

## 02 Medium-term management strategy



*Building Sustainable JUKI*

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# Message from Representative President

## JUKI will tackle reforms and challenges to build a sustainable JUKI under its new Medium-term Management Plan, “Building a Sustainable JUKI.”

In light of the major changes taking place in the business environment, JUKI has decided that it will be essential to drastically change the business models of its core businesses and rebuild its management foundation to address sustainability issues.

Under the basic policies of “growth centered on two major businesses,” “strengthening financial discipline,” and “implementing ESG management,” we will shift to growth areas and build new business models in the first three years of the plan and then further deepen the models to achieve sustainable growth and reap results in the final two years.

Representative President  
Atsushi Narikawa





## JUKI's distinctive qualities, JUKI's strengths

I joined JUKI in March 2024 after many years of working in the financial industry and in management at the manufacturing company.

I was appointed Representative President in July soon after joining the company, in the same year. The first thing that impressed me about JUKI employees was their highly dedicated, earnest attitude toward their work. They treated every development and turn of events in their businesses with great seriousness and made sincere efforts to work hard and put their best selves forward in response to their customers' wishes and needs. That impression has not changed.

I am convinced that the earnest mindset of JUKI employees explains why customers choose JUKI. This mindset makes JUKI what it is. While I have had relatively few opportunities to meet with JUKI customers in the short time I have been with the company, those that I have met have unanimously told me, "JUKI sewing machines are stubbornly robust and don't break down."

Our company's most pressing mission is to find ways to translate this strong reputation and customer trust into profits. JUKI's greatest assets are the business partnerships we have built with our customers over the 85 years since the company's founding.

Another great advantage is our market penetration: JUKI's machines are installed in about 30% of sewing factories around the world. Before, we could depend on the steady expansion of the market for the product. Now, we are in an environment of limited product demand, at least in terms of volume. We therefore need to leverage our strengths to achieve growth through profits. The fusion of IoT and sewing is one way we can do this.

## What I should do.

There are many different types of managers drawn to the profession for different reasons. For me, the most appealing management challenge is to find ways to turn around business performance when things are not necessarily going well. I have been involved in the management of the manufacturing company for about 10 years. Even after so long a time, I have yet to fully fathom the depth of the manufacturing industry. Here at JUKI, my most pressing duty is to quickly turn around the company's performance and create business models that pursue a solid structure for JUKI as a manufacturing company.

While it is easy to talk about turning around business performance, the situation will remain difficult until we see results. Even if results take time, we will persist, carrying out the measures and repeating them as often as needed. If a measure leads to even a slightly better result, we will carefully analyze our approach and build upon it. The only way to find the best path forward is to be thorough and persistent in the measures we are taking. I have been leading the management team since around May 2024, before I became president. In that time, the employees have been working on the new measures with great sincerity. We were able to improve our business performance metrics as a result, including positive operating profit, ordinary profit, and net income in the fourth quarter of FY2024. I feel that this recovery has brought relief and confidence to our employees after living through several years of uncertainty with no clear path forward to turn things around for our company.

## Initiatives for the year 2024

One of the measures I spearheaded was the "Crisis Breakthrough" project, with its three-pronged approach: (1) head office cost reduction, (2) sales leveling measures, and (3) measures to enhance employee engagement.

The "head office cost reduction" program aims to unify the company through cost reduction efforts both out in the field and centrally at the head office. Our "sales leveling measures" promote efforts to prioritize profit, not sales.

With our earlier emphasis on sales expansion, our company repeatedly tried to build up sales, especially at the fiscal year ends. The tradeoff for this emphasis was discounting. We ended up rapidly expanding production at the fiscal year ends, resulting in large inventory buildups and increased raw material and distribution costs.

To break free from this self-defeating cycle, we declared a "prohibition of unreasonable sales accumulation at the fiscal year ends." And by repeatedly calling on the front lines through the heads of the business units, we managed to shift the mindset of the business divisions to an emphasis on profit. The effects of the sales leveling measures, such as improved profit margins and inventory reductions, were key to the improvements JUKI achieved in its business performance and financial conditions in the fourth quarter.

To promote "measures to enhance employee engagement," we established an "HR Grand Design" project team consisting of employees of all ages and from all entities across the company. With guidance from the project members, JUKI employees created grand designs for improved working environments and HR measures, and implemented those ideas one after another. To date, more than 30 measures have been implemented. The basis of this drive, also known as the "Happy Employees Project," is to "place employee happiness at the core of management" in order for JUKI to become a sustainable company. Employee happiness is extremely important and forms the core of our human resource grand design.

For the past several years, our employees have genuinely had a hard time staying cheerful in the face of declining business performance with no clear way out. I believe that the Happy Employee Project has helped to maintain and improve morale within the company by encouraging employees to think for themselves and to realize "happiness for all employees" through their own efforts.

## New Medium-Term Management Plan: Building Sustainable JUKI

While promoting JUKI's "Growth & Transformation Plan 2025," our Medium-term Management Plan scheduled to end in FY2025, our company came to see a pressing need to restructure our management foundation in order to respond to major changes in the business environment. Specifically, we realized that we had to drastically change our business models in light of sustainability issues and environmental changes in our core businesses.

