes: 1. Before inter-company eliminations.  
2. Values in the graph for both actual and plan are based on internal projected foreign exchange rates.



### Expanding Business Areas

Expand business areas for MI+ robots, inspection/measurement and automated warehousing.

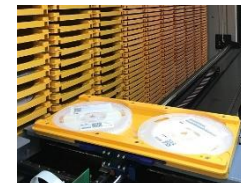
#### ■ MI+Robots



#### ■ Inspection/measurement



#### ■ Automated warehousing



## JUKI Smart Solutions

Expand our business areas further by deepening alliances and automation.



Automated warehousing control



Automated post-process/assembly



Automated inspection/measurement

実装統合システムソフトウェア

**JaNets**  
Juki Advanced Network system

Core system cooperation

External standard cooperation

Remote support

Predictive and preventive maintenance using AI

Production/equipment visualization

Cooperation between devices

Cooperation with other companies

Storage control system



Mounters/inspection equipment/post-process mounters



Robot system



Inspection/measurement system



Parts supply management field

SMT field

Manual insertion field

Assembly field

Inspection/measurement field

Expanding Business Areas

Existing Business Areas

Expanding Business Areas

## 2-2-8-1 Industrial Equipment & Systems Business (Group Business)

### Vision

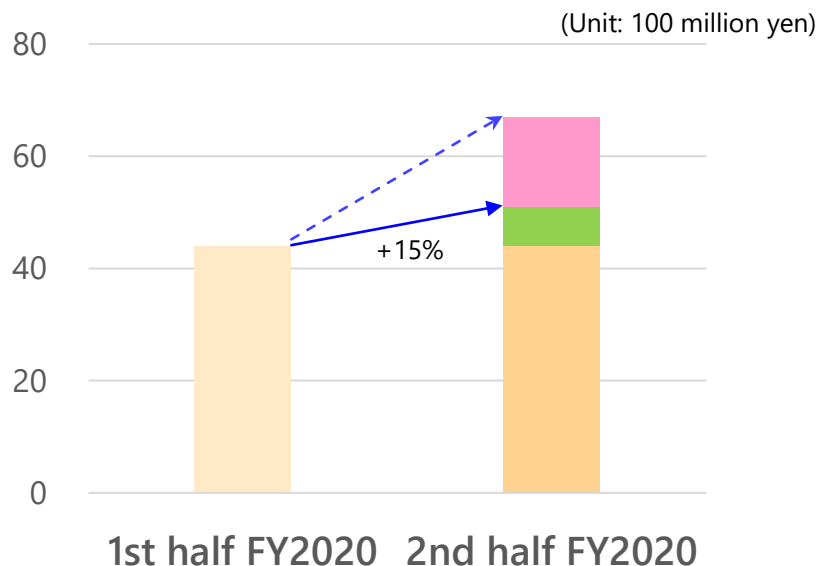
Grow into JUKI's third pillar business by leveraging JUKI Group's management resources (human resources, factory equipment, networks).

### Basic Policies

- Expand our business areas by strengthening planning/development, design, contract assembly, and engineering services.
- Create new businesses in fields related to COVID-19 measures.

### Target Value for the 2nd half of FY2020

Notes: 1. Before inter-company eliminations.  
2. Values in the graph for both actual and plan are based on internal projected foreign exchange rates.



