



JUKI CORPORATION
2-11-1, Tsurumaki, Tama-shi, Tokyo 206-8551
Tel : 81-42-357-2211
<https://www.juki.co.jp/en/>



Mind & Technology

JUKI Integrated Report 2022



To be a select solution partner for customers Global & Innovative

CONTENTS

Introduction

- JUKI's ambition 3
- JUKI's business closely tied to people's daily lives and industry 4

Corporate value creation

- Corporate philosophy, Corporate slogan 6
- Message from Representative Director, Chairman and CEO 7
- History of value creation 10
- Corporate value creation process 12
- ESG management 14
- Medium-term Management Plan for FY2022 16
- Financial and non-financial highlights 18

Business strategies

- Business overview 20
- Message from Representative Director, President and COO 22

Sewing machinery and systems

- Industrial sewing machinery business 26
- Household sewing machinery business 28

Industrial equipment and systems

- Electronics assembly & systems businesses 30
- Group business 32
- Customer support business 34

Business foundation

- Technological development 36
- Production 38
- Supply chain 40
- Quality management 41

ESG initiatives

- “E” Environmental initiatives 42
- “S” Solving social challenges 46
- “S” Enhancing human resources 48
- “G” Governance / Officer introduction 50
 - Corporate governance 52
 - Risk management 54
 - Message from outside directors 56
 - Corporate governance 57

Data section

- 11-year key consolidated financial data 60
- Company information / Stock information 62

Editorial policies

This report is the first integrated report published by JUKI to provide its shareholders, investors, and other stakeholders with a deepened awareness of the JUKI Group. The annual Corporate Report published up to last year has been updated and integrated into a single volume with JUKI's corporate philosophy, growth strategy, history of value creation, financial data, non-financial data, and so on organized.

This report introduces JUKI's initiatives to enhance corporate value through a growth cycle based on ESG and realize a prosperous and sustainable society. This report also describes the specific measures JUKI will be taking to realize the growth strategies set forth in its Medium-term Management Plan. JUKI will be working on solutions to social challenges under its business model and strengthening communications with its stakeholders through proactive information disclosure.

Reporting coverage

This report covers the activities of JUKI CORPORATION and its 25 group companies. Some sections, however, cover JUKI CORPORATION on a stand-alone basis.

Reporting period

The reporting period is fiscal year 2021 (January 1-December 31, 2021), but some information on fiscal year 2022 is included.

Note on forward-looking statements

This report contains forward-looking statements on the outlooks, goals, plans, and strategies of the JUKI Group. These statements are based on judgments derived from information available when this report has been published. Readers should be aware that a variety of factors may cause the actual results to differ materially from those mentioned in the forward-looking statements.

Referenced guidelines/documents

“Guidance on Integrated Disclosure and Dialogue for Value Creation” issued by the Ministry of Economy, Trade and Industry

Public documents on our website (FY2021 in PDF format)



Brief report of financial results



Corporate governance report

Since its foundation in 1938, JUKI has been striving to create new value while continuing to create and evolve technologies with “monodzukuri (manufacturing)” at the core of its business. Today's JUKI is promoting growth cycle initiatives based on the corporate value creation process with the vision of “becoming a global, innovative *mono-koto zukuri* (manufacturing and value-creation) company that survives in the 21st century.”

JUKI will continue to be a select solution partner for customers in countries and regions around the world. JUKI practices ESG management with the aim of becoming a company that customers and society trust and need as a provider of both social and business values.



Representative Director,
Chairman and CEO

Akira Kiyohara

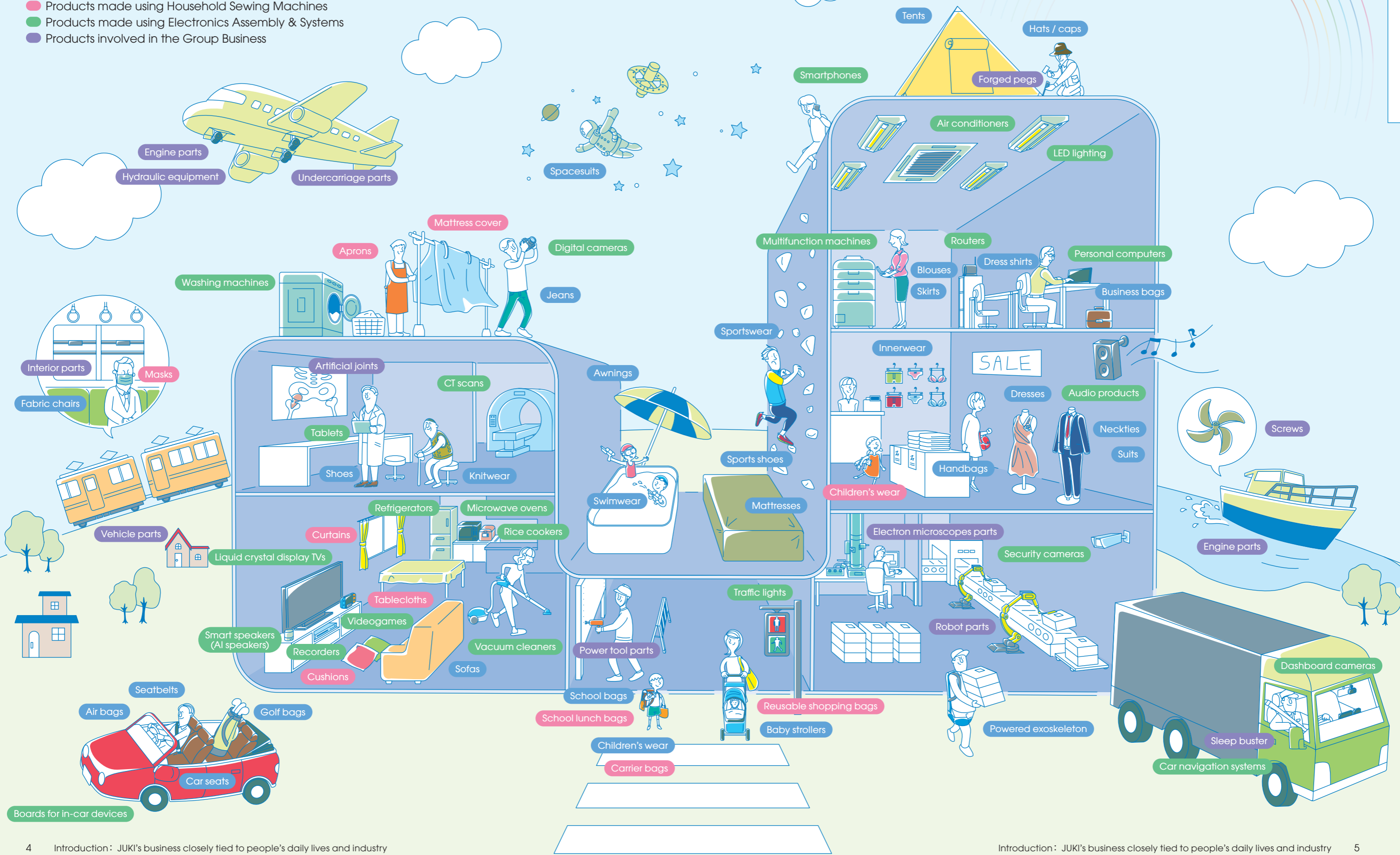
Representative Director,
President and COO

Shinsuke Uchinashi

Introduction

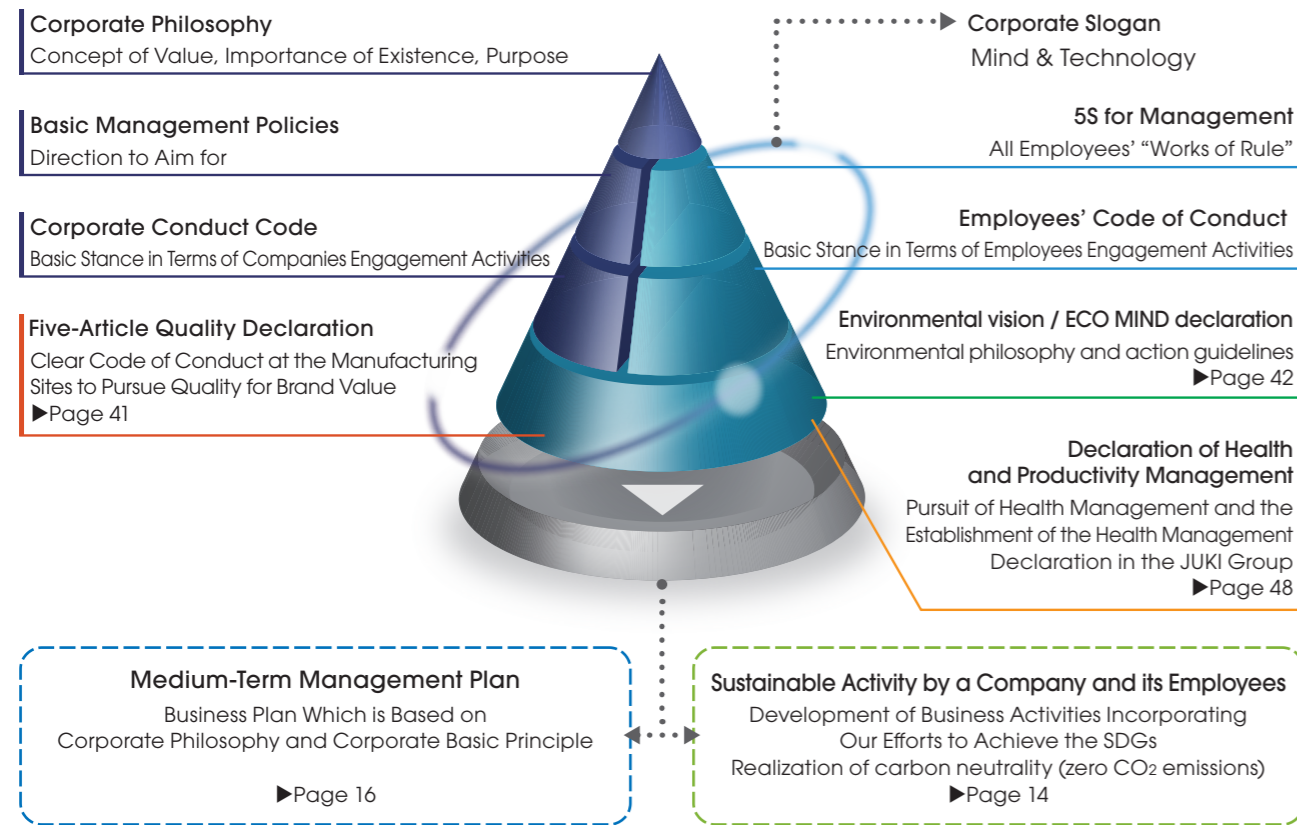
JUKI's business closely tied to people's daily lives and industry

- Products made using Industrial Sewing Machines
- Products made using Household Sewing Machines
- Products made using Electronics Assembly & Systems
- Products involved in the Group Business



Corporate philosophy, Corporate slogan

System diagram of the JUKI Group corporate philosophy



Corporate Philosophy

- The men and women of JUKI work hand in hand to spread happiness and enrich society.
- JUKI technologies are constantly evolving and creating new value.

Basic Management Policies

- Quality for Brand Value
- Innovative and Active
- Global Management Approach

Corporate Conduct Code

- In accordance with this Code of Conduct, the men and women of JUKI will comply with all laws and international rules, respect the spirit of the laws and rules, and act with social common sense.
- JUKI will not only pursue its corporate interests through fair competition, but also aim to remain a company with a worthy reason for being for its customers, shareholders, business partners, employees, and society overall.
- *The full text of the Corporate Code of Conduct is posted on our website.

5G For Management

- S**imple straightforward
- S**lim no waste
- S**peedy move ahead of schedule with agility
- +**
- S**eamless altogether with no barriers
- S**mart intelligent and productive

JUKI Group Code of Conduct "Ten-Provisions"

- 1 We will comply with any and all applicable laws, regulations, rules and any kind whatsoever.
- 2 We will supply our customers with products and render services for our customers, which products and services will satisfy our customers.
- 3 We will make the best decision for JUKI Group.
- 4 We will work for JUKI Group in fair and active ways with integrity.
- 5 We, as the members of JUKI Group (Globalized Enterprise Group) will respect the fundamental human rights conferred upon people, and will never illegally discriminate against people in any respect. In addition, we will respect cultures throughout the world.
- 6 We will secure our safety and stay in health by ourselves, and in addition, we will use the efforts to do the same for other people.
- 7 We will act and work in consideration of the global environment, and will, also, contribute to society as members of the community.
- 8 We will continuously improve teamwork at the workplace, by means of actively assisting with the spirit of "MenDoMi".
- 9 We will study for self-development/ improvement, and will, also, improve and train your subordinates and younger employees.
- 10 We will actively procure and collect various information, and prepare effective information, and will effectively use such information, and in addition, we will strictly administer such information.

Message from Representative Director, Chairman and CEO

JUKI will further enhance its corporate value to become a century-old company that survives in the 21st century.

Shortly after the end of World War II, JUKI launched a sewing machine business and expanded into electronic assembly systems and other related products.

In the ruins after the war, Japanese companies of all kinds were desperately seeking new business opportunities for reconstruction. As a business well positioned to contribute to peace and economic recovery, we at JUKI began developing household sewing machines with a focus on self-sufficiency in clothing and domestic work. JUKI's businesses were centered on "clothing, food, and housing"—three areas closely linked to people's day-to-day lives. JUKI sewing machines were given out as special prizes selected in five of Japan's New Year Card lotteries in the postwar period (1950, 1952 to 1955). Sewing machines were a necessity and a valuable commodity for households at the time.

When clothing production industrialized, JUKI was quick to catch the trend. Step by step, JUKI expanded its business into the development and manufacture of industrial sewing machines. In just a few years, JUKI established itself as the world's top sewing machine manufacturer by supplying high-quality, easy-to-use products to Japan and developed countries overseas.

With the emergence of electronics, including computers, as a growth industry in the 1960s, JUKI used its flagship sewing machinery technology to grow its electronic assembly systems business focused on mounters into a second business pillar. Through trial and error, the business evolved year by year.

These were the beginnings of what JUKI has accomplished by practicing two core tenets of its corporate philosophy: "The men and women of JUKI work hand in hand to spread happiness and enrich society," and "JUKI technologies are constantly evolving and creating new value." These were the beginnings of JUKI's story as a creator of corporate value.

