

To Our Shareholders



Business Report for the 107th Business Term

(From January 1, 2021 through December 31, 2021)

JUKI CORPORATION

Securities code: 6440

Business Performance Highlight

Overview of Business Performance

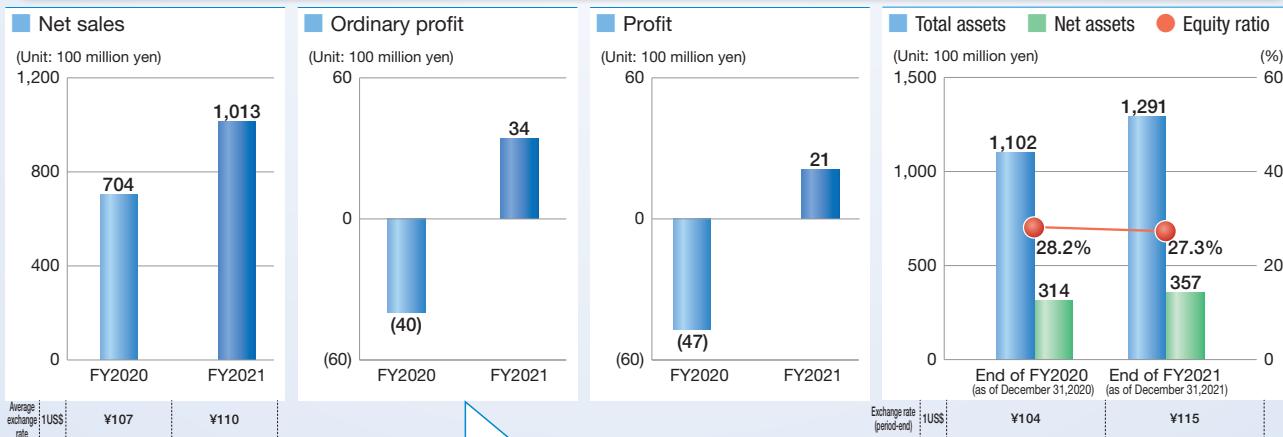
In terms of sales, the Company engaged in company-wide sales activities such as capturing demand during market recoveries in each business and expanding its share in growth fields, given the revitalization of the economic environment, however, there were adverse effects that included delays in procuring some parts and logistical postponements. As a result, net sales increased 43.9% from the previous year. In terms of profits, increased sales, a rise in capacity utilization rates at factories, continuously working to cut fixed costs controlled by our cost structural reforms, and a trend of yen depreciation in the foreign exchange market led to an increase in our profit ratio, but the costs of parts and logistics also increased. As a result, profit increased by 7.4 billion yen from the previous year.

Net sales: 101.3 billion yen
(Up by 30.9 billion yen year-on-year)

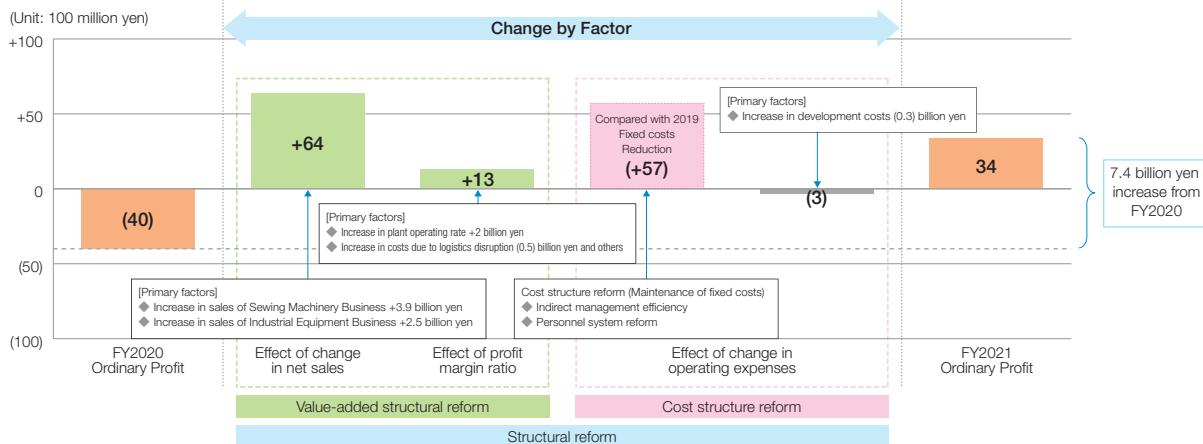
Ordinary profit: 3.4 billion yen
(UP by 7.4 billion yen year-on-year)

Profit: 2.1 billion yen
(Up by 6.8 billion yen year-on-year)

Annual dividend: ¥25 per share
(Ordinary dividend)



FY2021 Factors Leading to an Increase/Decrease in Ordinary Profit



Note: Figures in parentheses () are negative values.

I would like to express my sincere gratitude for your continued patronage and support of the Company.

During the fiscal year ended December 31, 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 revitalization of economic activity 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. However, supply shortages for some parts and logistics disruptions continue mainly for industrial sewing machines.

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)."

In the fiscal year under review, the Company engaged in company-wide sales activities such as capturing demand during market recoveries in each business and expanding its share in growth fields, given the above revitalization of the economic environment, however, there were adverse effects that included delays in procuring some parts and logistical postponements. As a result, net sales were 101,292 million yen (up by 43.9% from the previous fiscal year).