### Expanding Business Areas

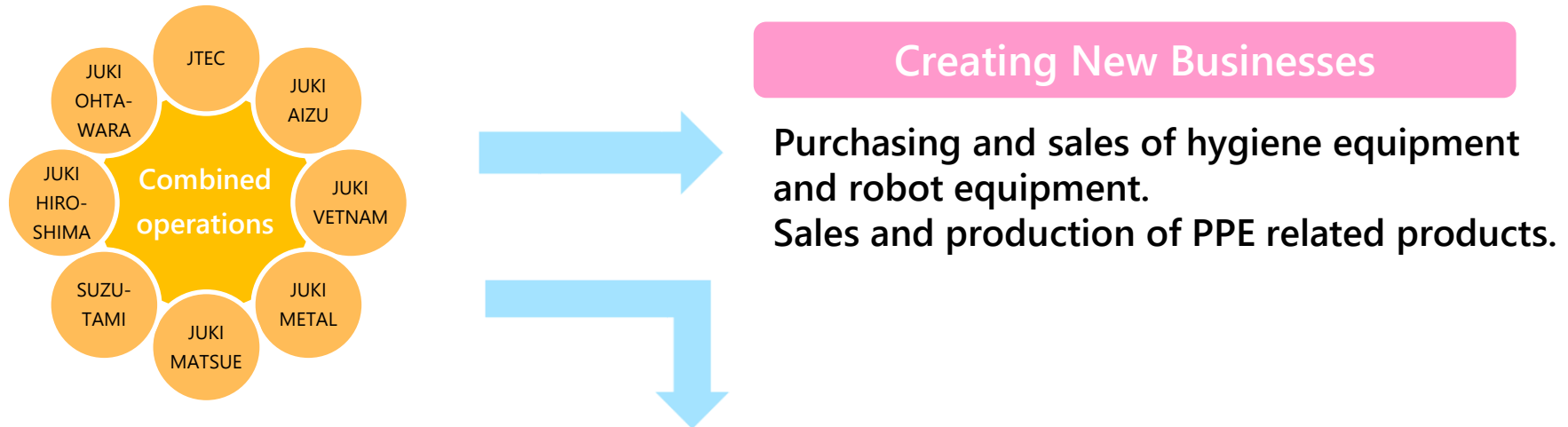
Automate manufacturing at customers' factories, expand line construction (engineering).



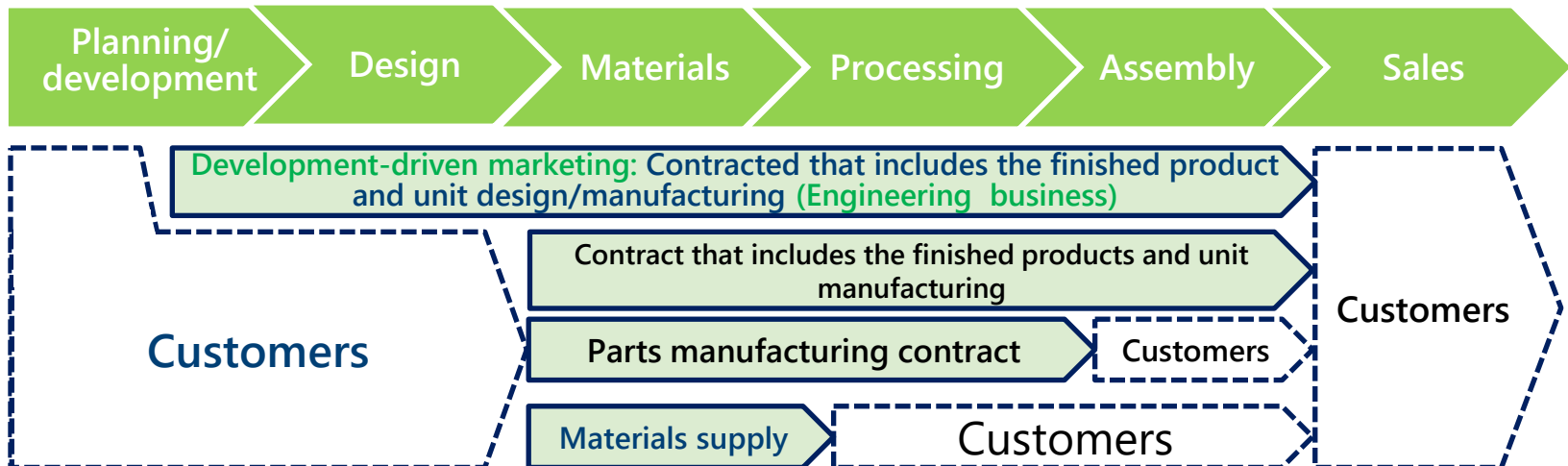
Process visualization/process robotization

## 2-2-8-2 Key Initiatives for FY2020: Industrial Products & Systems Business (Group Business)

- Expand our business areas by strengthening planning/development, design, contract assembly, and engineering services.
- Create new business in fields related to COVID-19 measures.



