

Financial Results Briefing for the First Half of FY2022 (Ending December 31, 2022)

**August 8, 2022
JUKI CORPORATION**

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

- 1. Performance for the First Half of FY2022 P. 3**
- 2. Forecast for the Full Year of FY2022 P.11**
- 3. Initiatives for Future Growth P.17**



1. Performance for the First Half of FY2022

1-1 Performance for the First Half of FY2022

- **Net sales:** a significant year-on-year increase of 24% thanks mainly to market recovery and an increased market share in growth areas
- **Ordinary profit:** a slight year-on-year decrease in profit due to significant cost increases from the lockdowns in China, rising parts prices and logistics costs, expansions in business domains, and rising strategic expenses in high value-added areas

(Unit: million yen)	First half of FY2021	First half of FY2022	Year-on-year change	Year-on-year change(%)	Full year FY2021
Net sales	47,098	58,577	+11,479	24.4%	101,292
Operating Profit [Operating profit Margin]	1,908 [4.1%]	1,558 [2.7%]	△350	△18.3% [△1.4%]	3,868 [3.8%]
Ordinary profit [Ordinary margin]	1,716 [3.6%]	1,581 [2.7%]	△135	△7.8% [△0.9%]	3,439 [3.4%]
Profit [Profit margin]	1,221 [2.6%]	846 [1.4%]	△375	△30.7% [△1.2%]	2,154 [2.1%]
Exchange rate 1US\$	108 yen	123 yen	+15 yen	-	110 yen
Exchange rate 1Euro€	130 yen	135 yen	+5yen	-	130 yen

1-2 Performance by Business Segment - Net Sales -

- **Sewing Machinery and Systems:** Sales of sewing machinery and systems significantly increased thanks to JUKI's success in capturing the demand recovery in the apparel market. Our performance in the Asian market was particularly strong.
- **Industrial Equipment and Systems:** 1) While sales of electronics assembly & systems increased in Europe, the US, and Asia, total sales growth was sluggish due to the lockdowns in China and delays in the supply of new products to the market. 2) Sales held steady in the mainly Japan-based Group businesses such as contract processing, partly due to increased demand for capital investment.

(Unit: million yen)	First half of FY2021	First half of FY2022	Year-on-year change	Year-on-year change(%)	Full Year FY2021
Sewing Machinery and Systems	29,005	39,350	+10,345	35.7%	63,213
Industrial Equipment and Systems	17,979	19,097	+1,118	6.2%	37,834
Others	113	130	+17	-	244
Total	47,098	58,577	+11,479	24.4%	101,292

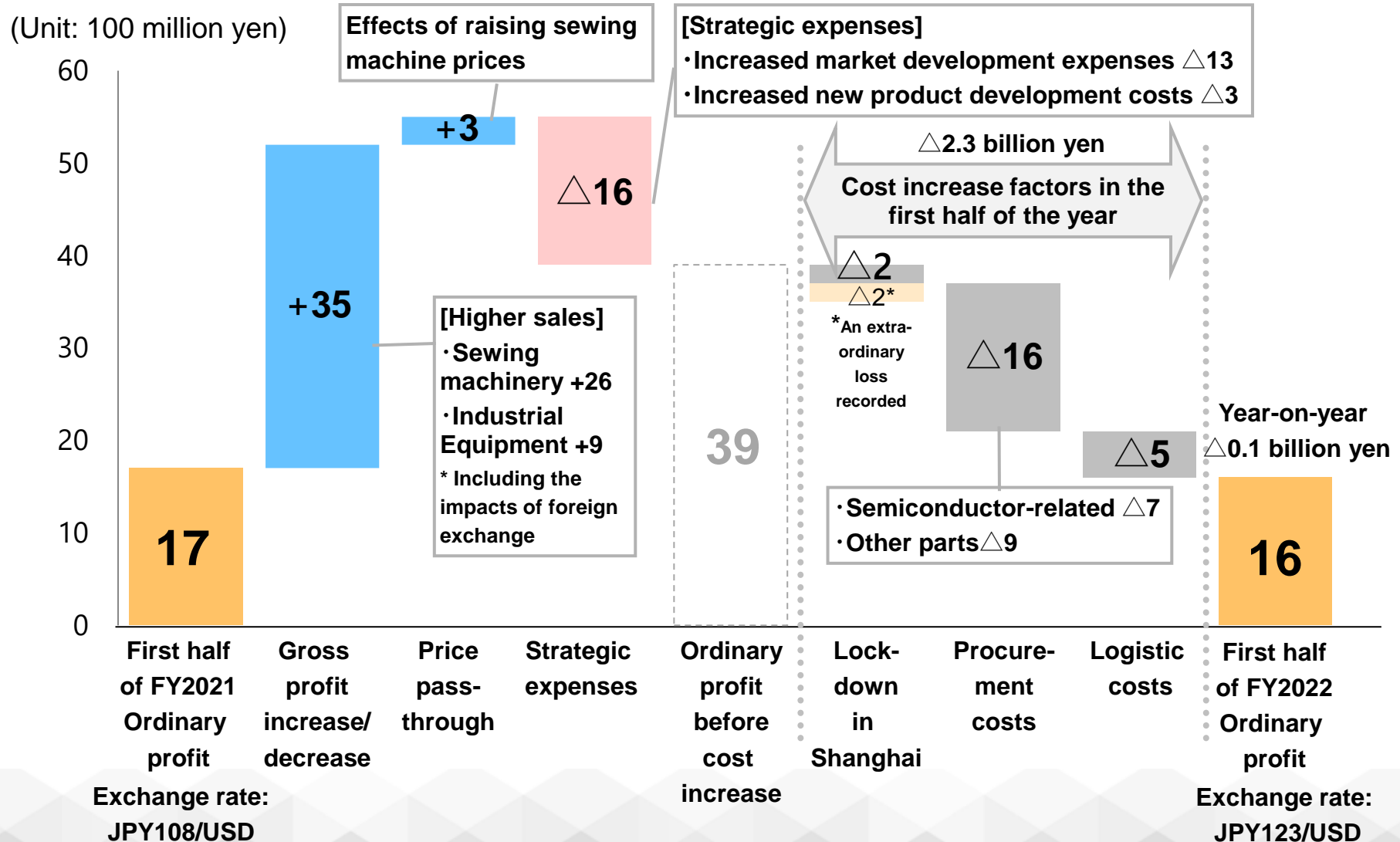
1-3 Performance by Business Segment - Ordinary Profit -

- **Sewing Machinery and Systems: Profits decreased by 1 billion year-on-year, mainly as a result of the lockdowns in China, lower plant utilization due to difficulties in procuring parts, and significant rises in costs due to higher parts prices and logistics costs.**
- **Industrial Equipment and Systems: Profit increased by 120 million year-on-year, thanks to increased sales in the Group business and other businesses.**

(Unit: million yen)	First half of FY2021	First half of FY2022	Year-on-year change	Year-on-year change(%)	Full year FY2021
Sewing Machinery and Systems [Ordinary profit margin]	1,028 [3.5%]	25 [0.1%]	△1,002	△97.5% [△3.4%]	1,517 [2.4%]
Industrial Equipment and Systems [Ordinary profit margin]	1,131 [6.3%]	1,246 [6.5%]	+115	+10.2% [+0.2%]	2,865 [7.6%]
Others	37	19	△17	-	75
Adjustment	△481	289	+770	-	△1,018
Total [Ordinary profit margin]	1,716 [3.6%]	1,581 [2.7%]	△134	△7.8% [△0.9%]	3,439 [3.4%]

1-4 Factors Contributing to Increases/Decreases in Ordinary Profit in the First Half of FY2022

- Despite an increase in gross profit thanks to higher sales, profit decreased slightly year-on-year due to cost increases from the lockdowns in China and rising parts prices and logistics costs.