In terms of profits, increased sales, a rise in capacity utilization rates at factories, continuously working to cut fixed costs controlled by our cost structural reforms, and a trend

Representative Director,
President and COO

Shinsuke Uchinashi



of yen depreciation in the foreign exchange market led to an increase in our profit ratio, but the costs of parts and logistics also increased. As a result, operating profit stood at 3,868 million yen (compared to operating loss of 4,469 million yen for the previous fiscal year), ordinary profit stood at 3,439 million yen (compared to ordinary loss of 3,957 million yen for the previous fiscal year), and profit attributable to owners of parent stood at 2,154 million yen (compared to loss attributable to owners of parent of 4,688 million yen for the previous fiscal year).

For distribution of profit, we maintain the basic policy of striving to improve the return of profit to our shareholders based on the stable payment of dividends in comprehensive consideration of factors such as the results of the current fiscal year and the internal reserve provided for capital expenditures and proactive development investment in order to build a stable business base for the future.

Based on this policy, the Company plans to pay a year-end dividend of 25.00 yen per share in the current fiscal year.

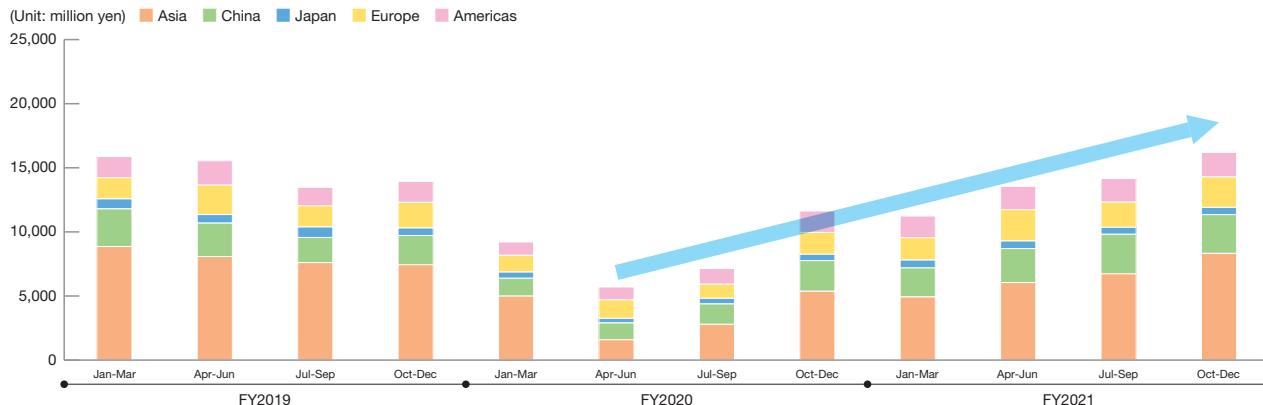
In fiscal year 2022, we will urgently rebuild our supply chain to cope with logistics disruptions, etc. As the final year of Phase II of our medium-term management plan and with an eye to 2025, three years ahead, we aim to achieve continuous business growth, mainly by expanding business domains in priority fields, and to enhance profitability through expansion of high value-added fields. We will continue to promote improvement and aggressively reform our business portfolio.

We would like to ask our shareholders for their further guidance and support.

Sewing Machinery & Systems Business (Industrial Sewing Machines, Household Sewing Machines)

- Sales of industrial sewing machines increased by 64% year-on-year and recovered to a level higher than in 2019 from the third quarter.
- Sales of household sewing machines increased by 51% over 2019, maintaining the level of increase in sales in 2021 due to stay-at-home demand in 2020.

1. Changes in Net Sales of Industrial Sewing Machines by Region



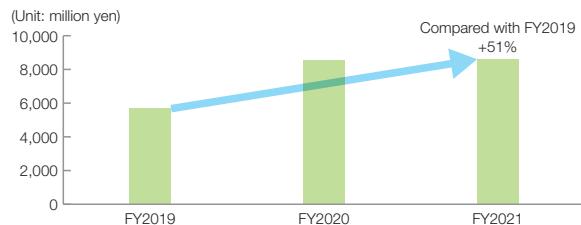
Net Sales of Industrial Sewing Machines: Year-on-Year Comparison

(Unit: 100 million yen)

	FY2020 (Jan- Dec)	FY2021 (Jan- Dec)	Amount of change
Asia	147	260	+113
China	67	110	+43
Asia + China	214	370	+156
Japan	18	23	+5
Europe	56	85	+29
Americas	50	73	+23
Total	337	551	+215

Note: Figures in parentheses () are negative values.

2. Changes in Net Sales of Household Sewing Machines

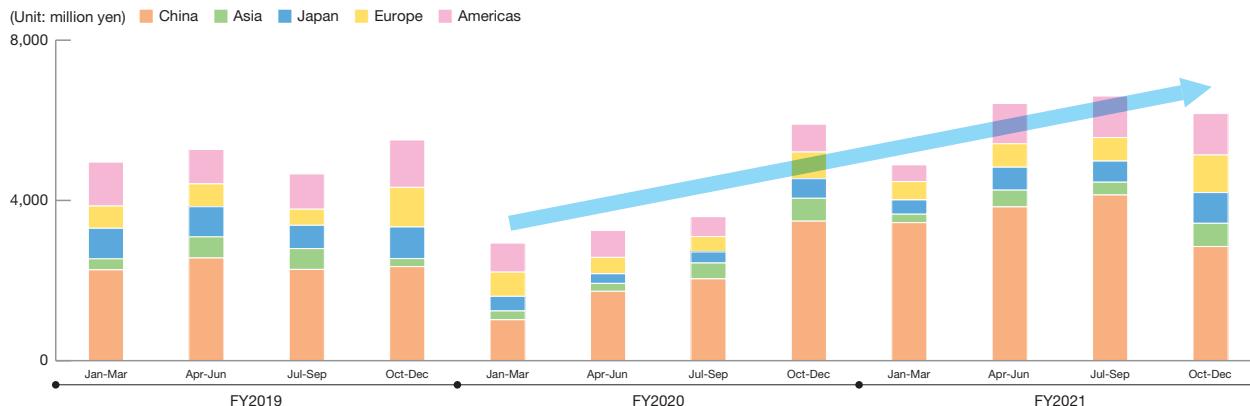


Performance of FY2021 (2)

Industrial Equipment & Systems Business (Electronic Assembly Systems, Group Business, Customer Business)

Sales of Electronic Assembly Systems increased by 54% from the previous year, surpassing the strong performance of 2018.

