

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	million yen	million yen	%
As of March 31, 2022	141,159	37,004	25.9
December 31, 2021	129,114	35,672	27.3

Reference: Equity As of March 31, 2022 36,578 million yen

As of December 31, 2021 35,245 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, 2021	–	0.00	–	25.00	25.00
Fiscal year ending December 31, 2022	–				
Fiscal year ending December 31, 2022 (Forecast)		0.00	–	30.00	30.00

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

3. Consolidated earnings forecasts for the fiscal year 2022 ending December 31, 2022 (January 1, 2022 to December 31, 2022)

(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
Six months ending June 30, 2022	58,000	23.1	1,900	(0.4)	1,800	4.9	1,200	(1.8)	40.96
Fiscal year ending December 31, 2022	116,000	14.5	5,300	37.0	5,000	45.4	3,100	43.9	105.82

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

Although the consolidated earnings forecasts for the first six months of fiscal year ending December 31, 2022 were not calculated in the “Summary of Financial Information and Business Results for the Fiscal Year 2021 Ended December 31, 2021 on a Consolidated Basis <under Japanese GAAP>” released on February 9, 2022, we made the above six months forecasts this time. The full-year forecasts are unchanged.

* Notes

- (1) Changes in significant subsidiaries during the three 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: Yes
 - 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 March 31, 2022	29,874,179 shares
As of December 31, 2021	29,874,179 shares

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

As of March 31, 2022	579,568 shares
As of December 31, 2021	579,433 shares

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

Three months ended March 31, 2022	29,294,645 shares
Three months ended March 31, 2021	29,295,277 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 three 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) Notes to quarterly consolidated financial statements..... 8
 - (Notes to premise of going concern)..... 8
 - (Notes to significant changes in the amount of shareholders’ equity) 8
 - (Application of special accounting for preparing quarterly consolidated financial statements)..... 8
 - Changes in Accounting Policies 8
 - (Additional information) 9
 - (Consolidated statement of income)..... 9
 - (Segment information, etc.) 9
 - (Revenue recognition)..... 10

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

(1) Explanation regarding operating results

During the three months ended March 31, 2022, restrictions aimed at preventing the spread of the novel coronavirus disease (COVID-19) eased and the economic policies of various countries helped to support a continued recovery in the business environment surrounding the Company. However, curbs on economic activity in China due to lockdowns in various parts of the country and other aspects of its zero covid policy weighed. The outlook also remains uncertain amid global parts shortages, logistics disruptions, soaring raw materials prices and freight costs, and geopolitical risks such as Russia's invasion of Ukraine.

To address these risks, we will move to quickly reopen our factories in China, positioning this as an urgent issue, reconstruct supply chains to deal with shortages of semiconductors and other parts and disruptions in logistics, and work to improve profits by taking measures such as raising product prices in response to soaring raw material prices and freight costs.

Meanwhile, the acceleration of a technological revolution in the form of AI/IoT/5G, etc., and business developments due to changes in the market and customers following the COVID-19 pandemic, have created the need to build a new business model/management base in response to the new-normal environment, and competition with competitors is also intensifying. In addition, in response to the "sustainable development goals (SDGs)," efforts toward the realization of a sustainable society from a long-term perspective are further accelerating throughout society. In light of these changes in the business environment, as the final year of the medium-term plan running through 2020-2022 and looking three years ahead to 2025, we are clarifying investment and returns in each business, introducing ROIC management aimed at actively investing in priority fields from a short-, medium-, and long-term perspective, and are working to maximize profits through cost structural reforms and strengthening high value-added fields including through business field expansion and the acquisition of new customers. At the same time, by strongly promoting the transformation of the business strategy and system strategy through our "6 Reforms (6 X)," we are aiming for qualitative change while accelerating the growth trajectory.

*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 three months ended March 31, 2022, despite the impact of parts shortages, logistics disruptions, and lockdowns in China, efforts to develop supply chains, the development of company-wide sales activities such as capturing demand during market recoveries and expanding our share in growth fields led to net sales of 27,218 million yen (up by 24.4% year-on-year).