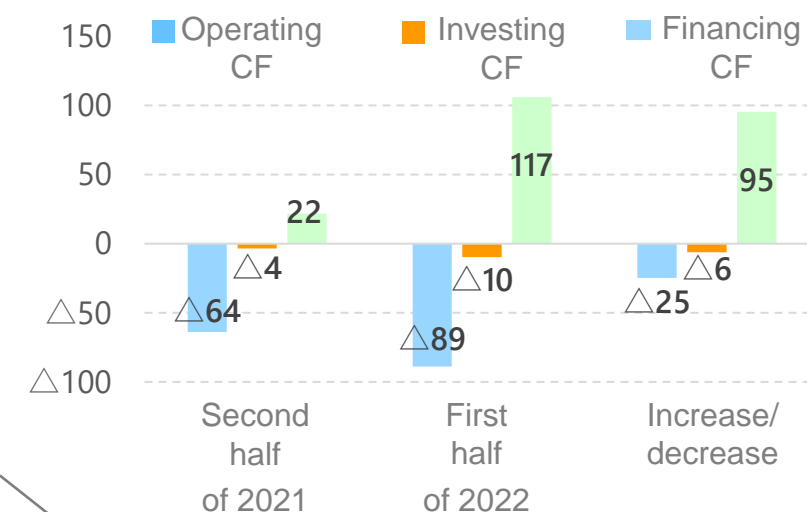
1-5 Major Financial Indices

- Interest-bearing debt rose transiently due to our accumulation of inventory to secure parts as a defensive measure against supply chain disruptions and the lockdowns in China.

(Unit: million yen)	End of Dec 2021	End of Jun 2022	Increase/decrease
Total assets	129,114	152,151	+23,036
Net assets			
[Foreign currency translation adjustment]	35,672 [△1,484]	39,696 [2,553]	+4,023 [4,037]
Equity ratio	27.3%	25.8%	△1.5%
Trade receivable	34,099	40,890	+6,790
[Turnover period]	[4.0 months]	[4.2 months]	[0.1 months]
Inventories	51,089	63,003	+11,914
[Turnover period]	[6.1 months]	[6.5 months]	[0.4 months]
Trade payable	19,831	20,156	+325
[Turnover period]	[2.3 months]	[2.1 months]	[△0.2 months]
Interest-bearing debt	58,979	73,463	+14,483
Cash and deposits	6,594	9,264	+2,669
Net D/E ratio	1.47	1.62	+0.15
Exchange rate (period-rate) 1US\$	115 yen	137yen	+22 yen

[Cash Flow]

(Unit: 100 million yen)

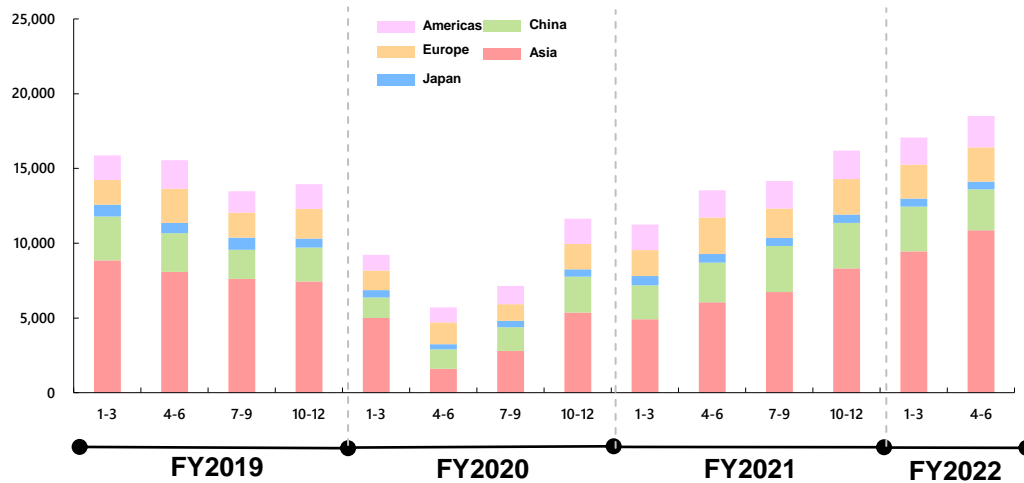


We will make vigorous efforts to reduce interest-bearing debt by reducing the level of accumulated inventory.

Reference Info 1: Performance by Business Segment - Sewing Machinery and Systems -

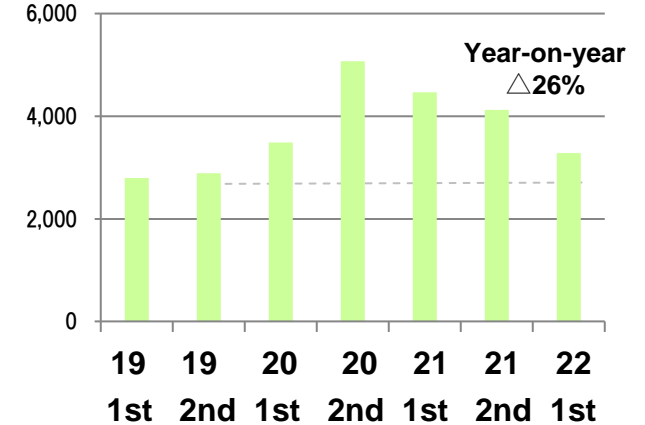
1. Changes in Net Sales of Industrial Sewing Machine Sales Trends (On a monthly aggregate basis)

(Unit: million yen)



2. Changes in Net Sales of Household Sewing Machines

(Unit: million yen)



[Net sales: Year-on-year comparison]