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

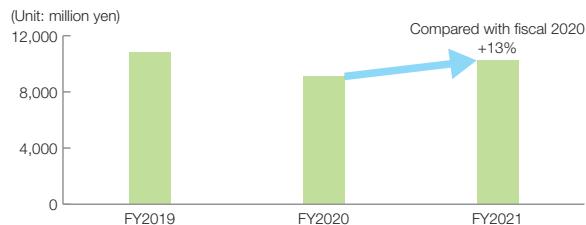


Net Sales of Electronic Assembly Systems: Year-on-Year Comparison (Unit: 100 million yen)

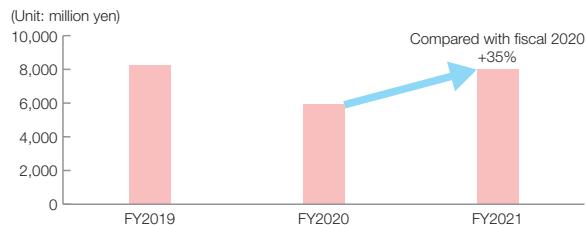
	FY2020 (Jan- Dec)	FY2021 (Jan- Dec)	Amount of change
China	83	143	+60
Asia	14	15	+1
China + Asia	97	158	+61
Japan	14	22	+8
Europe	21	26	+5
Americas	26	35	+9
Total	157	241	+84

Note: Figures in parentheses () are negative values.

2. Group Business: Changes in Net Sales



3. Parts Business: Changes in Net Sales



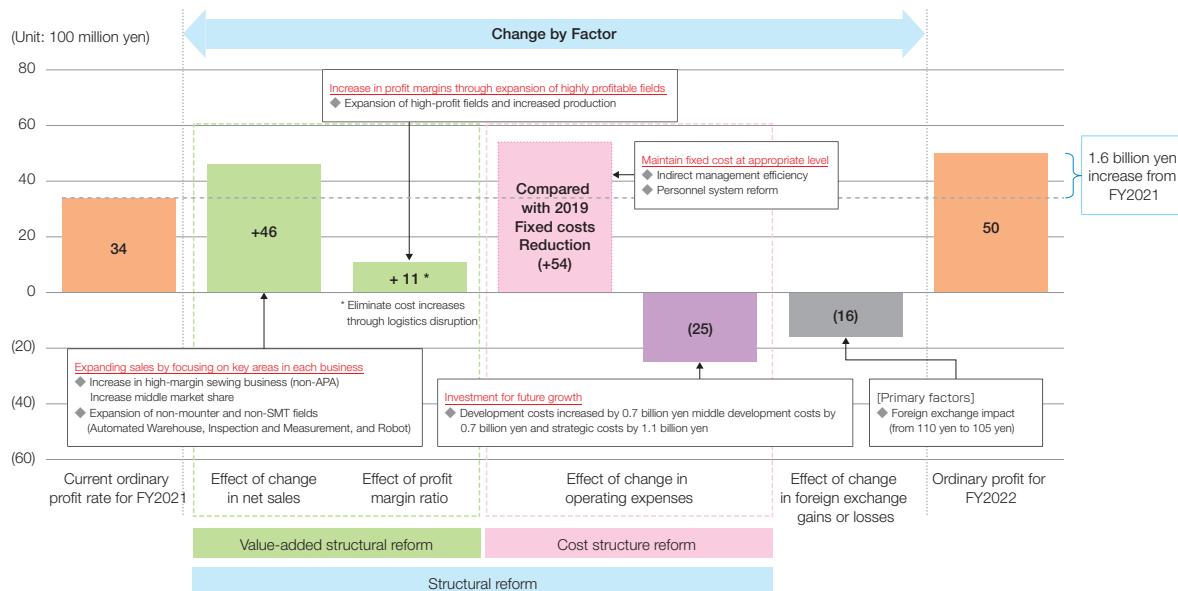
1. FY2022 Full-Year Results Forecasts

(Unit: 100 million yen)

	Full year FY2022(Jan-Dec) Forecast	Full year FY2021(Jan-Dec) Actual	Change from the previous year [Percentage change]
Net Sales	1,160	1,013	+147 [+14.5%]
(Sewing Machinery & Systems)	(732)	(632)	(+100) [+15.8%]
(Industrial Equipment & Machinery Systems)	(424)	(378)	(-46) [+12.2%]
Operating Profit	53	39	+14
Ordinary Profit	50	34	+16
Profit	31	21	+10
Dividend per share	Full year: ¥30	Full year: ¥25	+ ¥5
Exchange rate 1US\$	¥105	¥110	¥(5)

