

Explanatory Meeting

# First Half Account Settlement

## FY2019 ending December 31, 2019

### on a consolidated basis

August 5, 2019

Akira Kiyohara

Representative Director, JUKI Corporation

*Mind & Technology*

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

**JUKI**

***Mind & Technology***

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# Part 1

## Performance of the 1st Half of FY2019 (ending Dec. 2019)

# 1-1 Performance Trends and Dividends for the 1st Half of FY2019



Net sales decreased 2.5% compared with the same period of the previous fiscal year. Despite efforts to promote solution sales activities and develop new middle-markets centered on Asian markets, sales decreased in China and Europe as trading environments deteriorated due to the protracted US-China trade dispute and the slowing of China's economy, etc.

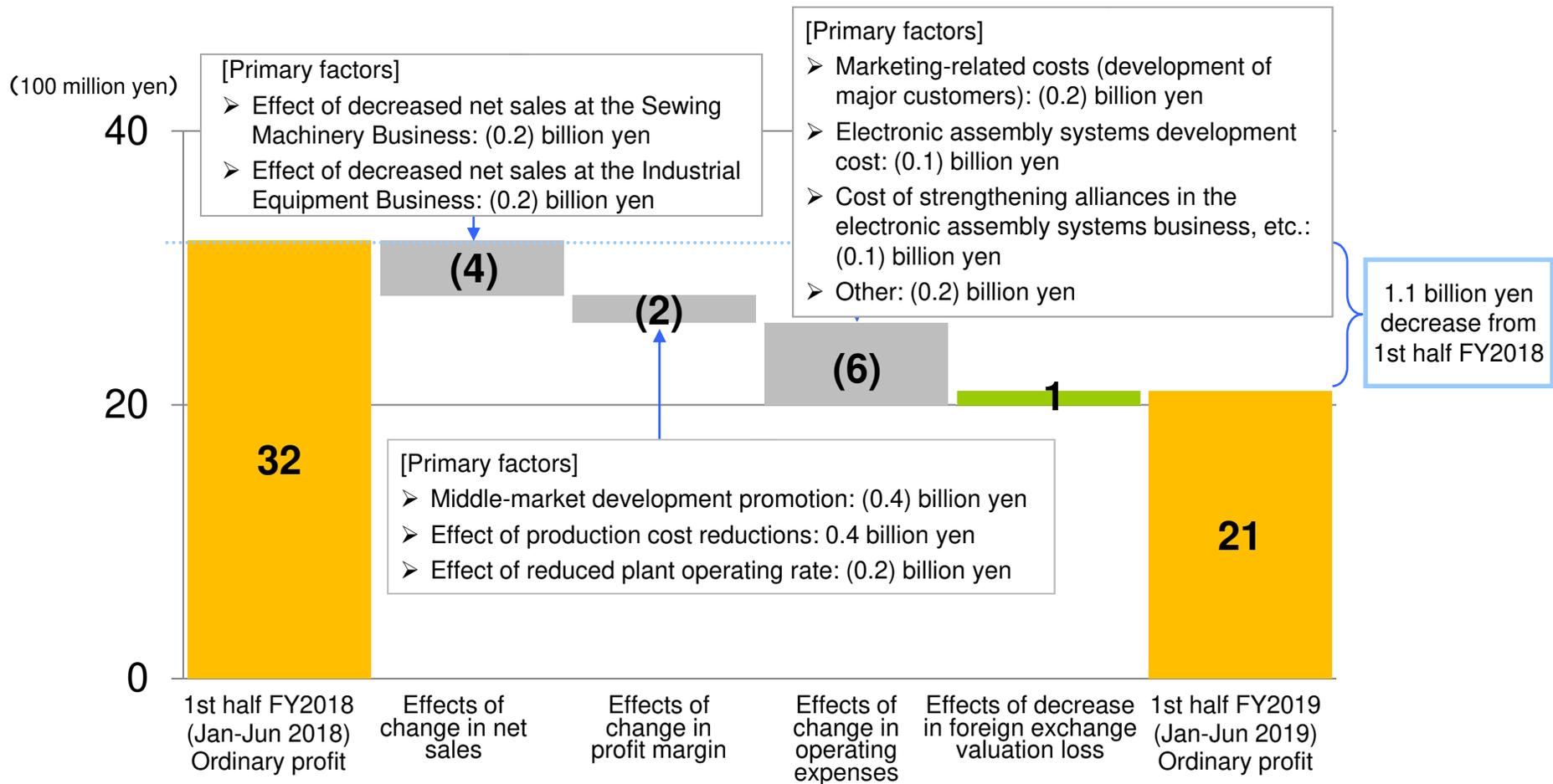
Operating profit and ordinary profit marked declines of 28.9% and 33.7%, respectively, compared with the same period of the previous fiscal year, as decreased sales and the cost of middle-market development and cutting-edge product development eclipsed margin improvements from general cost reductions, etc.

(million yen)

	FY2018 ended December 31, 2018			FY2019 ending December 31, 2019			Year-on-year change <B-A> (%)	
	1st half			1st half				
	1Q	2Q	1st half <A>	1Q	2Q	1st half <B>		
	Jan-Mar 2018	Apr-Jun 2018	Jan-Jun 2018	Jan-Mar 2019	Apr-Jun 2019	Jan-Jun 2019		
Net Sales	25,650	27,585	53,235	25,753	26,132	51,885	(1,349) (2.5)%	
Operating profit	1,242 [4.8%]	2,408 [8.7%]	3,650 [6.9%]	1,349 [5.2%]	1,246 [4.8%]	2,595 [5.0%]	(1,054) (28.9)%	
Ordinary profit	946 [3.7%]	2,232 [8.1%]	3,178 [6.0%]	1,103 [4.3%]	1,004 [3.8%]	2,107 [4.1%]	(1,070) (33.7)%	
Profit	468 [1.8%]	1,474 [5.3%]	1,942 [3.6%]	727 [2.8%]	709 [2.7%]	1,436 [2.8%]	(505) (26.0)%	
Exchange Rate	1 US\$ 1 Euro	¥109 ¥133	¥109 ¥131	¥110 ¥126	¥110 ¥123	¥110 ¥124	¥1 ¥(7)	
		<b>FY2018 full-year dividend (actual): ¥30 per share</b>			<b>FY2019 full-year dividend (forecast): ¥30 per share</b>			

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.

Ordinary profit fell 1.1 billion yen from the same period of the previous fiscal year as the effects of sales declines in China and Europe, in addition to increases in the cost of middle-market development and cutting-edge product development, outpaced profit margin improvements achieved through general cost reductions, etc.

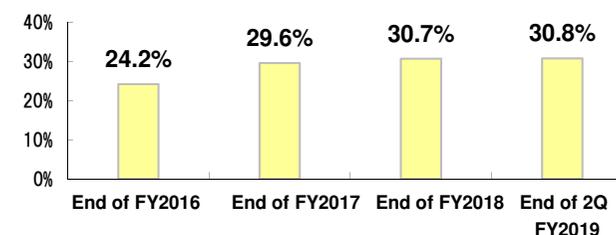


## Changes in Major Financial Indices and Cash Flows

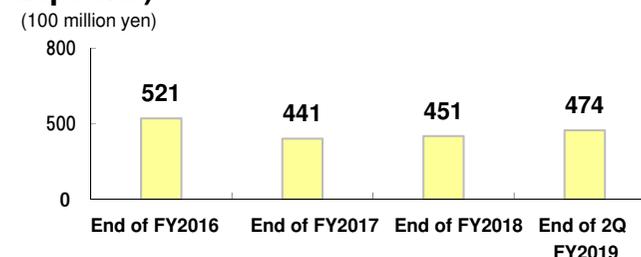
- Total assets decreased 1.2 billion yen compared with the end of same period of the previous fiscal year, mainly due to lower accounts receivable - trade and reduced inventories. The equity ratio was 30.8%.
- Interest-bearing debt (after deduction of cash and deposits, and any equivalents) increased 2.4 billion yen from the end of the previous fiscal year to 47.4 billion yen, mainly due to lower accounts payable - trade.

	(million yen)		
	As of December 31, 2018 (FY2018) 〈A〉	As of June 30, 2019 (2Q FY2019) 〈B〉	Change 〈B-A〉
Total Assets	119,121	117,963	(1,157)
Net Assets [Foreign currency translation adjustment]	37,241 [(2,973)]	37,034 [(3,680)]	(207) [(707)]
Net Assets Ratio	31.2%	31.4%	0.2%
Equity Ratio	30.7%	30.8%	0.1%
Notes and accounts receivable - trade [Turnover period]	33,465 [3.6 months]	32,266 [3.4 months]	(1,198) [(0.2) months]
Inventories [Turnover period]	43,516 [4.7 months]	42,493 [4.5 months]	(1,022) [(0.2) months]
Notes and accounts payable - trade [Turnover period]	16,285 [1.7 months]	12,821 [1.3 months]	(3,463) [(0.4) months]
Interest-bearing debts	52,379	55,657	3,277
Cash and deposits	7,324	8,236	912
Exchange rate (period-end)	1US\$	¥ 111	¥108
			¥(3)

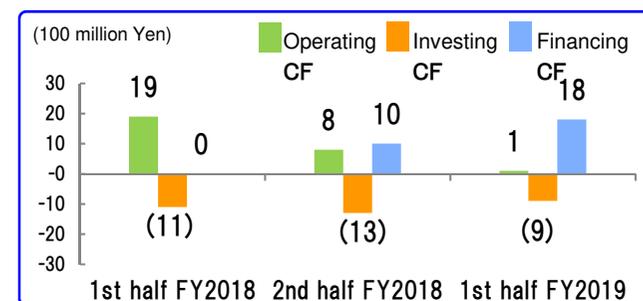
### Equity ratio



### Interest-bearing debts (net of cash and deposits)



### Cash Flow



Note: Figures in parentheses ( ) are negative values.

# 1-4-1 Performance by Business Segment

## Changes in Net Sales



The Sewing Machinery & Systems Business saw sales fall 1.9% compared with the same period of the previous fiscal year due to decreased sales in China and Europe, despite favorable development of sales in Asian middle markets.

The Industrial Equipment & Systems Business saw sales fall 3.6% compared with the same period of the previous fiscal year. Electronic assembly systems performed well in the US, with greater sales of new mounters and labor-saving equipment featured in smart-factory propositions, but sales in China and Europe declined.

(million yen)

	FY2018 ended December 31, 2018			FY2019 ending December 31, 2019			Year-on-year change <B-A> (%)
	1st half			1st half			
	1Q	2Q	First half <A>	1Q	2Q	First half <B>	
	Jan-Mar 2018	Apr-Jun 2018	Jan-Jun 2018	Jan-Mar 2019	Apr-Jun 2019	Jan-Jun 2019	
<b>Sewing Machinery &amp; Systems</b>	17,065	17,704	34,769	17,083	17,026	34,109	(659) (1.9)%
<b>Industrial Equipment &amp; Systems</b>	8,505	9,818	18,323	8,607	9,047	17,654	(668) (3.6)%
<b>Other</b>	78	64	142	62	59	121	(21) (14.8)%
<b>Total</b>	25,650	27,585	53,235	25,753	26,132	51,885	(1,349) (2.5)%
<b>Group Business</b>	2,645	2,638	5,283	2,684	2,941	5,625	342 6.5%

Note: Figures in parentheses ( ) are negative values.

## 1-4-2 Performance by Business Segment Changes in Ordinary Profit



- The Sewing Machinery & Systems Business marked a 12.1% drop in segment profit compared with the same period of the previous fiscal year, attributable mainly to lower sales and the cost of middle-market development.
- The Industrial Equipment & Systems Business marked a 34.6% drop in segment profit compared with the same period of the previous fiscal year, due primarily to lower sales and increased costs of cutting-edge product development for strengthening the solutions business.

(million yen)

	FY2018 ended December 31, 2018			FY2019 ending December 31, 2019			Year-on-year change <B-A> (%)
	1st half			1st half			
	1Q	2Q	First half <A>	1Q	2Q	First half <B>	
	Jan-Mar 2018	Apr-Jun 2018	Jan-Jun 2018	Jan-Mar 2019	Apr-Jun 2019	Jan-Jun 2019	
<b>Sewing Machinery &amp; Systems</b>	553 [3.2%]	1,509 [8.5%]	2,062 [5.9%]	795 [4.7%]	1,016 [6.0%]	1,811 [5.3%]	(250) (12.1)%
<b>Industrial Equipment &amp; Systems</b>	825 [9.7%]	976 [9.9%]	1,801 [9.8%]	679 [7.9%]	498 [5.5%]	1,177 [6.7%]	624 (34.6)%
<b>Other</b>	11 [14.1%]	20 [31.3%]	31 [21.8%]	13 [21.0%]	27 [45.8%]	40 [33.1%]	9 30.4%
<b>Adjustment</b>	(443)	(273)	(716)	(384)	(538)	(922)	(205)
<b>Total</b>	946 [3.7%]	2,232 [8.1%]	3,178 [6.0%]	1,103 [4.3%]	1,004 [3.8%]	2,107 [4.1%]	(1,070) (33.7)%

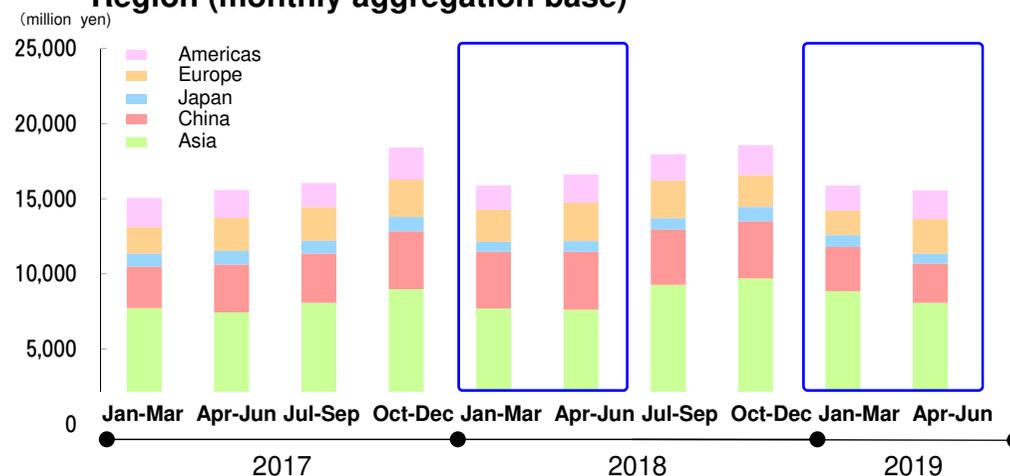
Notes: 1. Figures in brackets [ ] are ratios of profit to net sales. 2. Figures in parentheses ( ) are negative values.