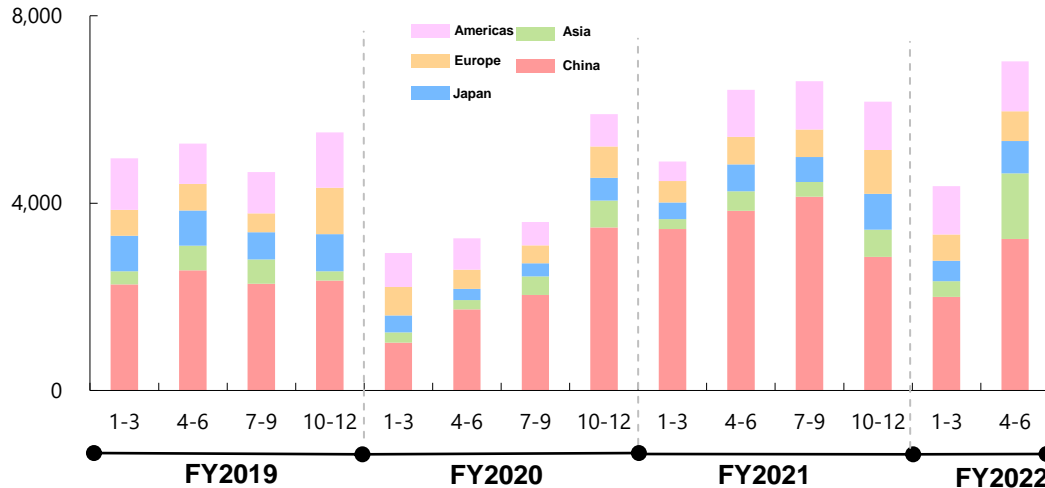
(Unit: 100 million yen)

	FY2021 (Jan-Jun)	FY2022 (Jan-Jun)	Amount of change	% change
China	49	58	+8	+17%
Asia	110	203	+93	+85%
China + Asia	159	261	+102	+64%
Japan	12	11	△1	△12%
Europe	42	45	+4	+9%
Americas	35	39	+4	+12%
Total	248	356	+108	+44%

Reference Info 2: Performance by Business Segment - Industrial Equipment and Systems -

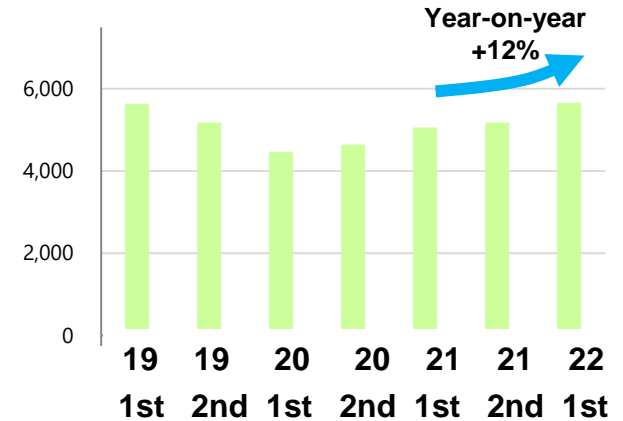
1. Changes in Net Sales of Electronics Assembly & Systems by Region (including parts/services)(On a monthly aggregate basis)

(Unit: million yen)



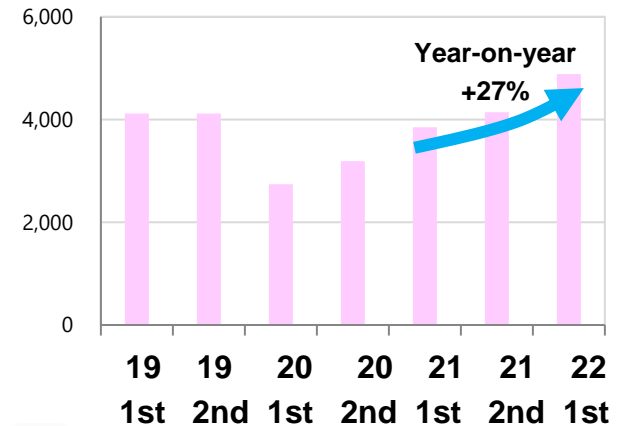
2. Changes in Net Sales of Group Business

(Unit: million yen)



3. Changes in Net Sales of Parts Business

(Unit: million yen)



[Net sales: Year-on-year comparison] (Unit: 100 million yen)

	FY2021 (Jan-Jun)	FY2022 (Jan-Jun)	Amount of change	% change
China	73	52	△20	△28%
Asia	6	17	+11	+176%
China + Asia	79	69	△9	△12%
Japan	9	11	+2	+21%
Europe	10	12	+1	+14%
Americas	14	21	+7	+48%
Total	113	114	+1	+1%



2. Forecast for the Full Year of FY2022

2-1 Business Environment and Priority Initiatives in the Second Half of FY2022

- As the market remains steady, we will strengthen the response to demand in both sales and production.

	Business environment	Priority initiatives
Market	<ul style="list-style-type: none"> • Gradual recovery of the markets for apparel / semiconductors / automobiles / medical equipment, and other products and services from the impacts of COVID-19 • Increasing market adoption of products/services using advanced technologies such as AI/IoT/5G • Expanding business domains through our competitors' growth and M&A activities 	<p>Sewing Machinery and Systems:</p> <ul style="list-style-type: none"> • Strengthening a strategy to capture middle-market customers in emerging countries • Strengthening a strategy to capture business with major apparel companies • Expanding non-apparel/knitwear sectors through alliance arrangements <p>Industrial Equipment and Systems:</p> <ul style="list-style-type: none"> • Strengthening sales and expanding the market for new surface-mounting products • Expanding business in non-SMT areas • Strengthening parts and service businesses
Procurement	<ul style="list-style-type: none"> • Raw material prices continue to rise and parts remain in short supply. 	<ul style="list-style-type: none"> • Ongoing design changes for parts heavily affected by procurement difficulties
Production	<ul style="list-style-type: none"> • Lockdown risks in China persist. 	<ul style="list-style-type: none"> • Reinforcing parallel production systems in Vietnam, Japan, and other countries
Logistics	<ul style="list-style-type: none"> • Supply chain disruptions continue to drive up logistics costs. 	<ul style="list-style-type: none"> • Reducing costs through a fundamental review of the supply chain and logistics reforms
Social demands	<ul style="list-style-type: none"> • Responding to SDGs and carbon neutrality • Promoting work-style reforms • Enhancing corporate governance 	<ul style="list-style-type: none"> • Ensuring ESG management • Incorporating technologies to reduce environmental impacts

2-2 Second-half/Full-year Business Forecasts of FY2022

- In addition to mitigating the factors that have driven up costs in the first half of the year (by eliminating lockdowns, reducing procurement costs, and improving logistics costs, etc.), we aim to increase profits significantly by expanding sales in high value-added areas and passing on prices to the products.
- In view of the above, the business forecast for the full year remains unchanged from the previous forecast (announced on February 9).