JUKI's Corporate Philosophy systematized in 2018, the 80th anniversary year of the company's founding

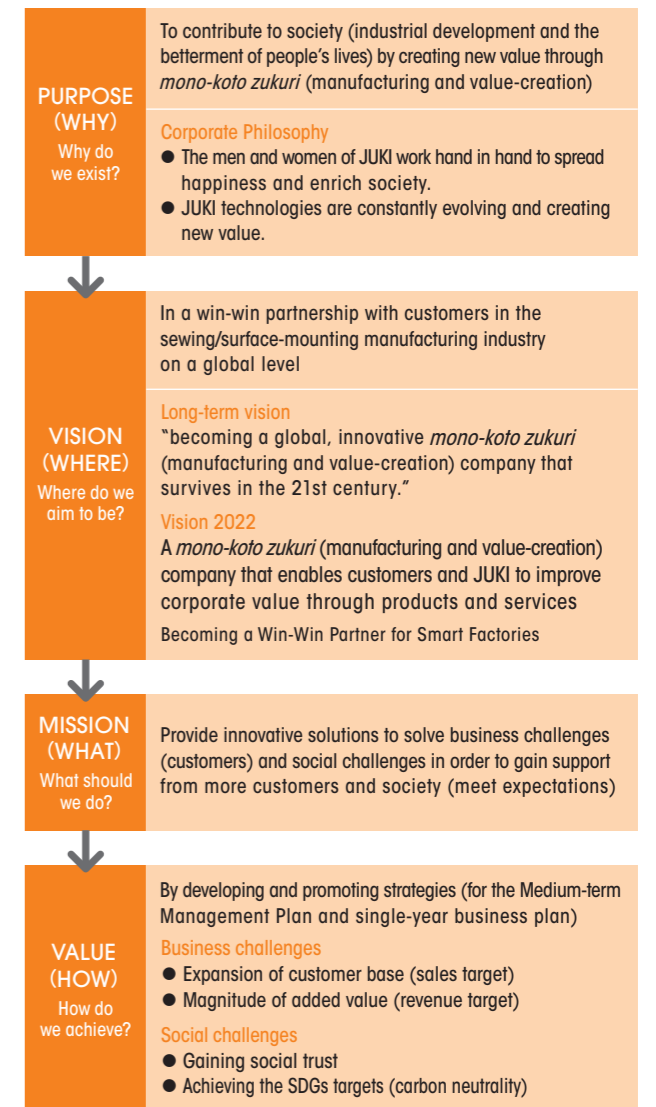
JUKI has weathered several business crises over its history from its founding in 1938 up to the present, starting with a major crisis at the end of the war. When I became the Executive Managing Director of JUKI in 2009, JUKI was greatly affected by the Lehman shock. Like many companies at the time, JUKI was forced to absorb huge losses due to sharply lower sales. Fast forwarding to 2012, JUKI once more faced severe business conditions with the appreciation of the yen to 70 yen to the dollar. But once again, the employees of JUKI worked together to restructure the business and overcome the crisis.

From my position near the top of a management team, I began to think deeply about JUKI's reason for being. For what, I asked, does the company exist? What, I asked, did



Akira Kiyohara

Representative Director,
Chairman and CEO



Message from Representative Director, Chairman and CEO

JUKI's stakeholders—its shareholders, customers, suppliers, and employees, and society overall— expect of JUKI? Did JUKI meet those expectations? I was convinced once again that meeting those expectations was the key to enhancing corporate value in the future and growing sustainably as a corporation.

In the 80th anniversary year of its founding, JUKI linked together its corporate philosophy, basic management policies, corporate code of conduct, and corporate slogan into a cohesive framework. It shared this framework inside and outside the company by publishing a chart systematizing a corporate philosophy. The JUKI of today continues to share this corporate philosophy with all of its employees, from its youngest greenhorns to its most seasoned veterans.

This corporate philosophy has been translated into a "long-term vision" of what JUKI aims to achieve. JUKI is now working towards that vision in its Medium-term Management Plan.

The Management policy JUKI will continue to practice

JUKI has three basic policies of overriding importance.

The policies are (1) quality management, (2) innovative and vibrant human resources and organization, and (3) management adapted to the global society. These policies will not change in the future.

For quality management, JUKI designates every November as Quality Month and holds rank-based Quality Month workshops to summarize and thoroughly confirm the status of quality management and quality assurance. As part of the international convention on QC circles, JUKI has positioned JGQMF (the JUKI Global Quality Management Forum), mainly a gathering of manufacturing companies who exchange and discuss solutions to various quality-related problems. Several forum participants each year receive awards and accolades for their achievements in raising awareness on quality management worldwide.

In the area of "human resources and organization," or what has recently been referred to as "human capital," JUKI has actively invested in people who work hard to hone and demonstrate their abilities and has introduced a personnel system that evaluates their productivity.

As far back as the 2000s, JUKI had entirely switched over to a salary system based on job evaluations for managers. More recently, in 2021, JUKI introduced a job-based employment system for general employees. JUKI has also introduced various selective working arrangements that emphasize the individually directed styles of living and working that came to the fore during the COVID-19 pandemic. JUKI intends to further transform its personnel system into one that accommodates globalization and diversity more comprehensively and inclusively in the future.

Turning to "adaptation to the global society," JUKI continues to strengthen its corporate governance system in various ways. JUKI has increased the ratio of outside directors to reflect the opinions of outside experts as transparently as possible and has promoted compliance-conscious management in accordance with common social sense and sound principles of legal compliance. JUKI conducts management with a firm focus on what to change and what not to change, while keeping a close eye on the business environment.

An engine (driving force) for growth in JUKI's story as a creator of value creation

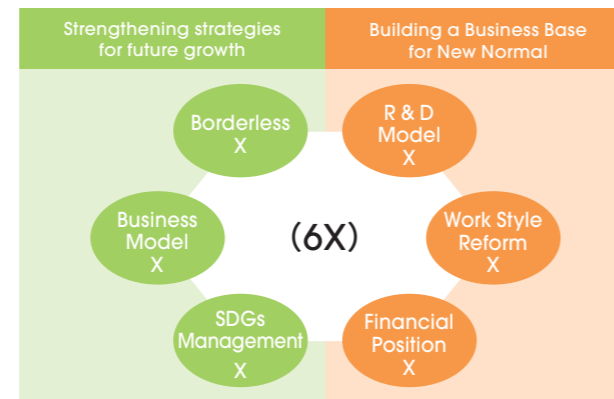
Looking back so far, JUKI has been driven by two growth engines:

- 1) Global market development capabilities (sales and technical services) and
- 2) Customer-oriented development and manufacturing capabilities (R&D and production).

JUKI continues to assess the risks and opportunities according to the business environment of the time while robustly developing markets through factory diagnostics and proposal activities that are useful to customers in growing developing countries. JUKI also develops and produces products and services that help stabilize quality, improve productivity, and conserve energy. It now supplies them to customers in more than 185 countries.

As JUKI continues its work faithfully and steadily to advance these two activities, transformation (X for short) has become another major growth engine in parallel. Transformation will be a key pathway forward in today's rapidly changing business environment, with its advances in technological innovation, the arrival of the 'new normal' society, and the ever-growing importance of SDGs management.

To this end, JUKI established the 6X Committee in 2021. JUKI's top management and officers are striving to enhance corporate value by exercising their own wisdom and leadership to pursue bold and aggressive reforms.



JUKI's points of focus in promoting future growth and enhancing corporate value

This year marks the 84th anniversary of JUKI's founding. Two core product businesses, sewing machinery and electronic assembly systems, have been JUKI's mainstays. To continue growing as a century-old company that survives in the 21st century,

JUKI will 1) broaden its vision, expand its sphere of activity, and take advantage of great business opportunities. To achieve this,

JUKI will 2) shift from a self-serving to society-serving mindset, actively adopt advanced technologies and technologies differentiated from other industries, and establish a foundational framework of sustainable actions for the sustainable growth of society looking to the future.

JUKI will continue to pursue these goals.

Investment plan and growth cycle

The investment plan for FY2022 covers four areas: plant and equipment investment, development investment, information system investment, and human investment. For plant and equipment investment, JUKI will introduce facilities and equipment that reduce CO2 emissions as a milestone toward achieving carbon neutrality by 2050, while sustaining its investments in higher production capacity and production efficiency.

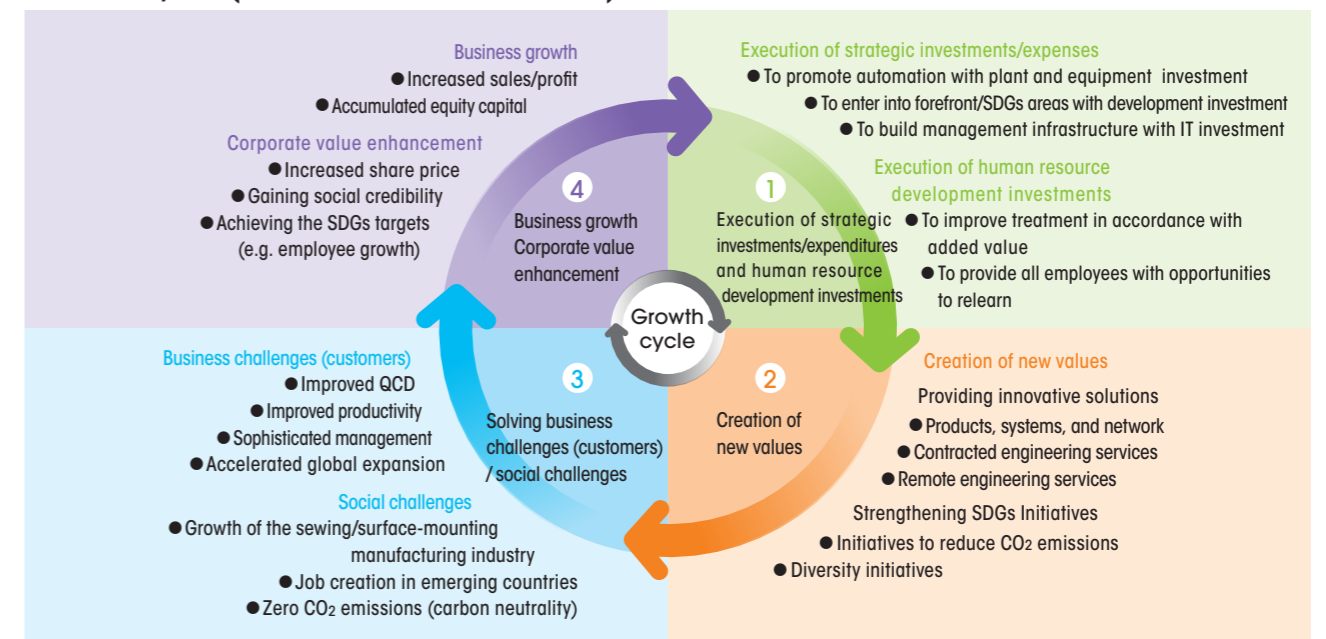
For development investment, JUKI will focus not only on the development of new products and technologies, but also forefront development towards portfolio transformation and SDGs development to help solve social challenges. For information system investment, JUKI will begin rebuilding its ERP system and engage in full-scale data-driven management. JUKI will be also improving the remote work environment while tightening information security. JUKI plans to invest a total of 30 billion yen in these areas over the four years starting in FY2022.

For human investment, an active investment in human resources and appropriate human resource management are also crucial for the Group's ongoing growth and development. JUKI believes that its people are the source of its competitiveness. JUKI will form a strong corporate group differentiated by "people" through various initiatives to assign the right people to the right positions, support young employees and female employees, establish a fair personnel evaluation system, and foster a corporate culture that respects diversified values.

This chart represents the process for enhancing corporate value. Strategic investments generate the creation of new values and lead to solutions for customers and society. JUKI will win the trust of its customers and achieve a growth cycle through its solution-making prowess.

Medium-term Management Plan for the next fiscal year and 2025

Growth cycle (value creation scenarios)



This fiscal year is the final year of JUKI's Medium-term Management Plan. JUKI has set medium-term quantitative goals to achieve consolidated net sales of 160 billion yen, ordinary profit of 10 billion yen, and an equity ratio of 50% in 2025, the next three years ahead. In the second half of this fiscal year, JUKI will begin studying a 3-year Medium-term Management Plan to achieve these targets. In FY2023, JUKI will aim to grow at a new, higher level using this next Medium-term Management Plan as a guide.

JUKI has also adopted ROIC management, a management approach that clarifies JUKI's return on capital and allows JUKI to flexibly formulate strategies and review business operations. JUKI will also be thoroughly implementing ROIC management, a style of management that pursues the results that are most achievable through investments in plant and equipment, development, information systems, and human resources.

To become a company that customers continue to select

In closing, JUKI's business environment has been drastically changing amidst turmoils such as the COVID-19 pandemic, the conflict between Russia and Ukraine, global shortages of goods and resources, and myriad other forms of economic and social instability.

The changing business environment includes the following three points. The first is technological progress. The second is the ascent of the New Normal for both companies and individuals with the advent of the COVID-19 pandemic. And the third is the changing environment with the advent of global warming and the like. We at JUKI recognize the business opportunities that come with these three changes. Year after year, JUKI will strive to be a company selected by customers and society around the world and to grow further as a provider of "good impressions" and "peace of mind" without losing ground in its quest for innovative challenges and value creation.

Corporate value creation

History of value creation

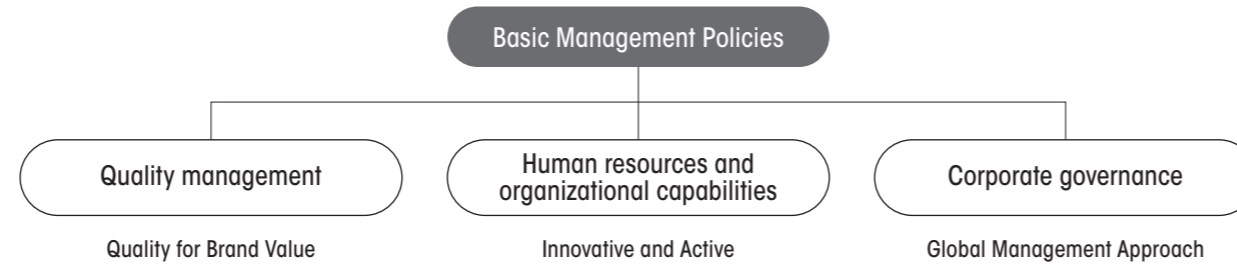
This is a history of the JUKI Group, a conglomerate of companies that have steadily grown their businesses and value by responding to the needs of customers and society, driven by a commitment to manufacturing for “peace.”