Our new Medium-term Management Plan, "Building a Sustainable JUKI" scheduled for completion in FY2029, is based on our strong desire to "build a sustainable JUKI," as the name implies.

In the first three years through FY2027, we aim to become a strategic partner with a powerful presence undergirded by "JUKI's distinctive qualities." Step by step, we will build new business models by shifting our focus to growth fields. In the final two years through FY2029, we aim to become a "one and only solution partner supporting the clothing-conscious society of the future" by further deepening the business models developed over the first three years towards sustainable growth.

## Main Business Strategies for JUKI's Sewing Machinery and Industrial Equipment Businesses

JUKI is trying to improve its cost structure through sales leveling measures. As we do, we must be aware of the risk of getting caught in product price competition with China. If we allow that to happen, the result will be a severe war of attrition with lost profits. This is how the issue is commonly perceived by manufacturers of sewing machinery and industrial equipment.

In the sewing machinery business we have an installation advantage, in that JUKI sewing machines are installed all over the world. We believe it is important to leverage this strength and focus on



high-value-added products and services to generate revenue. Specifically, we will build a revenue base by strengthening and expanding sales of "Koto" (problem-solving solutions) as well as "Mono" (machines) through the use of IoT. By doing so, we will provide systems and services that lead to the manpower and man-hour reductions and automation technologies demanded by our customers, as well as solutions that solve the problems and issues our customers face.

An interview survey of about 100 major JUKI users confirmed a strong demand for labor-saving, automation, networking, smart factory solutions, and reduced environmental impact (CO<sub>2</sub> reduction). Many of our customers responded that they expected JUKI to continuously provide services in those areas, as well. Since these are areas where JUKI's strengths and customer needs match, we are working on them as priority measures in the new Medium-term Management Plan.

In the industrial equipment business, we will shift from a moulder-centered business, where price competition is intensifying, to a business that expands in automated warehouse systems and peripheral equipment such as MI (odd-shaped-component insertion machines) fields with high growth and profitability potential. The final aim is to expand our business domain to all electronic equipment manufacturing plants that play a part in the semiconductor industry.

As in the sewing machinery business, we will also focus on pre-sales consulting and information linkage with customer systems by leveraging our strength in customer support, in addition to after-sales services such as parts supply and technical support. In the industrial equipment business, we will contribute to the development of manufacturing sites and build a solid business foundation by supporting the smartization and automation of our customers' factories.

## Strengthen human resource development to encourage professionalism

Human resource development is the most important point, as working on priority areas without the necessary knowledge among our front-line employees would merely result in a paper plan. In the first three years, the biggest key will be how well JUKI's major strategic shift can take root both internally and externally. To

strengthen and expand the business model in the pre-sales area, it will also be crucial to increase the number of sales personnel who can propose solutions in line with customers. Although a fairly high level of knowledge is required, JUKI has built up its own programs and know-how to develop human resources in a relatively short period of time. Specifically, the system is designed to increase the number of professional sales personnel by refining their expertise based on an internal qualification system. This is a systematized system that includes not only classroom learning, but also hands-on practice.

Our first work to promote human resource development using this system focuses on the sewing machinery business. We plan to have all employees involved in sewing marketing, including global employees, acquire qualifications within two years. Through the qualification system, we will develop professional sales personnel and increase our ability to propose solutions to customers and add value. Ultimately, these advances will allow us to generate revenue in the pre-sales stages.

Naturally, we plan to extend these human resource development efforts to our industrial equipment business as well. In the industrial equipment business, we have been mainly engaged in the moulder business in the mounting process. In the past, the greatest differentiating factor was how to increase the component placement speed of the moulder. Recently, however, the speed itself has been reaching its limits. Customer needs have shifted from the mounting process to a highly streamlined process that facilitates the efficiency of the pre- and -post processes, and the interlocking between processes.

As a pioneer in the industry, JUKI has excellent products such as “automated warehouse systems” for the pre-process of the mounting process and “MIs” (odd-shaped-component insertion machines) for the post-process. We will build a network encompassing software by emphasizing the linkage of these products as part of a longer-term project to establish a comprehensive proposal-based business. We will also develop professional personnel who can take charge of these areas through our in-house qualification system.

We assume that the first three years will be tough and challenging. If we can meet our goals for FY2027, however, we have strong confidence that we can go on to achieve our goals for FY2029.

## Targeted Management Indicators

In addition to moving away from an emphasis on “sales expansion,” the new Medium-term Management Plan also emphasizes improved profitability and financial soundness. We will bolster our financial strength by generating free cash flow through reduced current working capital and interest-bearing debt. We also incorporate sustainability management perspectives and incorporate ESG factors such as environmental impact reduction and human resource development into our strategies.