(Unit: 100 million yen)	First-half of FY2022 (Jan-Jun)	Second-half of FY2022 (Jul-Dec)	Full-year of FY2022 (Jan-Dec)	Full year FY2021
	Results	Forecast	Forecast	Results
Net sales	586	574 *1	1,160	1,013
(Sewing Machinery and Systems)	(394)	(338)	(732)	(632)
(Industrial Equipment and Systems)	(191)	(233)	(424)	(378)
Operating Profit	16	37	53	39
Ordinary profit	16	34	50	34
Profit	8	23	31	21
Dividend per share	-	-	Full year : 30 yen	Full year : 25 yen
Exchange rate (period-rate) 1US\$	123 yen	105 yen *1	105 yen *2	110 yen

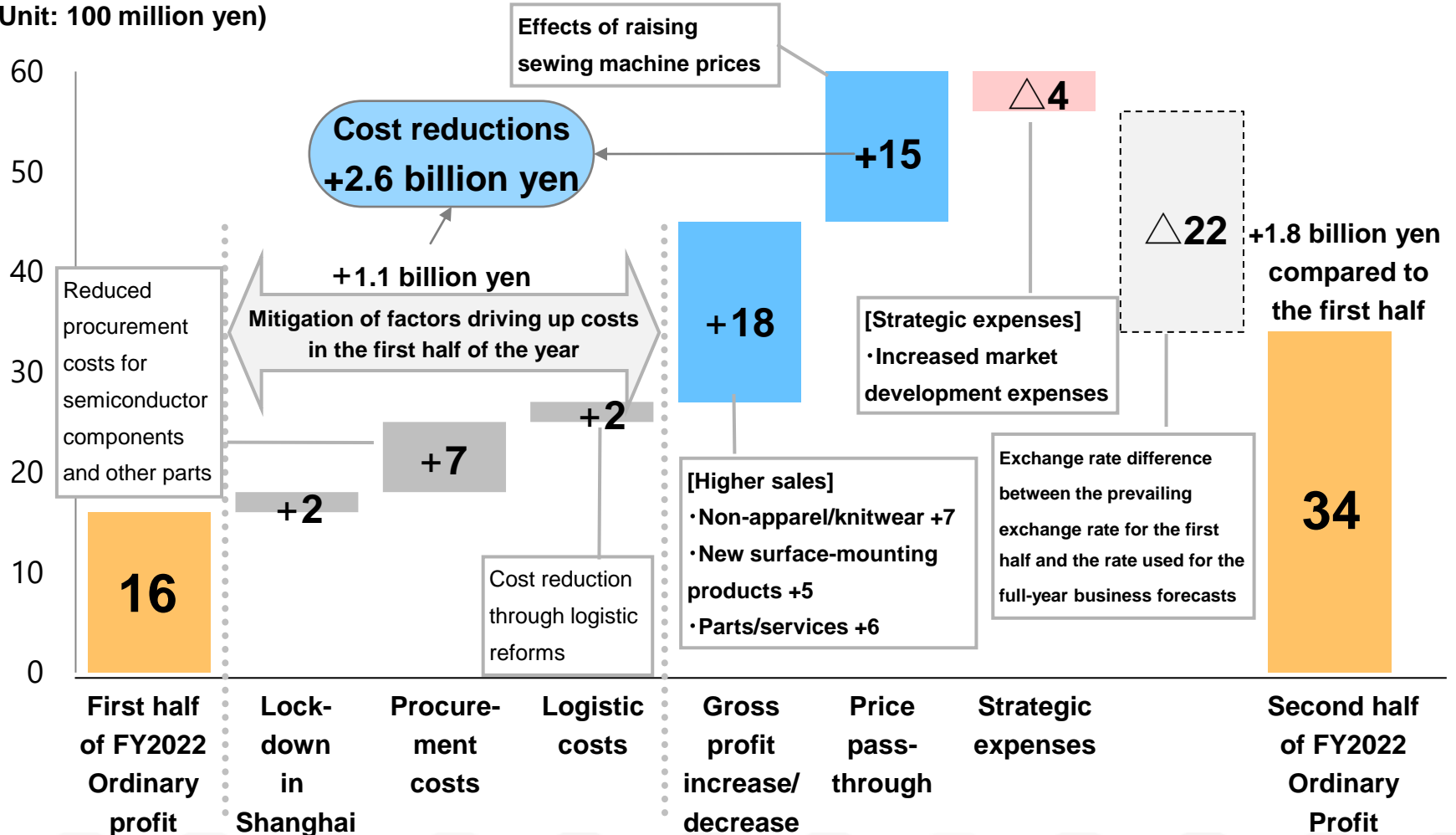
*1 Exchange rate used for business forecast

*2 Prevailing exchange rate for the first half

2-3 Factors Expected to Contribute to Increases/Decreases in Ordinary Profit in the Second Half of FY2022

- In addition to mitigating the factors that have driven up costs in the first half of the year (by eliminating lockdowns, reducing procurement costs, and improving logistics costs, etc.), we aim to increase profits significantly by expanding sales in high value-added areas and passing on prices to the products.

(Unit: 100 million yen)



Exchange rate:
JPY123/USD

Exchange rate:
JPY105/USD

2-4 Value-added Structure Reforms for the Second Half of FY2022

Borderless X

- Capturing middle market customers in emerging countries (for sewing machines)

Strengthening sales of JIN brand (sub-brand) packages

- Capturing business from global companies (for sewing machines / electronics assembly systems)

Reinforcing cooperation between the head office and regional sales companies



- Strengthening non-apparel sectors (for sewing machines)

JUKI TECHNOSOLUTIONS CORPORATION began operations on July 1, 2022. (Joint venture with Mitsubishi Electric Corporation: JUKI 80%, Mitsubishi Electric 20%)

Becoming a leader in the non-apparel sectors

- Strengthening the knitwear sector (for sewing machines)

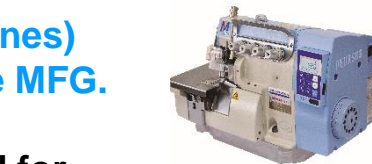
Reinforcing our alliance with Pegasus Sewing Machine MFG. Co., Ltd.

Expanding target markets to meet the growing demand for knitwear

- Expanding sales in non-mounter areas (for electronics assembly systems)

Increasing sales of insertion machines, automatic warehouses, and inspection and measurement machines