# [Reference #1] Performance by Business Segment: Sewing Machinery & Systems Business

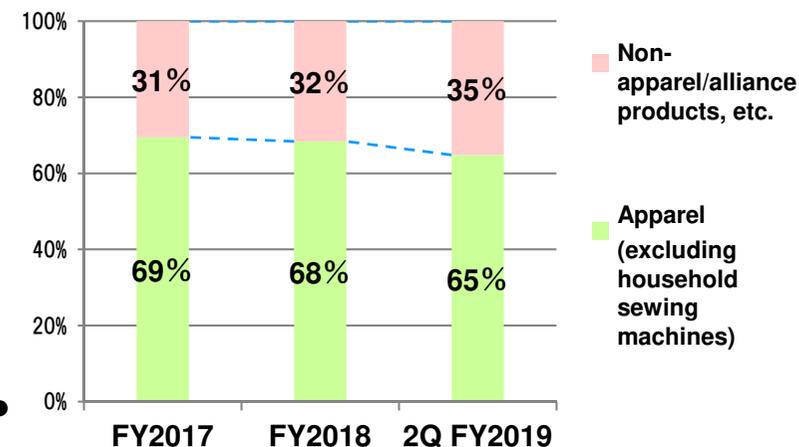


- Sales were on the rise in Asia, thanks to progressing middle-market development, particularly in India.
- Sales fell 28% in China (combined sales in China and Asia fell 2%).

**Change in Net Sales of Industrial Sewing Machines by Region (monthly aggregation base)**



**Change in Net Sales of Apparel/Non-Apparel Products (excluding household sewing machines)**



**Net sales: Comparison**

(100 million yen)

	Jan-Jun 2018	Jan-Jun 2019	Amount of change	(% of change)
China	76	55	(21)	(28)%
Asia	153	169	16	+10%
China+Asia	229	224	(5)	(2)%
Japan	14	15	1	
Europe	47	39	(8)	(17)%
Americas	35	36	1	
<b>Total</b>	<b>325</b>	<b>314</b>	<b>(11)</b>	<b>(3)%</b>

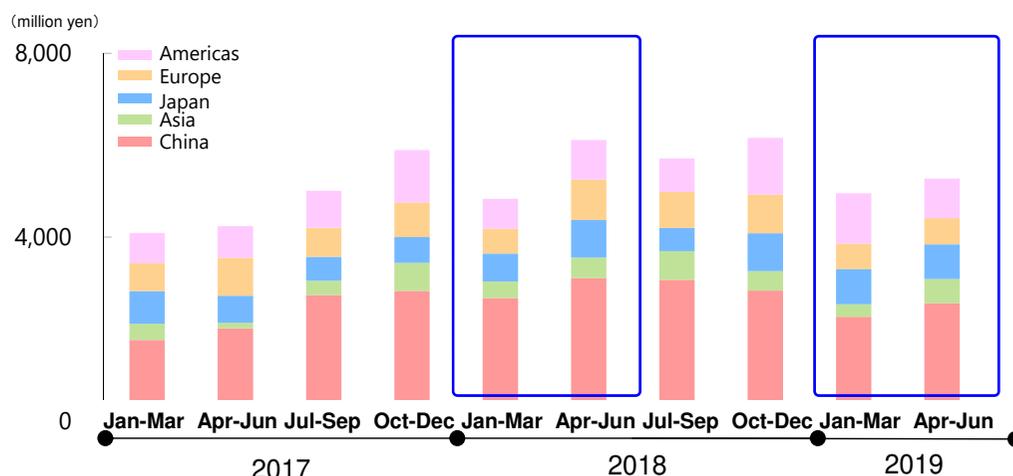
Notes: 1. Figures in parentheses ( ) are negative values. 2. Comparison with the same period of the previous fiscal year.

# [Reference #2] Performance by Business Segment: Industrial Equipment & Systems Business



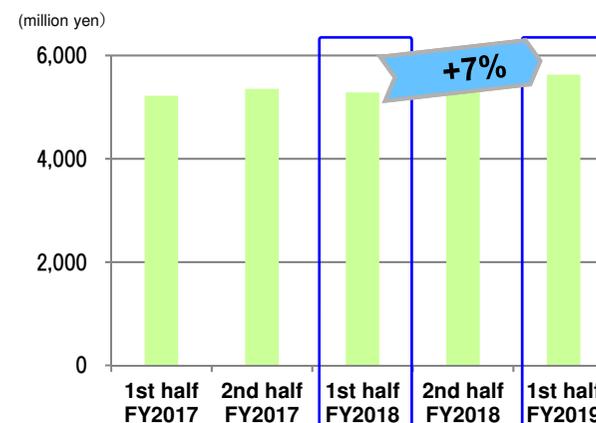
- Electronic assembly systems marked favorable sales in the US, but sales in China fell 17%.
- Group Business, which includes contract processing, rose 7%, while the Parts Business was unchanged from the same period of the previous fiscal year.

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

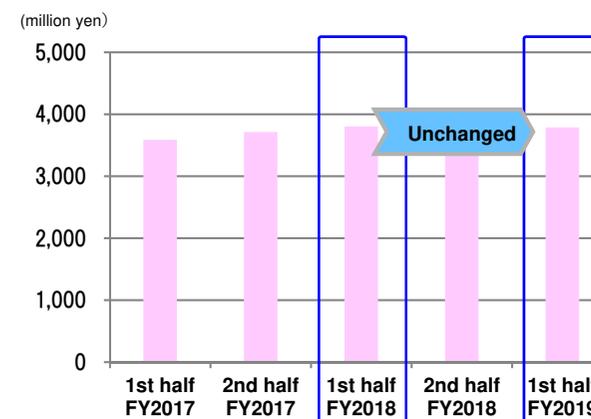


Net sales: Comparison		(100 million yen)		
	Jan-Jun 2018	Jan-Jun 2019	Amount of change	(% of change)
China	58	48	(10)	(17)%
Asia	8	8	0	
China+Asia	66	56	(10)	(15)%
Japan	14	15	1	
Europe	14	11	(3)	
Americas	15	20	5	+33%
<b>Total</b>	<b>109</b>	<b>102</b>	<b>(7)</b>	<b>(6)%</b>

## 2. Group Business: Changes in Net Sales



## 3. Parts Business: Changes in Net Sales



Notes: 1. Figures in parentheses ( ) are negative values. 2. Comparison with the same period of the previous fiscal year.

1-5:

## Performance Forecast for FY2019



	(100 million yen)		[Reference]	(100 million yen)
	Full year FY2019 (Jan-Dec)	1st half FY2019 (Jan-Jun)	Full year FY2018 (Jan-Dec)	1st half FY2018 (Jan-Jun)
	Forecast	Actual	Actual	Actual
Net Sales	1,140	519	1,120	532
Sewing Machinery & Systems Business	750	341	736	348
Industrial Equipment & Systems Business	390	177	382	183
Operating profit	73	26	91	37
Ordinary profit	68	21	83	32
Profit	50	14	66	19
Dividend per share	Full-year: ¥30		Full-year: ¥30	
Exchange rate 1US\$	¥105	¥110	¥111	¥109

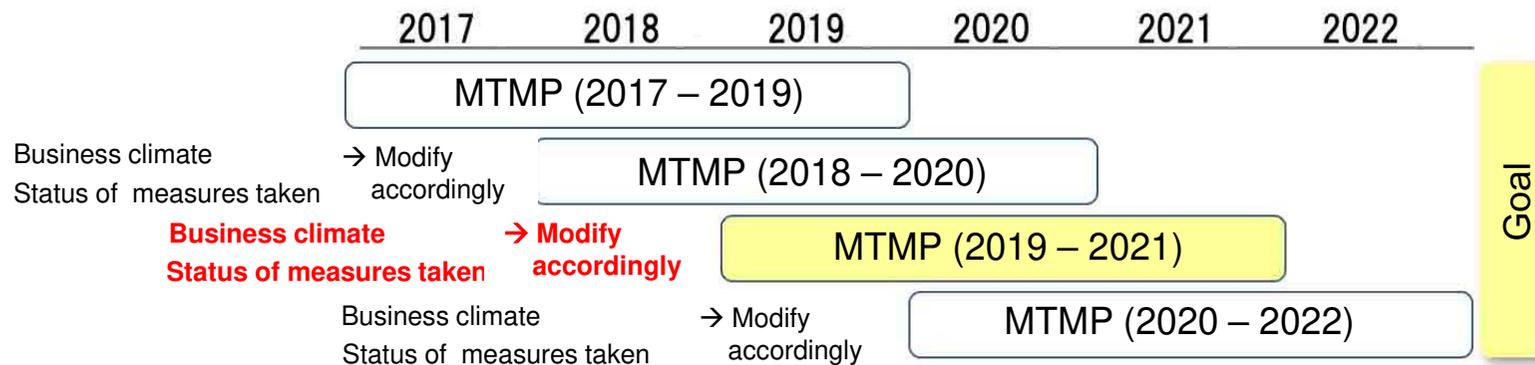
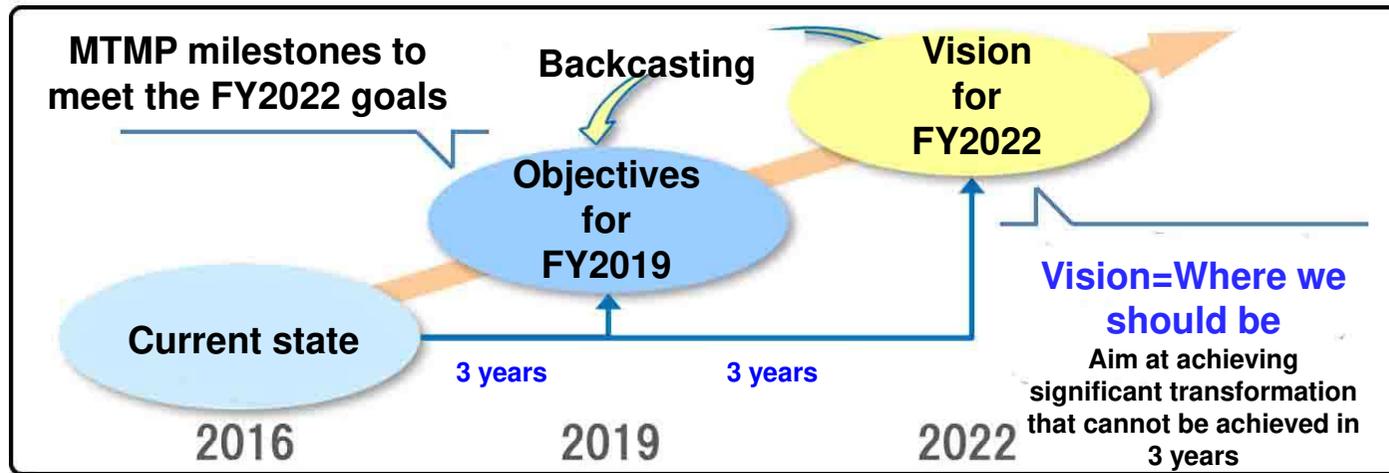
Note: The consolidated earnings forecasts for the fiscal year ending December 31, 2019, have not been revised from those previously announced on February 12, 2019, taking into account uncertainty regarding the present foreign exchange trend and the business environment in emerging countries due to trade friction between the US and China and other factors. Going forward, the Company will closely examine its earnings forecasts, after taking into account the impact on the Company's earnings of various factors, including the business environment.

## **Part 2**

# **Measures for Achieving the Medium-Term Management Plan (2019-2021) and Key Initiatives for the 2nd Half of FY2019**

# 2-1-1 Measures for Achieving the Medium-Term Management Plan: Rolling Method

## Embarking on the 3rd year of the Medium-Term Management Plan “Value Up 2022” (MTMP)



- (1) Regular review and update of the three-year plan in order to meet the FY2022 goals
- (2) Management that constantly monitors changes in business climate for the following three years
- (3) Review of and change in (if necessary) the following year’s business plan based on the roll-out status of each year’s business plan

## 2-1-2 Measures for Achieving the Medium-Term Management Plan: Anticipated Business Climate

### The Economy

- Risks of economic slowdown are rising, as instability of global economy increases
  - e.g., China-U.S. trade friction, geopolitical risks, strong yen
- Competition with other industries, other operational styles intensifying
  - e.g., China's growing sewing machinery manufacturers, other industries entering the factory automation market
- Technological innovation trend (from MONO [goods] manufacturing to KOTO [value] creation) accelerating
  - Mounting interest in AI, robotics, IoT, etc.