In terms of profits, in addition to the effects of increased sales and the depreciation of the yen, efforts were made to maintain fixed cost levels controlled by cost structural reforms, although parts procurement and logistics costs increased. As a result, operating profit came to 764 million yen (up 134.2% year-on-year), ordinary profit was 703 million yen (up 242.2% year-on-year), and profit attributable to owners of parent stood at 516 million yen (up 264.3% year-on-year).

In the second quarter, we will work to minimize the impact of continued lockdowns in China through substitute production in Vietnam and quickly resuming operations at factories in China, diversify parts suppliers, accelerate the reconstructing of the supply chain, including a shift to direct logistics distribution, and strive to increase sales and profits by making steady sales efforts that capture the strong expansion in demand for semiconductors and robots driven by 5G, etc., as well as growth in emerging country markets. We will also strive to improve profits through means such as pricing strategies that raise product prices in response to increases in parts procurement and distribution costs.

(Business overview by primary segment)

i) Sewing Machinery and Systems Business

Sales of industrial sewing machines were impacted by parts shortages, logistics disruptions, and lockdowns in China, but net sales for the Sewing Machinery and Systems Business as a whole were 18,990 million yen (rose 39.4% year-on-year) thanks to efforts to develop supply chains, initiatives to capture the recovery in demand in the apparel market, and a rise in sales mainly in the Asian market.

In terms of profits, increased parts procurement, logistics, and other costs resulted in segment profit (ordinary profit) falling 59.0% year-on-year to 101 million yen.

In the second quarter, we will continue to work on reconstructing supply chains, as well as capturing the recovery in demand in emerging countries, expanding business areas with high added value such as non-apparel smart solutions proposals, and promote price strategies, etc. through raising prices.

ii) Industrial Equipment and Systems Business

In the Electric Assembly Systems Businesses, sales rose in Europe and the US, but overall sales were soft due to logistics disruptions in China and elsewhere and delayed supply of new products to the market. However, sales were firm at Group Businesses such as contract manufacturing, mainly in Japan, partly due to a rise in demand for capital investment as customers moved to deal with supply chain fragmentation. As a result, net sales for the Industrial Equipment and Systems Business as a whole were 8,159 million yen (down 0.6% year-on-year).

In terms of profits, factors such as continued fixed cost cuts and the impact of yen depreciation resulted in segment profit (ordinary profit) rising 24.4% year-on-year to 245 million yen.

In the second quarter, in the Electric Assembly Systems Businesses, while strengthening initiatives to capture high-speed machine demand through introduction of a new product on a full scale and line proposals, we will work to increase overall segment sales and profit by more strongly promoting the expansion of business areas with high added value such as the non-SMT field, and further improvement of contract capacity in group businesses.

(2) Explanation regarding financial position

Assets, liabilities and net assets

Total assets as of March 31, 2022 were 141,159 million yen, an increase of 12,044 million yen compared to the previous fiscal year-end. This was mainly due to increases in accounts receivable - trade and inventories along with sales growth. Liabilities were 104,154 million yen, an increase of 10,711 million yen compared to the previous fiscal year-end. This mainly reflected an increase in borrowings. Despite a decrease in retained earnings due to dividend payments, net assets were 37,004 million yen, an increase of 1,332 million yen compared to the previous fiscal year-end. This was mainly due to a rise in foreign currency translation adjustment.

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

In terms of our earnings forecasts for the first six months of the fiscal year ending December 31, 2022, considering our consolidated operating results for the first three months and our earnings forecasts for the first six months, we forecast net sales of 58,000 million yen, operating profit of 1,900 million yen, ordinary profit of 1,800 million yen, and profit attributable to owners of parent of 1,200 million yen. In the second quarter, we will work to minimize the impact of continued lockdowns in China through substitute production in Vietnam and quickly resuming operations at factories in China, diversify parts suppliers, accelerate the reconstructing of the supply chain, including a shift to direct logistics distribution, and strive to increase sales and profits by making steady sales efforts that capture the strong expansion in demand for semiconductors and robots driven by 5G, etc., as well as growth in emerging country markets. We will also strive to improve profits through means such as pricing strategies that raise product prices in response to increases in parts procurement and distribution costs. There are no changes in the full-year earnings forecast that were previously announced.

