

(Reference Translation)



August 3, 2021

**Summary of Financial Information and Business Results
for the First Six Months of Fiscal Year 2021 Ending December 31, 2021
on a Consolidated Basis
<under Japanese GAAP>**

Company name: **JUKI Corporation**
Listing: First Section of the Tokyo Stock Exchange
Securities code: 6440
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Scheduled date to file the quarterly securities report: August 4, 2021
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the first six months of fiscal year 2021 ending December 31, 2021 (January 1, 2021 to June 30, 2021)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes)

Six months ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
June 30, 2021	47,098	54.4	1,908	–	1,716	–	1,221	–
June 30, 2020	30,496	(41.2)	(3,468)	–	(3,442)	–	(3,902)	–

Note: Comprehensive income Six months ended June 30, 2021: 2,989 million yen [– %]
Six months ended June 30, 2020: (4,625) million yen [– %]

Six months ended	Basic earnings per share	Diluted earnings per share
	yen	yen
June 30, 2021	41.70	–
June 30, 2020	(133.21)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	million yen	million yen	%
June 30, 2021	118,503	33,771	28.2
December 31, 2020	110,230	31,368	28.2

Reference: Equity As of June 30, 2021: 33,413 million yen

As of December 31, 2020: 31,033 million yen

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended December 31, 2020	–	0.00	–	20.00	20.00
Fiscal year ending December 31, 2021	–	0.00			
Fiscal year ending December 31, 2021 (Forecast)			–	25.00	25.00

Note: Revisions to the dividend forecasts most recently announced: None

3. Consolidated earnings forecasts for the fiscal year 2021 ending December 31, 2021 (January 1, 2021 to December 31, 2021)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Fiscal year ending December 31, 2021	100,000	42.0	3,100	–	2,800	–	2,000	–	68.27

Note: Revisions to the consolidated earnings forecasts most recently announced: None

* Notes

- (1) Changes in significant subsidiaries during the six months under review (changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) Application of special accounting for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
 - a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement of prior period financial statements after error corrections: None

(4) Number of issued shares (common shares)

- a. Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2021	29,874,179 shares
As of December 31, 2020	29,874,179 shares

- b. Number of treasury shares at the end of the period

As of June 30, 2021	579,129 shares
As of December 31, 2020	578,890 shares

- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2021	29,295,198 shares
Six months ended June 30, 2020	29,295,356 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Disclaimer regarding forward-looking statements

Forward-looking statements concerning future plans and strategies contained in this report are based on information currently available to JUKI and on certain assumptions deemed to be reasonable. Actual business results and other results may differ materially from the forward-looking statements due to various factors. Significant factors that may have an impact on actual results include, but not limited to, the economic environment surrounding JUKI's business, political situations in key markets, and foreign exchange rate fluctuations.

[Attached Material]

Index

1. Qualitative information regarding consolidated performance for the first six months.....	2
(1) Explanation regarding operating results	2
(2) Explanation regarding financial position	3
(3) Explanation regarding forward-looking statements such as consolidated earnings forecasts.....	3
2. Quarterly consolidated financial statements and significant notes thereto.....	4
(1) Consolidated balance sheet	4
(2) Consolidated statement of income and consolidated statement of comprehensive income.....	6
(3) Consolidated statement of cash flows.....	8
(4) Notes to quarterly consolidated financial statements.....	9
(Notes to premise of going concern).....	9
(Notes to significant changes in the amount of shareholders' equity)	9
(Application of special accounting for preparing quarterly consolidated financial statements).....	9
(Additional information).....	9
(Segment information, etc.)	9

1. Qualitative information regarding consolidated performance for the first six months

(1) Explanation regarding operating results

During the six months ended June 30, 2021, although the effects of the spread of the novel coronavirus disease (COVID-19) continued in emerging countries including those in Asia and Central and South America, the global economy has entered a phase of recovery, with growth in the Chinese economy, which was the first to recover, and economic recovery in developed countries where vaccine rollouts have progressed, such as those in Europe and North America.

In the business environment surrounding the Company, while certain countries and regions are still being affected by the spread of COVID-19, recovery in demand for capital investment progressed due to the rise in capacity utilization rates at the sewing factories that make up our customers and the increase in semiconductor-related demand, which has been driven by 5G, etc. In addition, there began to be signs leading to business chances for the Company such as responding to customers' supply chain fragmentation (decentralization of production areas), leading results to improve greatly year on year.