As specific numerical targets, we first aim to return to profitability in FY2025, and then to achieve group-wide net sales of 156 billion yen and ordinary profit of 14.5 billion yen in FY2029 (at an assumed dollar-yen exchange rate of 145 yen). By FY2029 we also aim to shorten the cash conversion cycle (CCC) to 6.0 months of sales (including 3.0 months of receivables and 5.0 months of inventory), reduce interest-bearing debt to 4.7 months, and achieve a 31% equity ratio and 25% ROE.

## New Medium-term Management Plan ‘for execution’

In formulating the new Medium-term Management Plan, we strove to create a plan “for execution,” that is, a plan grounded in the perspective of implementation, rather than a plan “for presentation,” or one designed to be rhetorically pleasing. The initial discussions on the plan formulation were held by a group of senior managers at the management strategy council. Soon thereafter, we had the managers repeatedly cycle the agenda items through their business divisions for internal discussion and then bring their feedback back to the management strategy council. We believed that the Medium-term Management Plan would be less effective unless the employees were involved in its formulation, had a better understanding of the plan and its implementation, and enforced employee engagement.

By the time the Medium-term Management Plan was completed, the senior managers clearly understood the purpose and content of the new Medium-term Management Plan in their respective business divisions.

I sometimes received questions at town hall meetings and other events focused on communication with employees. Most of the questions were not about the new Medium-term Management Plan itself, but JUKI further ahead in the future.

Overall, I am proud that the various approaches we took brought us success in the formulation of a bold new plan.



Town Hall Meeting at Headquarters



Online Town Hall Meeting with Overseas Participants

### TOPICS

**Twenty-one “Town Hall Meetings” were held over the past year to promote direct communication between the president and rank-and-file employees.**

Convinced that JUKI must fundamentally transform its communication to achieve greater results than ever before, President Narikawa is strengthening internal communication in ways that deepen the understanding of the company and its management throughout the JUKI workforce. As part of this effort, JUKI started holding town hall meetings in May 2024, prior to President Narikawa’s appointment, to promote direct communication between top management and rank-and-file employees. Participation is not limited to employees in Japan. More than 8,200 employees working in the Americas, Europe, Asia (in Japanese), and Asia (in English) have participated in the 21 meetings held over the past year. The meetings take place in person and online in Japan, and online for overseas executives and staff.

President Narikawa started the town hall meetings as a means of gathering direct feedback from employees about his communications and the company’s initiatives. These meetings go further than JUKI’s traditional beginning-of-year message events, gatherings that take place only at the head office, and only four times a year.

President Narikawa uses the meetings as valuable forums for two-way communication. In the first half of the session, President Narikawa explains the management situation and company policies, describes background factors, and transmits his thoughts. In the second half, he and a panel of officers are allotted ample time to field questions from JUKI employees in a Q&A session. Employees speak out frankly and extensively during the Q&A, sometimes even exceeding the scheduled time. Employees hear direct answers from top management on issues they have few chances to talk about, while management has a valuable opportunity to learn what employees in the field are feeling.

### Implementation Status (May 2024 – May 2025)

	Domestic	Overseas
Target Audience	All Employees of JUKI CORPORATION, and JUKI AUTOMATION SYSTEMS CORPORATION, JUKI TECHNOLOGIES CORPORATION Division Managers and Above at Domestic Manufacturing Group Companies	Executive Staff
Number of Sessions	8	13
Format	face-to-face/Online	Online
Number of Participants	About 700 employees Per Session	About 200 employees Per Session

## Further Cost Structure Reforms

Although not prescribed under the new Medium-term Management Plan, we will begin activities to further deepen our cost structure reforms. The first of these reforms is a reduction in the number of models handled. There are thousands of models of industrial sewing machines alone, each with a detailed classification. We are now working with the business divisions to select candidate models with the goal of reducing the number of machines by 30%. At the same time, we have to consider our response if customers ask us to provide parts for EOL (End of Life) products. One way to accomplish this would be to store 3D digital data and offer the parts on a BTO (Built to Order) basis.

Another issue we must consider, as a seller of products to approximately 185 countries around the world, is our logistics operations. We are currently reviewing our logistical adjustments with the help of experts, including the consolidation and elimination of warehouses. We believe that improved logistics will lead to lower inventories and improved working capital.

## To Our Stakeholders

As a publicly listed company, JUKI releases business forecasts and other information at the beginning of each fiscal year. For the past two years or so, we have repeatedly revised our forecasts downward and recorded losses. For this, we sincerely apologize to our stakeholders.

Our management decisions have been undeniably loose in the name of “sales expansion.” In our strategy to bring in higher sales revenue, we allowed both debt and inventory to increase. As the industry undergoes major changes, we must fully recognize that we have yet to appropriately replot our strategy. The new Medium-term Management Plan reflects this recognition and shifts away from the emphasis on sales expansion. We will renew our management structure to shore up past management weaknesses, reform our organization, and take on challenges under a new management philosophy.

The positive operating profit, ordinary profit, and net income we achieved in the fourth quarter of FY2024 have boosted the confidence and morale of the JUKI workforce. We will work as one to implement the strategies in the new Medium-term Management Plan with even greater vigilance, channel the momentum we have generated so far into stronger business performance, and strive to meet the expectations of our stakeholders. We look forward to your ongoing support.