Related topics ● Industrial Sewing Machinery Business ● Household Sewing Machinery Business ● Electronics Assembly & Systems Businesses
● Group Business ● Customer Support Business ● Other businesses

Historical background	Since 1938															
	1940s	1950s	1960s	1970s	1980s	1990s	2000s	2010s	2020s							
<ul style="list-style-type: none"> • Postwar reconstruction • End of the war 	<ul style="list-style-type: none"> • San Francisco Peace Treaty • Dissemination of the three sacred treasures 	<ul style="list-style-type: none"> • Rapid economic growth • Joined the OECD (Organisation for Economic Co-operation and Development) • National Income Doubling Plan • Tokyo Olympic Games 	<ul style="list-style-type: none"> • The Nixon shock • Oil crisis • Osaka World Expo • Normalization of Japan-China diplomatic relations, Conclusion of the Japan-China Peace and Friendship Treaty 	<ul style="list-style-type: none"> • Plaza Accord, Strong yen • Highest Nikkei stock average (38,915 yen) • Black Monday • Introduction of the consumption tax 	<ul style="list-style-type: none"> • Financial Big Bang • Collapse of the bubble economy • Failures of major financial institutions • Asian currency crisis • Inauguration of the European Union (EU) • Great Hanshin-Awaji Earthquake 	<ul style="list-style-type: none"> • Burst of the information technology bubble • Lehman shock • Lowest Nikkei stock average (7,054 yen) • Postal service privatization 	<ul style="list-style-type: none"> • Super-strong yen (75 yen to the dollar) • Technological innovation through AI, IoT, and 5G (shifting from products to services) • Smartphone diffusion • Great East Japan Earthquake 	<ul style="list-style-type: none"> • Recovery from the stagnation of economic activities caused by the COVID-19 pandemic • Living with the COVID-19 pandemic, advent of the new normal society 								
Stages	Business start-up period		Rapid growth period		Cornerstone for manufacturing companies		Cornerstone of globalization	Business reconstruction		Expansion of core business areas		Business redefined (equipment & systems) New business areas expanded, ESG management established				
Timeline of important turning developments for JUKI	Conversion to a sewing machine business Establishment of JUKI's position as a comprehensive domestic sewing machine manufacturer <ul style="list-style-type: none"> ● 1946 The development of household sewing machines begins. ● 1947 JUKI's first household sewing machine, the HA-1, is completed. 		Entry into the electronics field <ul style="list-style-type: none"> ● 1950, 1952 to 1955 Winners of Japan's New Year postcard lotteries receive JUKI sewing machines as Special Prizes. ● 1953 JUKI's first industrial sewing machine is launched (DDW-II). 		Building of foundations for quality management <ul style="list-style-type: none"> ● 1971 The OHTAWARA PLANT is established. ● 1981 JUKI wins the Deming Prize. 		Expansion of overseas sales and production systems <ul style="list-style-type: none"> ● 1990 to 2000 Manufacturing plants are established in China and Vietnam (5 plants). 		Concentration on core businesses Withdrawal from unprofitable businesses <ul style="list-style-type: none"> ● 2000 JUKI Credit Co., Ltd. is sold off. ● 2001 An R&D center is established in China. ● 2004 Tokyo JUKI Industrial Co., Ltd. exits the food business. ● 2008 An R&D base is established in Vietnam. ● 2008 - Union Special Corporation is sold off through an MBO. ● - Door-to-door sales of household sewing machines are discontinued. ● - Three domestic factories and the amusement business are transferred to a third party through an EBO. 		Reinforcement of sewing machines for knitwear, non-apparel and household use Reinforcement of the electronic assembly systems lineup Building of the pillars for the Group business and parts service business <ul style="list-style-type: none"> ● 2011 A business alliance is formed with SIRUBA in Taiwan to expand sewing machines for knits. ● 2012 A Non-Apparel Company is established in-house to strengthen the product line-up and sales system. ● 2015 The development and sale of professional-use sewing machines are strengthened. ● 2016 Digital sewing machines are launched to the market. ● 2017 Automatic bobbin thread feeders are upgraded. ● 2018 Sales of JaNets for industrial sewing machines begin. 		Building of the pillars for the Sewing Machinery and Systems business and Industrial Equipment and Systems business SDGs integration into management <ul style="list-style-type: none"> ● 2019 The development of the automated warehouse business with ESSEGI AUTOMATION S.r.l. is strengthened. ● 2020 A business domain for services is expanded. - ShuHaRi - E-learning - Remote support ● 2021 A business alliance is formed with Pegasus Sewing Machine Mfg. Co., Ltd. to expand sewing machines for knitwear. ● 2021 JUKI pledges its commitment to achieving carbon neutrality. ● 2022 JUKI's pledges its endorsement of the TCFD. 			
Cultivated strengths and values	<ul style="list-style-type: none"> • In-house production of sewing machine parts and a manufacturing system for finished products • Start of "JUKI" design • Differentiation of sewing machines through the development of new technologies (Japan) 		<ul style="list-style-type: none"> • Overseas market development • Launch as a solutions provider for customers • Establishment of an after-sales service system • Differentiation of sewing machines through new technology development (overseas) 		<ul style="list-style-type: none"> • Position as a TOP manufacturer of industrial sewing machines • Customer-oriented quality management through company-wide improvements based on TQC 		<ul style="list-style-type: none"> • Improved line productivity based on a modular concept (combination of chip and general-purpose machines) • Differentiation using image-recognition technology 		<ul style="list-style-type: none"> • Establishment of a manufacturing system to support global sales 		<ul style="list-style-type: none"> • Next-generation revolution in lockstitch sewing machines • Shift to management tailored to heavy users in the household sewing machine business • Strengthened lineup of surface-mounting machines (high-speed machines, inspection machines, and screen printers) to offer one-stop solutions • Persistently high level of quality management for globally deployed quality assurance 		<ul style="list-style-type: none"> • 3-Dimensionalization of inspection machines and deployment of 3D to inspection and measurement machines • Technological innovation using IoT and AI • Solution proposals through a restructuring of business to become a <i>mono zukuri + koto zukuri</i> manufacturer 			
Numerous awards	1950, 1952 to 1955 Winners of Japan's New Year postcard lotteries receive JUKI household sewing machines as Special Prizes.		1950 A JUKI sewing machine wins the "Minister of International Trade and Industry Award" at the 3rd National Examination Committee for Sewing Machine Performance.		1954 The DDW-II wins "The Governor of Tokyo Award" at the All-Japan Invention Exhibition. 1955 The DDW-9 wins the "Patent Office Commissioner Award" at the Tokyo Invention Exhibition.		1957 JUKI wins the "Imperial Invention Prize" for inventing the single-axis rotational thread take-up lever. 1963 Kenichi Yamaoka, the third JUKI president, is awarded a "Blue Ribbon Medal."		1989 JUKI wins a "Dark Blue Ribbon Medal" for donating household sewing machines to schools.		1997 JUKI wins the "Japan Society Prize for the Promotion of Machine Industry" for developing an automatic bobbin thread feeder for industrial sewing machines (AW-1A).		2017 The HZL-9000CFMS (Full Digital Specification) industrial sewing machine wins the "Texprocess Innovation Award 2019."		2021 The OHTAWARA PLANT wins a "GOOD FACTORY Award" in the Monozukuri Process Innovation Award category (sponsored by the Japan Management Association). 2022 The AW-3S, an automatic lower thread feeder for industrial sewing machines, wins both the "Texprocess Innovation Award 2022" and the "Sustainability at Texprocess Award."	

Corporate value creation process

JUKI products are used by customers in 185 countries around the world. Our mission as a global company is to solve social challenges and enrich people's lives around the world through the creation of corporate value. The corporate value creation process demonstrates how sustainable circulation enhances both social value and business value.



Corporate Philosophy

The men and women of JUKI work hand in hand to spread happiness and enrich society.

JUKI technologies are constantly evolving and creating new value.

Corporate Slogan

Mind & Technology

Typical inputs

- Total capital: 18,044.71 million yen
 - Total assets: 129,114 million yen
 - Years in business: 83
 - Number of Group employees: 5,255
 - Number of consolidated subsidiaries: 25
 - Number of licensed items: 1,845
- (As of December 31, 2021)

«Growth engine»

Global market development capabilities

- Number of sales and service sites: 17
- Number of countries where distributors are set up: 102
- Number of countries where products and services are sold: 185 or more
- Number of development sites: 10
- Number of manufacturing sites: 12

«Growth engine»

Customer-oriented development and manufacturing capabilities

«Future growth engines»

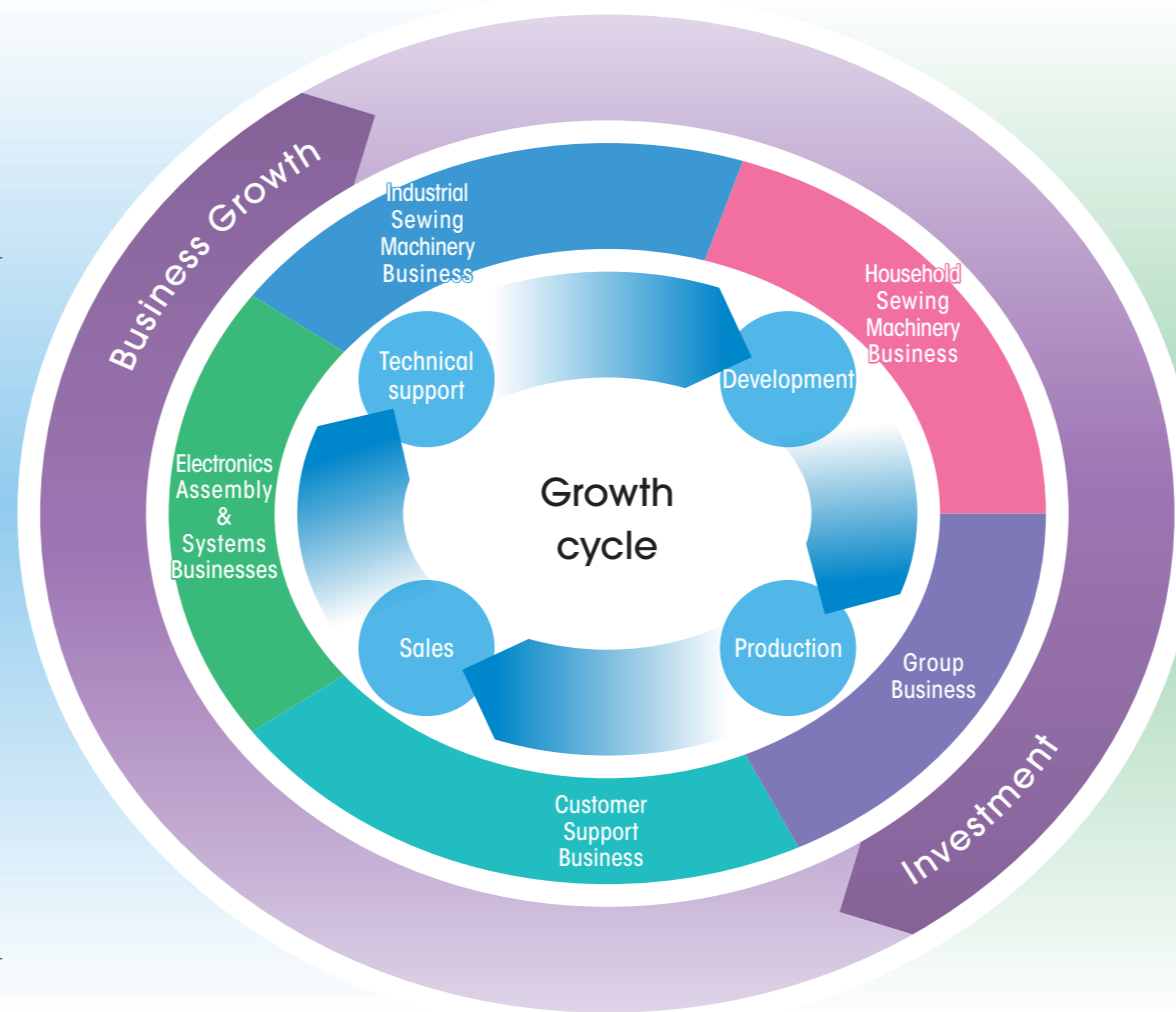
6 Transformations (6X)

Strengthening strategies for future growth

- Borderless X
- Business Model X
- SDGs Management X

Building a Business Base for New Normal

- R & D Model X
- Work Style Reform X
- Financial Position X



ESG management

Thorough management focused on sustainability perspectives

Realizing social value enhancements

1. Creation of employment opportunities
2. Promotion of social participation by various human resources
3. Ensuring occupational health and safety
4. Contributing to reduced clothing waste
5. Support for technological innovation through improvement to productivity in the electronics industry
6. Reduction of environmental load



Realizing business value enhancements

Achieving the Medium-term Management Plan (FY2022)

- Net sales: 116,000 million yen
- Ordinary profit: 5,000 million yen
- Gross profit: 50% or more in businesses other than industrial sewing machines

ROIC management

Clarifying "investment and return" for each business to maximize earnings

Corporate value

Realizing a sustainable society that enriches lives all over the world!

Achieving a rich living environment where people around the world can enjoy quality clothing and fashion



Improving industrial infrastructure through IoT and AI



Realizing a world without climate change by achieving carbon neutrality



Stakeholders

- Shareholders
- Customers
- Business partners (subcontractors and distributors)
- Employees and local communities

Corporate value creation ESG management

To assure JUKI's sustainability, we embody the ideas behind the "Mind & Technology" corporate slogan and aim for manufacturing based on the "customer-first principle (customer creed)". Every JUKI employee works to improve the quality of their work and refine their skills, keeping their sights set on the customer's satisfaction and passing on "JUKI's heart-to-heart technologies" to the future. We will incorporate solutions to various sustainability challenges into our Medium-term Management Plan and thoroughly emphasize ESG perspectives in management, in order to realize JUKI's long-term vision of becoming a "global, innovative *mono-koto zukuri* (manufacturing and value-creation) company that survives in the 21st century." By doing so, we will realize a sustainable society and pursue sustainable growth for JUKI.

Sustainability policy

We will realize a sustainable society by continuing to create and provide products and services that benefit society based on heart-to-heart technologies and the customer-first principle (customer creed)-the core elements expressed in JUKI's "Mind & Technology" corporate slogan.

We will act in accordance with our "Corporate Philosophy," "Basic Management Policies," and "Corporate Code of Conduct" and sustainably enhance our corporate value.

Commitments

1. Achieve carbon neutrality

We will further enhance our initiatives to reduce CO₂ emissions in our product development and production/business activities with a view to achieving carbon neutrality by 2050.