### Customer Needs

- Aggressive investment in smart company/smart factory concepts
  - Introduction of digitization, systematization, and factory automation solutions

### In response, companies are called to:

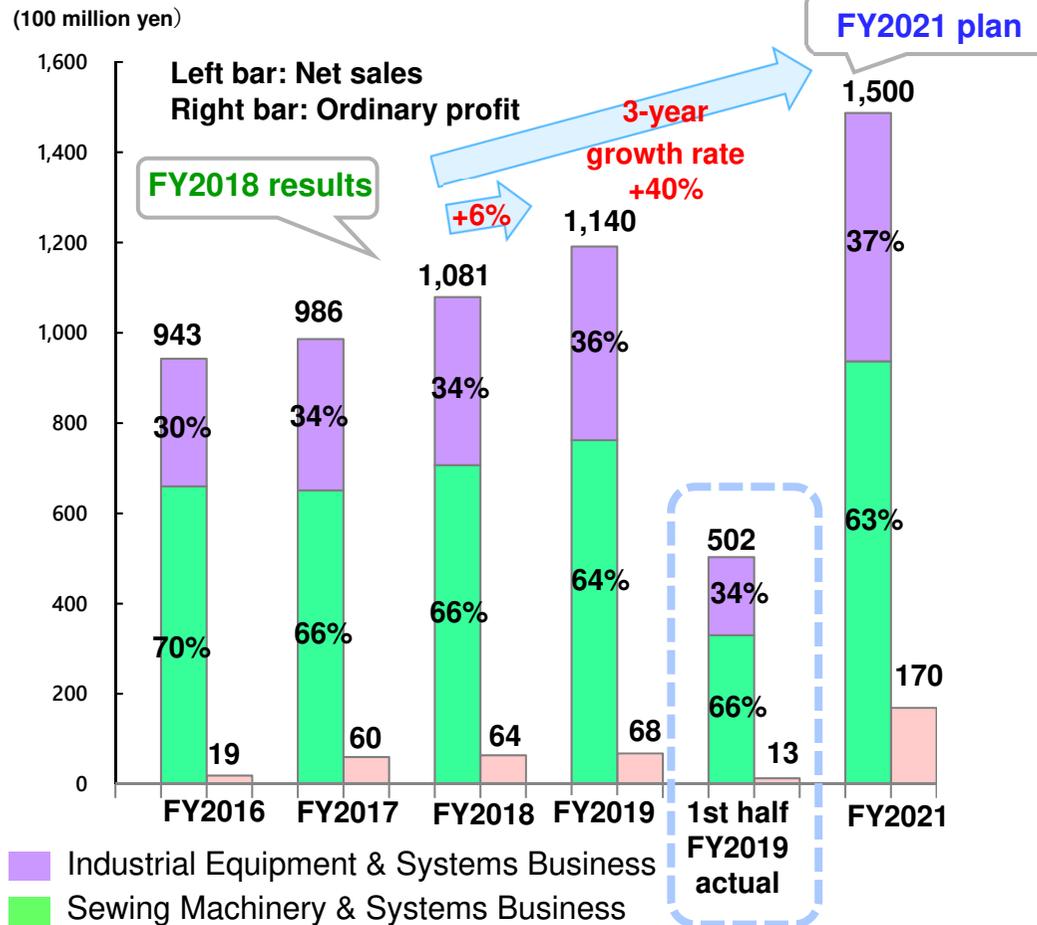
- Build a progressive management structure
  - Accommodate labor shortages, work style reform, productivity improvement. Implement the “Corporate Initiatives for Improving the Environment, Society, and Governance” (ESG Initiatives)
- Promote profit-oriented business management
  - Annual sales and profits growth, stabilization of dividends, increases in equity

# 2-1-3 Measures for Achieving the Medium-Term Management Plan: Progress Status

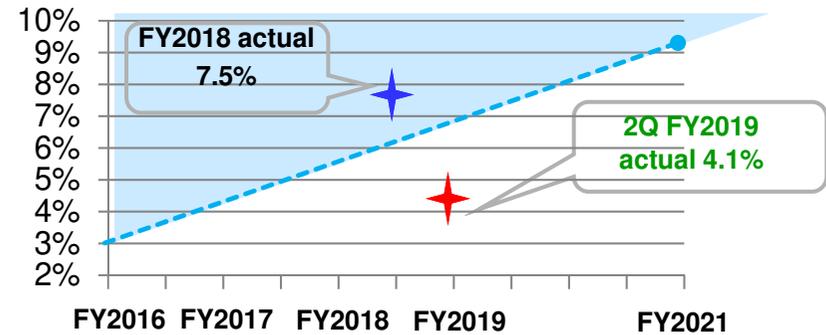


**Net Sales, Ordinary Profit**  
(Target: annual growth rate of 9%)

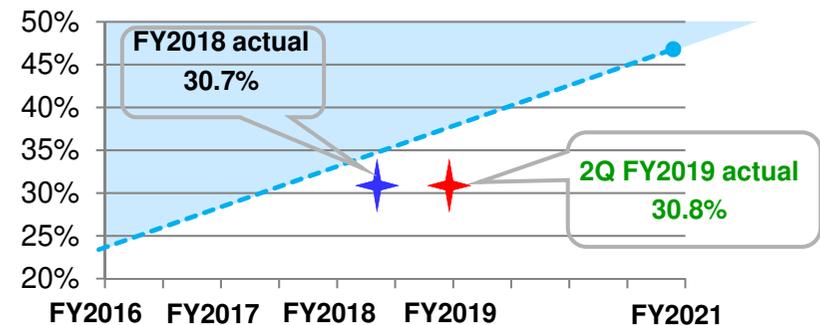
**FY2019 full-year forecast ¥114.0 billion**



**Rate of Ordinary Profit to Net Sales**  
(Target: 9.2% or higher by FY2021)



**Equity Ratio**  
(Target: 47% or higher by FY2021 year-end)



Conversion base: 1US\$=¥105 for both actual and plan data

# 2-1-4 Measures for Achieving the Medium-Term Management Plan: Vision and Five Basic Policies



Vision

To be an enterprise that consistently provides customer-preferred, high-quality products and services  
Let's provide customers around the globe with excitement as well as reliability!  
**Transition from a “Monodzukuri” (manufacturing) enterprise to one based on “Kotozukuri” (value creation).**

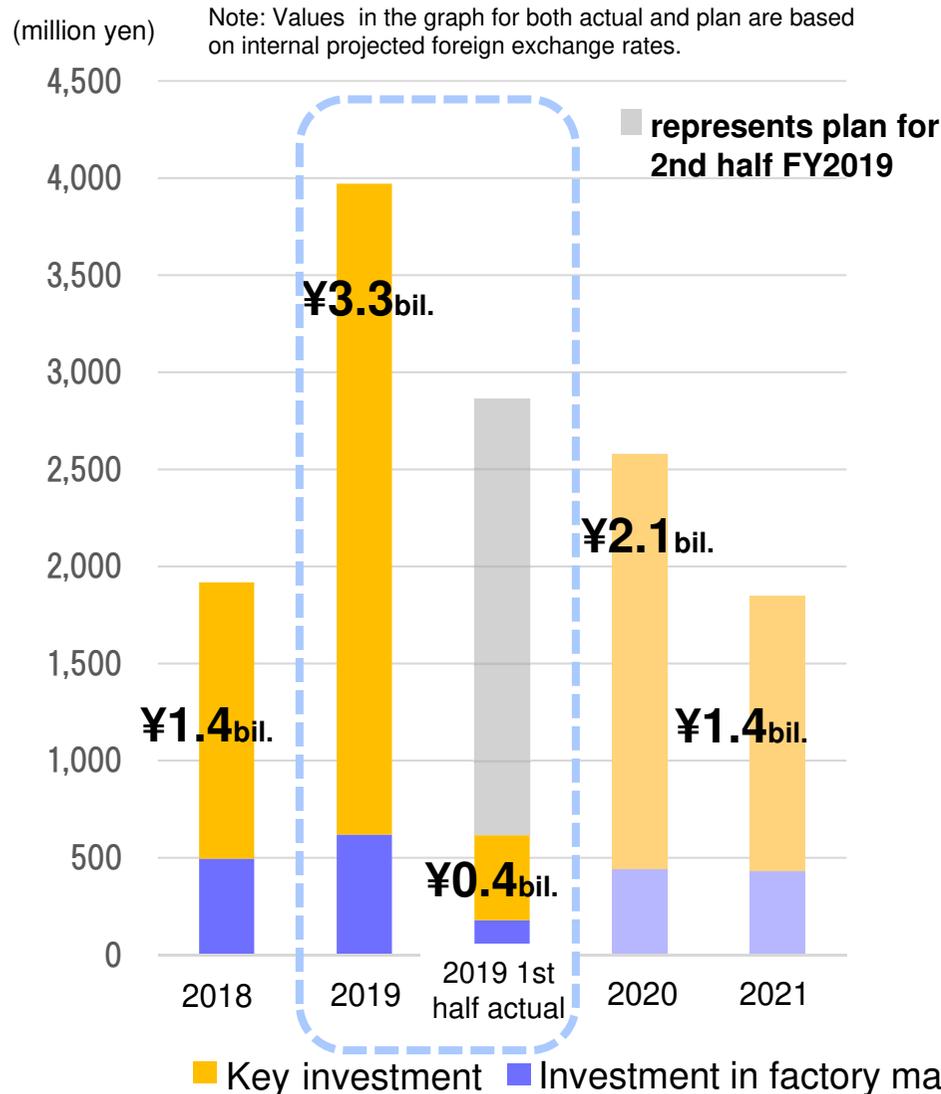


Basic Policies

- |                           |  |
|---------------------------|--|
| Business Strategies       | (1) Strengthen our value-creation capabilities through solution sales<br>- Bolster our capability for developing cutting-edge products, <b>utilizing open innovation, and promoting plant sales</b>  |
|                           | (2) Strengthen the future customer base through market development   |
|                           | (3) Create and strengthen business categories fitting our vision of the future<br>- Bolster Group Business and <b>service solution business, and develop non-mounter markets</b>   |
| Organizational Strategies | (4) Develop and deploy globally-competent and innovation-minded personnel ready to realize our vision  |
|                           | (5) Construct a smart business foundation (Introduce Smart and Connected processes)<br>- Reform supply chain management, reduce product costs, promote work style reforms, and implement strategic investment in environmental initiatives |

# 2-1-5 Measures for Achieving the Medium-Term Management Plan: Investment Plan for Production Facilities

**With a view to realizing “smart factories,” promote the visualization of each production process and achieve streamlined operations**