### JUKI Contract Business Model



## 2-2-5-1 Industrial Equipment & Systems Business (Customer Business)

### Vision

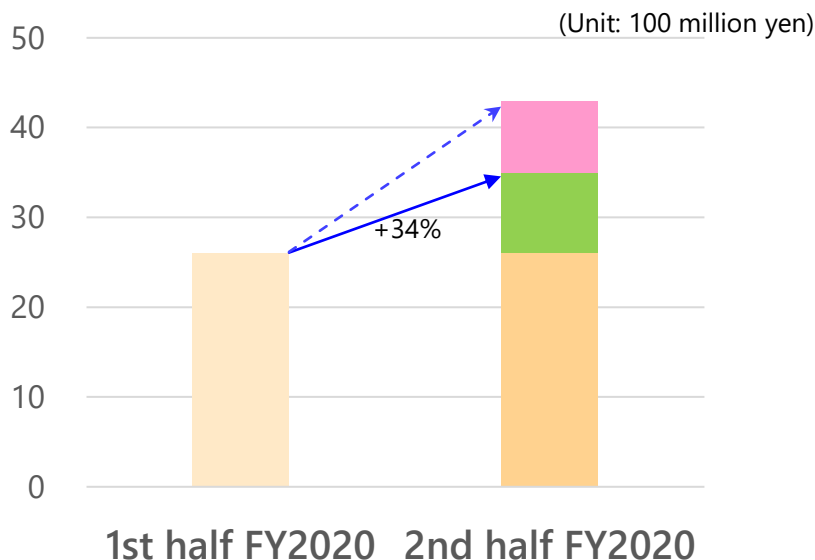
JUKI's parts can be received the day after they're ordered.

### Basic Policy

Make the change from the selling of "things" to the selling of "services" across the boundaries of sewing machinery and electronic assembly systems. - Speed up the implementation of a customer lock-in strategy by enhancing added value -

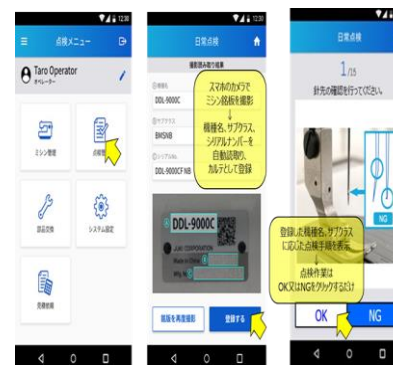
### Target Value for the 2nd half of FY2020

- Notes: 1. Before inter-company eliminations.  
2. Values in the graph for both actual and plan are based on internal projected foreign exchange rates.



### Creating New Businesses

### Expansion of remote support field.



Deployment of inspection support app



Provision of E-learning contents for operators

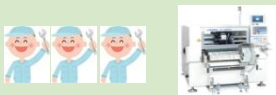


## 2-2-5-2 Key Initiatives for FY2020 : Industrial Equipment & Systems Business (Customer Business)

### EXPAND PARTS/SERVICE BUSINESS



- Sewing machinery: Expand sales parts by inspection support application.
- Electronic assembly systems: Rebuild the trade-in business.