# 5-year Medium-Term Management Plan(2025-2029)

## Review of Fiscal Year 2024

### Global Economy

The global economy in 2024 continued to suffer from mounting geopolitical risks such as the prolonged war between Russia and Ukraine and the ongoing conflicts in the Middle East, soaring costs due to high resource prices and global inflation, delayed economic recovery and restrained investment activities in China, and foreign currency shortages in emerging economies.

Companies need to build new business models and management infrastructure to respond to accelerating technological innovation in AI/IoT/5G/VR, as well as evolving market and customer demands.

### Business Environment and Full-Year Results

Demand for capital investment in Asia expanded, mainly in the regions west of India, but demand recovery in Europe and the US lagged behind, and capital investment in emerging countries continued to be postponed due to foreign currency shortages.

In this business environment, net sales of sewing machinery increased 7.4% year on year to 62.4 billion yen, thanks to growing demand in Asia and China since the middle of the year and strong performance in markets west of India. On the other hand, net sales of electronics assembly & systems stagnated, mainly in China, resulting in net sales of 32.3 billion yen (down 10.6% year-on-year). As a result, total net sales stayed almost flat year-on-year at 95.1 billion yen (up 0.5% year-on-year).

On the profit front, production adjustments and inventory reduction costs were incurred from the middle of the second quarter to reduce inventory. Sales-leveling measures from the middle of the year, however, began to take effect, and thanks to the weak yen, operating profit, ordinary profit, and net income all returned to profitability in the fourth quarter for the first time in nine quarters.

The operating loss for the year amounted to 900 million yen, and the ordinary loss amounted to 3.3 billion yen. In order to build a leaner and more efficient business structure for the future, we integrated sales companies in China, the U.S., and Thailand, closed a factory and sold real estate in China, and sold strategically held shares, resulting in a net loss of 3.2 billion yen for the current fiscal year.

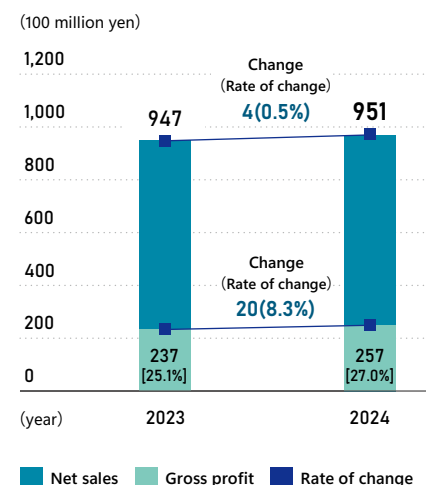
In terms of cash flow, operating cash flow amounted to 9.3 billion yen as a result of the reduction of accounts receivable and inventory.

[Click here for a detailed review of each business.](#) P21

### FY2024 Results

	FY2023 1Q-3Q	FY2024 1Q-3Q	FY2023 4Q	FY2024 4Q	FY2023	FY2024
Net sales	675	674	272	277	947	951
Gross profit [Gross profit margin]	174 [27.1%]	182 [27.1%]	63 [23.3%]	74 [26.9%]	237 [25.1%]	257 [27.0%]
Operating income [Operating margin]	△28 [-]	△18 [-]	1 [0.6%]	9 [-]	△26 [-]	△9 [-]
Ordinary income [Ordinary income margin]	△31 [-]	△44 [-]	△5 [-]	11 [-]	△36 [-]	△33 [-]
Net income [Net income margin]	△40 [-]	△45 [-]	△29 [-]	13 [-]	△70 [-]	△32 [-]
USD Average exchange rate during the period	JPY139	JPY151	JPY147	JPY151	JPY141	JPY151
EUR Average exchange rate during the period	JPY150	JPY164	JPY159	JPY163	JPY152	JPY164

\*The exchange rate is the average rate during the reporting period.



### Cost Structure Reforms

We have been reforming our cost structure by consolidating and eliminating bases to establish a lean and highly efficient business structure.

#### Establishment of a lean and highly efficient business structure

April 2024	In the U.S., JUKI AMERICA, INC. absorbed JUKI AUTOMATION SYSTEMS, INC. and JUKI AMERICAS HOLDING INC.
April 2024	In China, JUKI (CHINA) CO., LTD. absorbed TOKYO JUKI INTERNATIONAL TRADING (SHANGHAI) CO., LTD.
April 2024	The businesses run by JUKI SMT ASIA CO., LTD., a company in charge of JUKI's Electronics Assembly & Systems Businesses, were transferred to JUKI (THAILAND) CO., LTD., a subsidiary in Thailand.
July 2024	The Sewing Machinery Business run by JUKI MACHINERY VIETNAM CO., LTD. was transferred to JUKI (VIETNAM) CO., LTD.
July 2024	SHANGHAI JUKI SEWING MACHINE CO., LTD. was dissolved and its production bases were consolidated to JUKI (VIETNAM) CO., LTD.
April 2025	SUZUTAMI PRECISION INDUSTRY CO., LTD. became independent from the JUKI Group.