## Major Initiatives for FY2019

Visualization of production line process

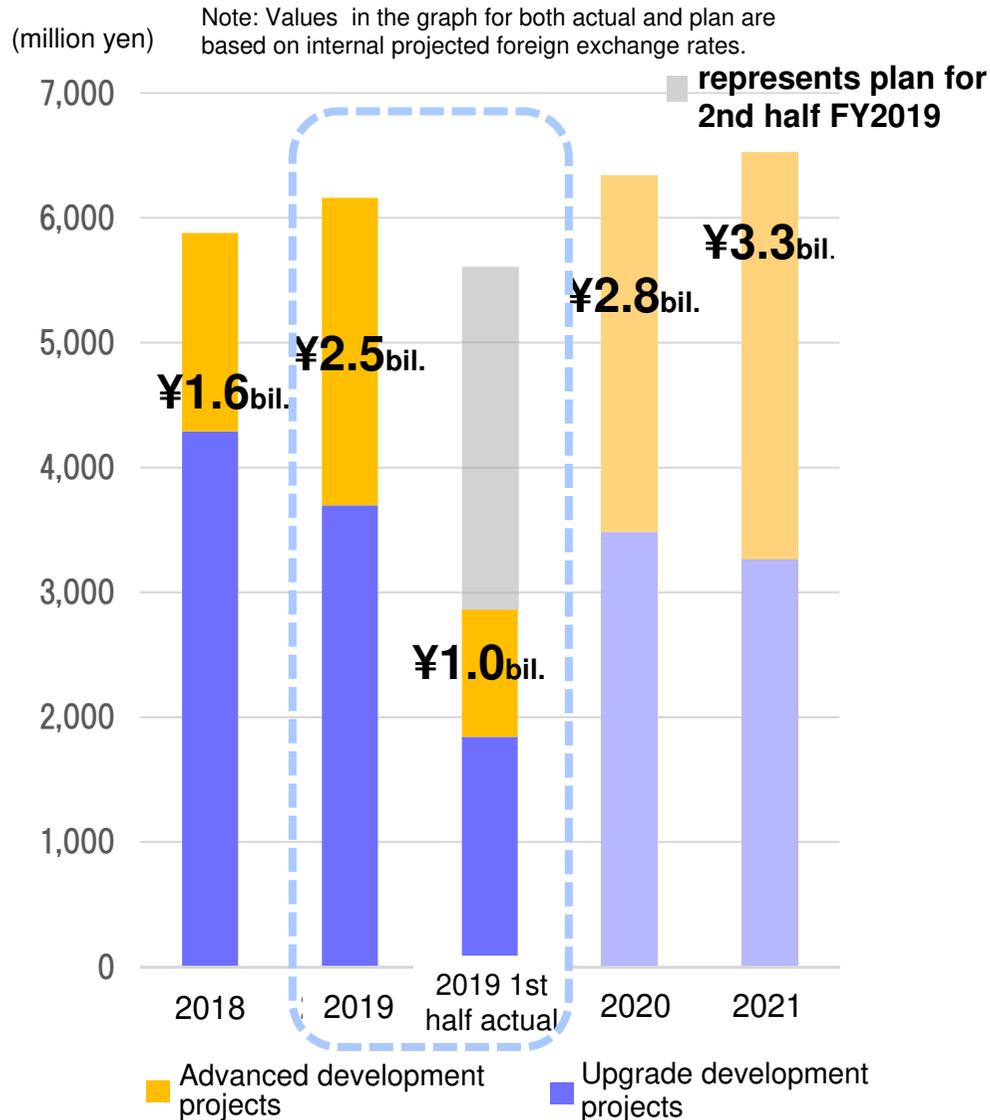


Automation of inspection process



# 2-1-6 Measures for Achieving the Medium-Term Management Plan: Investment Plan for Development

**In order to develop differentiated products, introduce advanced technologies and promote open innovation**

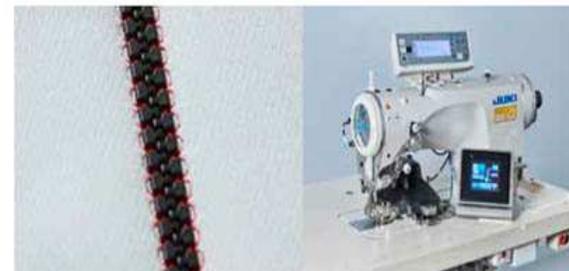


## Major Initiatives for FY2019

Development of shoe sewing robot



Joint development with YKK Corporation of sewing machines for fastening products



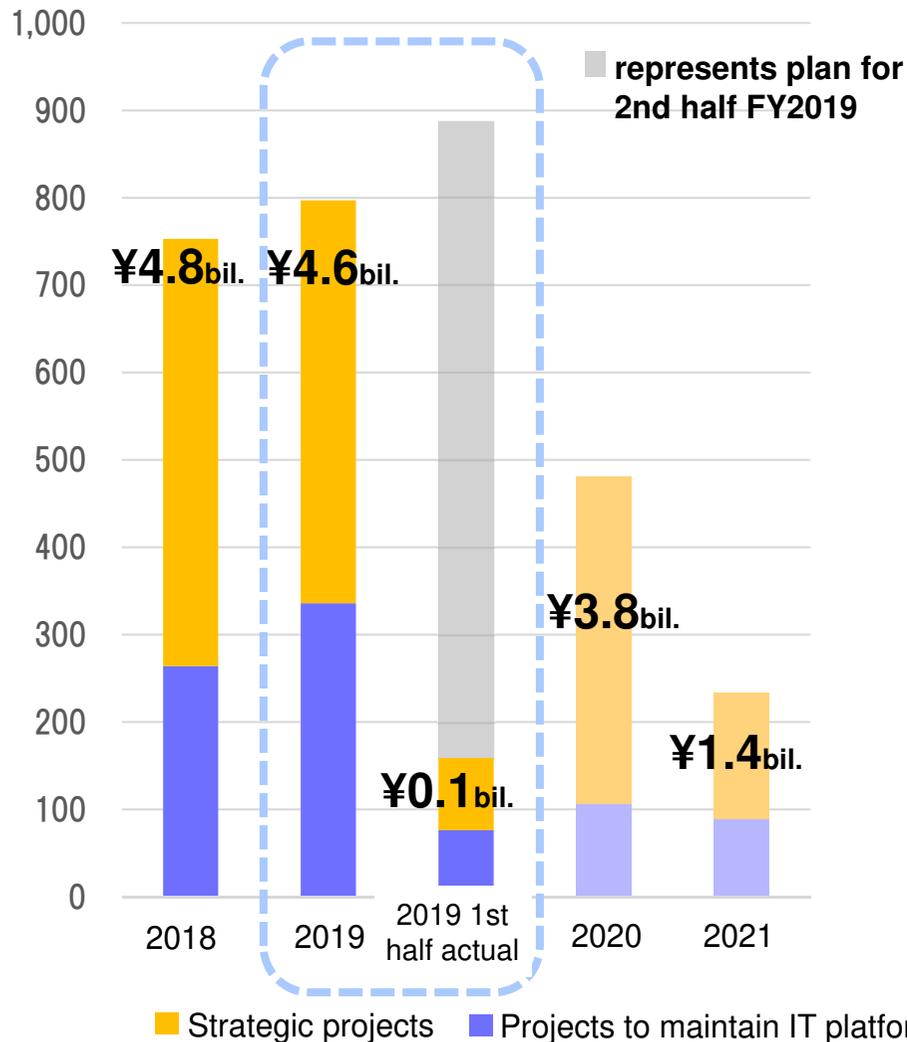
New "tapeless" zipper AiryString™ (released July 2019)

Sewing machine dedicated to AiryString™

# 2-1-7 Measures for Achieving the Medium-Term Management Plan: Investment Plan for IT

## Accelerate operational streamlining and the building of infrastructure for Group management

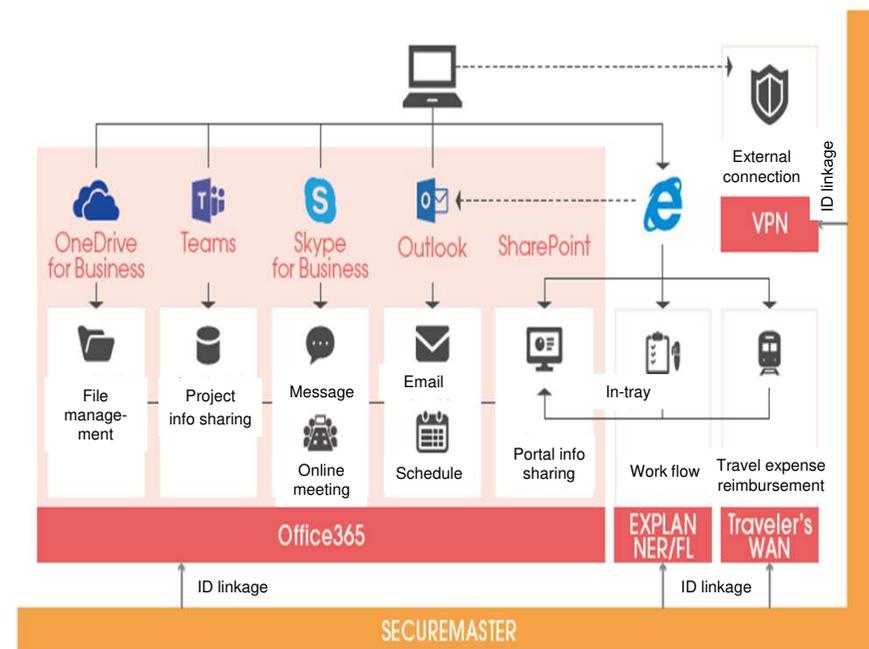
(million yen) Note: Values in the graph for both actual and plan are based on internal projected foreign exchange rates.



## Major Initiatives for FY2019

Introduction of JUKI Global Platform (JGP) (Groupwide internal information system)

### Conceptual diagram of JGP

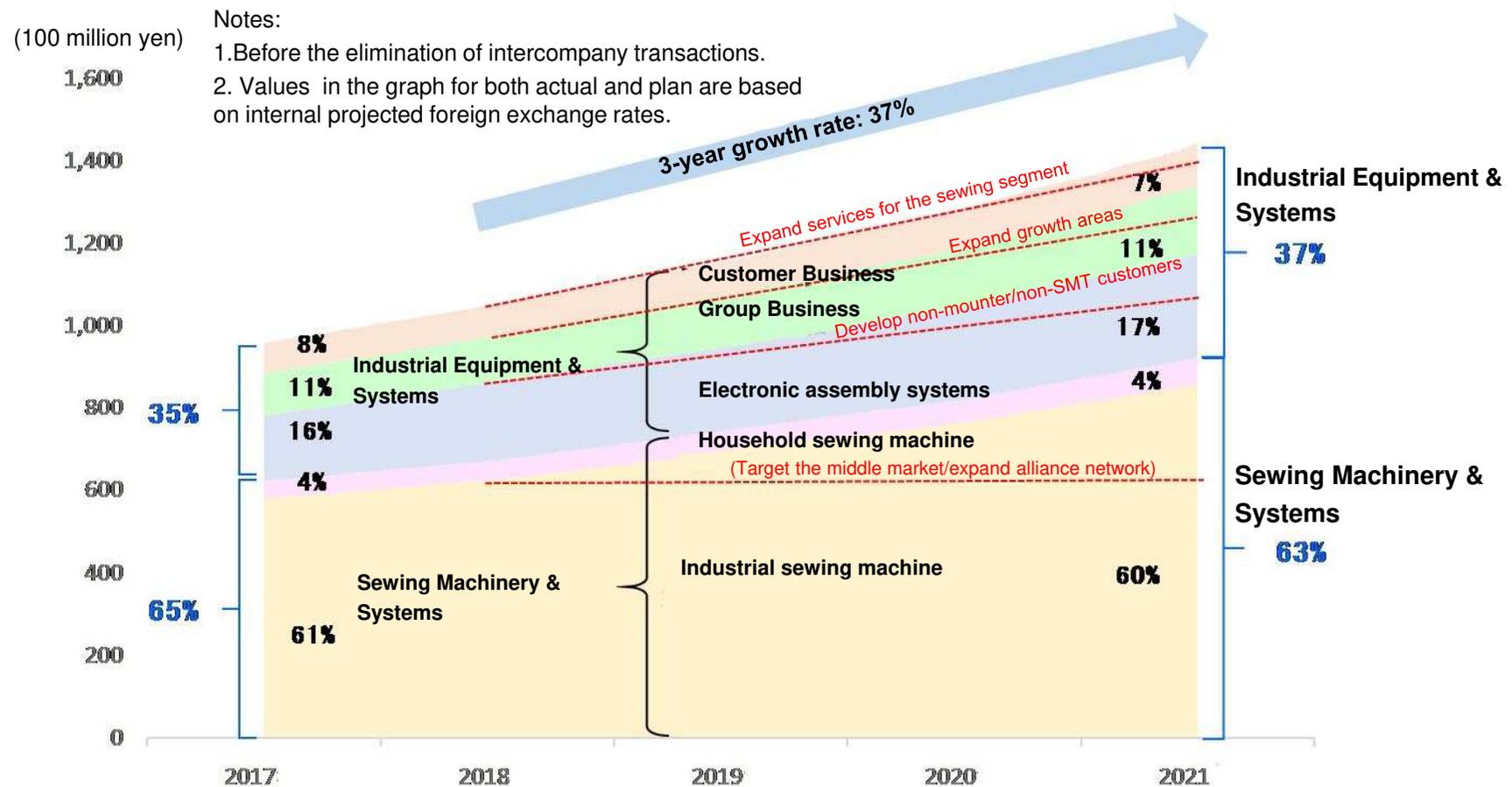


Groupwide deployment beginning with introduction at Head Office in September 2018