Strengthening the revenue base by expanding high value-added areas



Jointly developed product



Automated warehouse



Inspection and measurement machine

Business model X

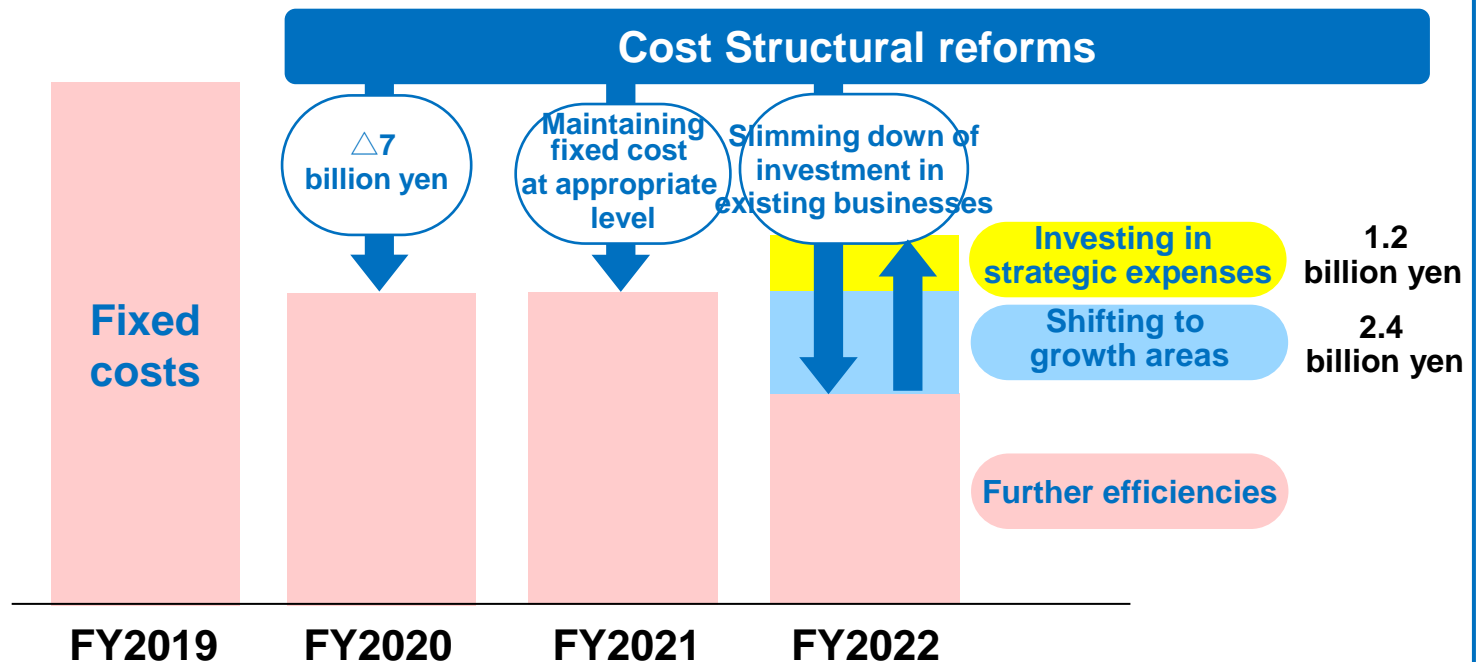
● Cost Structural reform initiatives

FY2020: Reducing fixed costs by 7 billion yen year-on-year during the COVID-19 pandemic

FY2021: Maintaining fixed cost at appropriate level by improving operational efficiency amid economic recovery

FY2022: Shifting fixed cost allocations from existing businesses to growth areas and investing in strategic expenses for growth (e.g. expenses for market development, advanced product development, and new product development)

Work-style reform X

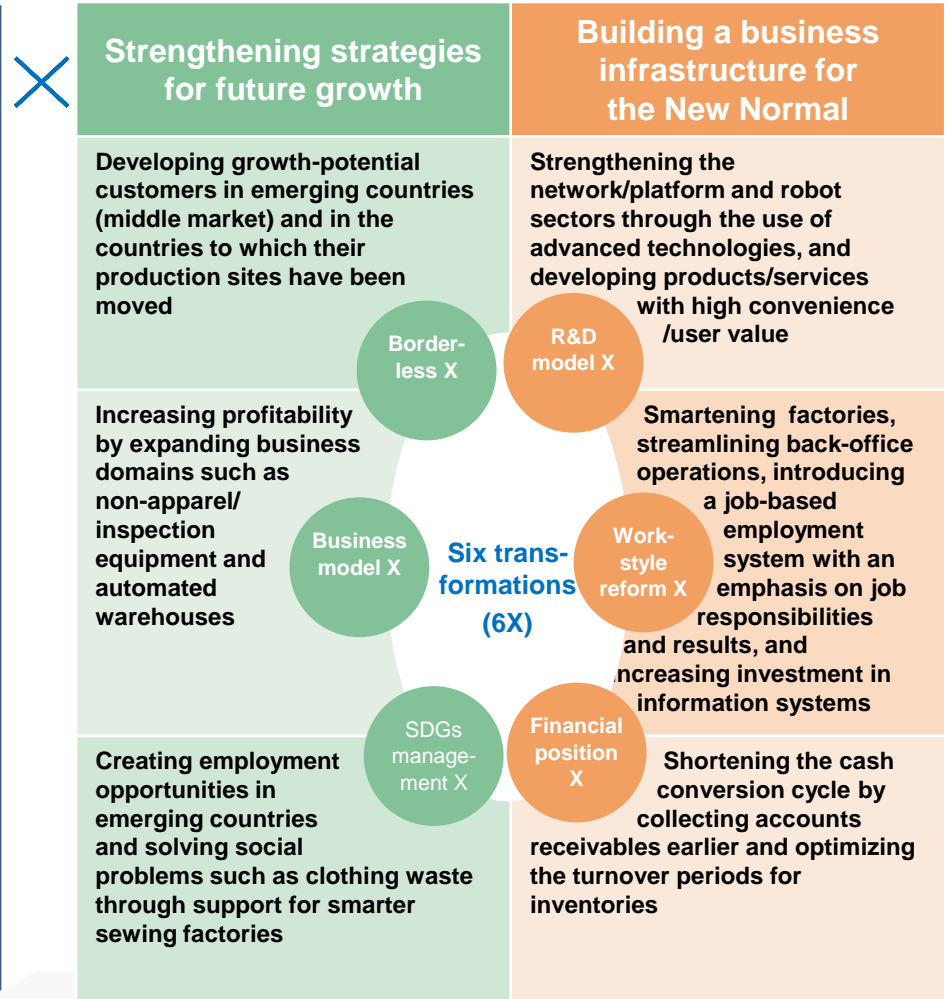
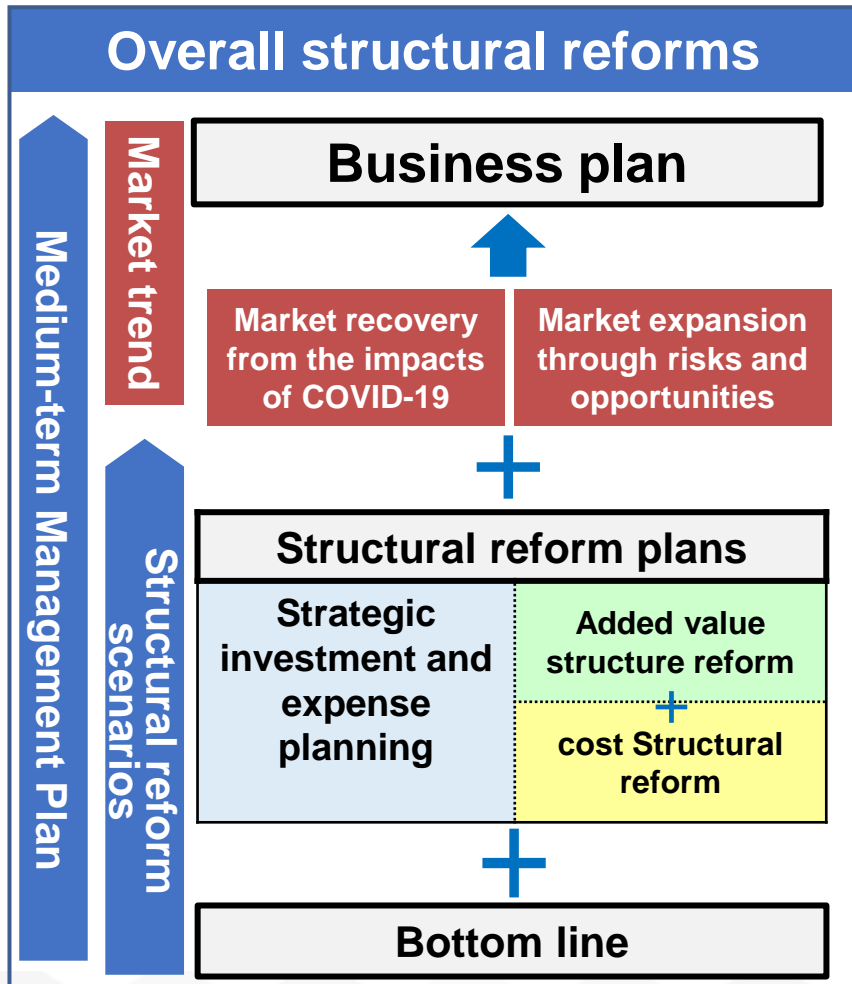