2. FY2022 Factors Leading to an Increase/Decrease in Ordinary Profit

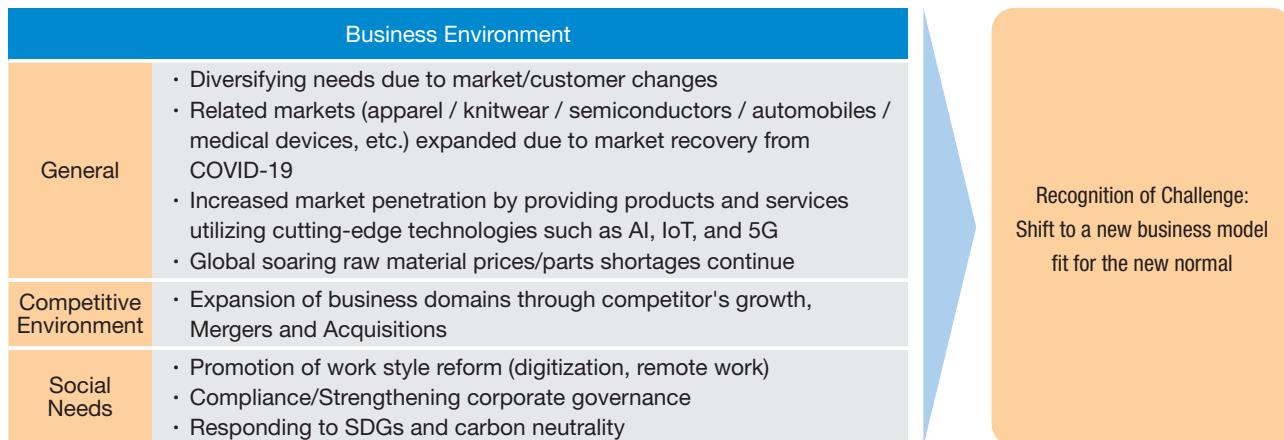
Exchange rate of FY2022 \$1=¥105



Note: Figures in parentheses () are negative values.

1. Business Environment/Recognition of Challenge

In order to continue to be a company that meets the needs of various customers and is needed by society in the midst of a rapidly changing business environment shifting to a new business model for new normal is a challenge.



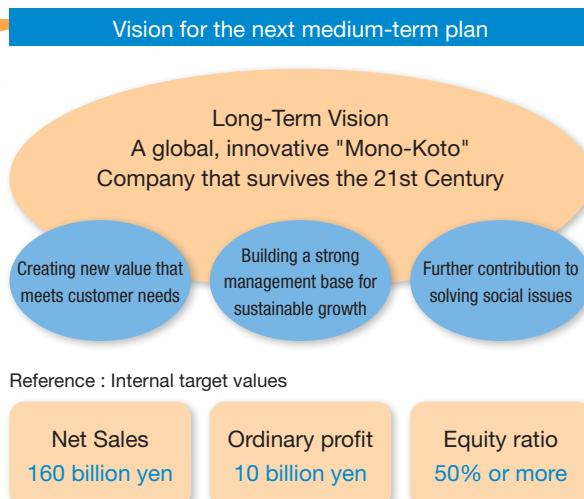
2. Positioning in 2022 (Final Year of Value Up 2022)

2022=The year to build a foundation to bridge the gap between the goals of the next medium-term plan.

- Set target values with a view to 2025, three years from now
- Setting internal targets that clearly define "investment and return" (introduction of ROIC)

Backcasting

2022 = "Final Year of Medium-Term Plan Value Up 2022"	
Vision	<p>A "Mono-Koto" Company where Customers and JUKI is capable of increasing corporate value through products and services ~ Becoming a WinWin Partner for a Smart Factory ~</p>
Management focus	<ol style="list-style-type: none"> Transforming the business portfolio Further expand business domains and build a customer base for the future Strengthening the business foundation supporting growth Investment in equipment, development, and information systems Challenge to realize a sustainable society Initiatives for achieving carbon neutrality/ Initiatives to make the most of the diversity of individual employees



3. Target Value

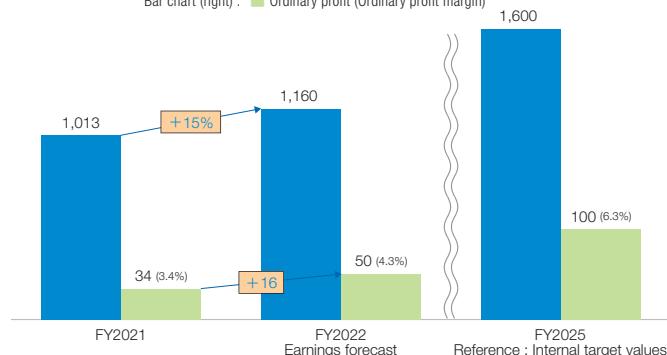
Setting targets to be achieved by 2022, with an eye on the ideal situation three years ahead.

[Sales/Ordinary profit]

* The exchange rate is calculated based on the actual rate in 2021 and 1 dollar = 105 yen after 2022.

Unit : 100 million yen Bar chart (left) : Net sales

Bar chart (right) : Ordinary profit (Ordinary profit margin)



[Major Financial Indices] * Internal targets for fiscal 2025

Capital adequacy ratio		
FY2021 27%	➔	FY2022 38%
		FY2025 50%
Net D/E ratio		
FY2021 1.5	➔	FY2022 0.9
		FY2025 0.3
Interest-bearing debts (net of cash and deposits)		
FY2021 52.4 billion yen	➔	FY2022 36.3 billion yen
		FY2025 30.0 billion yen