### Sales leveling measures

Sales leveling measures have been underway at JUKI since the second quarter of 2024. In previous years, a sales bias led to a concentration of sales at the fiscal year ends. Efficiency in production and shipments deteriorated as a result, and profitability weakened accordingly. We are now reforming the structure of the company to curb the concentration of sales at the end of the fiscal year, allowing for a temporary decline in sales while still ensuring profits.

#### FY2024 4th Quarter Results

First time in 9 quarters	Operating income, ordinary income, and net income were <b>all positive</b>
4th Quarter YoY Comparison	Gross profit <b>increased by 1.1 billion yen</b>

### Promotion of elimination of excess inventory

We have been working to bring down the cost of inventory storage by reducing inventory, as poor forecasting of market trends led to unwanted increases in inventory in earlier periods. We have also been promoting the reduction of excess backlogged inventory at an additional cost, beginning from the second quarter of 2024.

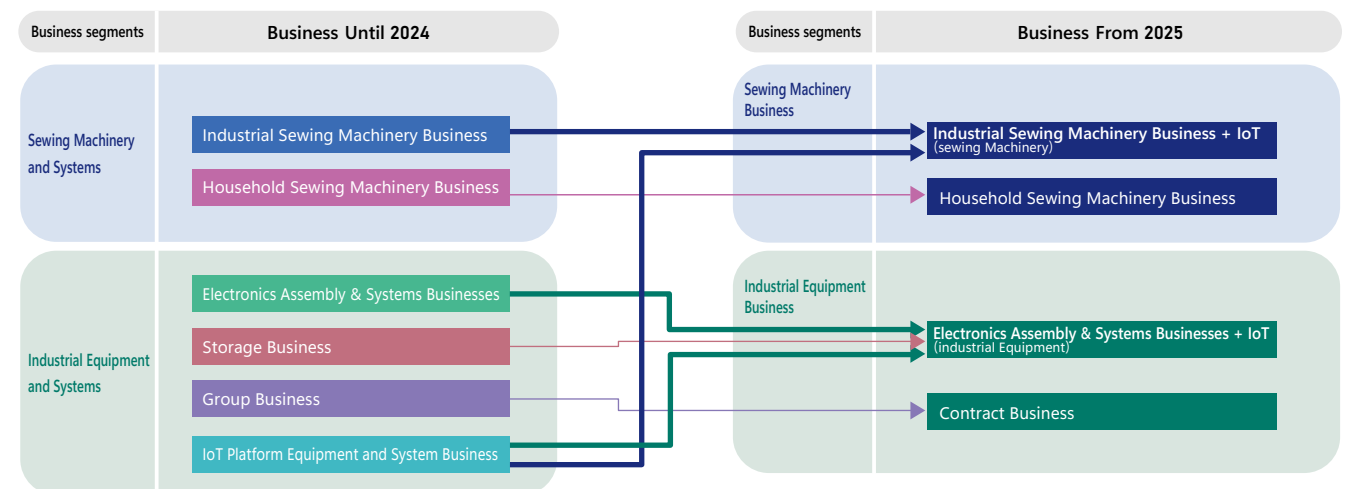
Inventory compared to December 31, 2023	<b>Reduction of 2.5 billion yen</b>	*Excluding exchange impact
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\*In the two years from December 31, 2022, inventory **reductions amounted to 4.1 billion yen**. (Including foreign exchange impact)

### Review of Segment Composition in 2025

As the outlook remains uncertain, with more dizzying changes in the business environment likely to take place, we have determined that we must once again "concentrate and select" our management resources. From 2025 we will reorganize our segmented businesses into two major types, the "Sewing Machinery Business" and "Industrial Equipment Business," and shift to a strategy centered on these two businesses to strengthen our structure to build a Sustainable JUKI.

[Click here for details of the new Medium-term Management Plan.](#) P17



## New Medium-Term Management Plan: Building Sustainable JUKI

While implementing the Medium-term Management Plan scheduled for completion in 2025, we completely revised the strategies under the next Medium-term Management Plan with a view to accelerating business model reforms and enhancing our responses to sustainability issues.

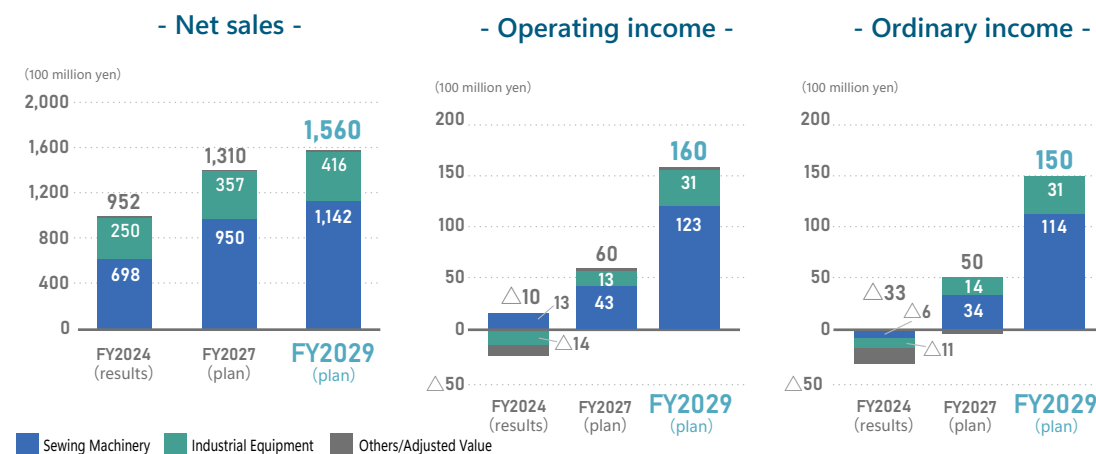
Changing customer needs and an increasingly competitive environment focused on our core business necessitate bold changes in our strategy. The core aim of the new five-year plan is to achieve sustainable growth. We will shift to growth areas and build new business models in the first three years (2025-2027), then further deepen the models in the final two (2028-2029).