3. Initiatives for Future Growth

3-1 Medium-term Management Plan for 2022 - Structural Reforms / Six Transformations -

- Two structural reforms (added-value and cost) to maximize earnings
- Stalwartly transforming JUKI's business and system strategies through the six transformations (6X) to accelerate JUKI's return to growth and achieve a qualitative transformation



3-2 Medium-term Management Plan for 2022 - Target Levels -

- Target levels are set for where we should be in three years' time.

* Internal target levels for FY2025

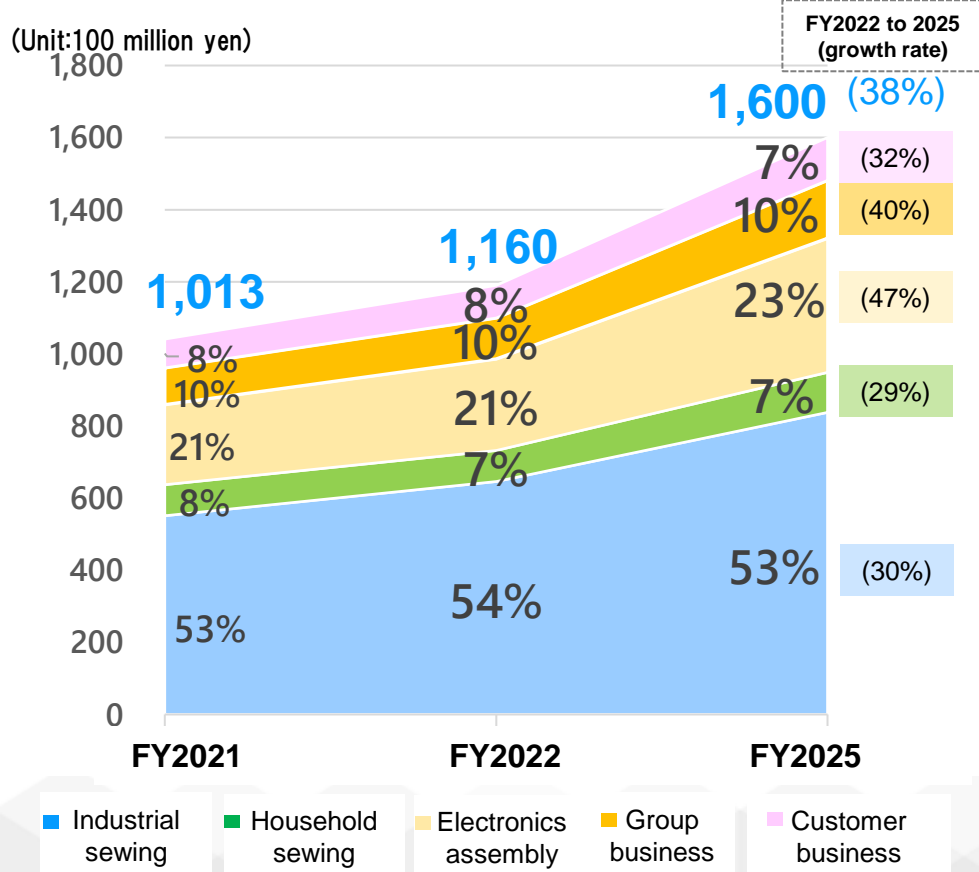
	FY2021	FY2022	FY2025
Net sales	101.3 billion yen	116 billion yen	160 billion yen
Ordinary profit	3.5 billion yen	5 billion yen	10 billion yen
Equity ratio	27%	38%	50%
Net D/E ratio	1.5	0.9	0.3
Interest-bearing debt (On a cash and deposits deduction basis)	52.4 billion yen	36.3 billion yen	30 billion yen

3-3 Business Portfolio Transformations

- **Net sales:** we will achieve sustainable business growth in all businesses, with a focus on expanding business domains in priority areas.
- **Gross profit:** we will improve profitability by expanding high value-added areas such as Electronics Assembly & Systems/Customer Business.

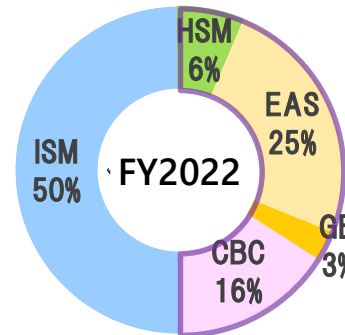
Net sales portfolio

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

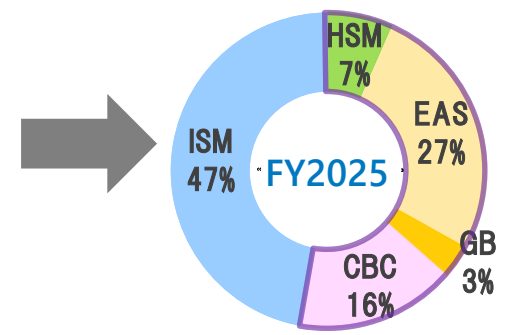


Percentage of gross profit

Other than Industrial sewing machines
50%



Other than Industrial sewing machines
53%



ISM: Industrial sewing machines
HSM: Household sewing machines
EAS: Electronic assembly & systems
GB: Group business
CBC: Customer business