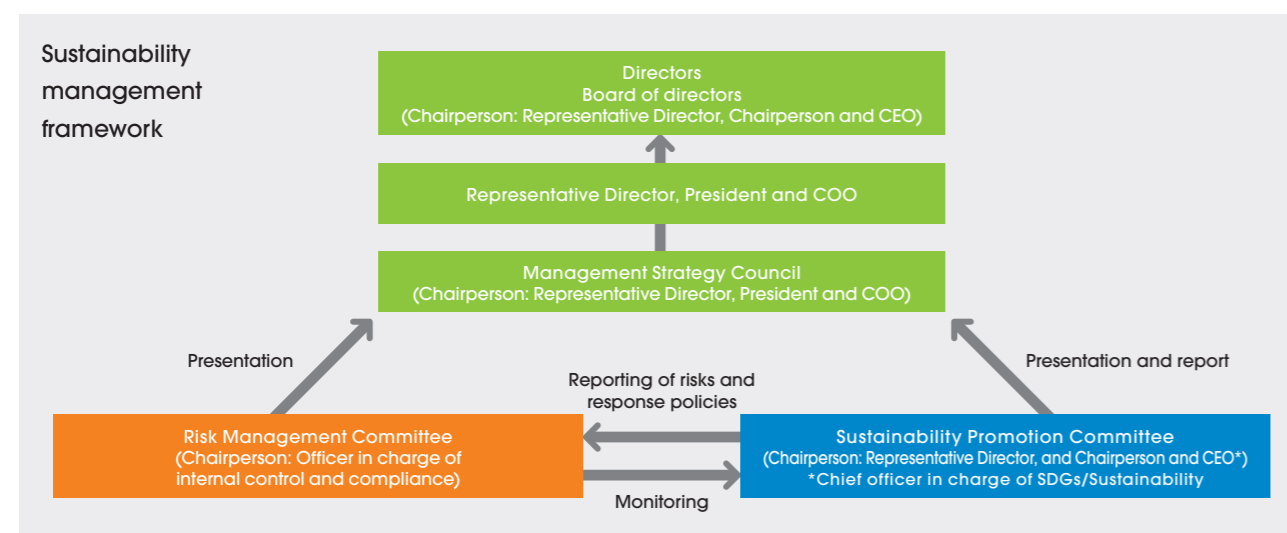
2. Endorse the TCFD recommendations

The head office of the JUKI Group endorses the TCFD (Task Force on Climate-related Financial Disclosure) recommendations established by the Financial Stability Board (FSB) and has announced its participation in the TCFD Consortium organized by companies that support the recommendations.



Our framework to promote sustainability

We established a Sustainability Promotion Committee in August 2022. Chaired by the Chairperson and CEO, this committee meets four times a year to deliberate and decide on sustainability policies, plans, and measures, manage the progress of the same, and report and make proposals to the Board of Directors and other relevant bodies. Risks identified and reviewed by the Sustainability Promotion Committee are reported to the Risk Management Committee to strengthen governance.



Materiality

The JUKI Group analyzes risks and opportunities within the changing external environment and extracts priority challenges based on the perspectives of both JUKI and its stakeholders. The JUKI Group also creates social and business value by tackling social challenges head-on through its business activities.

Processes to identify social challenges

<p>STEP 1</p> <p>Organizing the social challenges</p> <p>We will organize challenges into two broad categories based on an analysis of risks and opportunities in the business environment: those with significant impacts on JUKI and its stakeholders, and those which, if solved, will open the way to significant corporate value enhancements.</p>	<p>STEP 2</p> <p>Identifying the important social challenges</p> <p>Among the social challenges categorized, we will identify a set of "important social challenges" that should be addressed based on how they relate with our in-house policies and activities.</p>	<p>STEP 3</p> <p>Incorporating the social challenges into the Medium-term Management Plan</p> <p>We will discuss initiatives to solve important social challenges at the Management Strategy Council and incorporate them into our Medium-term Management Plan.</p>
---	---	---

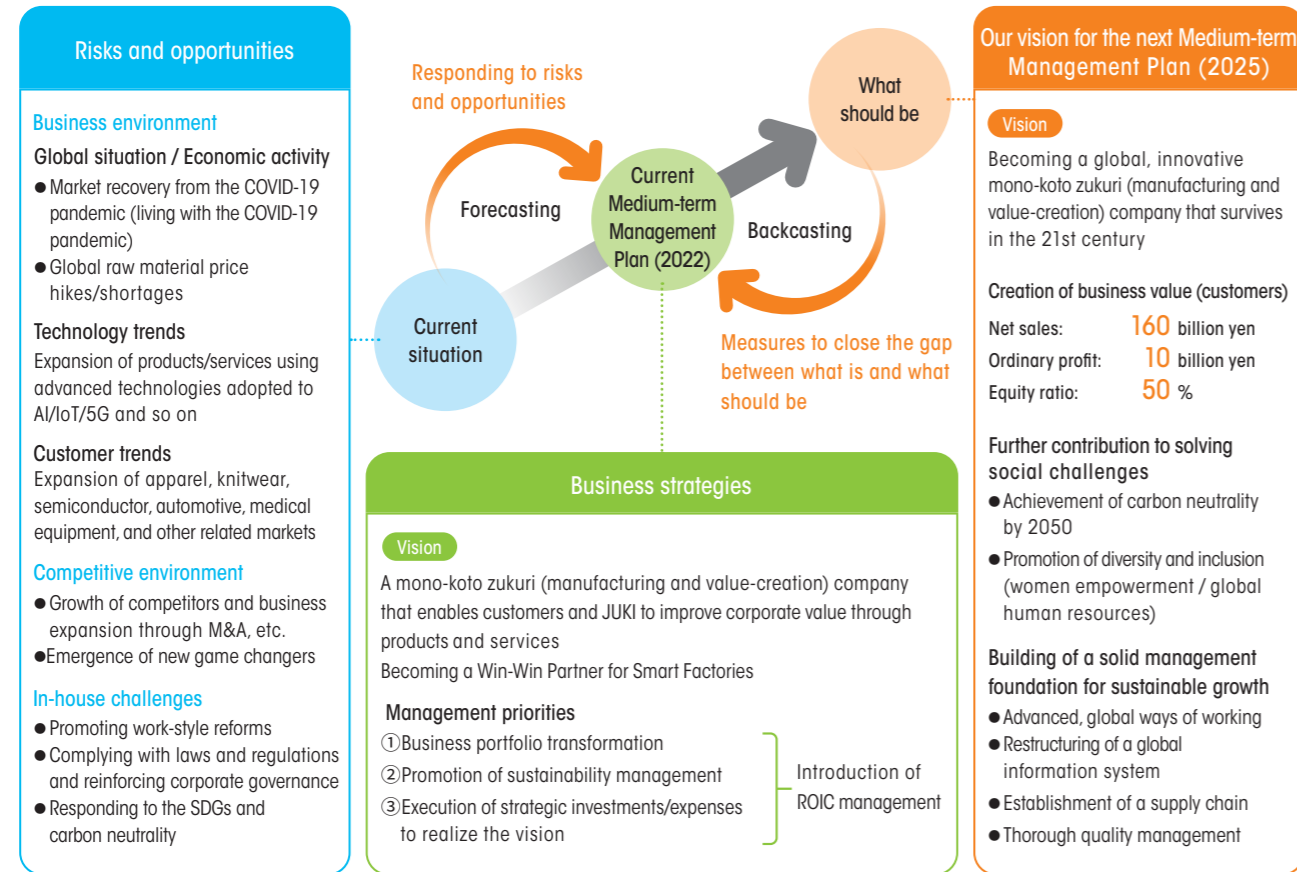
Categories	Materiality	Main initiatives	Related SDGs
Environment (E)	Reduction of environmental load	<ul style="list-style-type: none"> Achieving carbon neutrality by 2050 Reduction of environmental load through business activities Environmental consideration in product life cycles 	<p>▶Page 42</p>
Society (S)	Creating employment opportunities Promotion of social participation by various human resources	<ul style="list-style-type: none"> Creating new jobs in emerging countries Increasing the working population and improving the working conditions for workers through vocational education support 	<p>▶Page 46</p>
	Ensuring occupational health and safety	<ul style="list-style-type: none"> Supporting the building of safe and secure sewing factories 	<p>▶Page 47</p>
	Contributing to reduced clothing waste Support for technological innovation through improvement to productivity in the electronics industry	<ul style="list-style-type: none"> Providing a system to achieve moderate-volume production Spreading JUKI's "upcycling" activity using old clothes, waste materials, and by-products Realizing a factory that produces high-quality products in a short time at low cost Improvement to back-and-forth process infrastructure in implementation plants Making sewing and mounting factories smarter and supporting technological innovation 	<p>▶Page 47</p>
	Realizing ideal working conditions	<ul style="list-style-type: none"> Revitalizing the organization by promoting diversity Reforming work style, facilitating job satisfaction, and educating human resources 	<p>▶Page 48</p>
Governance (G)	Strengthening corporate governance	<ul style="list-style-type: none"> Enhancing JUKI's corporate governance system Providing thorough compliance and strengthening risk management 	<p>▶Page 50</p>

Corporate value creation

Medium-term Management Plan for FY2022

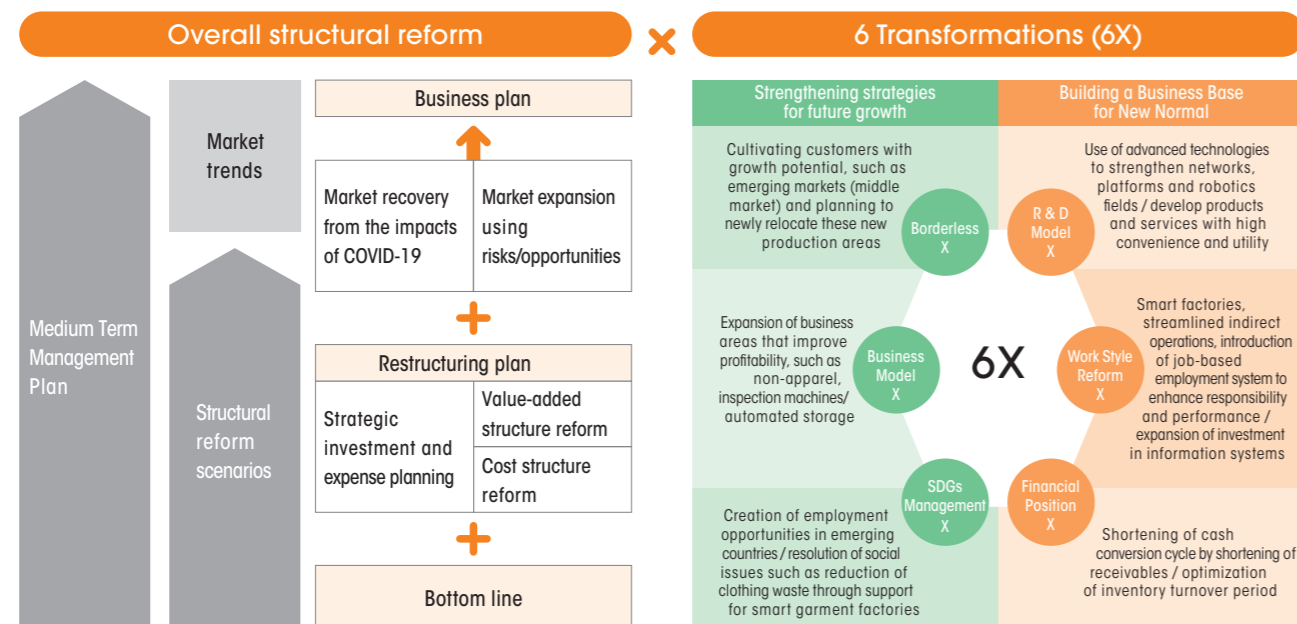
Positioning the final year of the Plan for the next three years (2025)

The next Mid-term Management Plan (2023-2025) has been reviewed in 2022 (the final year of the current Mid-term Management Plan) based on our responses to risks and opportunities.



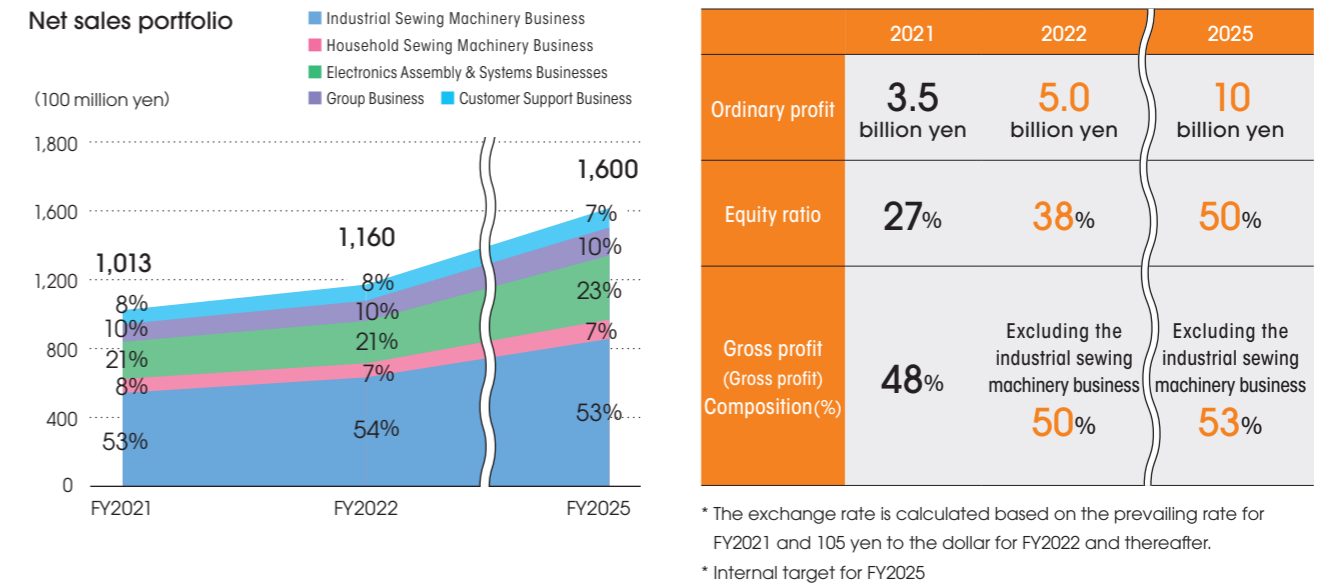
Structural reforms / Six transformations

The Medium-term Management Plan works toward a growth trajectory with two structural reforms to maximize earnings and six transformations (6Xs).