Furthermore, amid the acceleration in the technological revolution in the form of AI/IoT/5G, etc., the response to the new-normal environment including changes in markets and customers, and the demand for stronger "sustainable development goal (SDGs)" initiatives, the Company revised the Medium-Term Management Plan Phase II, which runs from 2020 to 2022, and is working to make a qualitative change and return to a trajectory of growth by vigorously promoting our added-value structural reforms and our cost structural reforms, as well as reforms in our business strategy and structural strategy through our "6 Reforms (6 X)."

*6 Reforms = (i) Developing markets and customers with potential for growth, (ii) Expanding business areas for increasing profitability, (iii) Realizing management "aimed at the sustainable development goals (SDGs)", (iv) Expanding innovative technical areas using cutting-edge technology, (v) Constructing a production organization and administrative (indirect) work organization centered on the management 5Ss (Simple, Slim, Speedy, Seamless and Smart) and (vi) Strengthening equity and improve asset efficiency through the enhancement of financial strength.

In the six months ended June 30, 2021, given the above revitalization of economic environment, the development of company-wide sales activities such as capturing demand during market recoveries in each business led to net sales of 47,098 million yen (up by 54.4% year-on-year).

In terms of profits, in addition to increased sales and a rise in capacity utilization rates at factories, by continuously working to cut fixed costs controlled by our cost structural reforms, operating profit stood at 1,908 million yen (compared to an operating loss of 3,468 million yen for the previous fiscal year), ordinary profit stood at 1,716 million yen (compared to an ordinary loss of 3,442 million yen for the previous fiscal year), and profit attributable to owners of parent stood at 1,221 million yen (compared to loss attributable to owners of parent of 3,902 million yen for the previous fiscal year).

In the third quarter onward, while COVID-19 may continue to spread in certain countries and regions, we will work to increase sales and profits through a strong expansion in demand for semiconductors driven by 5G, etc., and robots, etc., the revitalization of the economy in each country, and steady sales efforts that capture the growth in emerging country markets, etc., while continuing cost structural reforms.

(Business overview by primary segment)

a. Sewing Machinery and Systems Business

Sales of industrial sewing machines grew in major markets with improved capacity utilization rates at sewing factories due to a revitalization of activity in the European, North American, Chinese and other markets. Sales of household sewing machines rose in European and North American markets due to the increase in demand since the beginning of the year, which has been generated by people staying at home following the spread of COVID-19. As a result, net sales for the Sewing Machinery and Systems Business as a whole were 29,005 million yen (up by 57.3% from the same period of the previous fiscal year). In terms of profits, increased sales, the rise in capacity utilization rates at factories, and continued cost cutting led to segment profit (ordinary profit) of 1,028 million yen (compared to segment loss of 1,801 million yen for the previous fiscal year).

In the third quarter onward, amid a real recovery in demand for industrial sewing machines, we will work to capture demand recovery in emerging countries and to expand business areas with high added value such as smart solutions proposals.

b. Industrial Equipment and Systems Business

With respect to the Electric Assembly Systems Businesses, in which there were effects on shipping caused by difficulties in procuring some electronic parts, by capturing capital investment demand in relation to 5G, etc., primarily in China and other countries and strategically expanding sales of mostly high-speed machines, sales recovered, rising 90.8% year-on-year. Moreover, sales took an upward turn in Group Businesses such as contract manufacturing, mainly in Japan. As a result, net sales for the Industrial Equipment and Systems Business as a whole rose by 50.6% year-on-year to 17,979 million yen. In terms of profits, increased sales, the rise in capacity utilization rates at factories, and continued cost cutting led to segment profit (ordinary profit) of 1,131 million yen (compared to segment loss of 615 million yen for the previous fiscal year).

In the third quarter onward, while strengthening initiatives to capture high-speed machine demand through the introduction of a new type of mounter to the market and through line proposals, we will work to increase sales and profit by more strongly promoting the expansion of business areas with high added value such as the non-SMT field.

(2) Explanation regarding financial position

Assets, liabilities and net assets

Total assets as of June 30, 2021 were 118,503 million yen, an increase of 8,273 million yen compared to the previous fiscal year-end. This was mainly due to increases in accounts receivable - trade and inventories. Liabilities were 84,732 million yen, an increase of 5,870 million yen compared to the previous fiscal year-end. This mainly reflected an increase in accounts payable - trade. Net assets were 33,771 million yen, an increase of 2,402 million yen compared to the previous fiscal year-end. This was mainly due to an increase in retained earnings and a lower negative value in foreign currency translation adjustment.