### Building Sustainability JUKI's Basic Policy

Growth based on two core businesses	Strengthening of financial discipline	Implementation of ESG management
<b>Sewing Machinery</b> <ul style="list-style-type: none"> <li>Reinforce and expand into the business of selling "Koto" (problem-solving solutions) integrated into the IoT field.</li> <li>Develop a proposal-based solution business for high-end and growing companies.</li> </ul> <b>Industrial Equipment</b> <ul style="list-style-type: none"> <li>Shift in business focus from mounters to peripheral equipment.</li> </ul>	<b>Improve major financial items.</b> <ul style="list-style-type: none"> <li>Reduce working capital such as inventories and trade receivables.</li> <li>Reduce interest-bearing debt.</li> </ul>	<ul style="list-style-type: none"> <li>Initiatives to Achieve Carbon Neutrality</li> <li>Implementation of Grand Design for human resources</li> <li>Strengthening of governance</li> <li>Thorough quality management</li> </ul>

## Quantitative Targets of the Medium-term Management Plan

We will set feasible targets based on our business strategy, change our "sales" bias, and focus on improving profits.



## Cash Flows

We will generate free cash flow by reducing current working capital and reduce our interest-bearing debt.

	FY2024 (results)	FY2027 (plan)	FY2029 (plan)
Cash Flows from Operating Activities	93	44	58
Cash Flows from Investing Activities	△ 0	△ 30	△ 27
Cash Flows from Financing Activities	△ 41	△ 13	△ 31

## Business environment awareness (Risks and opportunities)

	Risks	Opportunities
External environments	<ul style="list-style-type: none"> <li>Supply chain fragmentation due to geopolitical risks</li> <li>Delayed recovery of the Chinese economy</li> </ul>	<ul style="list-style-type: none"> <li>The expanding Global South</li> <li>Paradigm shift by AI, robotics, IoT, etc.</li> <li>Growing need for sustainability (decarbonized society / environmental impact reduction / quality and safety / automation)</li> </ul>
Competitive environments	<ul style="list-style-type: none"> <li>Expanding sales volumes and enhanced product development capabilities of competing companies</li> <li>Rising Chinese manufacturers, especially in middle- and low-end markets</li> <li>Intensifying price competition in overseas markets</li> </ul>	<ul style="list-style-type: none"> <li>Realizing customer factory needs by strengthening solution proposals</li> <li>Enhancing the added value of products and operations using forefront technologies</li> <li>Realizing a sustainable supply chain</li> <li>Promoting ESG-centered management</li> <li>Focusing management resources on growth markets</li> </ul>

## Building Sustainable JUKI - Action plan to achieve -

### 01 Growth based on two core businesses

B-1 Support for industrial development P20

In the sewing machinery business, we will build a revenue base by strengthening and expanding the "sales business of Koto (problem-solving solutions)" integrated with the IoT field. In parallel, we will develop a proposal-based solution business for high-end and growing companies. We will strengthen solution proposals to Global 100 blue-chip customers by combining products, parts, equipment, systemization, after-sales service, and automation. In the industrial equipment business, we will shift from a mounter-centered business to a business that expands the field of peripheral equipment such as highly profitable MIs (odd-shaped-component insertion machines) and automated warehouses, and strengthen our approach to electronic device manufacturing plants as a whole.

#### Target Value

Sewing Machinery Business, Expand the sales of "Koto" (problem-solving solutions) 167% target for FY2027 ⇒ 231% target for FY2029 (Compared to FY2024)  
Industrial Equipment Business, Expand the sales ratio of peripheral equipment 50% Actual Performance in FY2024 ⇒ 56% target for FY2027 ⇒ 62% target for FY2029

### 02 Strengthening of financial discipline

G-1 Risk Management P48 G-2 Compliance P47

We will strengthen our financial discipline to ensure both a stronger revenue base and financial soundness. Our main tasks will be to improve cash flow by controlling working capital such as inventory and trade receivables, allocate management capital with an awareness of capital efficiency, adjust interest-bearing debt to an appropriate level, and thoroughly managing risk under a sound governance framework.