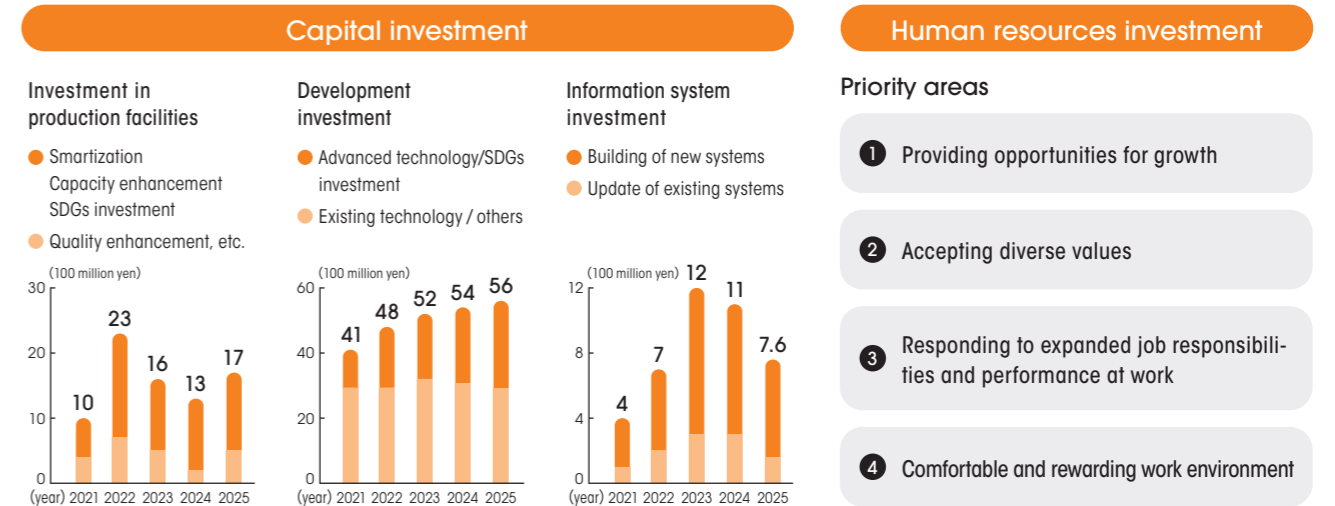


Target value

We have set a target value in anticipation of what JUKI should be in three years.



Capital investment / Human resources investment



Introduction of ROIC management

ROIC management was introduced in FY2022 based on clearly defined ROIC targets by business segment up to FY2025. We will maximize returns on invested capital by reforming our cost structure and strengthening value-added areas while aggressively investing in priority areas.

Outline of ROIC

$$ROIC = \frac{\text{Net operating profit less adjusted taxes (NOPLAT)}}{\text{Invested capital (share capital and borrowings)}}$$

JUKI's target

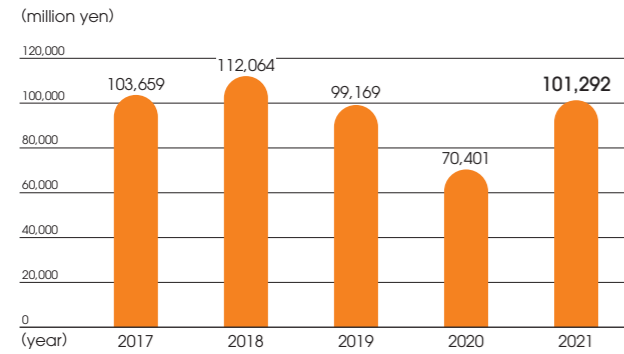
ROIC target		
2021	2022	2025
3%	5%	10%

* Internal targets for FY2022 and FY2025

Financial and non-financial highlights

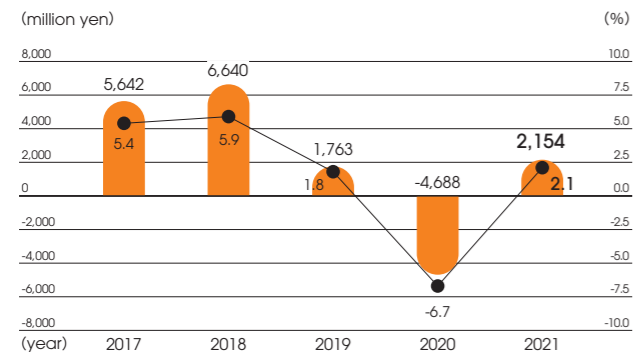
Financial highlights

Net sales



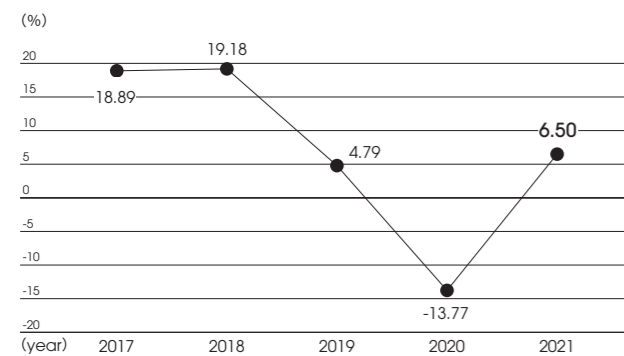
We conducted company-wide sales activities in each business segment to capture demand during the market recovery period and expand our market share in growth areas. Nevertheless, delays in the procurement of some parts, logistics disruption, and other negative factors resulted in an increase of only 43.9% from the previous year to 101,292 million yen for FY2021.

Net income attributable to owners of the parent / Net income ratio



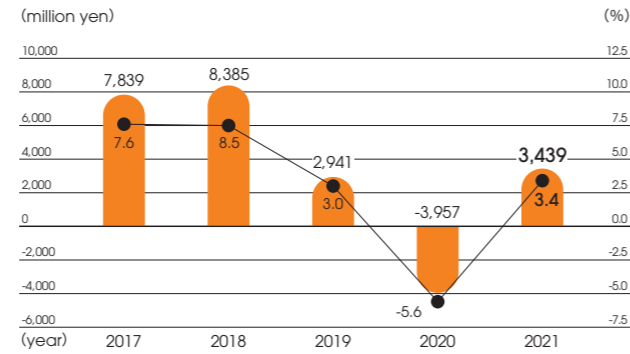
The amount increased by 6.8 billion yen to 2,154 million yen in FY2021.

Return on equity (ROE)



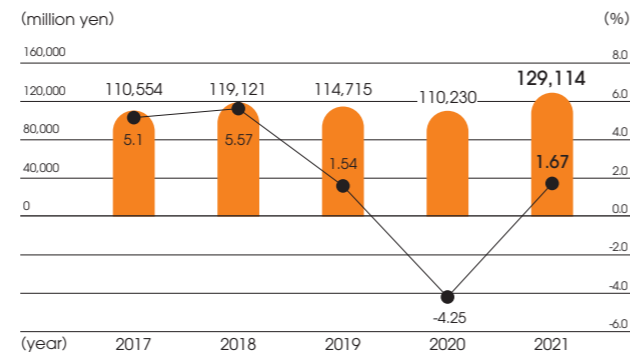
ROE for FY2021 was 6.5%.

Ordinary profit / Ordinary profit ratio



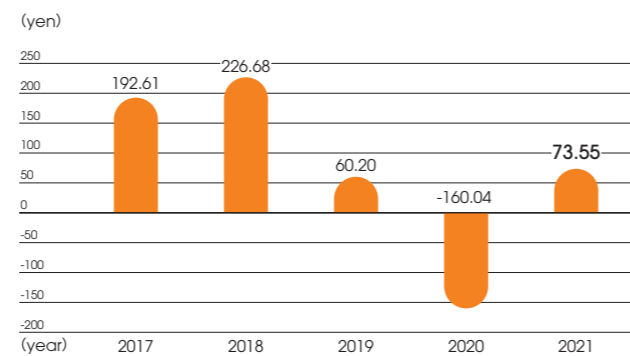
Our profit margin improved, thanks mainly to ongoing cost structure reforms to curb fixed costs, a weaker yen in the foreign exchange market, increased sales, and an improved factory operating ratio. Increased parts and logistics costs, meanwhile, resulted in ordinary profit of 3,439 million yen.

Total assets / Return on assets (ROA)



While deposits were used to repay borrowings in order to improve capital efficiency, accounts receivable and inventories increased with higher sales. As a result, total assets in FY2021 increased compared to the end of the previous fiscal year, reaching 129,114 million yen.

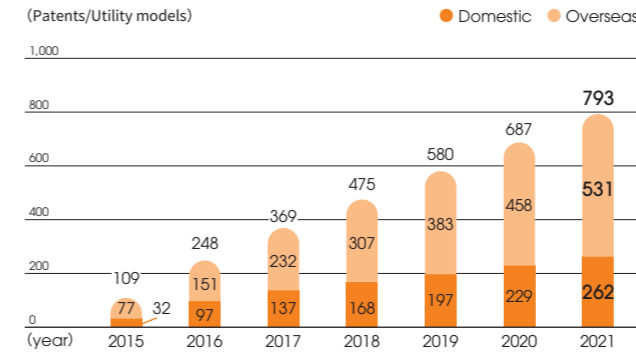
Net income per share



Net income per share for FY2021 was 73.55 yen.

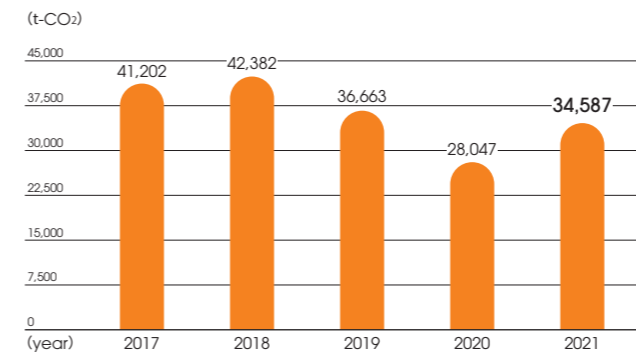
Non-financial highlights

Patents and utility models (cumulative)



The cumulative number of patents and utility models combined reached 793.

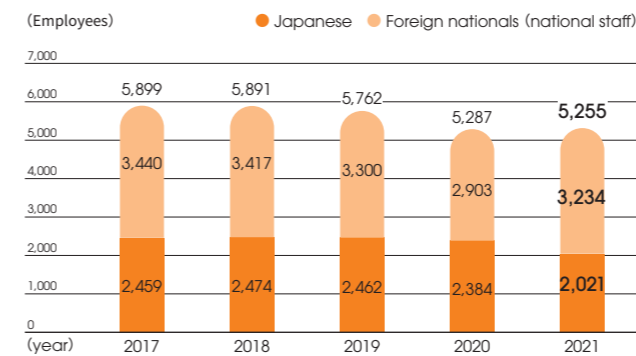
CO2 emissions



We have been switching to renewable energy by adopting smarter production methods and installing solar panels and other equipment with less environmental impact.

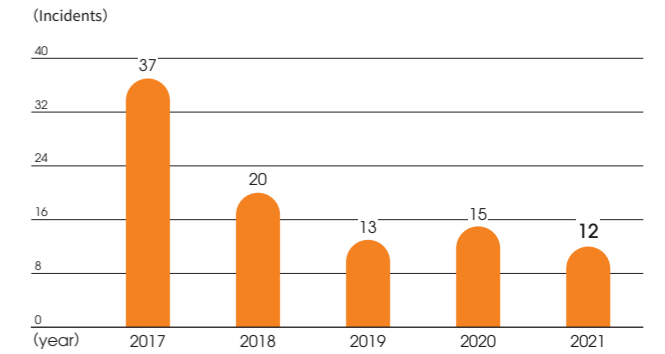
CO2 emissions in FY2021 amounted to 34,587 tons, largely due to the recovery of business activities from the COVID-19 pandemic. (Note) Offices covered: the head office in Tama City, the OHTAWARA PLANT of JUKI CORPORATION, and 10 manufacturing companies of the JUKI Group.

Number of employees (Japanese / Foreign nationals)



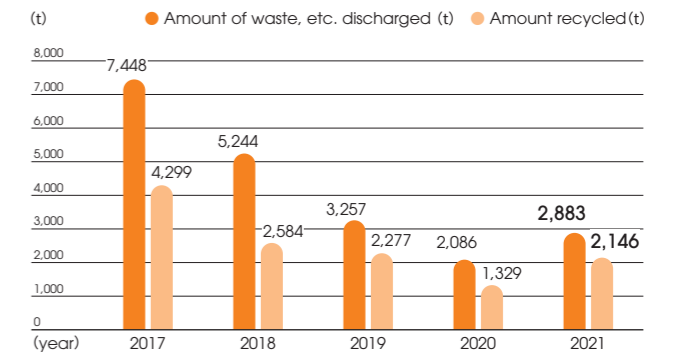
We continue to secure human resources mainly from overseas bases, and the ratio of national staff always accounts for more than 50%. We actively recruit foreign nationals in Japan and promote national staff to management positions overseas.

Changes in the number of work-related accidents



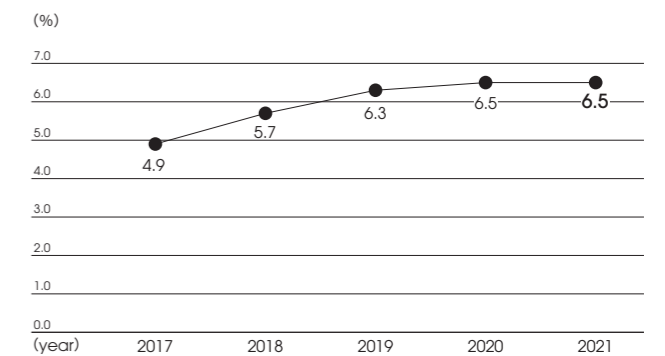
The number of work-related accidents in FY2021 decreased by three from the previous year.

Amount of waste, etc. discharged / Amount recycled



In total, 2,883 tons of waste was generated in FY2021, out of which 2,146 tons was recycled. (Note) Offices covered: the head office in Tama City, the OHTAWARA PLANT of JUKI CORPORATION, and 10 manufacturing companies of the JUKI Group.

Ratio of female management positions



We aim to increase the percentage of women in management positions to 10% by 2025 by offering women more opportunities to gain work experience, take on expanded duties, and play more active roles. (Note) Offices covered: the head office in Tama City, the OHTAWARA PLANT of JUKI CORPORATION, and JUKI AUTOMATION SYSTEMS CORPORATION.