* Internal targets for FY2025

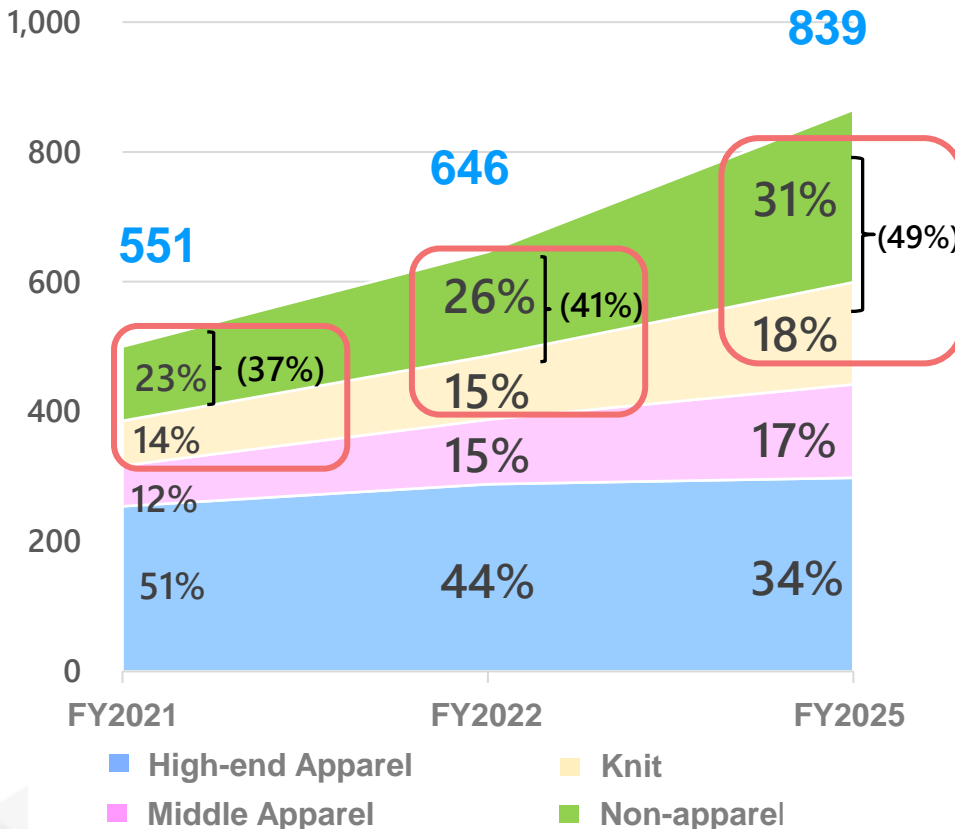
3-4 Business Portfolio Transformations - Sewing Machinery and Systems (Industrial Sewing Machines)

- Increasing a market share in the middle market to build a future customer base
- Creating a profitable business model by offering value-added products and strengthening proposal-based sales

Net sales portfolio

(Unit:100 million yen)

Red box: high added value



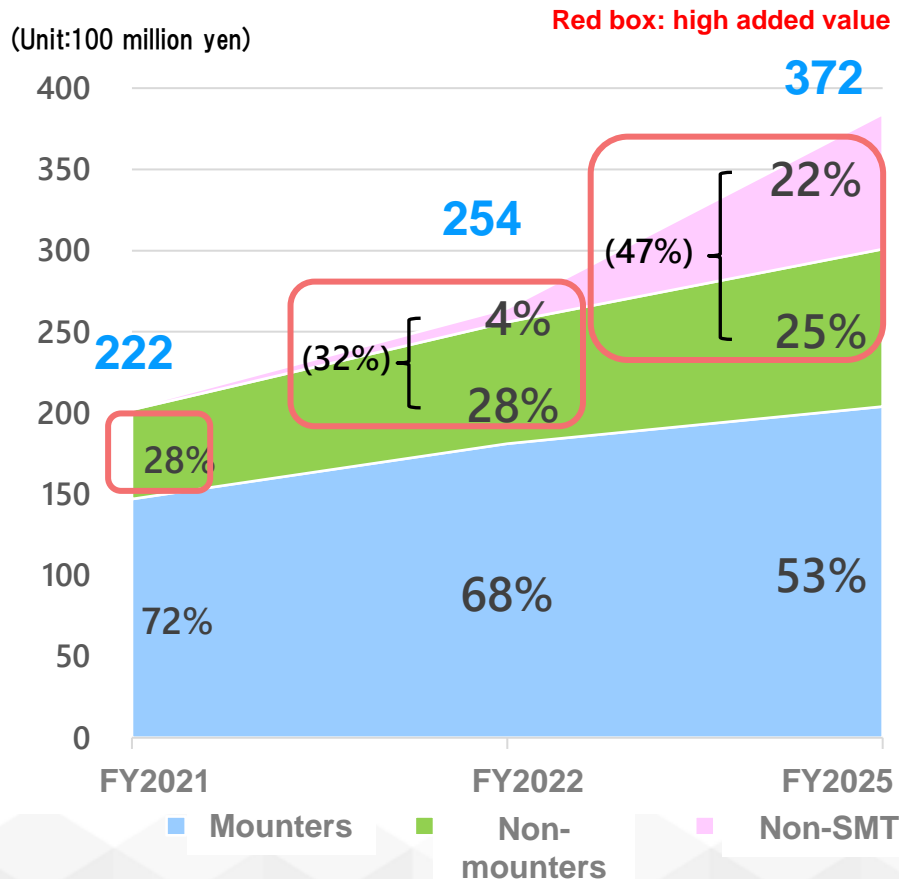
Priority initiatives

High-end Apparel	<ul style="list-style-type: none"> • Deploying one-stop solutions for converting customer factories into smart factories • Expanding the deployment of automatic machines based on our strengths
Middle Apparel	<ul style="list-style-type: none"> • Increasing our market share through the JIN brand (products for the middle market in emerging countries)
Knit	<ul style="list-style-type: none"> • Developing business in emerging countries mainly in Latin America and Africa through a business alliance with PEGASUS SEWING MACHINE MFG. CO., LTD.
Non-apparel	<ul style="list-style-type: none"> • Strengthening sales to car seats / sports shoes / furniture customers *JUKI TECHNOSOLUTIONS CORPORATION was established in July 2022 in a joint venture with Mitsubishi Electric Corporation and Meiryo Technica Corporation.

3-5 Business Portfolio Transformations - Industrial Equipment and Systems (Electronics Assembly & Systems)

- Increasing the proportion of non-mounters such as automation equipment and inspection and measurement machines from 28% (2021) to 32% (2022)
- Expanding business domains other than surface mounting plants (non-SMT customers) through collaboration with the Group Business Company and aiming for their proportion of 22% by 2025

Net sales portfolio



Priority initiatives

Mounters	<p>[High-speed machines]</p> <ul style="list-style-type: none"> • Launching high-speed machines for wearable and 5G-related equipment onto the market
Non-Mounters	<p>[Automated equipment]</p> <ul style="list-style-type: none"> • Deploying automation solutions using insertion machines and other equipment <p>[Automated warehouses]</p> <ul style="list-style-type: none"> • Expanding JUKI's sales network by enhancing cooperation with ESSEGI AUTOMATION S.r.l.
Non-SMT	<p>Strengthening the development of non-SMT customers through collaboration with the Group Business Company</p> <p>[Automated warehouses]</p> <ul style="list-style-type: none"> • Expanding into different industries outside of the semiconductor sector <p>[Inspection and measurement machines]</p> <ul style="list-style-type: none"> • Expanding JUKI's business domains in visual inspection areas through collaboration with XTIA Ltd. (in-vehicle parts processing inspection) • Expanding JUKI's business domains into the semiconductor sector

3-6 Investment Plans

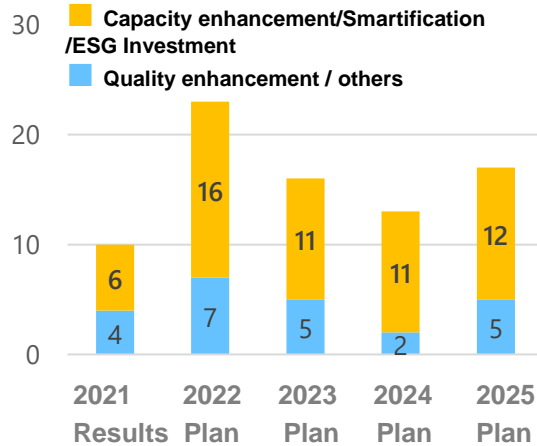
- Pursuing plans to invest approx. 30 billion yen in FY2022 to 2025 towards growth