4. Priority Policies by Business/Sales Targets

Business (Abbreviation)	Priority policy	Sales target * Internal targets for FY2025		
Industrial sewing machines (ISM)	<ul style="list-style-type: none"> Increase market share in the middle market to build a customer base for the future Build profitable business models by strengthening high-value-added products and proposal-based marketing 	FY2021 55.1 billion yen	➔	FY2022 64.6 billion yen
				FY2025 83.9 billion yen
Home sewing machines (HSM)	<ul style="list-style-type: none"> Strengthen marketing to increase market share after demand for housing Implementation of integrated management by thorough support for the head office that complements the functions of sales companies 	FY2021 8.6 billion yen	➔	FY2022 8.6 billion yen
				FY2025 11.1 billion yen
Industrial equipment (IE)	<ul style="list-style-type: none"> Further expansion of new areas in non-mounter + non-SMT areas Increase market share of high-speed machines by the implementation of new models 	FY2021 22.2 billion yen	➔	FY2022 25.4 billion yen
				FY2025 37.2 billion yen
Groups Business (GB)	<ul style="list-style-type: none"> Strengthen acquisition of core customer projects through expansion of capital investment Expand engineering business by leveraging the strengths of each plant 	FY2021 10.2 billion yen	➔	FY2022 11.4 billion yen
				FY2025 16 billion yen
Customer Business (CBC)	<ul style="list-style-type: none"> Expanding the sewing service business based on the inspection support application Restructure the industrial Equipment service system by expanding remote services 	FY2021 8 billion yen	➔	FY2022 9 billion yen
				FY2025 11.9 billion yen

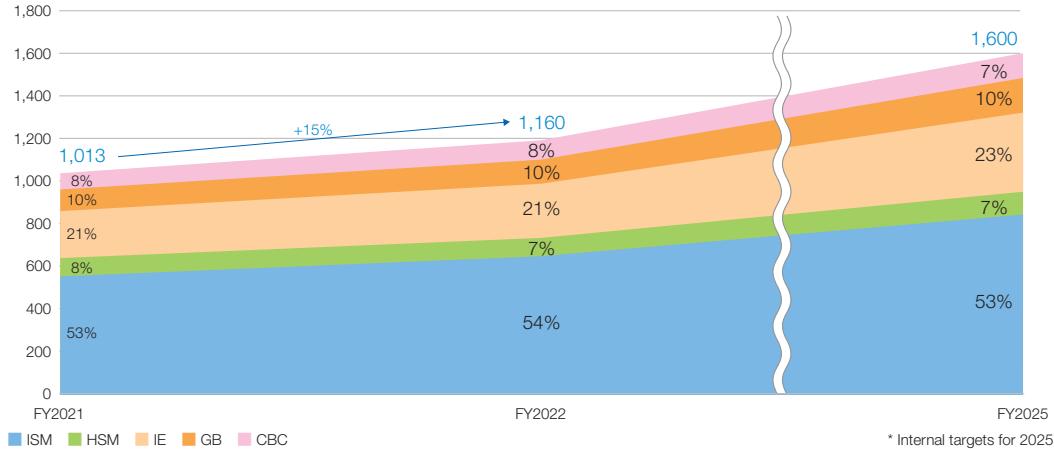
5. Business Portfolio Reform

- Net sales : Aiming to achieve continuous business growth by focusing on expanding business areas in priority areas in each business
- Gross profit : Increase profitability by expanding high-value-added fields such as industrial equipment and customer business

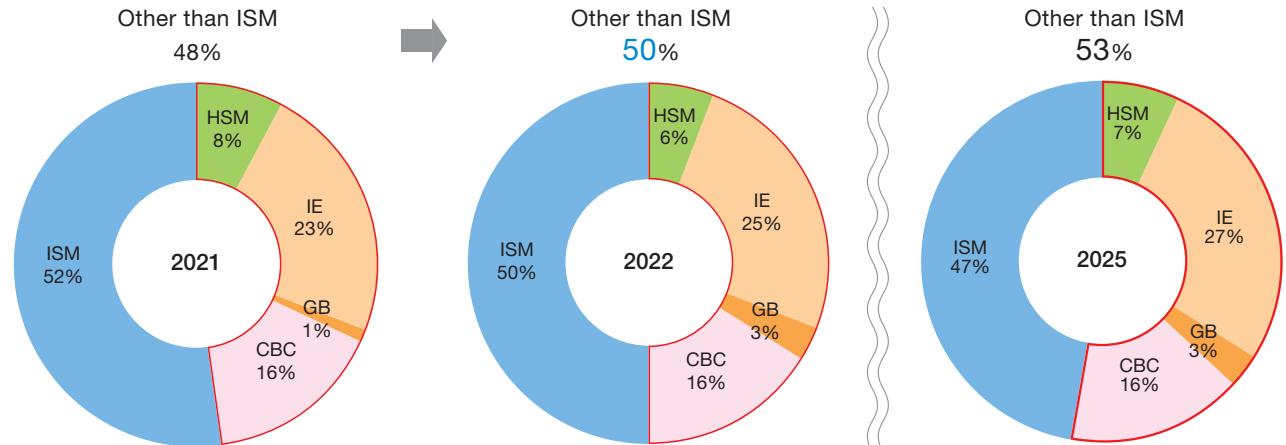
Net sales portfolio

* The exchange rate is calculated based on the actual rate in 2021 and \$ 1 = ¥ 105 after 2022