#### Target Value

Inventory FY2024 7.3 months ⇒ FY2029 5.0 months  
Interest-bearing debt FY2024 10.4 months ⇒ FY2029 4.7 months

### 03 Initiatives to Achieve Carbon Neutrality

E-1 Realizing a decarbonized society P30

The Scope 1.2 initiatives to realize a decarbonized society include "promoting energy conservation in production processes," "upgrading to high-efficiency facilities and equipment," "switching to renewable energy," and "utilizing non-fossil certificates." The Scope 3 initiatives include "developing products and solutions with low environmental impact," "increasing the ratio of renewable materials used," "reducing product weight," and "promoting refurbishment businesses."

#### Target Value

Reducing Scope 1 and Scope 2 CO<sub>2</sub> emissions A 50% Reduction Compared to FY2013 by FY2030  
Scope 3 CO<sub>2</sub> emissions A 25% Reduction Compared to FY2022 by FY2030

### 04 Implementation of Grand Design for human resources

S-1 Creating a rewarding workplace P32 S-2 DE&amp;I P33

To realize management that places "employee happiness" at its core, we will implement a grand design for human resources formulated by gathering a wide range of opinions from members of various age groups and organizations.

#### Target Value

Ratio of female management positions: 30% target for FY2030  
Percentage of male employees taking childcare leave: 80% target for FY2027  
Percentage of employees who take at least 12 days of paid leave per year: Over 80% by FY2027

### 05 Strengthening of governance

G-1 Risk Management P48 G-2 Compliance P47

To minimize risks in the business environment and appropriately respond to laws, regulations, and social demands, we will further strengthen our risk management and compliance systems.

#### Target Value

Establish a risk map and organizational structure for appropriate control, and improve the effectiveness of the employee consultation desk.

### 06 Thorough quality management

S-5 Product quality and safety P34

Reliability and trust in JUKI quality are the very essence of our "brand power." We have formulated a "Quality Policy" to raise quality awareness throughout the company. We are building a system to upgrade the quality of our products and services by improving the quality of our operations.

#### Target Value

Raising quality awareness throughout the company 100% ISO 9001 certification at the production plants

# Roadmap toward a Sustainable JUKI

In the first three years of the five-year Medium-term Management Plan, we aim to become a strategic partner with a powerful presence undergirded by "JUKI's distinctive qualities." As we do, we will build new business models by shifting our focus to growth fields.

In the final two years of the plan, we aim to become a "one and only solution partner supporting the clothing-conscious society of the future," further deepening the business models developed over the first three years to achieve sustainable growth. We will conduct a rolling annual review to close the gap between what we aspire to be and what we currently are.

*Innovation for your  
Sustainable Future*

## Medium-Term Management Plan *Building Sustainable JUKI*

**01** Growth based on two core businesses

**02** Strengthening of financial discipline

**03** Initiatives to Achieve Carbon Neutrality

**04** Implementation of Grand Design for human resources

**05** Strengthening of governance

**06** Thorough quality management

**~2027**

**Become a strategic partner with a powerful presence.**

**Management objectives**  
Shift to growth areas.

**Numerical targets**

•Financials

Net sales	131 billion yen
Operating income	6 billion yen
Ordinary income	5 billion yen
Interest-bearing debt	6.0 months
Equity ratio	24%
ROE	11%

**~2029**

**Become a one and only solution partner.**

**Management objectives**  
Deepen and sustain growth of the business models we have nurtured

**Numerical targets**

•Financials

Net sales	156 billion yen
Operating income	16 billion yen
Ordinary income	15 billion yen
Interest-bearing debt	4.7 months
Equity ratio	31%
ROE	25%

•Environment

- ① Reducing Scope 1 and Scope 2 CO<sub>2</sub> emissions  
(A 50% Reduction Compared to FY2013 by FY2030)
- ② Scope 3 CO<sub>2</sub> emissions  
(A 25% Reduction Compared to FY2022 by FY2030)

•Governance

Strengthen risk management  
(identification of critical risks and 100% response rate)

Prevent significant work-related accidents (0 incidents)

Comply with the corporate governance code.  
(100% compliance rate)

**Management philosophy**



# Financial strategy



Director in charge of the Finance Department  
Deputy General Manager of Global Corporate Unit

Daizo Minami

## Fundamental concepts

JUKI views it as a management imperative to ensure its financial soundness and increase its competitiveness in the global market by growing its businesses and strengthening their profitability. In order to sustainably enhance corporate value even in a fluctuating economic and financial environment, we are strengthening our ability to generate operating cash flow, allocating management resources with an awareness of capital efficiency, adjusting interest-bearing debt to an appropriate level, and thoroughly managing risk under a sound governance framework. We will maintain and strengthen financial discipline from a long-term perspective to ensure the stable and sustainable enhancement of corporate value.

The key points relating to PL are "leveling sales" and "deepening cost structure reforms." Excessive discount sales, a practice JUKI had carried out at the end of each quarter to ensure sales, are now prohibited in principle. While this policy will result in a temporary drop in sales, it will also bring in higher profit ratio, reduce the risk of excess inventory, and improve efficiency through a leveling of production.