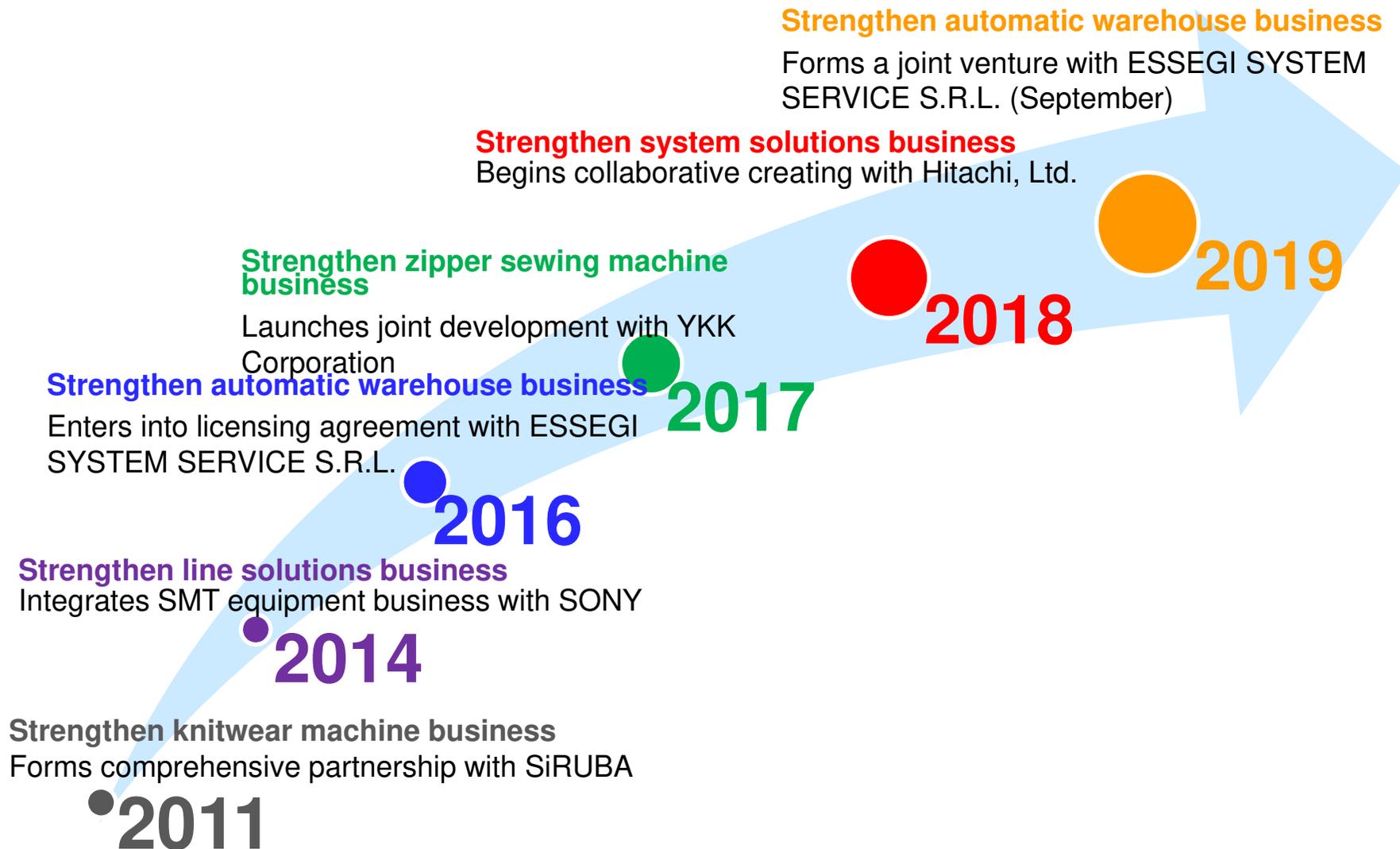
## 2-1-8 Measures for Achieving the Medium-Term Management Plan: Business Portfolio



**Expand business portfolio by devoting managerial resources to each business segment's areas of growth and to fields in which JUKI can differentiate itself**



**Accommodate diversification of customers' needs by further expanding business domain through open innovation (utilization of alliance network)**



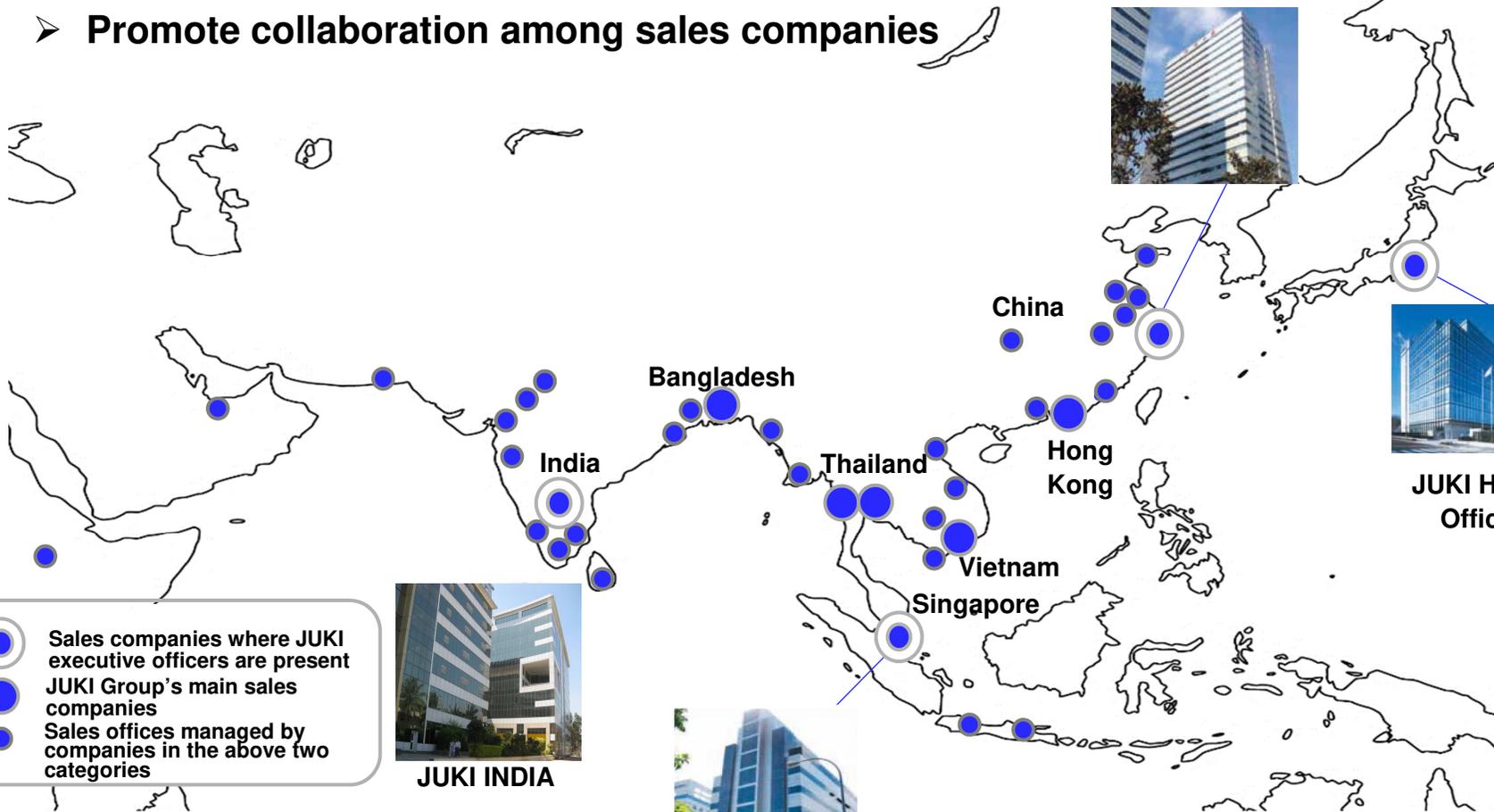
Accommodate customers' relocation of production facilities and businesses, and promote "borderless sales" covering Japan (Head Office), China, the rest of Asia, and Africa.

- Use global sales teams
- Promote collaboration among sales companies

JUKI (CHINA) CO., LTD./  
TOKYO JUKI INTERNATIONAL  
TRADING (SHANGHAI) CO.,LTD.



JUKI Head Office



- Sales companies where JUKI executive officers are present
- JUKI Group's main sales companies
- Sales offices managed by companies in the above two categories



JUKI INDIA

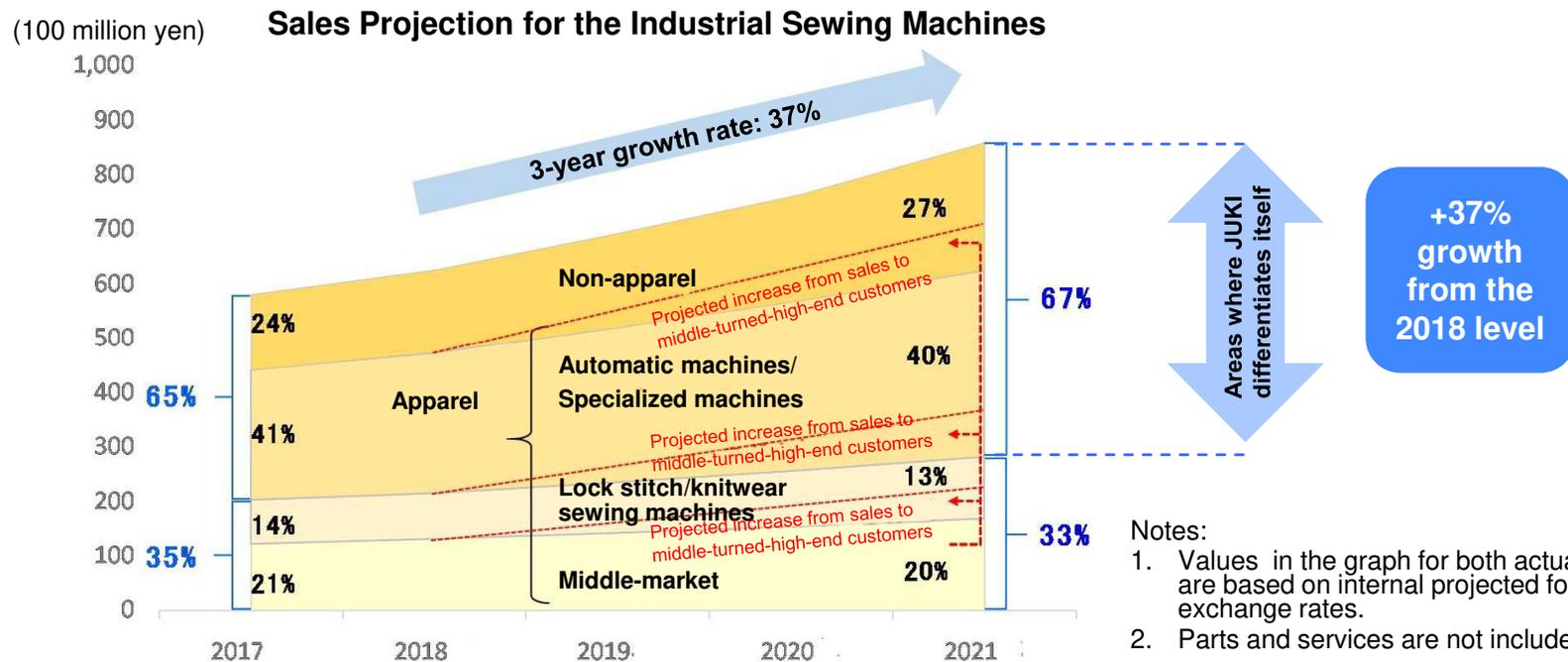


JUKI SINGAPORE

# 2-2-1-1 Key Initiatives for FY2019: Sewing Machinery & Systems Business (Industrial Sewing Machines)



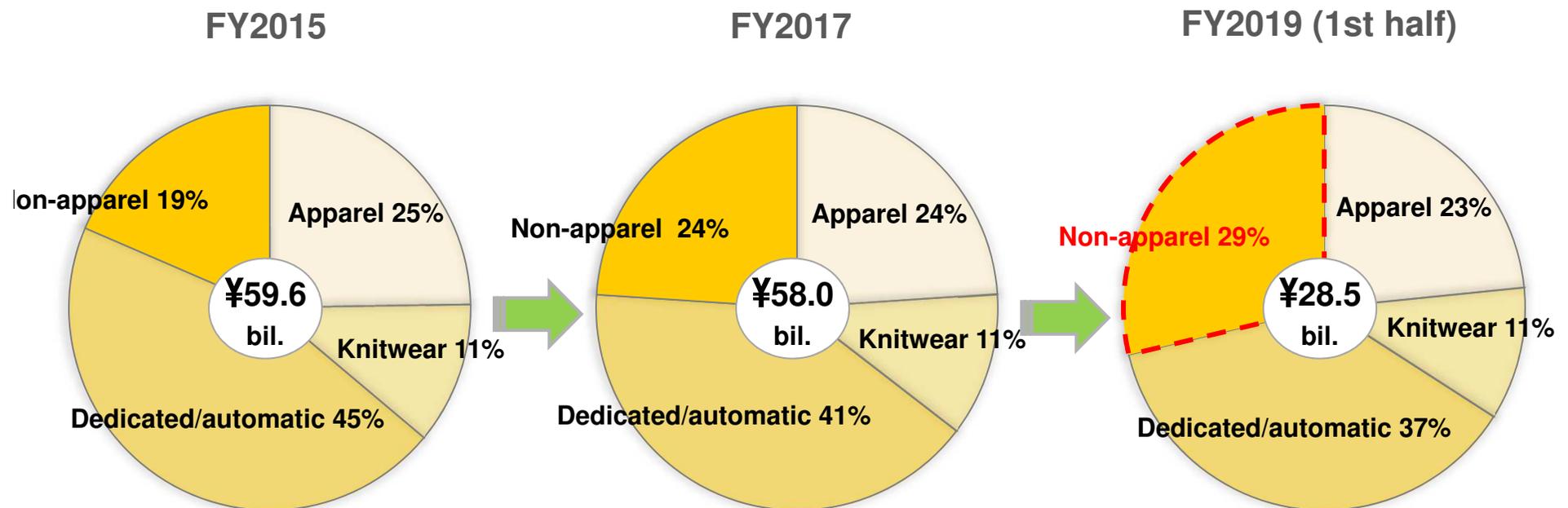
<b>Vision</b>	Contribute to customer innovation through innovative technology and system proposals based on JUKI Smart Solutions
<b>Basic Policy</b>	Build a customer base for the future by developing <b>customers in the middle market</b> and bringing them into the high-end market 1. Target the middle market; 2. Increase sales involving proposals for plants; 3. Utilize our alliance network
<b>Key Initiatives</b>	<ul style="list-style-type: none"> <li>- Increase business with the growing middle-market user segment</li> <li>- Strengthen relationships with major users and win mid- and long-term capital investment projects</li> <li>- Further expand the non-apparel business</li> <li>- Utilize our alliance network to expand our scope of business</li> </ul>



## 2-2-1-2 Changes in Composition of Net Sales Resulting from Business Domain Expansion (Industrial Sewing Machines)

### Industrial Sewing Machines: Non-apparel business domain expanded more than apparel

- Strengthen capability to meet the growing demand for car-related products, athletic footwear, bags, etc.
- Strengthen sales to meet the demand for improved productivity of sewing lines



Notes:

1. Values in the graph for both actual and plan are based on internal projected foreign exchange rates.
2. Parts and services are not included.