Contributing to customer innovation around the world

JUKI supports global manufacturing with its advanced and valuable technologies.

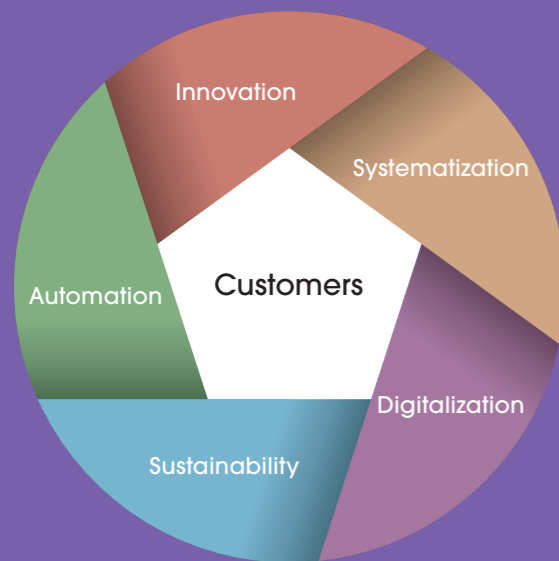
Vision for 2022

A mono-koto zukuri (manufacturing and value-creation) company that enables customers and JUKI to improve corporate value through products and services



Becoming a Win-Win Partner for Smart Factories

JUKI works with customers to take on business challenges and maximize their business growth and social value.



Major group companies involved

Business segment	Business	Business description	Manufacturing	Sales
Sewing Machinery and Systems	Industrial Sewing Machinery Business	A world-leading business driving the sewing machinery business ▶ Page 26-27	<ul style="list-style-type: none"> OHTAWARA PLANT JUKI MATSUE CORPORATION JUKI (SHANGHAI) INDUSTRIAL CO.,LTD. JUKI (LANGFANG) INDUSTRIAL CO., LTD. SHANGHAI JUKI SEWING MACHINE CO., LTD. JUKI (VIETNAM) CO., LTD. 	<ul style="list-style-type: none"> JUKI TECHNOSOLUTIONS CORPORATION JUKI SALES (JAPAN) CORPORATION JUKI (CHINA) CO., LTD. JUKI (HONG KONG) LTD. JUKI SINGAPORE PTE. LTD. JUKI MACHINERY BANGLADESH LTD. JUKI MACHINERY VIETNAM CO.,LTD. JUKI INDIA PVT.LTD. JUKI AMERICA, INC. JUKI CENTRAL EUROPE SP.ZO.O. JUKI ITALIA S.P.A. Other
	Household Sewing Machinery Business	A business that provides products to stimulate the creativity of home sewers ▶ Page 28-29		
Industrial Equipment and Systems	Electronics Assembly & Systems Businesses	A business that provides total solutions to support circuit boards manufacturing factories ▶ Page 30-31	<ul style="list-style-type: none"> JUKI INDUSTRIAL EQUIPMENT TECHNOLOGY CORPORATION 	<ul style="list-style-type: none"> JUKI AUTOMATION SYSTEMS CORPORATION TOKYO JUKI INTERNATIONAL TRADING (SHANGHAI) CO.,LTD. JUKI SMT ASIA CO., LTD. JUKI AUTOMATION SYSTEMS INC. JUKI AUTOMATION SYSTEMS GMBH. Other
	Group Business	A business that supports manufacturing companies through the collective strengths of "people, equipment, methods, and materials" ▶ Page 32-33		
	Customer Support Business	A business that provides support to promise that JUKI products in use all over the world remain in optimal operating status ▶ Page 34-35		
JUKI PROSERVE CORPORATION	New business	Creating new businesses to add further corporate value and develop safe and healthy products	<ul style="list-style-type: none"> Group manufacturing companies Business partners (Suppliers) 	<ul style="list-style-type: none"> Group sales companies JUKI PROSERVE CORPORATION

Message from Representative Director, President and COO

JUKI will accelerate its structural reforms and transform its business portfolio by expanding high value-added fields.

Business Report 2021

General overview of business performance

Despite the residual impacts of COVID-19, JUKI performed well in FY2021, achieving higher sales and profits compared to the previous fiscal year.

The business environment around JUKI in FY2021 remained uncertain due to the prolonged impacts of COVID-19, heightened geopolitical risks associated with Russia's invasion of Ukraine, the yen's depreciation against the dollar, and soaring crude oil prices. Within this severe business environment, the business segments of JUKI developed sales activities to capture demand during the market recovery period and expand market share in growth areas. JUKI also aggressively invested management resources to further expand its market share and make headway in its value-added structure reforms. These measures to strengthen earnings were successful. JUKI's consolidated performance for FY2021 was restored to the level of FY2019, a good year.

Net sales for FY2021 were 101,292 million yen, up 43.9% from the same period of the previous year. Profitability improved due to increased sales and a higher factory operating ratio, as well as ongoing efforts to curb fixed costs through cost structure reforms. The weaker yen in the foreign exchange market also improved profit margins. As a headwind, increases in parts and logistics costs were incurred. As a result, operating profit was 3,868 million yen (4,469 million yen loss in the same period of the previous year), ordinary profit was 3,439 million yen (3,957 million yen loss in the same period of the previous year), and net income attributable to owners of the parent was 2,154 million yen (4,688 million yen loss in the same period of the previous year).

Initiatives by business segment

JUKI will work aggressively to expand its business domains.

The industrial sewing machinery business, one segment of the industrial sewing machinery and systems business, saw growing demand for industrial sewing machines, thanks to a higher operating ratio of sewing factories. On the other hand, production and sales activities were hampered by the lockdowns and delayed parts procurement in Vietnam, where the company's production plants are based.

Net sales in the household sewing machinery business were on par with FY2020, when net sales grew significantly over the pre-pandemic year of FY2019, thanks to marketing activities in FY2021 to accurately capture the stay-at-home demand generated by the COVID-19 pandemic.

The electronics assembly & systems businesses, one segment of the industrial equipment and systems business, strove



Shinsuke Uchinashi
Representative Director, President and COO

to expand sales of high-speed mounters by accurately capturing 5G-related capital investment demand mainly in China, while also approaching diverse customers as prospective purchasers of robots, inspection and measurement machines, automated warehouses, and other products. The business achieved record-high net sales in FY2021 by reorganizing its global sales structure and further improving its international competitiveness.

The group business improved net sales by seizing new business from customers who took in orders in wide-ranging product categories or who repatriated their production sites to Japan to avoid the risk of supply chain fragmentation.

The customer support business actively worked to improve both net sales and parts sales at its bases by promoting its service business in expanded areas.

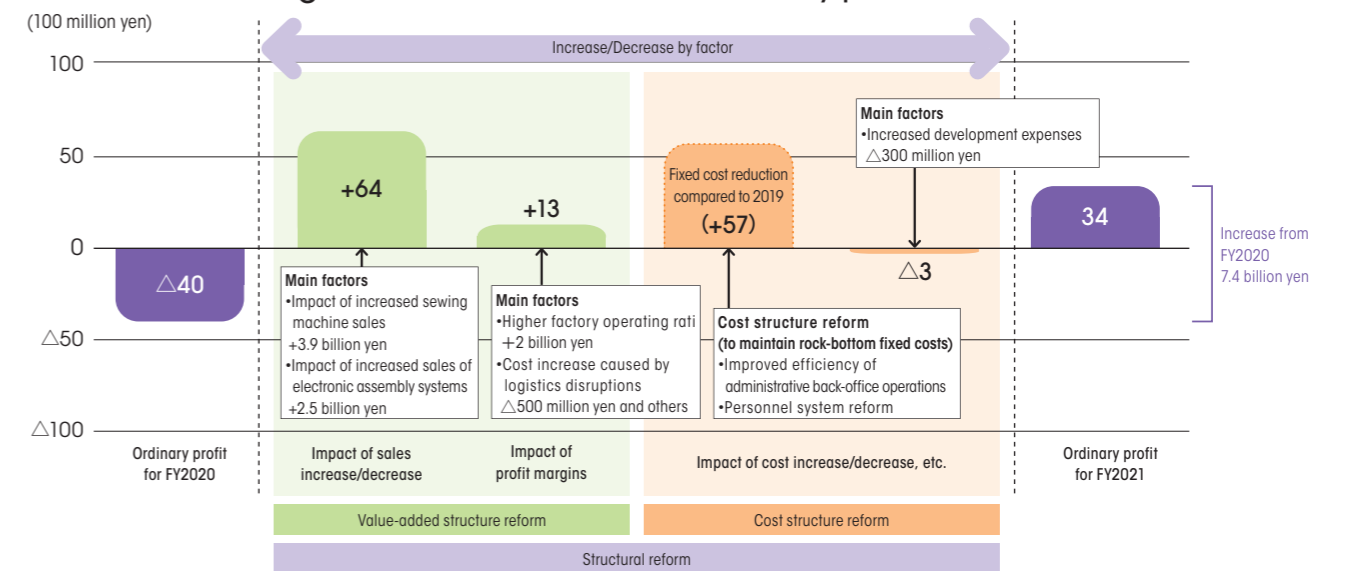
FY2021 results

Net sales		Equity ratio	
Compared to FY2020 44% increase	→ 101.3 billion yen	2020 28%	→ 2021 27%
Operating profit		Net D/E ratio	
2020 △4.5 billion yen	→ 3.9 billion yen	End of 2020 1.4	→ End of 2021 1.5
Ordinary profit		Interest-bearing debt (net of cash and cash equivalents)	
2020 △3.9 billion yen	→ 3.4 billion yen	End of 2020 43.6 billion yen	→ End of 2021 52.4 billion yen

Net sales by business segment

		2020	2021 on for 2021
Sewing Machinery and Systems	<ul style="list-style-type: none"> Selling JIN brand products to the middle market Developing non-apparel markets for the automotive industry, etc. 	42.7 billion yen	48% increase → 63.2 billion yen
Industrial Equipment and Systems	<ul style="list-style-type: none"> Capturing 5G-related capital investment demand, especially in China Reaching out to a wide range of customers for robots, inspection and measurement machines, automated warehouses, etc. 	27.4 billion yen	38% increase → 37.8 billion yen
Other topics		0.2 billion yen	0.2 billion yen
Total		70.4 billion yen	44% increase → 101.3 billion yen

Factors contributing to increases/decreases in ordinary profit for FY2021



Financial reviews

Total assets at the end of the fiscal year increased by 18,884 million yen from the end of the previous fiscal year to 129,114 million yen, due mainly to increases in accounts receivable and inventories associated with sales growth, while deposits were used to repay loans payable in order to improve capital efficiency. Liabilities amounted to 93,442 million yen, up 14,580 million yen from the end of the previous consolidated fiscal year, due mainly to increases in loans payable and accounts payable. Net assets increased by 4,303 million yen from the end of the previous consolidated fiscal year to 35,672 million yen, due mainly to an increase in retained earnings and a decrease in negative foreign currency translation adjustments.

Cash flows

Cash and cash equivalents on a consolidated basis at the end of the fiscal year amounted to 6,566 million yen, down 7,254 million yen from the end of the previous fiscal year.

Net cash used in operating activities totaled 6,589 million yen (compared to 8,509 million yen provided in the same period of the previous year).

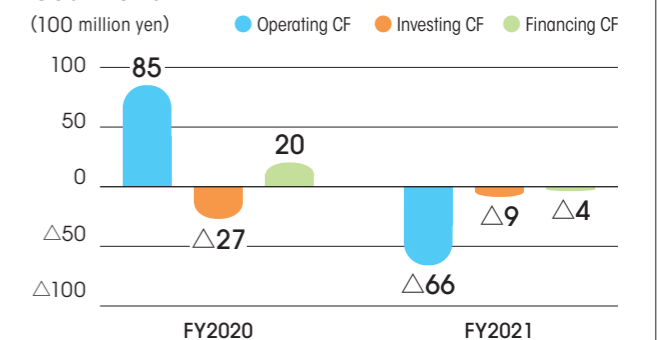
This change was due mainly to increases in notes and accounts receivable and inventories.

Net cash used in investing activities totaled 856 million yen (compared to 2,698 million yen used in the same period of the previous year). This change was due mainly to expenditures for the purchase of tangible fixed assets.

Net cash used in financing activities totaled 369 million yen (compared to 2,034 million yen provided in the same period of the previous year).

This change was due mainly to an increase in loans payable.

Cash flows



Message from Representative Director, President and COO

Initiatives for FY2022

Responding immediately to changes in society and markets

JUKI will focus on reforming its business model and upgrading its management system while responding immediately to changes in social conditions and product markets.

JUKI achieved a number of business successes in fiscal 2021 and performed well for the year. Even so, it would be rash of JUKI to trust in a safe and prosperous future for the Group in today's ever-changing global market. JUKI must push forward with its business model reforms and management structure upgrades while responding immediately to changes in the external environment.

The business environment has changed dramatically with the spread of COVID-19. The spread of remote work and the need to secure social distance, for example, have pushed business fashion towards the casual, prompting the widespread adoption of heavier, coarser materials such as knitwear and denim. Customers of industrial sewing machines, meanwhile, have noticeably shifted toward simpler, lower-priced products. JUKI must build a new business structure in response by accurately grasping the changes taking place in sewing factory product lines and the newly arising needs of sewing machine users. The changes in the markets spread far beyond industrial sewing machines. The industry map for electronic assembly systems is about to be rewritten, with major Korean and Taiwanese companies expanding into Vietnam and India. JUKI needs to ask itself how it can maintain its presence in China, a huge market, and how it should respond to the ever-more sophisticated needs of its customers. Instead of predicting the future based on past data, JUKI must keenly perceive the economic, social, and lifestyle changes taking place and respond with a sense of urgency.

Business plan

JUKI will broadly pursue good business performance through effective marketing activities.

FY2022 is the last of the six years covered under JUKI's Medium-term Management Plan commenced in FY2017. JUKI will take initiatives based on the changes taking place in the business environment.

Net sales of 116 billion yen are targeted, a 14.7 billion yen or 15% increase over the previous year. Ordinary profit is projected to come to 5 billion yen, up 1.6 billion yen from the previous year. JUKI plans to increase sales in each business segment by about the same amount.

In the industrial sewing machinery business, one segment of the sewing machinery and systems business, JUKI will expand high-value-added fields and build a profitable business model by strengthening proposal-based sales to high-end customers and by leveraging its alliances in the growing non-apparel, knitwear, and automated machinery fields. In parallel, JUKI will be expanding its market share in the middle market to build a future customer base.