The key points relating to BS and CS (cash flow) are "controlling working capital such as inventory and trade receivables" and "reducing interest-bearing debt." We will curb excess inventories by refining sales forecasts and meticulously adjusting production, and will aim to sell long-term inventories within fixed time frames by spending money on modifications and other measures to control inventories. In parallel, we will shorten the turnover period of trade receivables by curtailing transactions with long collection periods. By controlling working capital in these ways, we expect to increase sales and reduce interest-bearing debt. Through these measures, we aim to achieve an operating profit ratio of 10%, ROE of 25%, and equity ratio of 31% in FY2029.

Major Financial Items	FY2024	FY2027 (plan)	FY2029 (plan)
Inventory	7.3 months	5.0 months	5.0 months
Interest-bearing debt	10.4 months	6.0 months	4.7 months
Equity ratio	21.9%	24%	31%
ROE	△10%	11%	25%

## Review of Fiscal Year 2024

In FY2024 we posted a loss for the third consecutive fiscal year, due in part to a delay in the full-fledged sales recovery. Midway through the term, however, we shifted our strategy from an overemphasis on sales expansion to a more balanced emphasis on securing appropriate profit. By doing so, we established a profit structure that could secure profits even at the current level of sales. As a result, our business results in the final quarter of FY2024 recovered. For the first time in nine quarters, we were able to record positive operating profit, ordinary profit, and net income.

## Major Financial Items

To further enhance the stability of our financial base, we sought to shorten our accounts receivable turnover period and inventory turnover period while growing our cash reserves through fund procurement and other means.

### Total assets/ Net assets

As a result, total assets increased 2.9 billion yen from the previous year to 142.2 billion yen, primarily due to an increase in cash and deposits that more than offset the decrease in accounts receivable. Despite an increase in foreign currency translation adjustment, net assets decreased by 0.1 billion yen from the end of the previous consolidated fiscal year to 32.2 billion yen, mainly due to a decrease in retained earnings resulting from net loss and dividend payments.

### Trade receivables/ Inventory

The trade receivables collection period improved from 4.6 months to 4.0 months, partly due to the effect of collection of receivables in China and other Asian countries. Inventories initially increased due to higher fourth quarter sales, but ultimately decreased by 2.5 billion yen from the previous year as meticulous production adjustments and other factors more than offset the foreign exchange impacts.

### Interest-bearing debt

With the reduction of trade receivables and inventories, the net deposit base decreased by 7.2 billion yen from the end of the previous fiscal year to 69.5 billion yen.

	FY2023 End of December	FY2024 End of December	Change	
(100 million yen)				
Total assets	1,393	1,422	29	
Net assets	323	322	△1	
Equity ratio	22.7%	21.9%	△0.7%	
Trade receivables (turnover days)	361 [4.6 months]	315 [4.0 months]	△46	excluding exchange impact: JPY△7 billion
Inventories (turnover days)	569 [7.2 months]	582 [7.3 months]	13	excluding exchange impact: JPY△2.5 billion
Interest-bearing debt	840	827	△12	Net cash and cash equivalents: △7.2 billion yen
Cash and deposits	71	131	59	
USD Average exchange rate during the period	JPY142	JPY158	+JPY16	
EUR Average exchange rate during the period	JPY157	JPY165	+JPY8	

## Statement of Cash Flows

	FY2023	FY2024	Change
(100 million yen)			
Cash Flows from Operating Activities	22	93	71
Cash Flows from Investing Activities	△27	△0	27
Cash Flows from Financing Activities	24	△41	△66

## Responding to Risks

With recent global inflationary pressures and the additional tariff measures imposed by the U.S., responding to risks such as rising interest rates and exchange rate fluctuations (especially the yen appreciation) has become a strategic financial imperative. We will reduce the impact of foreign exchange rate fluctuations by accelerating the reduction of interest-bearing debt through improved profitability and working capital control, reducing the interest burden through borrowing adjustments, adjusting foreign currency receivables and payables, and devising hedging methods.

## Profit Appropriation Policy and Initiatives to Achieve It

The distribution of profits is based on the principle of equal distribution to employees, the company, and shareholders/investors. In addition to the business performance of the current fiscal year, we will strive to enhance shareholder returns through stable dividends, while balancing employee compensation through bonuses and salaries with internal reserves for capital, development, and information technology investments.

## Accountability to Investors

Reflecting on the significant downward revision of the forecasted figures for FY2024, we will place a high priority on disclosing information to investors in a more realistic and transparent manner. We will strive to secure the trust of investors by disclosing information on the status of our financial condition and management strategies in a timely and appropriate manner, while adopting IR strategies focused on dialogue with investors and individual shareholders.

Investor Relations Activities	FY2024 Results
Financial Results Conference	4
Financial Results Briefing for Institutional Investors	2
Individual Meeting for Institutional Investors	46
Briefing for Individual Investors	1

## Enhancement of Stock Value

Through these efforts, we aim to achieve both sustainable growth and a sound financial base to further enhance the value of our stock and PBR (Price-to-book Value Ratio).