### Customer support with/after COVID-19



#### • E-learning



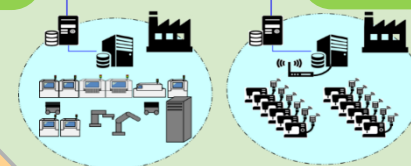
#### • Remote support

### EXPAND AFTER SALES SERVICE IN INTRODUCING SMART LINES

Management of preventive maintenance for equipment



Management of preventive maintenance for equipment



Support for Smart Solution

Stock optimization management system



Parts supply system  
Parts center/sales company warehouse

Provide Logistical Support for Activities



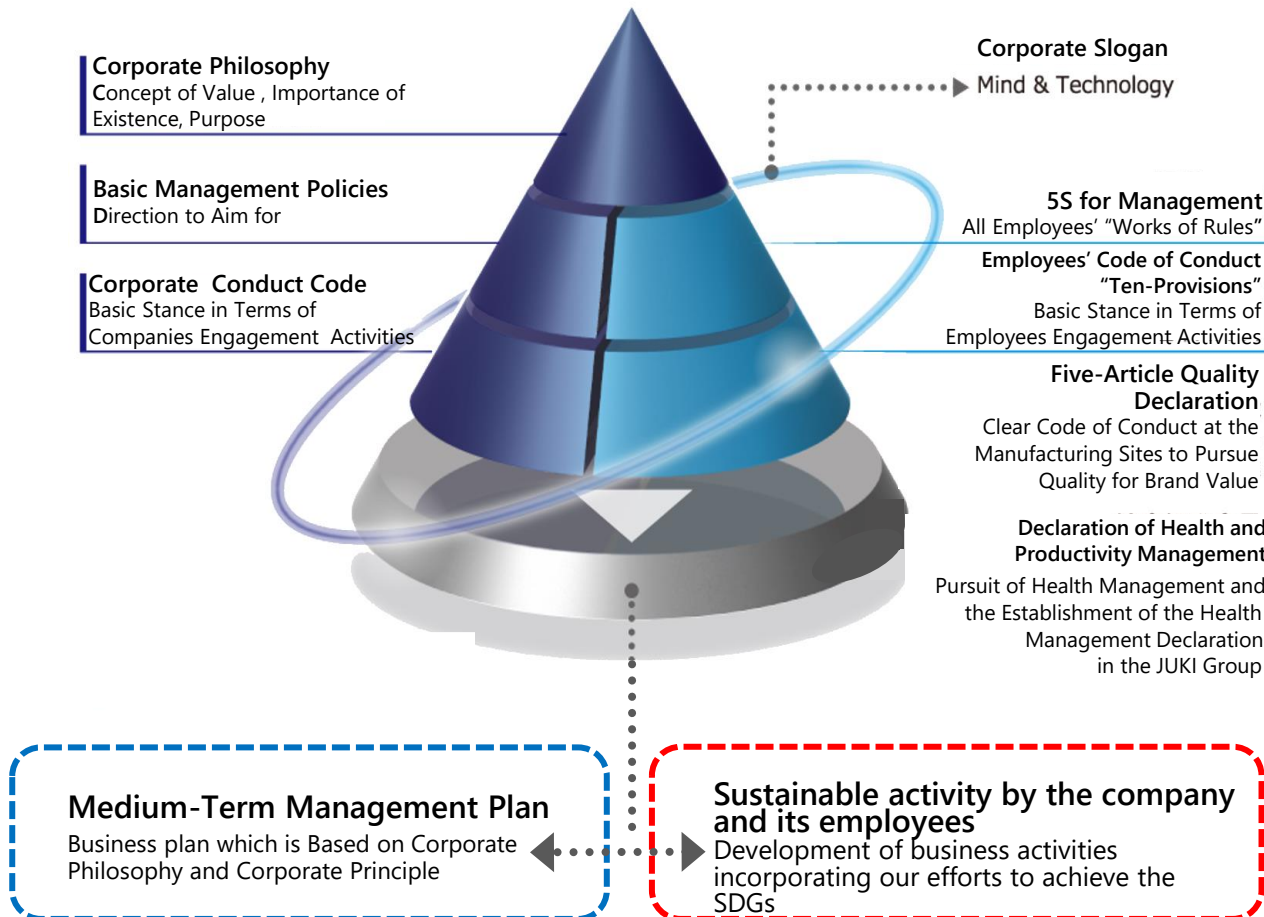
• Parts website  
• JOL

Network system to share and send information

Open Innovation with Subcontractors

## 2-3-1 Corporate Initiatives for Responding to the Sustainable Development Goals (SDGs)

JUKI has been working on various businesses to realize a sustainable society. Targeting at the achievement of the SDGs in 2030, we will focus on business creation, and work to solve social issues.



### SUSTAINABLE DEVELOPMENT GOALS



JUKI is supporting the sustainable development goals (SDGs).



### Initiatives for Economic Development in Developing Countries



Through industrial sewing business, the Company is striving to create industries and contribute to economic development in developing countries. The Company participated in "Ethiopia-Japan Garment & Textile Industry Development Seminar" in Ethiopia on 19th of February and gave a presentation on the theme of "Importance of factory diagnosis to improve quality and productivity in the sewing industry" as support for the development of the sewing industry in Ethiopia.



### Improving Environmental Performance



At our production bases in Japan and overseas, the Company continues to contribute to the environment through activities to reduce CO<sub>2</sub>, waste, volatile organic compounds (VOCs) and others. JUKI XINXING INDUSTRY CO., LTD. has newly introduced a combustion-type VOC purification facility and is engaged in manufacturing that complies with the emission standard of VOCs for industrial companies in China.



### Initiatives for Local and Social Contribution



To prevent COVID-19 infections, the Company produced face masks using JUKI industrial sewing machines and household sewing machines, and donated a total of 32,700 masks to Tama City (Tokyo) and local governments with our seven domestic factories. Handmade face masks have three sizes: small, medium and large, and about 50 employees at the Ohtawara plant sew them.



This material contains forward-looking statements concerning future plans, strategies and assumptions in light of the economic, financial and other data currently available. Furthermore, they are subject to a number of risks and uncertainties. JUKI therefore wishes to caution readers that actual results may differ materially from those projected in such forward-looking statements.

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**JUKI CORPORATION**