In the household sewing machinery business, JUKI will strengthen its marketing capabilities to increase its market share, absorb customer needs in each overseas market, and reinforce measures in priority fields in response to the evaporation of the strong stay-at-home demand that

had sustained sales up to the first half of the previous year. JUKI will promote integrated management of the Sewing Machinery and Systems Business Unit and JUKI Sales (Japan) Corporation to accelerate the deployment of these measures for the industrial and household sewing machinery businesses.

In the electronics assembly & systems businesses, one segment of the industrial equipment and systems business, JUKI will expand its market share of high-speed machines by launching and expanding sales of new products and promoting a global sales structure, and take the three-pronged approach of expanding business in the non-mounter areas of inspection and measurement machines, robots, and automated warehouses. JUKI will be promoting further product enhancements and business domain expansions to achieve its targets in this business.

In the group business, JUKI will capture demand from projects to address supply chain fragmentation while intensively reviewing the individual measures taken for key growth companies engaged in semiconductors and inspection, two core sales areas. JUKI will be improving its sales structure and making capital investments to attain these objectives.

In the customer support business, JUKI will work to expand service areas by using the JUKI-ShuHaRi sewing machine inspection support system, a service tool for sewing factories, and providing operators with essential e-learning training. JUKI will also be quickly commercializing sewing services by strengthening remote services that customers need and establishing a service system tailored to today's new normal environment.

As sources of new revenue, JUKI established an organization for J's Dream Partners and a Business Development Department in JUKI PROSERVE Corporation, a subsidiary. JUKI will be taking on several new challenges for the creation of new businesses, internal ventures, and so on.

JUKI will clarify its investment and return plans in each business and thoroughly implement a style of "ROIC management" that flexibly reviews strategies and businesses.

Effective management strategies are formulated by envisioning the effects and results likely to emerge several years into the future and then backcasting those effects and results to determine what needs to be done in the present. JUKI has incorporated specific measures and processes into the "Value Up 2022 Phase II" of the Medium-term Management Plan to achieve numerical targets for consolidated net sales, ordinary profit, equity ratio in 2025.

As a social entity entrusted with precious funds from shareholders to carry out corporate activities, the JUKI Group has introduced "ROIC management," a style of management that clearly defines investments and returns for each business and flexibly reviews strategies and businesses.

JUKI will need to improve its earning power and business growth capacity in order to further grow as a 100-year company. JUKI will work to achieve its sales and profit targets by entering new business fields, winning new customers, and growing its value-added businesses.

Targets and initiatives for FY2022

Risks and opportunities

Risks		Opportunities	
External environments	<ul style="list-style-type: none"> Fragmented supply chain and higher logistics costs Sharply higher procurement costs driven by the semiconductor shortage Lower operating ratios of small to medium-sized sewing factories stemming from the lockdowns in China, and weakened demand for smartphones and PCs 	External environments	<ul style="list-style-type: none"> Accelerated relocation of production sites by global companies Increased demand triggered by regional conflicts Booming knitwear and bottoms markets fueled by the progress of casual wear Expanded labor saving, automation, and digitalization needs New demand for inspection, etc. with the advent of automated driving and vehicle electrification Accelerated remote needs in the new normal society
Competitive environments	<ul style="list-style-type: none"> (Industrial Sewing Machines): More overseas competitors, and reinforced response capabilities for automobiles in non-apparel areas (Electronic Assembly Systems): Greater comprehensive strength and reinforced proposal-making abilities through the expansion of business fields such as semiconductors 	JUKI	<ul style="list-style-type: none"> Start the joint venture with the Mitsubishi Group to leverage new customers, products, technologies, and development teams Use the alliance with Pegasus to respond to the growing knitwear market

Target for FY2022

* The exchange rate is calculated at 105 yen to the dollar

<p>Compared to FY2021</p> <p>15% increase → 116 billion yen</p>	<p>Compared to FY2021</p> <p>1.6 billion yen increase → 5 billion yen</p>	<p>2021 → 2022</p> <p>48% → 50% or more</p>
<p>2021 → 2022</p> <p>27% → 38%</p>	<p>End of 2021 → End of 2022</p> <p>1.5 → 0.9</p>	<p>End of 2021 → End of 2022</p> <p>52.4 billion yen → 36.3 billion yen</p>

Priority policies for FY2022

- Build a revenue base through value-added/cost structure reforms
- Build a future customer base by cultivating growth areas
- Build a smart management foundation by investing in priority areas

Business portfolio

Business	Major initiatives	Sales target for FY2022	FY2021 sales
Sewing Machinery and Systems	Industrial Sewing Machinery Business	73.2 billion yen (16% increase)	63.2 billion yen
	Household sewing machinery		
Industrial Equipment and Systems	Electronics Assembly & Systems	42.4 billion yen (12% increase)	37.8 billion yen
	Group Business		
	Customer Support Business		
Consolidated adjustments, etc.		0.4 billion yen	0.2 billion yen
Total		116 billion yen	101.3 billion yen

Business strategies Sewing machinery and systems

Industrial sewing machinery business

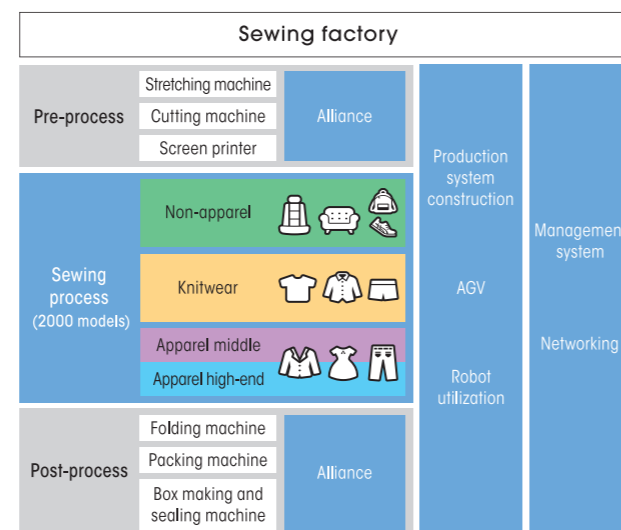


Shinsuke Uchinashi
Representative Director,
President COO,
in charge of the Sewing
Machinery and Systems
Business Unit

The industrial sewing machinery business provides products and services to sewing factories serving mainly the apparel and automotive industries, and supports the growth of its sewing factory customers as a provider of solutions activities. JUKI's products are widely used in 185 countries around the world. The industrial sewing machines business supports the production of clothing as an essential part of daily life and drives both economic development and employment growth, especially in emerging countries. The wide and varied challenges faced by today's sewing factories include rising labor costs, difficulty in recruiting personnel, the need to improve overall factory productivity and save labor due to the shortage of skilled workers, de-skilling, quality improvement and stabilization, ease of work, and SDGs compliance.

JUKI provides customers with high-quality solutions by providing its JaNets sewing management system in conjunction with hardware products. JUKI solutions promise improved whole-factory performance spanning all processes from pre-sewing to the very last stage of production. JUKI will also launch a new lineup of branded JIN products and secure sales channels to meet the demands in the emerging markets, where customers are relocating their production sites.

In its strategy for future products, JUKI aims to expand growth areas by collaborating with the world's top manufacturer of knit sewing machines and by establishing a new company with strengths in non-apparel products. JUKI will work to improve customer value satisfaction through these initiatives and expand the scale of its business by 1.5 times, the target set for the next Medium-term Management Plan up to FY2025.



JUKI business scope

Vision

Working under the “JUKI Smart Solutions” concept, JUKI helps customers innovate by offering inventive technologies and system proposals.

Strengths

- Brand power with the No.1 global market share
- Unparalleled product lineups responding to every process in the manufacture of sewn items
- Simultaneous pursuit of high quality and performance based on core technologies
- JUKI's DNA as a developer of global markets
- Solution capabilities backed by more than 60 years of consulting activities

Risks

- Increased competition with the rise of Chinese competitors
- Paradigm shift in fashion brought about by the “new normal” lifestyles
- Production downtimes and shortages of semiconductors and other materials caused by the impacts of COVID-19

Opportunities

- Changes in capital investment and production systems driven by SDGs needs
- Accelerated expansion into Asia by sewing companies from China and elsewhere
- Growth of knitted products to meet the demand for “new normal” lifestyles

General overview for FY2021

While operations in the Vietnam market were affected by the lockdowns, causing negative impacts on customer factories, delays in the procurement of some parts, and distribution delays, operating ratios were improved in sewing factories in the revitalized markets of Europe, U.S., China, and elsewhere. Overall sales in the major markets rose as a result, leading to higher revenues.

Profitability increased thanks to stronger sales, a higher factory operating ratio, and ongoing efforts to reduce costs.

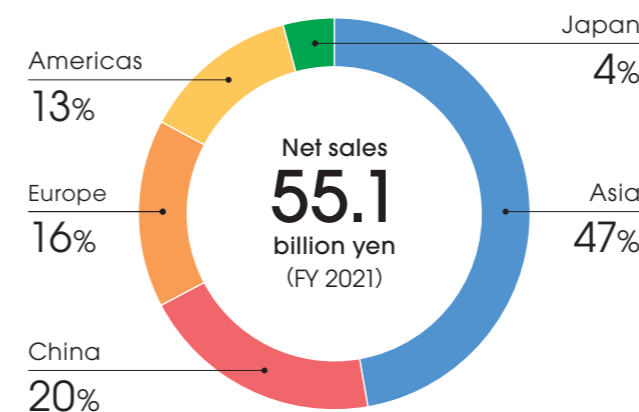
Priority strategies for FY2022

1. Expand JUKI's market share in the middle market to build a future customer base
2. Build a profitable business model by strengthening JUKI's high value-added product lineups and proposal-based sales
3. Win orders for a solutions system integrating JUKI's sewing management system (JaNets) with conveyance equipment

Priority strategies by portfolio

Non-apparel	• Strengthen sales to customers for car seats /sports shoes /furniture
Knitwear	• Develop emerging markets, including Latin America and Africa, through the business alliance with Pegasus Sewing Machine Mfg. Co., Ltd.
Apparel middle	• Expand market share with the “JIN” brand (models for the middle markets in emerging countries)
Apparel high-end	• Deploy one-stop solutions for converting customers' non-smart factories into smart factories • Expand the deployment of automatic machines by leveraging JUKI's strengths

Global sales ratio (FY2021)



TOPICS

JUKI established a new company in the non-apparel business in a joint venture with a subsidiary of Mitsubishi Electric Corporation.

JUKI and Mitsubishi Electric Corporation established a joint venture company by integrating JUKI's non-apparel department with Meiryō Technica Corporation, a wholly owned Mitsubishi subsidiary with strengths in sewing machinery for non-apparel applications. The new company, JUKI TECHNOSOLUTIONS Corporation, was established in July 2022. JUKI TECHNOSOLUTIONS Corporation aims to become the world's top provider of distinctive solutions using unrivaled technologies mainly in automotive and sports shoes, by combining the advanced technologies and product and system lineups of the two companies.

JUKI will promote collaboration with the world's leading specialized manufacturer of sewing machines for knitwear.

In April 2022, JUKI launched the first machine jointly developed with Pegasus Sewing Machine Mfg. Co., Ltd. (Pegasus), a world-class manufacturer of specialized chainstitch machines for the sewing of knitwear. JUKI has combined its control technology with Pegasus's well established sewing quality as a base, with plans to promote sales of the new products to China, Vietnam, and other Asian countries, as well as Colombia. JUKI has combined its control technology with Pegasus's well established sewing quality as a base, with plans to promote sales of the new products to China, Vietnam, and other Asian countries, as well as Colombia. JUKI entered into a business alliance with Pegasus in April 2021 and will continue to develop more products and markets with Pegasus in the years ahead.

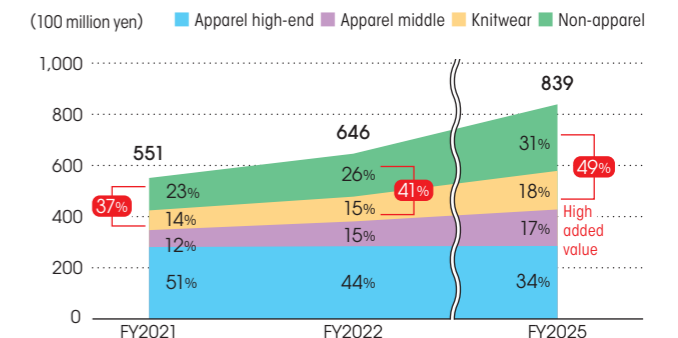
Launch of “JIN” brand products to develop the middle market

JUKI has started to roll out a lineup of JIN (JUKI International) brand sewing machines that satisfy the price and quality needs of middle-market customers in emerging countries.

Based on the design concept of easy operation, these products will be deployed mainly to customers in the Southeast Asian and Indian markets as entry-level machines for customers who are doing business with JUKI for the first time.

* JIN brand products are only available in select countries.

Sales portfolio of the industrial sewing machinery business



* Exchange rates are calculated at the prevailing rate for FY2021 and at 105 yen to the dollar for FY2022 and thereafter.

* Sales by the business are calculated before consolidation adjustments.



Vision

Creating new fun with hobbyists

Strengths

- Trust in a brand based on industrial sewing machines
- Pioneer in the field of semi professional sewing machines
- High performance and quality based on core technologies
- Support from sewing influencers
- JUKI's DNA as a pursuer of user-oriented products

Risks

- Evaporation of stay-at-home demand
- Production lockdowns caused by the impacts of COVID-19
- Changes in the competitive environment as the industry restructures

Opportunities

- A return to home-use sewing machines spurred by the demand for handmade masks
- Evolution of a marketing approach using SNS
- Linkage with smartphones
- Booming online stores selling personal handmade goods

Shinsuke Uchinashi

Representative Director, President COO in charge of the Sewing Machinery and Systems Business Unit, and General Manager of the Sewing Machinery and Systems Business Unit, and A manager in charge of the household sewing machinery business

The household sewing machinery business helps spread the joys of DIYing by selling equipment and accessories that enhance the creativity of home sewing. With the high reliability of industrial sewing machines at the core, JUKI's high-quality, top-performance, premier-class products are adored by customers with a genuine interest in quality, from hobbyists to sole proprietors who sell their own creations. The recent boom in handmade masks and rise of stay-at-home demand with the advent of COVID-19 has unearthed latent needs and expanded the base demand for household sewing machines. In parallel, the demand for highly specialized sewing machines has been rising as more and more hobbyist customers are selling their creations as a sideline business.

Recognizing the opportunities this environment brings, JUKI is introducing wide-ranging customers to new ways to experience its products by holding workshops through social networking services such as Instagram. JUKI will also promote a marketing approach to cultivate more JUKI sewing machine fans by strengthening contacts with distributors and street stores, and will move forward with initiatives to expand the business to 10 billion yen in the next Medium-term Management Plan up to FY2025.