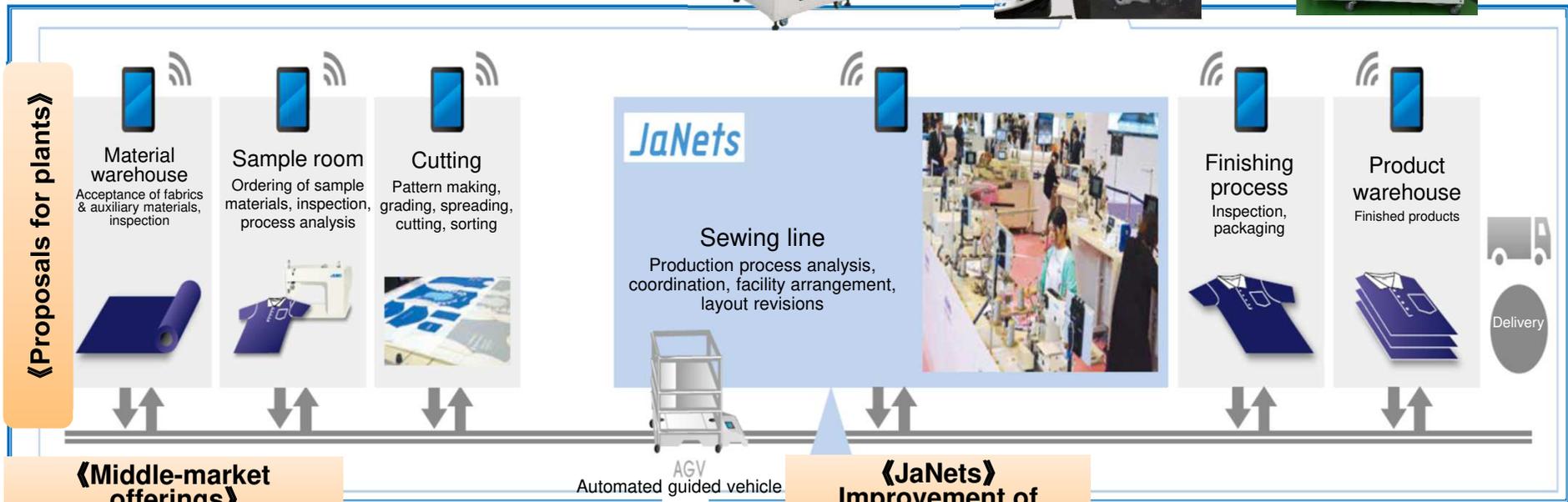
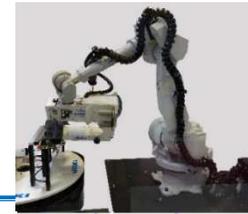
# 2-2-1-3 Key Initiatives for FY2019: Sewing Machinery & Systems Business (Industrial Sewing Machines)



《High-end offerings》  
“Digital Series”-  
centered line solutions



《Productivity improving / Labor-saving》  
Automatic machines    Sewing robotics    Automated guided vehicles

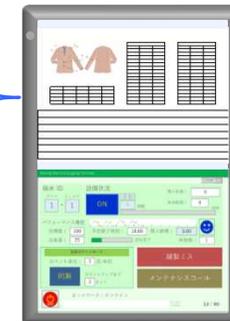
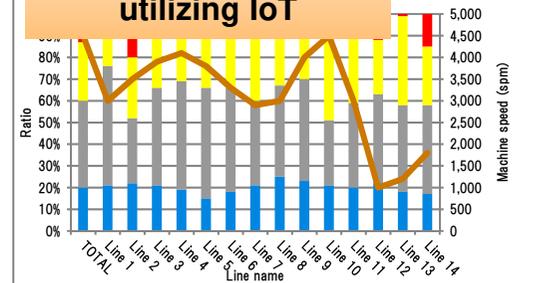


《Middle-market offerings》  
“Simple Series”-  
centered line solutions

**Simple Series**  
Standard for Lockstitch Machine



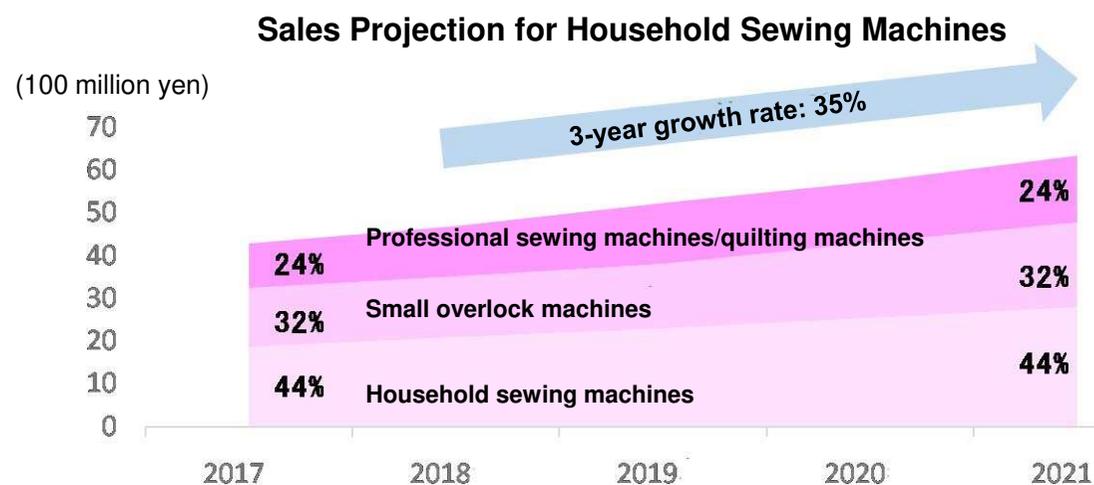
《JaNets》  
Improvement of  
manufacturing sites  
utilizing IoT



## 2-2-2-1 Key Initiatives for FY2019: Sewing Machinery & Systems Business (Household Sewing Machines)



<b>Vision</b>	<b>Create new ways to enjoy handicraft-making, in collaboration with customers (home sewers) who have excellent handicraft capabilities</b>
<b>Basic Policy</b>	<b>Develop solid business based on strengths in <u>high-end household sewing machines, small overlock machines, sewing machines for professionals, and quilting machines</u></b>
<b>Key Initiatives</b>	<ul style="list-style-type: none"> <li>- Target hobby and craft markets with product development that makes the most of JUKI's strengths</li> <li>- Increase sales and improve profits with a focus on three key large-scale markets (Japan, the U.S., and Europe) that contain high-end markets</li> <li>- Strengthen marketing capabilities and competitiveness of the JUKI brand</li> <li>- Win over and secure new users by identifying user needs and strengthening our capability to disseminate information</li> <li>- Expand the accessories and parts businesses</li> </ul>



Note: Values in the graph for both actual and plan are based on internal projected foreign exchange rates.

# 2-2-2-2 Key Initiatives For FY2019: Sewing Machinery & Systems Business (Household Sewing Machines)



## Expand product lineup to better meet each market's characteristics

《Japan》  
High-end sewing machines for professionals

SL-700EX



Live Events & Digital Marketing  
↓  
Customer development



《Europe》  
High-end household sewing machines



HZL-NX7

QVP  
(Manufactured by Tajima Industries, Ltd.)



《U.S.》  
High-end household sewing machines  
Quilting machines  
Embroidery machines

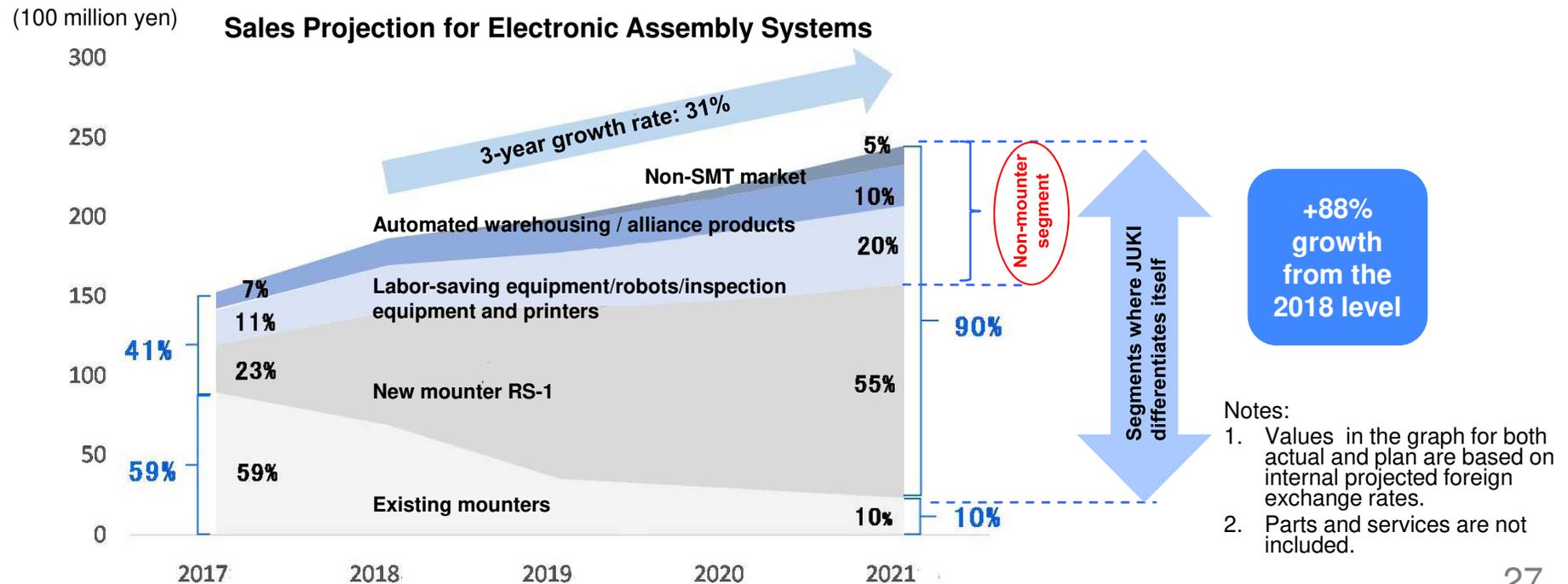


J-350QVP

# 2-2-3-1 Key Initiatives for FY2019: Industrial Equipment & Systems Business (Electronic Assembly Systems)



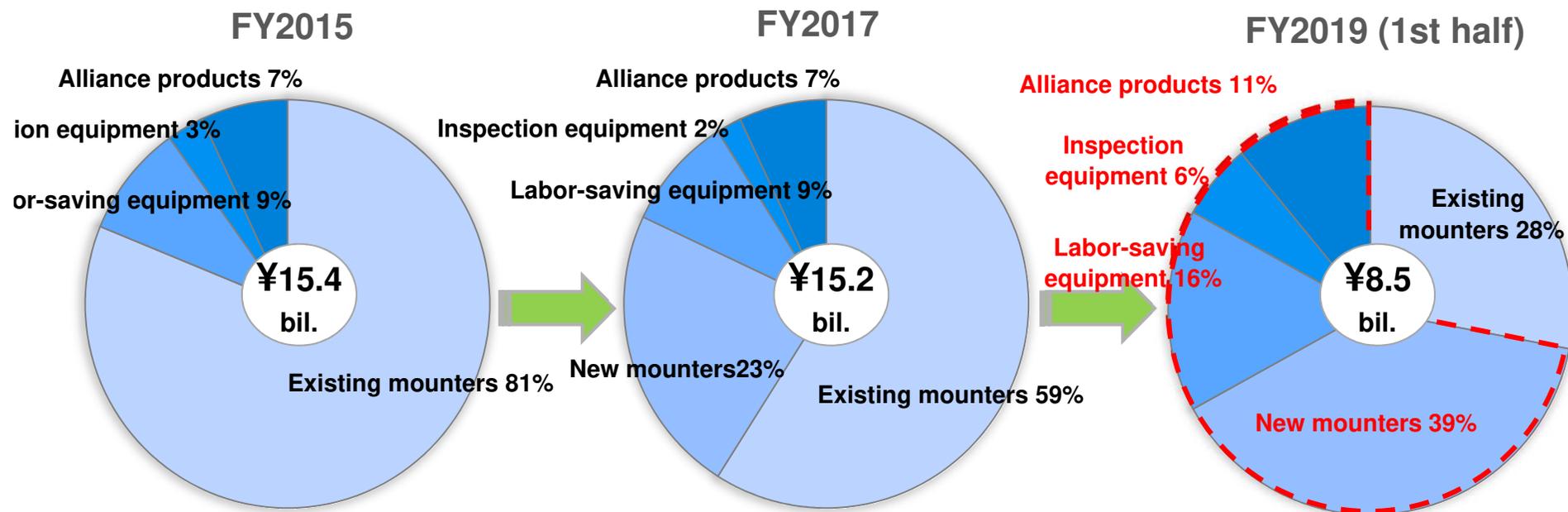
<b>Vision</b>	<p><b>Become an essential business partner for customers through devoting resources to our areas of strength and by proposing and providing automation and labor-saving solutions</b></p> <ul style="list-style-type: none"> <li>- Expand sales of JM + robot, and automated warehousing and peripheral equipment</li> </ul>
<b>Basic Policy</b>	<p><b><u>Expand business base by increasing solution sales in the non-mounter segment</u> and line solution sales in the mounter segment</b></p>
<b>Key Initiatives</b>	<ul style="list-style-type: none"> <li>- Promote customer segment-specific sales strategy and product strategy</li> <li>- Expand sales and improve gross margin by launching new products</li> <li>- Expand sales of labor-saving equipment, automated warehousing, and alliance products through solution sales activities</li> </ul>