Unit : 100 million yen



Percentage of gross profit



* ISM=Industrial sewing machines

* Internal targets for 2025

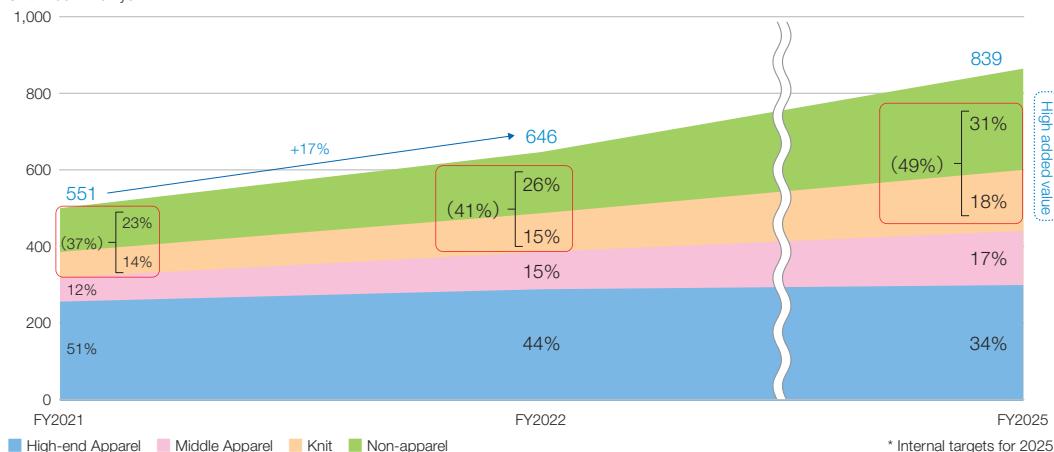
6. Business Portfolio Reform (Industrial Sewing Machines)

- Increase the ratio of non-apparel / knit products in high-value-added areas from 37% in 2021 to 41% in 2022.
- We will build a customer base by expanding our market share in the middle market.

Net sales portfolio

* The exchange rate is calculated based on the actual rate in 2021 and \$ 1 = ¥ 105 after 2022

Unit : 100 million yen



Key Initiatives

High-end Apparel	<ul style="list-style-type: none"> • Creating smart factories for customer factories by expanding the deployment of one stop solutions • Expanding the deployment of automated machines utilizing our strengths
Middle Apparel	<ul style="list-style-type: none"> • Increase market share with JIN brand (models for middle market in emerging countries)
Knit	<ul style="list-style-type: none"> • Developing emerging countries such as Latin America and Africa through business alliance with PEGASUS SEWING MACHINE MFG. CO., LTD.
Non-apparel	<ul style="list-style-type: none"> • Strengthen sales for automotive seats / sports shoes / furniture customers * JUKI TECHNO SOLUTIONS, Jointly with Mitsubishi Electric Corporation and Meiryu Technica Corporation, is to be established in May 2022

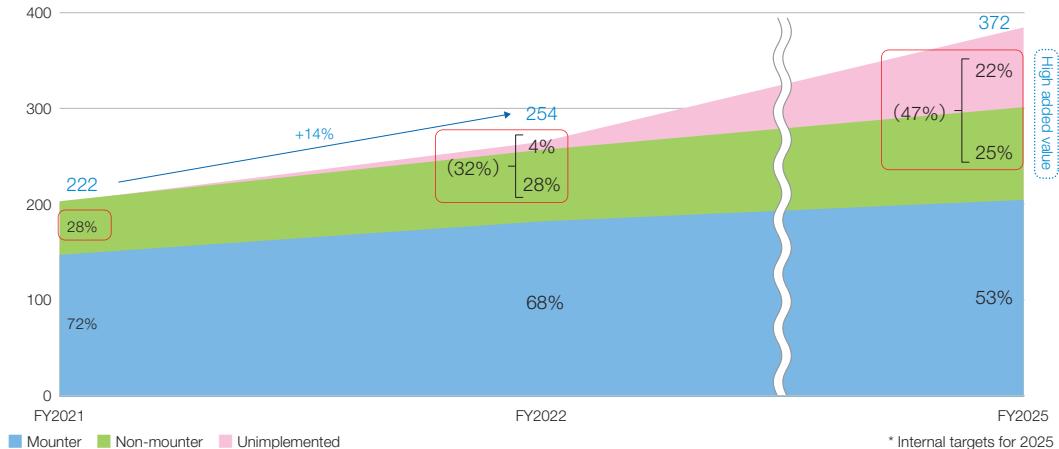
7. Business Portfolio Reform (Industrial Equipment)

- In the areas of inspection and measurement, robots, and semiconductors, increase the percentage of non-mounters segment from 28% in 2021 to 32% in 2022.
- We also plan to expand our business to include customers who do not have the product and aim for 22% by 2025.

Net sales portfolio

* The exchange rate is calculated based on the actual rate in 2021 and \$ 1 = ¥ 105 after 2022

Unit : 100 million yen



Key Initiatives

Mounter	<p>High-speed mounter</p> <ul style="list-style-type: none"> Launch of high-speed mounter for wearable devices and 5G related devices
Non-mounter	<p>Robot</p> <ul style="list-style-type: none"> Deployment of automated solutions utilizing robots <p>Automated Warehouse</p> <ul style="list-style-type: none"> Expansion of sales network and expansion to other industries by strengthening collaboration with ESSEGI AUTOMATION S. r. l.
Non-SMT	<p>Inspection and measurement</p> <ul style="list-style-type: none"> Strengthen sales to major EMS customers Expanding business domains (automotive and parts processing inspection) in the visual inspection area in collaboration with XTIA Expanding into the semiconductor field

8. Investment Plan

2022=The year in which approximately 30 billion yen will be invested toward 2025 to strengthen business foundation supporting growth.

