Society, Solutions, Synergy

JUKI

To Our Shareholders

Business Report

for the First Half of the 112th Business Term

(January 1 through June 30, 2026)

Building Sustainable JUKI

(JPY million)

1H FY2026 Financial Highlights	Net sales	Operating income
	43,846 YoY: -525 (FY Forecast: JPY 90,000)	2,169 YoY: +2,077 (FY Forecast: JPY 4,500)
	Ordinary income	**Net income**
	802 YoY: +1,816 (FY Forecast: JPY 2,000)	494 YoY: +355 (FY Forecast: JPY 1,500)

Brand Statement

Society, Solutions, Synergy

Representative Director & President

Atsushi (Andy) Narikawa

Since 2H FY2024, we have steadily strengthened our business foundation, ***achieving YoY growth for four consecutive quarters through 1H FY2026.***

Despite ongoing uncertainties, our business foundation has become significantly more resilient, giving us ***confidence in achieving our full-year forecast.***

Sewing Machinery Business continues to be the main driver of earnings. Profitability has improved significantly through a strategic shift toward profitability and enhanced production efficiency, with margins also gradually improving across China and other Asian markets, where profitability has historically been relatively low.

Electronics Assembly & Systems Business is taking time to gain traction with its ***"Global Niche Strategy,"*** which focuses on selected products and regions. However, with the completion of structural reforms, we expect the business to return to profitability from Q4 FY2026.

Contract Business is expected to exceed its profit target, driven by ***increased orders related to AI and data centers.*** While their earnings contribution remains limited at present, aerospace-related orders, which we highlighted in this section last year, remain strong. We see aerospace as one of the most promising candidates to become JUKI's third pillar of growth.

Higher interest rates have become a key risk factor. We will address this by ***accelerating debt reduction*** through operating cash flow.

We sincerely appreciate your continued support.

Business Highlights

FY2026 First Half Results

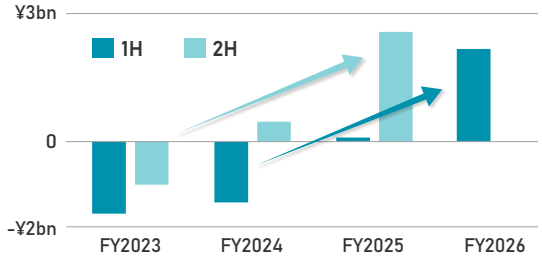
(JPY million)

		FY2025		FY2026	YoY Change
		1H	2H	1H	
Consolidated	Net sales	44,372	44,388	43,846	-525
	Operating income	92	2,570	2,169	+2,077
	Ordinary income	-1,014	2,427	802	+1,816
	Net income	139	1,259	494	+355
Sewing Machinery	Net sales	33,891	32,725	32,669	-1,221
	Operating income	1,246	2,424	2,221	+975
Electronics Assembly & Systems	Net sales	6,141	6,951	6,767	+626
	Operating income	-861	48	-273	+588
Contract Business	Net sales	4,182	4,571	4,273	+91
	Operating income	-257	102	223	+480

1H FY2026 Results

As a result of our continued efforts to strengthen our business foundation, we achieved YoY growth for four consecutive quarters through 1H FY2026.

【Operating Profit Trend】



Sewing Machinery Business

Profitability has steadily improved, driven by our strategic shift toward profitability, enhanced production efficiency through right-sizing of factory operations, and continued profitability improvements across China and Asia. As a result, the operating profit margin improved significantly by 3.1 percentage points YoY.

Electronics Assembly & Systems Business

While the "Global Niche Strategy" is taking time to gain traction, structural reforms have significantly reduced operating losses. With structural reforms in Europe now complete, we expect a return to profitability from Q4 FY2026.

Contract Business

Increased orders in AI, data center, and space-related fields are expected to drive profits above plan. The business has also remained profitable since 2H FY2025, reflecting steady progress in strengthening its earnings foundation.

Major Financial Items

(JPY million)

	FY2025 End-Dec.	FY2026 End-Jun.	Change
Equity ratio	26.8%	29.7%	+2.9%
Trade receivables	23,887	21,893	-1,994
Inventory	50,521	49,468	-1,053
Interest-bearing debt	67,932	60,149	-7,783

Equity ratio

The equity ratio has recovered to nearly 30%.

Interest-bearing debt

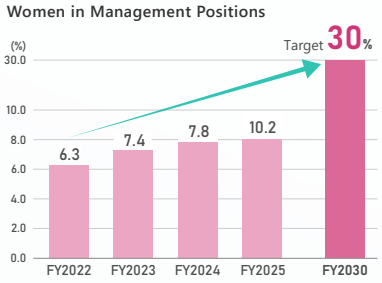
As a result of efforts to reduce trade receivables and inventories, interest-bearing debt decreased by JPY 7.8 billion from the end of FY2025 to JPY 60.1 billion.

TOPICS

Eruboshi certification

JUKI has received the highest three-star rating under the Ministry of Health, Labour and Welfare's Eruboshi Certification, which recognizes companies that actively promote women's participation and advancement in the workplace.