For more detailed information, please refer to the "Notice of Earnings Forecasts," which was announced today.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(million yen)

	As of December 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	6,594	8,412
Notes and accounts receivable - trade	34,099	—
Notes and accounts receivable - trade, and contract assets	—	36,620
Inventories	51,089	58,230
Other	3,341	3,228
Allowance for doubtful accounts	(319)	(363)
Total current assets	94,806	106,129
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,726	10,585
Land	6,322	6,317
Other, net	5,721	6,164
Total property, plant and equipment	22,770	23,067
Intangible assets	1,889	1,971
Investments and other assets		
Other	10,961	11,366
Allowance for doubtful accounts	(1,312)	(1,375)
Total investments and other assets	9,649	9,991
Total non-current assets	34,308	35,029
Total assets	129,114	141,159
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,917	14,445
Electronically recorded obligations - operating	5,913	5,723
Short-term borrowings	38,287	48,465
Income taxes payable	806	522
Provision for bonuses	34	406
Contract liabilities	—	690
Other	8,160	8,625
Total current liabilities	67,120	78,880
Non-current liabilities		
Long-term borrowings	19,386	18,578
Provision for retirement benefits for directors (and other officers)	36	38
Retirement benefit liability	5,273	5,193
Other	1,625	1,463
Total non-current liabilities	26,322	25,273
Total liabilities	93,442	104,154

(million yen)

	As of December 31, 2021	As of March 31, 2022
Net assets		
Shareholders' equity		
Share capital	18,044	18,044
Capital surplus	1,990	1,990
Retained earnings	16,642	16,286
Treasury shares	(607)	(608)
Total shareholders' equity	36,070	35,714
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	496	434
Foreign currency translation adjustment	(1,484)	277
Remeasurements of defined benefit plans	163	152
Total accumulated other comprehensive income	(824)	864
Non-controlling interests	426	426
Total net assets	35,672	37,004
Total liabilities and net assets	129,114	141,159

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

Consolidated statement of income (cumulative)

(million yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Net sales	21,883	27,218
Cost of sales	16,271	19,781
Gross profit	5,612	7,437
Selling, general and administrative expenses	5,285	6,673
Operating profit	326	764
Non-operating income		
Interest income	13	10
Dividend income	62	55
Reversal of allowance for doubtful accounts	17	9
Other	280	136
Total non-operating income	375	212
Non-operating expenses		
Interest expenses	163	200
Foreign exchange losses	312	44
Other	20	27
Total non-operating expenses	495	272
Ordinary profit	205	703
Extraordinary income		
Gain on sales of non-current assets	3	1
Total extraordinary income	3	1
Extraordinary losses		
Loss on sale and retirement of non-current assets	6	10
Loss on COVID-19	—	* 39
Total extraordinary losses	6	50
Profit before income taxes	201	654
Income taxes	62	136
Profit	139	517
Profit (loss) attributable to non-controlling interests	(2)	0
Profit attributable to owners of parent	141	516

Consolidated statement of comprehensive income (cumulative)

(million yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Profit	139	517
Other comprehensive income		
Valuation difference on available-for-sale securities	100	(62)
Foreign currency translation adjustment	1,405	1,761
Remeasurements of defined benefit plans, net of tax	3	(10)
Total other comprehensive income	1,510	1,688
Comprehensive income	1,649	2,206
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,651	2,205
Comprehensive income attributable to non-controlling interests	(2)	0

**(3) 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.

Changes in Accounting Policies

(Application of Accounting Standard for Revenue Recognition and Its Implementation Guidance)

The Company has applied the "Accounting Standard for Revenue Recognition, etc." (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) from the beginning of the first quarter of the current fiscal year, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

As a result, for some product sales transactions for which we had previously recognized revenue based on shipping standards, etc., we are changing to a method of recognizing revenue when the product arrives at or is inspected by the customer.

In addition, the Company applies the alternative treatment prescribed in paragraph 98 of the "Guidance on Accounting Standard for Revenue Recognition," and recognizes revenue at the time of shipment if the period between the time of shipment to the point of time when control of the product, etc. is transferred to the customer is a normal period for sales of domestic goods.