Investment plans (FY2022 to 2025)

Capital Investment

6.9 billion yen

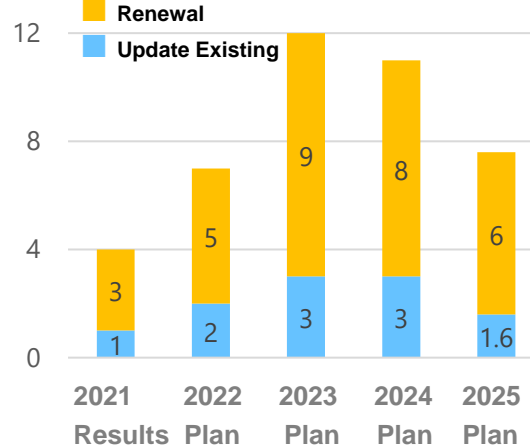
(Unit: 100 million yen)



Information system Investment

3.8 billion yen

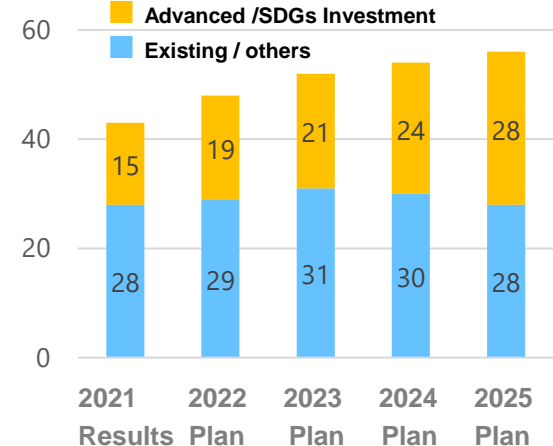
(Unit: 100 million yen)



Development Investment

21 billion yen

(Unit: 100 million yen)



Plans to increase the Group business sales through capital investment, etc.

Sales compared to FY2021	FY2022	FY2025
	+1.2 billion yen	+4.6 billion yen

Reducing Indirect costs ratio by revenues

FY2021	FY2022	FY2025
5%	4%	3%

Ratio of investment in advanced technologies out of total development investment

FY2021	FY2022	FY2025
31%	40%	50%

Ratio of SDGs-related investment out of total development investment

FY2021	FY2022	FY2025
10%	20%	40%

3-7 Ensuring ESG Management - Environment -

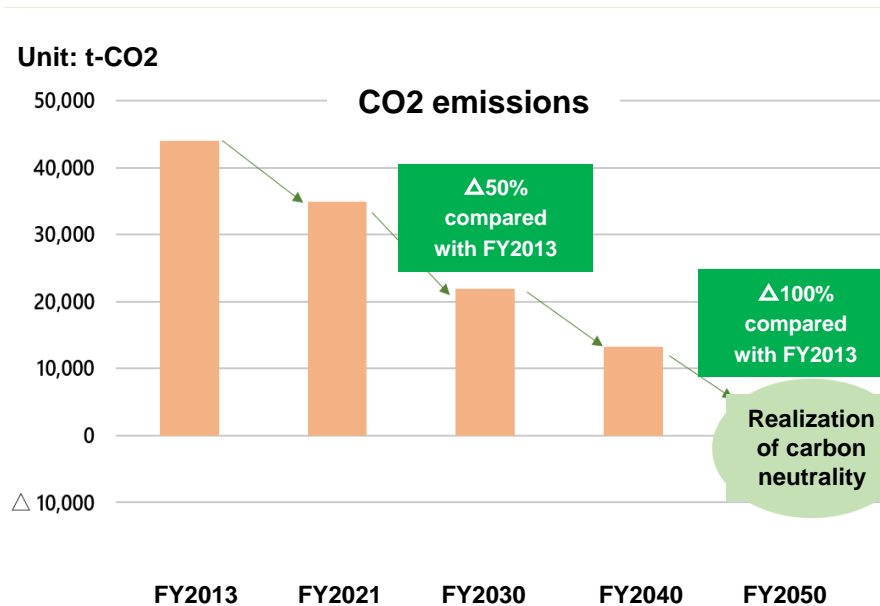
- We will achieve carbon neutrality by 2050.
- We support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).



Commitment

[CO2 emission reduction targets] *1

[Main initiatives designed to reduce CO2 emissions]



Production equipment		<ul style="list-style-type: none"> • Switching to facilities with less environmental impact • Switching to smarter production systems
Building		<ul style="list-style-type: none"> • Visualizing energy impacts • Switching to energy-saving equipment
Power		<ul style="list-style-type: none"> • Replacement with renewable energy sources
Absorption/removal		<ul style="list-style-type: none"> • Using a carbon credit system (Support for Afforestation Projects, etc.)

*1 Reducing CO2 emissions by 50% by 2030 and by 100% by 2050, compared with the 2013 level (for scope 1 and 2 emissions)



Support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

3-8 Ensuring ESG Management - Materiality -

- We will analyze risks and opportunities and extract materiality (key issues in the organization) from the perspective of both JUKI and its stakeholders.
- We will create economic and social value by addressing social issues through our core business.

Section	Materiality	Main initiatives	Corresponding SDGs
Environment (E)	Reducing environmental impact	<ul style="list-style-type: none"> • A reduction in environmental impact through business activities • Environmental considerations throughout the product life cycle 	
Society (S)	Creating employment opportunities	<ul style="list-style-type: none"> • New job creation in emerging countries • Realizing an increase in the working population through support for vocational education and an improvement in the treatment of workers 	
	Promoting the social participation of various human resources		
	Ensuring occupational safety and health	<ul style="list-style-type: none"> • Support for building safe/secure sewing factories 	
	Realizing a reduction of clothing waste at the production site	<ul style="list-style-type: none"> • Support for smarter and more innovative technologies in sewing and surface-mounting plants • Realizing plants that produce good-quality products in a short time at low cost 	
Supporting technological innovation through increased productivity in the electronics industry	<ul style="list-style-type: none"> • Providing a system to achieve production in adequate quantities • An improvement in the pre- and post-processing infrastructure in surface-mounting plants 		
Improving the working environment	<ul style="list-style-type: none"> • Organizational activation through diversity promotion • Work-style reform, promotion of rewarding work, and training of human resources 		
Governance (G)	Strengthening governance	<ul style="list-style-type: none"> • Enhancement of the corporate governance system • Complete compliance and strengthening of risk management 	

This material contains forward-looking statements concerning future plans, strategies, and assumptions formed based on the economic, financial and other data currently available. Note that all of the forward-looking statements contained herein are subject to risks and uncertainties of various types. For this reason, JUKI wishes to caution readers that actual results may differ materially from those projected.

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JUKI CORPORATION**