▲ Eruboshi Certification Mark



▲ Members of the Grand Design for Human Resources Project

JUKI will continue to strengthen its efforts to promote DEI (Diversity, Equity & Inclusion), including women's empowerment, as part of its commitment to realizing "Employee Happiness." We will continue creating a workplace where every employee can thrive and where diverse talent can fully demonstrate its capabilities.
Furthermore, we will continue our efforts toward obtaining Platinum Eruboshi Certification, which is awarded to companies demonstrating outstanding performance among certified organizations.

Supporting Sports through Sewing Machine Donations

JUKI donated sewing machines to the Ski and Snowboard Association of Japan (SAJ).

▲ SAJ President Harada and JUKI President Narikawa

▲ SAJ Competition Director Kono and JUKI Senior Managing Officer Ishibashi

JUKI sewing machines are used in a variety of applications, including the production and repair of ski jumping suit. JUKI sewing machines support top athletes in their pursuit of excellence.

A JUKI sewing machine in operation at a ski jumping suit production site
(Photo courtesy of Mizuno Corporation) ▶

Investor Briefing Report

We held a financial results briefing for institutional investors on Aug. 24 and a corporate presentation for individual investors on Sep. 2. Below are some of the key questions raised at these sessions and our responses.

Note: The following is a summary of the Q&A sessions.

Q **Shareholder Return Policy**

A Our basic policy is to allocate profits equally among employees, the Company, and shareholders, with one-third distributed to each. We will continue to manage the Company in line with this policy.
For FY2026, we plan to pay a dividend of JPY 15 per share, as initially forecast.

Q **What is the growth strategy for the Sewing Business?**

A Demand for sewing machines is expected to grow in both apparel and non-apparel markets, with industrial sewing machine applications also expanding. The key to capturing these opportunities is providing solutions that integrate sewing machines with IoT technologies.
These initiatives are already delivering results, with JUKI continuing to earn strong customer support despite intensifying competition with Chinese manufacturers. We believe our efforts to promote smart factories across customers' entire production operations are being well received.
We will continue to advance these initiatives and accelerate the growth of the Sewing Business, a key pillar of our Medium-Term Management Plan.

Q **What is the Global Niche Strategy for Electronics Assembly & Systems business?**

A Our strategy focuses on areas where JUKI can leverage its technological strengths, including the placement of specially shaped, large and heavy components, insertion machines, and automated storage systems.
We will focus on AI data center servers and energy storage systems as key growth areas, with the U.S. and China as priority markets, to improve profitability.

Corporate Information (as of June 30, 2026)

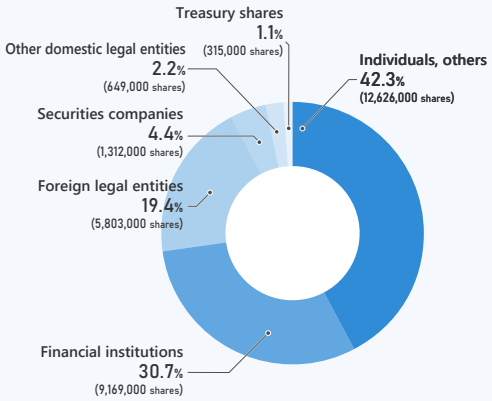
Company Profile

Trade name	JUKI CORPORATION
Founded on	December 15, 1938
Paid-in capital	18,044.71 million yen
Head office	2-11-1, Tsurumaki, Tama-shi, Tokyo, Japan
Fiscal year-end	December
Business items	Industrial sewing machines, SMT systems, household sewing machines, etc.
Number of employees	4,020 (on a consolidated basis)
Number of consolidated subsidiaries	19

Officers

Representative Director & President	**Atsushi Narikawa**
Director & Managing Officer	**Hiroshi Anzai**
Director & Managing Officer	**Keiichi Hashimoto**
Outside director	**Hiroko Nihei**
Outside director	**Hideyo Nakano**
Outside director	**Hirotaro Katayama**
Audit & Supervisory Board Members (Full-time)	**Michinari Sougawa**
Audit & Supervisory Board Members (Outside)	**Minoru Takenaka**
Audit & Supervisory Board Members (Outside)	**Takashi Yoneyama**
Senior Managing Executive Officer	**Minoru Nitta**
Senior Managing Officer	**Jiro Ishibashi**

Stock Distribution Status by Owner Type



Stock Information

Total number of authorized shares	80,000,000 shares
Total number of issued shares	29,874,179 shares
Total number of shareholders	13,732

Major Shareholders

Shareholder name	Number of shares (1,000 shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,561	12.05
Mizuho Bank, Ltd.	938	3.17
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	812	2.75
Custody Bank of Japan, Ltd. (Trust account)	754	2.55
Nippon Life Insurance Company	732	2.48
Asahi Mutual Life Insurance Company	569	1.92
The Dai-ichi Life Insurance Company, Limited	511	1.73
MSIP CLIENT SECURITIES	470	1.59
Meiji Yasuda Life Insurance Company	460	1.56
Mizuho Trust & Banking Co., Ltd.	401	1.36

JUKI CORPORATION
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◀ Shareholder and Investor Information
https://www.juki.co.jp/en/ir