The application of the Accounting Standard for Revenue Recognition and its implementation guidance is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the start of the first quarter ended March 31, 2022, was added to or subtracted from the opening balance of retained earnings of the first quarter ended March 31, 2022, and thus the new accounting policy was applied from such opening balance.

As a result, net sales in the first three months of the fiscal year rose 202 million yen, cost of sales rose 99 million yen, and gross profit, operating profit, ordinary profit, and profit before income taxes each rose 103 million yen. The balance of retained earnings at the beginning of the period fell 140 million yen. For the 140 million yen decline in the balance of retained earnings at the beginning of the period, tax effect accounting is applied to the difference between the impact on net sales (decrease of 488 million yen) and on cost of sales (decrease of 286 million yen) when the new accounting policy is retroactively applied to the consolidated statement of income for the previous fiscal year (decrease of 202 million yen), and is deducted the amount of 61 million yen corresponding to the recording of deferred tax assets.

Due to the application of Accounting Standard for Revenue Recognition, etc., "notes and accounts receivable - trade" listed under current assets on the consolidated balance sheet in the previous fiscal year will be changed to "notes and accounts receivable - trade, and contract assets" from the first quarter of the current consolidated fiscal year. In addition, part of the "other" item listed under current liabilities will be included within "contract liabilities" from the first quarter of the current fiscal year. In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous consolidated fiscal year have not been reclassified using the new presentation method.

Furthermore, information on the breakdown of revenue from contracts with customers in the first three months of the previous fiscal year has not been disclosed, as allowed by the transitional

treatment provided for in paragraph 28-15 of the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12, March 31, 2020).

(Application of Accounting Standard for Fair Value Measurement, Etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the first quarter of the fiscal year under review, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard For Fair Value Measurement, and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This will not have an impact on quarterly consolidated financial statements.

(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, 2022, 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.

(Consolidated statement of income)

* Loss on COVID-19

Three months ended March 31, 2022

The Company recorded an extraordinary loss of 39 million yen in labor costs incurred due to lockdowns imposed in China to prevent the spread of COVID-19.

(Segment information, etc.)

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

Three months ended March 31, 2021 (January 1, 2021 to March 31, 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	13,621	8,208	21,829	54	21,883	—	21,883
Inter-segment sales or transfers	146	25	172	94	267	(267)	—
Total	13,767	8,234	22,002	148	22,150	(267)	21,883
Segment profit	247	197	445	17	462	(257)	205

(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 257 million yen deducted from segment profit as adjustment are a deduction of 0 million yen in inter-segment eliminations and a deduction of 257 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.

Three months ended March 31, 2022 (January 1, 2022 to March 31, 2022)

(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	18,990	8,159	27,150	68	27,218	—	27,218
Inter-segment sales or transfers	209	46	256	110	366	(366)	—
Total	19,199	8,206	27,406	179	27,585	(366)	27,218
Segment profit	101	245	347	16	364	339	703

(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 339 million yen deducted from segment profit as adjustment are a deduction of 5 million yen in inter-segment eliminations and a deduction of 345 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.

3. Matters related to changes in reporting segments, etc.

As noted in the changes in accounting policies, we have applied the Accounting Standard for Revenue Recognition, etc. from the start of the first quarter of the consolidated fiscal year, and due to the change in the accounting method for revenue recognition, the method for calculating net sales and profit for business segments has been changed in the same manner.

As a result of this change, compared to the previous method, in the three months ended March 2022, Industrial Equipment and Systems Business net sales rose 202 million yen and profit rose 103 million yen.

(Revenue recognition)

Information on the breakdown of revenue from contracts with customers is as follows.

Three months ended March 31, 2022 (January 1, 2022 to March 31, 2022)

(million yen)

	Japan	Asia	China	Americas	Europe	Others	Total
Sewing Machinery and Systems Business	1,277	9,423	3,736	2,221	1,941	390	18,990
Industrial Equipment and Systems Business	2,694	1,429	1,920	1,344	714	55	8,159
Other Businesses	68	—	—	—	—	—	68
Total	4,040	10,852	5,657	3,565	2,656	446	27,218

(Note) Net sales are categorized into countries or regions based on the location of customers.