(3) Explanation regarding forward-looking statements such as consolidated earnings forecasts

The Company has not changed the consolidated earnings forecasts for the fiscal year ending December 31, 2021, from the previously announced figures (announced on February 12, 2021) as there is much uncertainty surrounding the business environment of the emerging countries, considering the lockdowns being carried out in Asia's emerging countries, despite the steady recovery from the impact of COVID-19 in Europe, North America, and China. The Company plans to closely examine the situation going forward, giving consideration to the impact on the Company's business results, etc.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(million yen)

	As of December 31, 2020	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	13,831	11,134
Notes and accounts receivable - trade	23,326	27,926
Inventories	36,709	42,391
Other	2,653	2,940
Allowance for doubtful accounts	(530)	(403)
Total current assets	75,990	83,989
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,213	10,970
Land	6,322	6,322
Other, net	5,948	5,718
Total property, plant and equipment	23,484	23,011
Intangible assets	1,922	1,943
Investments and other assets		
Other	10,172	10,812
Allowance for doubtful accounts	(1,338)	(1,252)
Total investments and other assets	8,833	9,559
Total non-current assets	34,240	34,514
Total assets	110,230	118,503
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,124	10,373
Electronically recorded obligations - operating	3,004	5,165
Short-term borrowings	34,053	34,307
Income taxes payable	337	584
Provision for bonuses	29	33
Other	5,403	6,846
Total current liabilities	49,952	57,311
Non-current liabilities		
Long-term borrowings	21,989	20,666
Provision for retirement benefits for directors (and other officers)	63	25
Retirement benefit liability	5,253	5,289
Other	1,603	1,439
Total non-current liabilities	28,909	27,421
Total liabilities	78,861	84,732

(million yen)

	As of December 31, 2020	As of June 30, 2021
Net assets		
Shareholders' equity		
Share capital	18,044	18,044
Capital surplus	1,990	1,990
Retained earnings	15,073	15,709
Treasury shares	(607)	(607)
Total shareholders' equity	34,501	35,137
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	478	602
Foreign currency translation adjustment	(4,063)	(2,438)
Remeasurements of defined benefit plans	116	111
Total accumulated other comprehensive income	(3,468)	(1,724)
Non-controlling interests	335	358
Total net assets	31,368	33,771
Total liabilities and net assets	110,230	118,503

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income (cumulative)

(million yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Net sales	30,496	47,098
Cost of sales	23,750	34,237
Gross profit	6,745	12,860
Selling, general and administrative expenses	10,214	10,951
Operating profit (loss)	(3,468)	1,908
Non-operating income		
Interest income	28	24
Dividend income	89	91
Reversal of allowance for doubtful accounts	21	22
Subsidy income	544	175
Other	188	320
Total non-operating income	873	633
Non-operating expenses		
Interest expenses	395	317
Foreign exchange losses	383	417
Other	67	90
Total non-operating expenses	847	826
Ordinary profit (loss)	(3,442)	1,716
Extraordinary income		
Gain on sales of non-current assets	30	5
Total extraordinary income	30	5
Extraordinary losses		
Loss on sales and retirement of non-current assets	26	12
Loss on valuation of investment securities	112	–
Extra retirement payments	83	–
Total extraordinary losses	223	12
Profit (loss) before income taxes	(3,635)	1,708
Income taxes	307	464
Profit (loss)	(3,942)	1,244
Profit (loss) attributable to non-controlling interests	(40)	22
Profit (loss) attributable to owners of parent	(3,902)	1,221

Consolidated statement of comprehensive income (cumulative)

(million yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Profit (loss)	(3,942)	1,244
Other comprehensive income		
Valuation difference on available-for-sale securities	(25)	123
Foreign currency translation adjustment	(645)	1,625
Remeasurements of defined benefit plans, net of tax	(11)	(4)
Total other comprehensive income	(682)	1,744
Comprehensive income	(4,625)	2,989
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(4,576)	2,966
Comprehensive income attributable to non-controlling interests	(49)	22