Investment Plan (2022-2025)

Capital Investment

6.9 billion yen

Information System Investment

3.8 billion yen

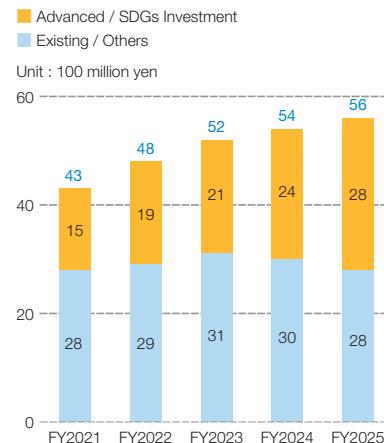
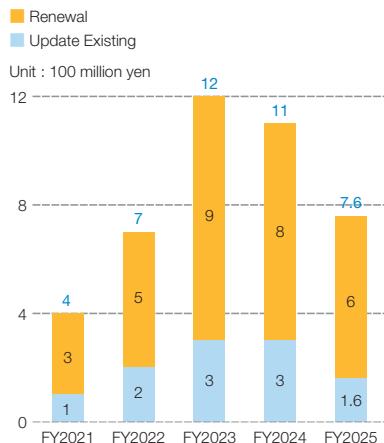
Development Investment

21 billion yen

Production equipment investment
that enables flexible response to
business environment

Development
of information systems that support a
new management structure

Investment in developing
differentiated products and services



9. Key Initiatives in the Investment Plan (2022)

* Internal targets for FY2025

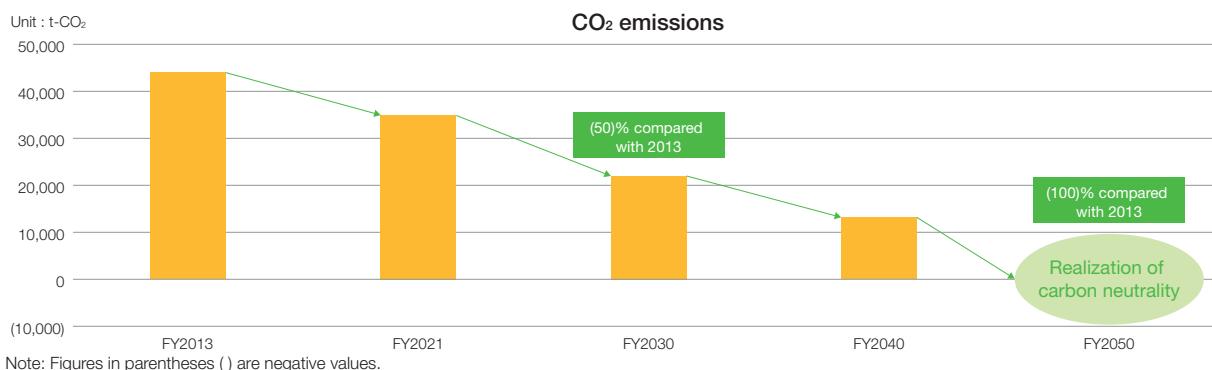
Division	Key Initiatives	
Equipment Investment	Skill Enhancement *1 <ul style="list-style-type: none"> Aiming to win projects in growth areas such as semiconductors, measuring instruments, electric vehicles and robots Strengthening response capabilities at each group company <p>Ex. JUKI Industrial Equipment Technology: Strengthen EMS business Otawara Factory: Expansion of precision equipment assembly business including microscopes and semiconductors JUKI Aizu: Significantly increase MIM (metal powder injection molding) production capacity</p>	*1 Core customer sales in group businesses
	Smartification <ul style="list-style-type: none"> Making each factory smarter by promoting automation and digitization of production factories 	*2 Indirect costs ratio by revenues
Information System Investment	Strategic investment *2 <ul style="list-style-type: none"> Use of IT tools to improve the efficiency of settlement/order management (Introduction of next-generation ERP / expansion of RPA) 	*3 Advanced investment ratio in development investment
Development Investment	Advanced Development *3 <ul style="list-style-type: none"> Development of products and services utilizing advanced technologies such as AI/5G/IoT 	*4 SDGs-related investment ratio in development investment
	SDGs Investment *4 <ul style="list-style-type: none"> Development of sewing machines/mounters with low environmental impact such as reduction of power consumption Enhancement of remote services such as ShuHaRi and e-learning 	



10. Initiatives for Achieving Carbon Neutrality

The JUKI Group has made further efforts to address the global environment including climate change
 Aiming to realize carbon neutrality by 2050^{*1}

^{*1} Reduce CO₂ emissions by 50% from 2013 levels by 2030 and by 100% from 2013 levels by 2050 (SCOPE1/2 target)