## 2-2-3-2 Changes in Composition of Net Sales Resulting from Business Domain Expansion (Electronic Assembly Systems)

**Electronic Assembly Systems: Make transition from existing mounters to new versions and advance expansion of non-SMT business domain**

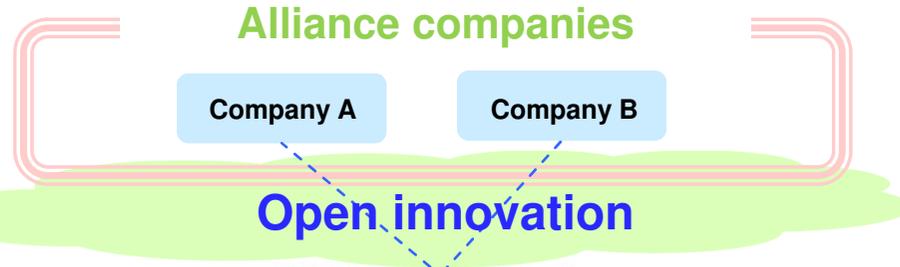
- **Achieve product differentiation by combining TAKUMI head and high-speed rotary head for the new mounter (RS-1)**
- **Combine labor-saving equipment, inspection equipment, and alliance products in order to promote solution sales**



Notes:

1. Values in the graph for both actual and plan are based on internal projected foreign exchange rates.
2. Parts and services are not included.

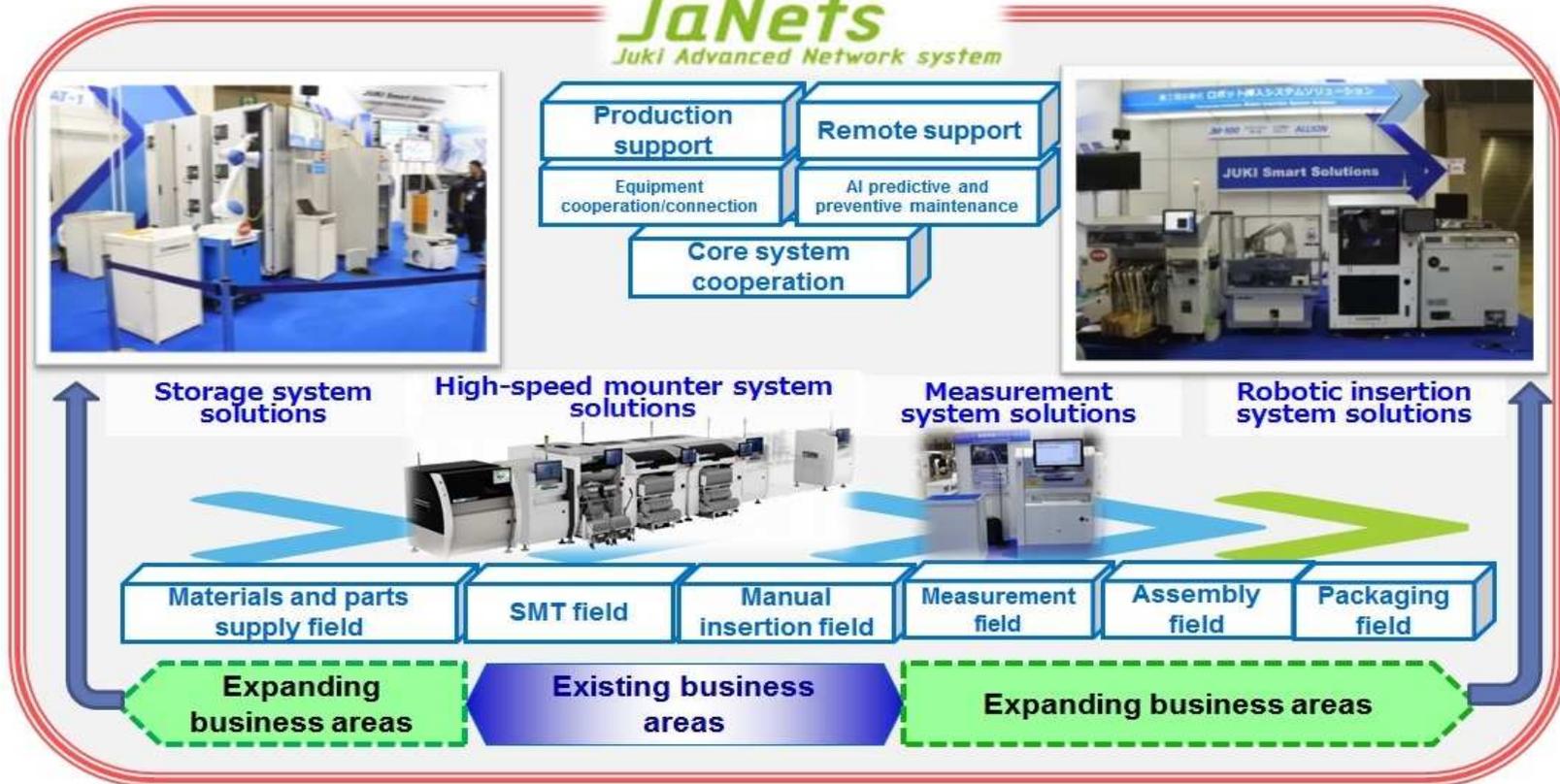
# JUKI Smart Solutions



実装統合システムソフトウェア

JaNets

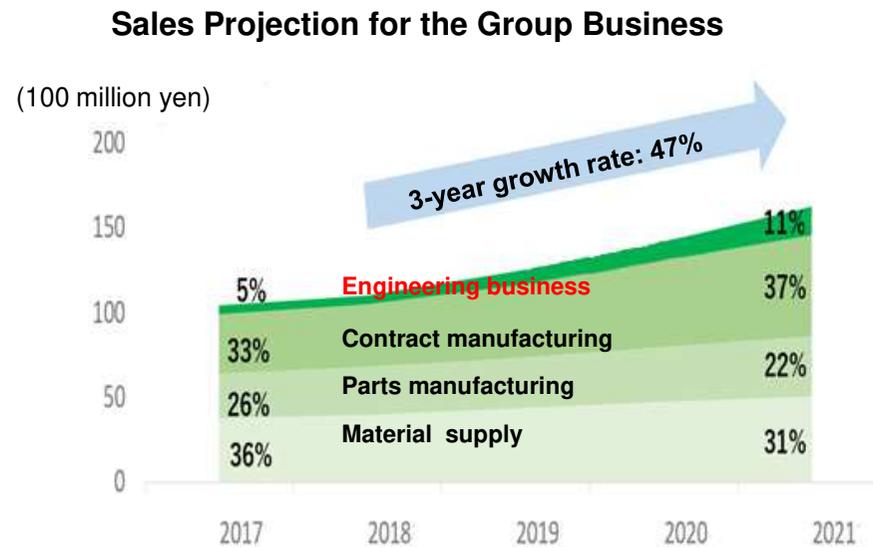
Juki Advanced Network system



# 2-2-4-1 Key Initiatives for FY2019: Industrial Equipment & Systems Business (Group Business)



<b>Vision</b>	Grow into JUKI's third pillar business leveraging JUKI Group management resources (including manufacturing technologies)
<b>Basic Policy</b>	<p>Increase sales to create the third pillar business <b>by acquiring new customers and expanding scope of business with important business customers</b></p> <p>- Achieve sales target of 16.0 billion yen in 2021</p>
<b>Key Initiatives</b>	<ul style="list-style-type: none"> <li>• Increase sales by expanding scope of business with important business customers</li> <li>• Utilize JUKI and its Group companies' technologies to promote support services for the manufacturing of customers' products and plant facilities</li> </ul>



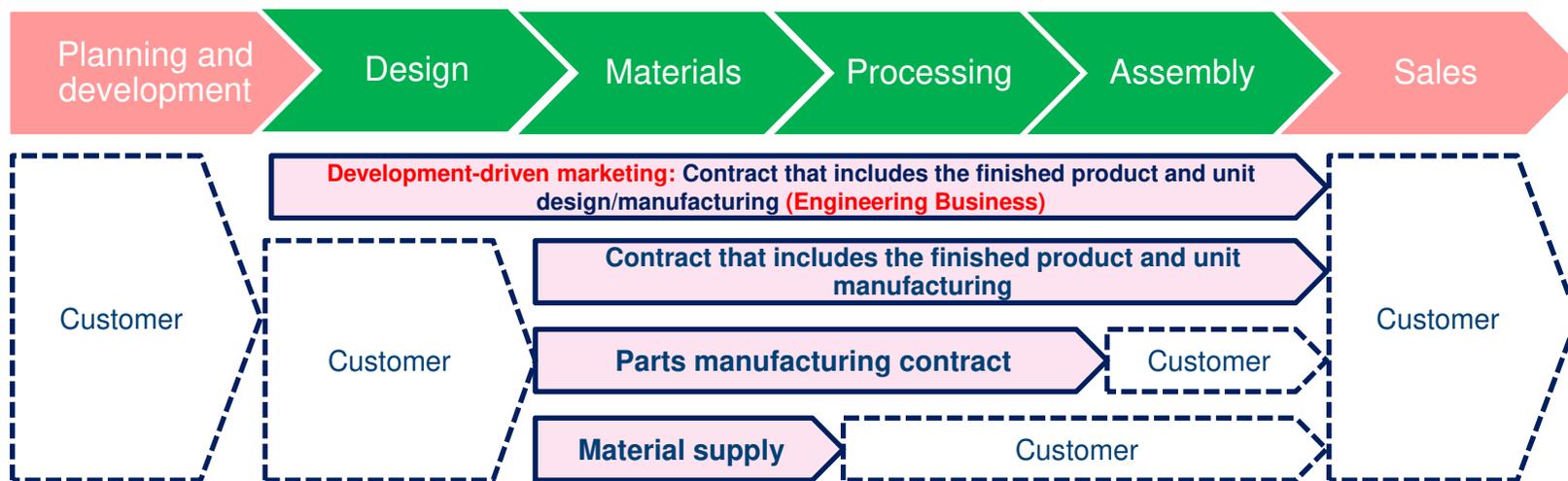
Note: Values in the graph for both actual and plan are based on internal projected foreign exchange rates.

# JUKI Contract Business Model

Use of accumulated leverage of JUKI's manufacturing capabilities and global network, utilizing the Group's manufacturing companies (7 companies in Japan, 1 company overseas) and alliance companies



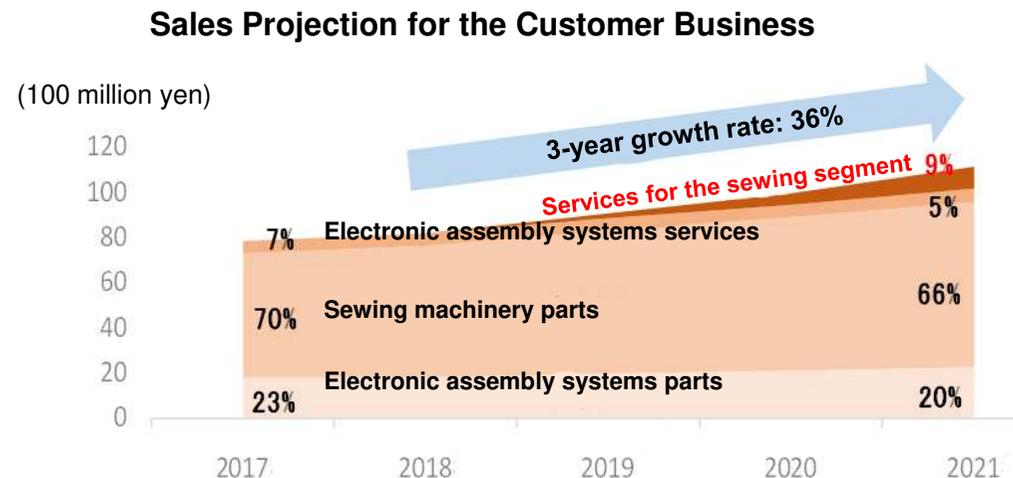
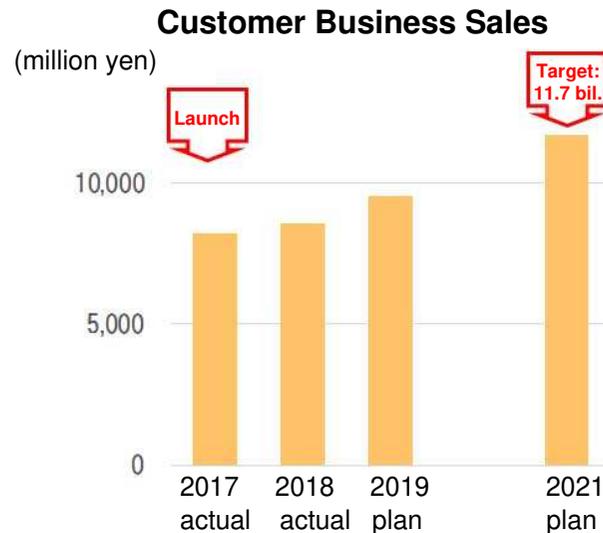
- ★ For needs of external customers,
- ★ by expanding contract range through Group's collaboration,
- ★ support the manufacturing of customers' products and customers' production facilities



# 2-2-5-1 Key Initiatives for FY2019: Industrial Equipment & Systems Business (Customer Business)



Vision	JUKI's parts can be received the day after they're ordered
Basic Policy	Expand parts business and services for the sewing segment, utilizing <b><u>system support/remote maintenance/diagnostic monitoring of production facilities</u></b>
Key Initiatives	<ul style="list-style-type: none"> <li>• Introduce more new parts/devices</li> <li>• Establish a service business in the sewing segment, utilizing diagnosis of production facilities</li> <li>• Continue to expand market and product portfolio, and improve sales systems (logistics)</li> <li>• Rebuild the pre-owned products business</li> </ul>



Note: Values in the graph for both actual and plan are based on internal projected foreign exchange rates.