(3) Consolidated statement of cash flows

(million yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	(3,635)	1,708
Depreciation	1,579	1,460
Increase (decrease) in allowance for doubtful accounts	114	(240)
Increase (decrease) in retirement benefit liability	45	54
Decrease (increase) in retirement benefit asset	(75)	(78)
Increase (decrease) in provision for bonuses	10	2
Interest and dividend income	(118)	(115)
Interest expenses	395	317
Foreign exchange losses (gains)	26	(22)
Loss (gain) on sales and retirement of property, plant and equipment and intangible assets	(3)	7
Decrease (increase) in trade receivables	8,724	(3,473)
Decrease (increase) in inventories	(384)	(4,083)
Increase (decrease) in trade payables	(2,686)	5,072
Increase (decrease) in notes discounted	(12)	0
Other, net	(1,241)	(122)
Subtotal	2,737	486
Interest and dividends received	118	115
Interest paid	(379)	(320)
Income taxes (paid) refund	(174)	(475)
Net cash provided by (used in) operating activities	2,301	(193)
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(1,691)	(451)
Proceeds from sales of property, plant and equipment and intangible assets	173	19
Other, net	(245)	(66)
Net cash provided by (used in) investing activities	(1,763)	(499)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	16,428	(831)
Proceeds from long-term borrowings	13,924	3,840
Repayments of long-term borrowings	(4,434)	(4,654)
Purchase of treasury shares	(0)	(0)
Dividends paid	(729)	(583)
Other, net	(357)	(306)
Net cash provided by (used in) financing activities	24,831	(2,536)
Effect of exchange rate change on cash and cash equivalents	(154)	481
Net increase (decrease) in cash and cash equivalents	25,215	(2,747)
Cash and cash equivalents at beginning of period	5,976	13,820
Cash and cash equivalents at end of period	31,192	11,073

**(4) Notes to quarterly consolidated financial statements
(Notes to premise of going concern)**

No items to report.

(Notes to significant changes in the amount of shareholders' equity)

No items to report.

(Application of special accounting for preparing quarterly consolidated financial statements)

Calculation of taxes

Taxes are calculated by reasonably estimating the effective tax rate after application of tax effect accounting to profit before income taxes for the fiscal year, and multiplying the quarterly profit before income taxes by such estimated effective tax rate.

It should be noted that income taxes-deferred are included in income taxes.

(Additional information)

(Accounting estimates following the spread of COVID-19)

With regard to the effects of the spread of COVID-19, it is currently difficult to estimate these impacts, but based on external information we assume that the effects of the spread of COVID-19 will continue for the certain period of the fiscal year ending December 31, 2021, on which basis we have created accounting estimates related to such matters as judgments on impairment losses for non-current assets, and the recoverability of deferred tax assets.

However, this assumption is highly uncertain, and future results may differ from these estimates and assumptions.

(Segment information, etc.)

1. Information regarding the amounts of net sales and profit/loss by reportable segment

Six months ended June 30, 2020 (January 1, 2020 to June 30, 2020) (million yen)

	Reportable segment			Other Businesses (Note 1)	Total	Adjustments (Note 2)	Amount recorded in the quarterly consolidated statement of income (Note 3)
	Sewing Machinery and Systems Business	Industrial Equipment and Systems Business	Total				
Net sales							
To external customers	18,442	11,940	30,383	113	30,496	–	30,496
Inter-segment sales or transfers	409	31	440	199	640	(640)	–
Total	18,852	11,971	30,823	313	31,136	(640)	30,496
Segment profit (loss)	(1,801)	(615)	(2,417)	41	(2,375)	(1,066)	(3,442)

(Notes) 1. The “Other Businesses” category refers to business segments not included in reportable segments under which businesses such as the building management business are classified.

2. Included in the 1,066 million yen deducted from segment profit (loss) as adjustment are a deduction of 58 million yen in inter-segment eliminations and a deduction of 1,125 million yen in corporate loss that cannot be allocated to any reportable segment. The corporate loss mainly consists of costs related to the administrative functions of the Company that have not been attributed to any reportable segment and foreign exchange losses that have not been attributed to any reportable segment.

3. Segment profit (loss) is adjusted with ordinary loss in the quarterly consolidated statement of income.

Six months ended June 30, 2021 (January 1, 2021 to June 30, 2021)

(million yen)

	Reportable segment			Other Businesses (Note 1)	Total	Adjustments (Note 2)	Amount recorded in the quarterly consolidated statement of income (Note 3)
	Sewing Machinery and Systems Business	Industrial Equipment and Systems Business	Total				
Net sales							
To external customers	29,005	17,979	46,984	113	47,098	–	47,098
Inter-segment sales or transfers	363	62	426	210	637	(637)	–
Total	29,369	18,042	47,411	324	47,735	(637)	47,098
Segment profit	1,028	1,131	2,159	37	2,197	(481)	1,716

(Notes) 1. The “Other Businesses” category refers to business segments not included in reportable segments under which businesses such as the building management business are classified.

2. Included in the 481 million yen deducted from segment profit as adjustment are a deduction of 0 million yen in inter-segment eliminations and a deduction of 481 million yen in corporate loss that cannot be allocated to any reportable segment. The corporate loss mainly consists of costs related to the administrative functions of the Company that have not been attributed to any reportable segment and foreign exchange losses that have not been attributed to any reportable segment.

3. Segment profit is adjusted with ordinary profit in the quarterly consolidated statement of income.

2. Information regarding impairment loss of non-current assets and goodwill by reportable segment

No items to report.