Initiatives to reduce CO₂ emissions

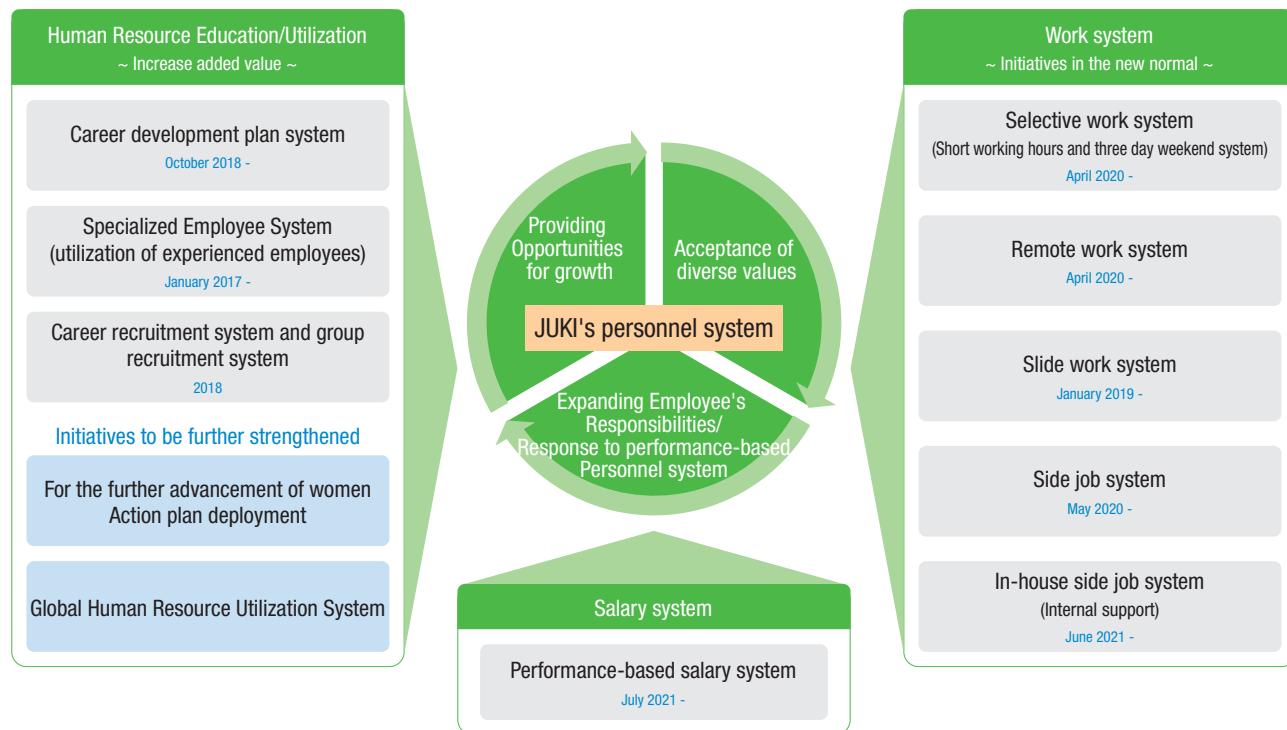
Production Equipment		<ul style="list-style-type: none"> • Switch to equipment with less environmental impact • Switch to a smarter production system
Buildings		<ul style="list-style-type: none"> • Visualization of energy load • Promotion of switching to energy-saving equipment
Power		<ul style="list-style-type: none"> • Replacement with renewable energy
Absorption / Remove		<ul style="list-style-type: none"> • Use of carbon credits (Support for Afforestation Projects)

^{*} In addition to the above, we will promote initiatives to reduce CO₂ emissions throughout the JUKI supply chain, including the development of energy-saving and resource-saving products, the use of highly recyclable materials, the collection and recycling of used aircraft, and modal shifts in distribution

11. Initiatives to Make the Most of the Diversity of Individual Employees



In order to develop human resources capable of responding vigorously and flexibly to changes in the business environment in the new normal, the JUKI Group is promoting the creation of a system to further enhance the abilities of each and every employee while accepting differences in various values.



Maximize organizational performance by leveraging the strengths of individuals, regardless of gender, age, or nationality

Consolidated Financial Statements (Summary)

Consolidated Balance Sheet

(Unit: million yen)

Item	FY2020 as of December 31, 2020	FY2021 as of December 31, 2021	Change
Assets			
Current assets	75,990	94,806	18,816
Non-current assets	34,240	34,308	68
Total assets	110,230	129,114	18,884
Liabilities			
Current liabilities	49,952	67,120	17,168
Non-current liabilities	28,909	26,322	(2,587)
Total liabilities	78,861	93,442	14,581
Net assets			
Shareholders' equity	34,501	36,070	1,569
Accumulated other comprehensive profit	(3,468)	(824)	2,644
Non-controlling interests	335	426	91
Total net assets	31,368	35,672	4,304
Total liabilities and net assets	110,230	129,114	18,884

Consolidated Statement of Profit & Loss

(Unit: million yen)

Item	FY2020 January 1, 2020 to December 31, 2020	FY2021 January 1, 2021 to December 31, 2021	Change
Net sales	70,401	101,292	30,891
Cost of sales	55,090	73,281	18,191
Gross profit	15,310	28,011	12,701
Selling, general and administrative expenses	19,780	24,143	4,363
Operating profit (loss)	(4,469)	3,868	8,337
Non-operating profit	1,976	1,117	(859)
Non-operating expenses	1,464	1,546	82
Ordinary profit (loss)	(3,957)	3,439	7,396
Extraordinary profit	57	18	(39)
Extraordinary losses	567	112	(455)
Profit (loss) before income taxes	(4,466)	3,345	7,811
Income taxes	313	1,098	785
Profit (loss)	(4,780)	2,247	7,027
Profit (loss) attributable to non-controlling interests	(91)	92	183
Profit (loss) attributable to owners of parent	(4,688)	2,154	6,842

Note: Figures in parentheses () are negative values.

Corporate Information (as of December 31, 2021)

Corporate 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	5,255 (on a consolidated basis)
Number of consolidated subsidiaries	25

Stock Information

- Total number of authorized shares 80,000,000 shares
- Total number of issued shares 29,874,179 shares
- Total number of shareholders 12,530

JUKI CORPORATION

2-11-1, Tsurumaki, Tama-shi, Tokyo 206-8551, Japan
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<https://www.juki.co.jp/en>

Major Shareholders

Shareholder name	Number of shares (1,000 shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,517	12.00
Custody Bank of Japan, Ltd. (Trust Account)	1,109	3.78
Mizuho Bank, Ltd.	938	3.20
Nippon Life Insurance Company	732	2.49
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	684	2.33

Note: The shareholding ratio is calculated by means of deducting treasury shares (579,433 shares) from the number of the issued shares.

Stock Distribution Status by Owner Type