# 2-2-5-2 Key Initiatives for FY2019: Industrial Equipment & Systems Business (Customer Business)



## EXPAND PARTS/SERVICE BUSINESS



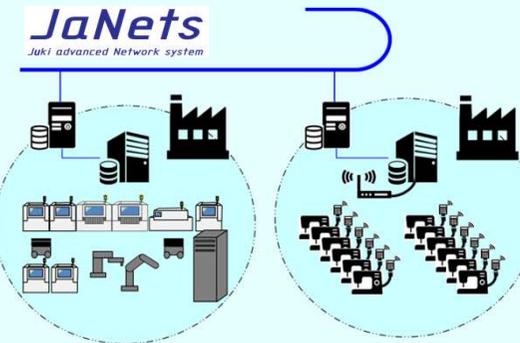
- Sewing machinery:  
Conduct machinery diagnoses based on maintenance records
- Electronic assembly systems:  
Rebuild the pre-owned products business



## EXPAND AFTER SALES SERVICE BUSINESS IN INTRODUCING SMART LINES



Technical support  
Remote Maintenance



Support for Smart Solution



Parts supply system  
Parts center/sales company's warehouse

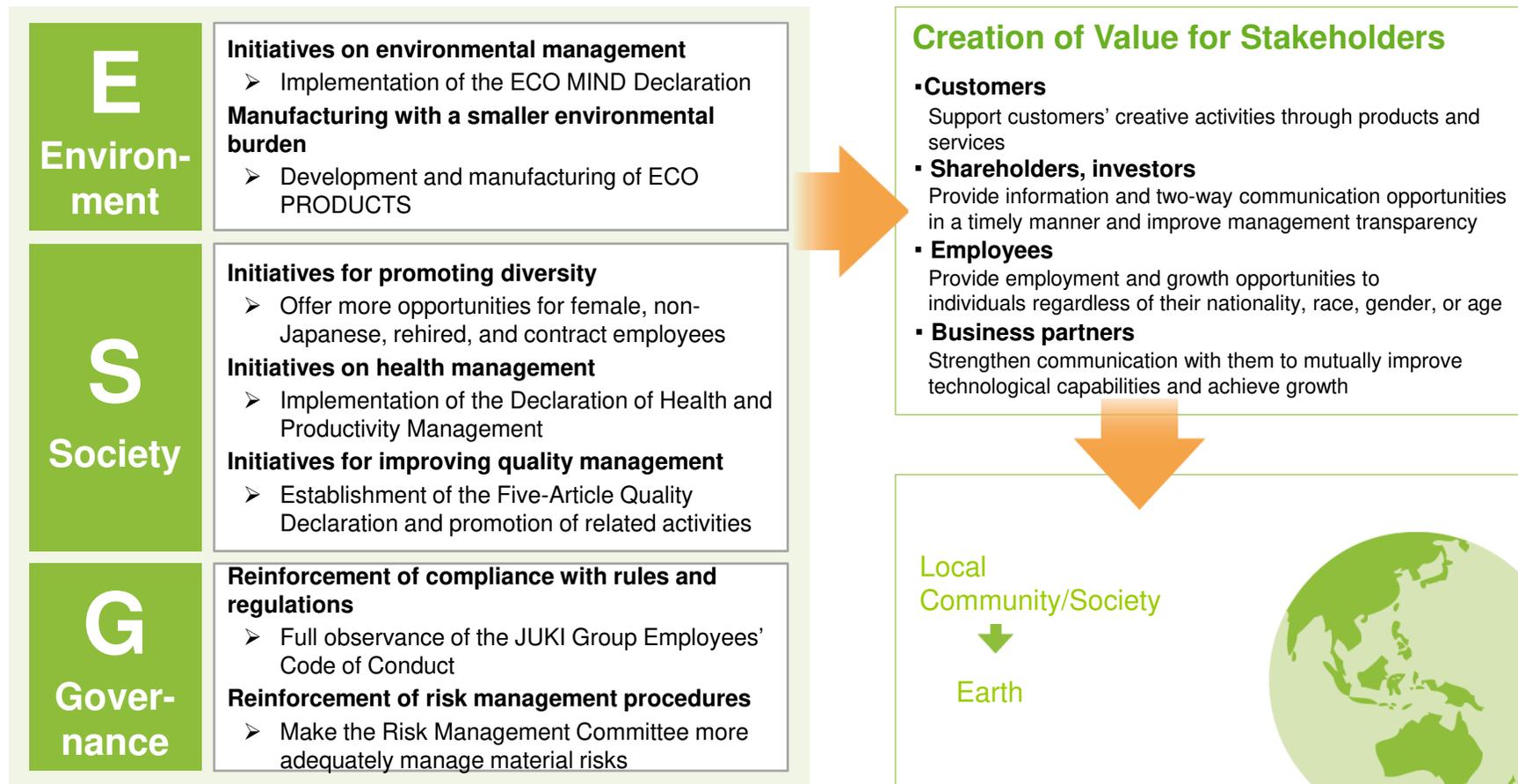


Network system to share and disseminate information

## PROVIDE LOGISTICAL SUPPORT FOR ACTIVITIES

## 2-3-1 Corporate Initiatives for Improving the Environment, Society, and Governance (ESG Initiatives)

Strive to be a company which continues to provide value to society, by promoting initiatives on environmental issues, contributing to local communities, improving corporate governance, and meeting other ESG challenges



# 2-3-2 Corporate Initiatives for Improving the Environment, Society, and Governance (ESG Initiatives) : Main Initiatives



Test the volume of noise and vibration level of industrial sewing machine



Achieve more efficient production using automated guided vehicle systems in between production procedures



Provide maintenance service for electronic assembly systems at customer sites

**Development/ Design**

Develop and design products that are people- and eco-friendly (energy-saving, low-noise, low-vibration, reduced heat generation, etc.). Conduct research on optimal sewing line layout and improve materials for products.

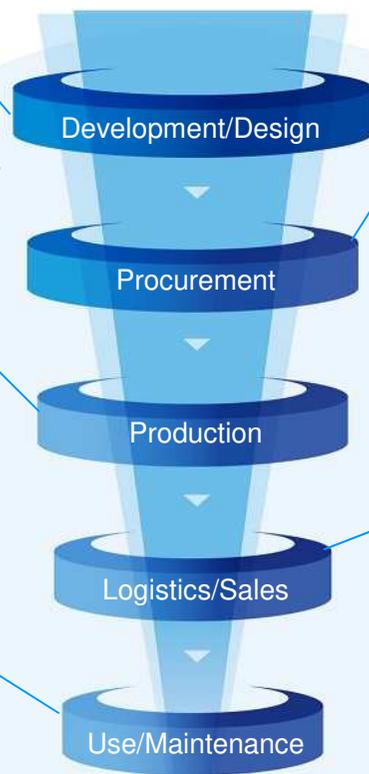
**Production**

Improve production efficiency, reduce costs, implement 5S's, and achieve reduction of CO<sub>2</sub> and waste emissions. Quantify energy use and achieve energy savings, utilizing more inverters.

**Use/ Maintenance**

Improve the service and maintenance system to respond thoroughly to inquiries and requests from customers.

JUKI's *Monodzukuri* (Manufacturing)



**Procurement**

Promote green (eco-friendly) procurement and actually procure parts, etc. in compliance with JUKI Group Green Guidelines

**Logistics/ Sales**

Reduce CO<sub>2</sub> emissions by promoting a modal shift to railway transport and joint-logistics system with other companies.



Provide testing for harmful substances using X-ray fluorescent (XRF) analyzers



Reduce CO<sub>2</sub> emissions by making a modal shift to railway transport



**People-friendliness**

- Energy-savings
- Good operability, maintainability



**Environmental-friendliness**

- Reduction of environmental footprint

**Value generated**

## ECO PRODUCTS

Evaluation of eco-friendliness based on assessment of 38 criteria is conducted at a product's development stage, and only products meeting these stringent benchmarks are labeled as "JUKI ECO PRODUCTS."



### Industrial Sewing Machines



Reduction of vibration and noise  
(reducing operator stress)

#### MS-1261A/DWS

High-speed, 3-needle, feed-off-the-arm, double chainstitch sewing system



12.2% reduction in power consumption  
(per basic performance)

#### AMS-221F

Computer-controlled cycle machine with input function



24.7% reduction in power consumption  
(per basic performance)

#### PLC2700V-7 Series

Semi-dry, direct-drive, post-bed, unison-feed, lockstitch sewing system with automatic thread trimmer

### Household Sewing Machines



7% reduction in the number of parts  
(compared to previous models)

#### HZL-NX7

Computer-controlled household sewing machine

### Electronic Assembly Systems



32.5% reduction in power consumption  
(per basic performance)

#### JM-100

Multitask platform



環境に  
Ratio of common to machine-specific parts: 85%

#### RV2-3DH

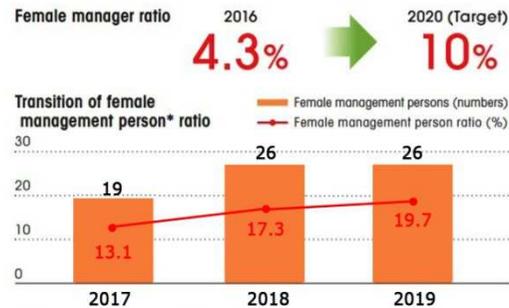
3D PWB visual inspection machine

# 2-3-4 Corporate Initiatives for Improving the Environment, Society and Governance (ESG Initiatives) : Examples of Best Practices



## Initiatives for promoting diversity

JUKI practices “diversity management” and hires people regardless of their gender, age, or nationality, thereby capitalizing on individuals’ diverse strengths. We also accept various work styles as part of that effort. Our approach to diversity promotion has three pillars: “Promote the success of female employees,” “Deploy personnel equipped to work on a global scale,” and “Promote outstanding performance of



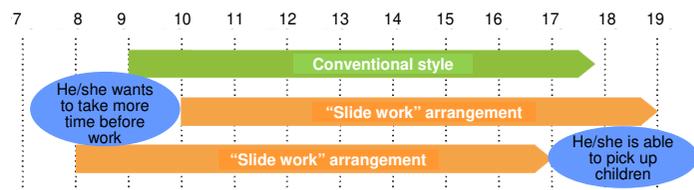
rehired and contract employees,” through which we aim to maximize our organizational performance.

\*Management person: Assistant managers, chiefs, sub-chiefs, supervisors

## Initiatives for new work style

In January 2019, JUKI introduced a staggered work system called “Slide Work” by which employees can set their own starting and ending times each day, as long as they complete the number of scheduled hours per day. This system aims at helping employees achieve good work-life balance, eliminate individual-dependent operations, and reduce overtime.

**Slide Work:** A work system that allows an employee to set his/her personal starting and ending times by submitting an application. **The number of scheduled work hours is fixed (e.g., 7 hours 45 minutes in the case of the Head Office).** In Japan, this system is generally called “staggered work hours” or “Slide Work.”



## Initiatives for improving quality management

At all JUKI business sites, including the Head Office, factories in Japan, and Group companies in Japan and abroad, we strive to reinforce quality assurance, auditing, and operational management systems. We are also committed to further enhancing the management structure of the JUKI Group by taking robust measures such as establishing and implementing the Five-Article Quality Declaration shared by all business sites.

### The Five-Article Quality Declaration

1. We comply with laws, rules, and the commitments we make to our customers when providing our products and services.
2. We give the highest priority to the customer's safety and peace of mind in our work on the quality of our products and services.
3. We rely deeply on the customer's voice to guide our unceasing efforts towards quality improvement.
4. We raise quality based on the Five-Gen principles\* to earn the customer's trust and grow our business.
5. We contribute to the sustainable development of society by improving the quality of our products and services.
6. \*Five-Gen Principles (Five Actuals): *Genba* (work site), *Genbutsu* (goods), and *Genjitsu* (realism) + *Genri* (principles), *Gensoku* (rules).

## Support for the EcoChic Design Award

By providing sewing machines and technical support, JUKI supports the EcoChic Design Award, a sustainable fashion design competition sponsored by Redress, a non-governmental organization in Hong Kong dedicated to waste reduction in the fashion industry.



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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