In particular, JUKI will promote business value creation by expanding its lineup of highly specialized sewing machines such as its quilting models and by improving ease of use from the customer's perspective (UI/UX).

Market importance High: ◎ Medium: ○ Low: △

Products / Markets		Japan	Europe	Americas	China	Asia
Home-use sewing machines	Low	△	△	△	◎	△
	Medium	◎	○	○	△	
	High	○	◎	◎		
Accessories and kits for home-use sewing machines		◎	○	○		
Overlock sewing machines		○	◎	○		
Semi professional sewing machine		◎	○	◎		
Quilt-making sewing machines		△		◎		
Related equipment (Alliance)		○				
Accessories for professional-use and quilt-making sewing machines		◎		◎		

Portfolio ■ Home-use sewing machines ■ Overlock sewing machine ■ Semi professional sewing machine

General overview for FY2021

The market for home-use sewing machines expanded, mainly in the popular price range, with the return to home-use sewing machines and the stay-at-home demand spurred by the boom in handmade masks during the COVID-19 pandemic. The online market for handmade goods also expanded in 2021, resulting in strong sales and profits on par with those in FY2020 (1.5 times the 2019 levels).

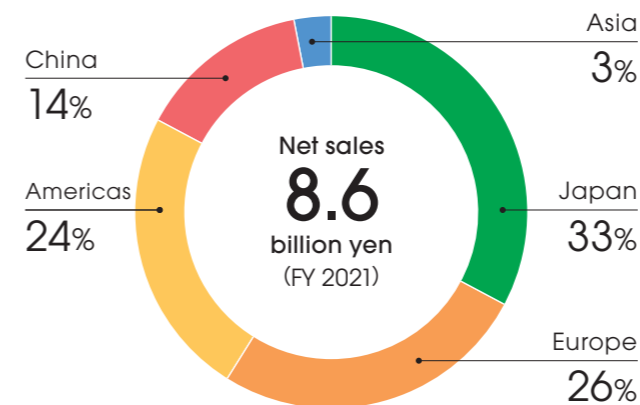
Priority strategies for FY2022

1. Strengthen marketing to grow the share of heavy users as the stay-at-home demand subsides
2. Integrate the management of the sales company and head office by ensuring that the head office support complements the sales company functions
3. Undertake detailed sales support measures tailored to regional and sales company needs

Priority strategies by portfolio

Semi Professional sewing machines	Semi-professional group for side businesses and sales
Overlock sewing machine (Overlocker/Sergers)	<ul style="list-style-type: none"> • Expand dedicated, single-function models and deploy dedicated sales channels in the U.S. market
Home-use sewing machines	<p>Hobbyist group</p> <ul style="list-style-type: none"> • Propose new ways to enjoy products with advanced and highly versatile functions • Deploy specialized quilt-making sewing machines for free-motion

Global sales ratio (FY2021)



TOPICS

Deploy single-function and high-performance products (U.S.)

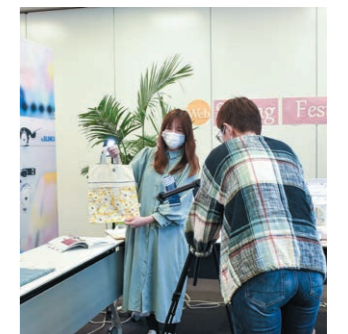
The growing number of websites that make it easy to sell handmade goods, coupled with the falls in income during the COVID-19 pandemic, has prompted hobbyists all over the world to turn their hobbies into side businesses.

U.S. sewers in particular are showing a strong demand for single-function, high-quality specialized machines such as professional-use sewing machines, compact overlock sewing machines, and quilt-making long arm sewing machines. JUKI is working to build new sales channels and strengthen its repair support system.

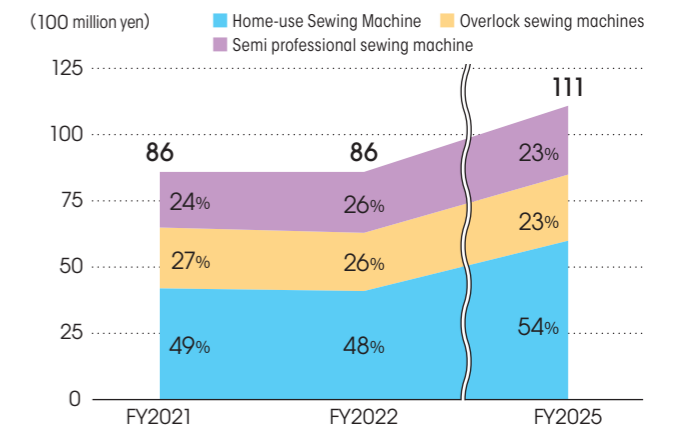


The "JUKI Web Sewing Festival 2021" (Japan)

JUKI staged its first online festival using the official Instagram live-streaming for JUKI household sewing machines. Twelve special program lectures covering sewing machine care instructions, product demonstrations, and workshops were presented during the 5-day event. A total of 2,500 people participated in the festival. Many purchased JUKI sewing machines along with sewing machine kits and accessories.

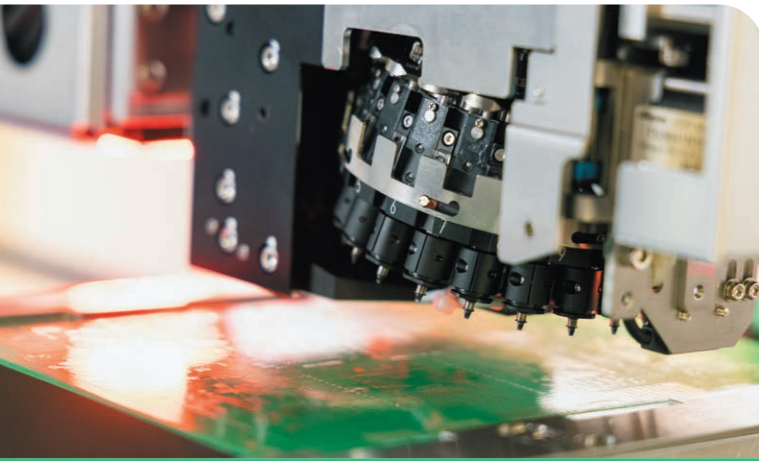


Sales portfolio of the household sewing machinery business



* Exchange rates are calculated at the prevailing rate for FY2021 and at 105 yen to the dollar for FY2022 and thereafter.
* Sales by the business are calculated before consolidation adjustments.

Business strategies Industrial equipment and systems Electronics assembly & systems businesses



Hirokazu Nagashima
Director, Vice President, and Executive Officer, in charge of the Industrial Equipment and Systems Business Unit and the Electronics Assembly & Systems Company, and Representative Director, President and COO of JUKI AUTOMATION SYSTEMS CORPORATION

JUKI's electronics assembly & systems businesses started out as a maker of computer input/output equipment such as card punching machines and line printers. JUKI established the business to expand into fields other than sewing machines, based on technologies developed in JUKI's industrial sewing machinery business. In time, based on the newer technologies developed in the electronics assembly & systems businesses, JUKI went on to become one of the last companies to enter the SMT (surface mount technology) line moulder industry. Within several years, it grew its SMT operations into a second pillar of business. In 2011, JUKI began working to automate and save labor in SMT post-processes with the aim of freeing operators from simple manual labor. In 2014, JUKI expanded its lineup by integrating with SONY's SMT business department and also started handling automated warehouses for electronic components.

More recently, JUKI has been working on total solutions for the entire circuit board assembly factories using IoT. For the next Medium-term Management Plan up to FY2025, JUKI will grow the scale of its business by introducing high-speed mounters and expanding into non-mounter areas such as automated warehouses and automated equipment. JUKI will also use the SMT (Surface Mount Technology) it has developed for customers in manufacturing plants to move forward with proposals for automated warehouse operations and visual inspection processes. As these efforts progress, JUKI will be securing more business in the non-SMT field.

Through these initiatives, the electronics assembly & systems business will be innovating the technologies and reducing the manual workloads at customer factories.

Circuit board assembly factory	Pre-process	Automated warehouse	Smart devices and systems • Management systems • AGV • Automation equipment etc.
		Other alliance products	
	Mounting process	Screen printing machine	
		Mounter	
	Post-process	Inspection machine	
		Automation equipment	
Other alliance products			

Manufacturing plant	Inspection machine
Many industry sectors	Automated warehouse

Portfolio ■ Mounters ■ Non-mounters ■ Non-SMT

General overview for FY2021

Net sales increased 56% year-on-year, surpassing a strong 2018, thanks to strategic sales expansion focused on high-speed machines and captured demand for 5G-related investments and other capital investments mainly in China.

Profitability increased thanks to stronger sales, a higher factory operating ratio, and ongoing efforts to reduce costs.

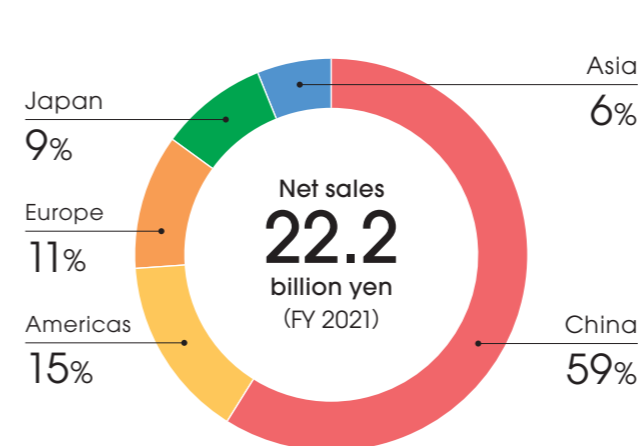
Priority strategies for FY2022

1. Sell globally through a three-pronged approach
2. Strengthen area-to-area marketing approaches in Japan, China, Europe, and the Americas
3. Develop customers in the non-SMT field

Priority strategies by portfolio

Non-SMT	Inspection and Measurement <ul style="list-style-type: none"> • Strengthen sales to major EMS customers • Expand business in the visual inspection area (e.g., in-vehicle and parts processing inspection) in collaboration with XTIA Ltd. • Expand into the semiconductor field
Non-mounters	Automation equipment <ul style="list-style-type: none"> • Deploy automation solutions using automation equipment Automated warehouse <ul style="list-style-type: none"> • Expand the sales network and branch out into other industries by strengthening cooperation with ESSEGI AUTOMATION S.r.l.
Mounters	High speed machines <ul style="list-style-type: none"> • Launch high-speed machines for wearable devices and 5G-related equipment to the market

Global sales ratio (FY2021)

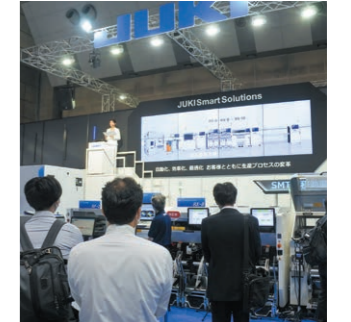


TOPICS

Solution proposals at surface mounting exhibitions

JUKI actively participated in various international exhibitions to propose solutions for circuit board assembly factories.

Under the theme of "JUKI Smart Solutions - Automation, Efficiency, and Optimization: Transforming Production Processes with Customers," JUKI showcased its latest solutions by automating pre- and post-mounting processes, including processes integrated with JaNets and the latest mounting lines.



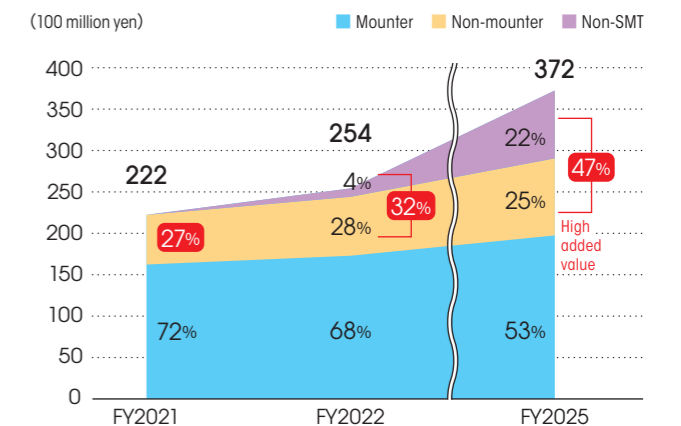
JUKI entered the visual inspection business for automotive parts, etc. on a full scale (Non-SMT field).

Based on the proprietary optical technologies accrued in the development and manufacture of surface-mounting-related equipment, JUKI launched a new visual inspection machine that can detect surface defects in the metal parts used in automobiles, machinery products, etc.



and measure their properties (dimensions, areas, etc.). Sales of the product began on December 21, 2021. While most visual inspection machines tend to be dedicated to parts, this product is universal: a single machine can inspect a variety of parts under wide-ranging manufacturing conditions, at high speed, and with high accuracy. JUKI will use this product as a catalyst to expand its business domain in the non-SMT field.

Sales portfolio of the electronics assembly & systems business



* Exchange rates are calculated at the prevailing rate for FY2021 and at 105 yen to the dollar for FY2022 and thereafter.
* Sales by the business are calculated before consolidation adjustments.



Vision

Becoming JUKI's third pillar by leveraging the Group's manufacturing and development resources

Strengths

- Core technologies for JUKI's 80-odd years of abundant manufacturing
- Precision development and manufacturing capabilities in wide-ranging fields, from mechanical to electronic products
- Engineering capabilities based on production technology
- Passion for success in Japanese manufacturing
- Experience in developing medical devices and equipment for different industries

Risks

- Production decreases at customer plants due to logistics disruptions and material shortages caused by the impacts of COVID-19 and other factors
- Soaring prices of raw materials and general materials

Opportunities

- Repatriation of production sites to Japan prompted by supply chain fragmentation
- Aging of skilled workers
- Changes in the work-styles at production plants brought about by the "new normal" lifestyles
- Avoidance of risk from the lockdowns in China

Hirokazu Nagashima

Executive Vice President and Director and Corporate Officer, In charge of Industrial Equipment and Systems Business Unit, A manager in charge of the group business

JUKI's business group business operates in the belief that the manufacturing technologies the JUKI Group has developed for the various phases of its integrated production system, from machining to assembly and completion, can be of service to the world. From this viewpoint, the business reorganized its existing business of "contracting" parts and assembly from customers in the manufacturing industry into a group business launched on a full scale in 2015.

The business responds to requests from diverse fields and industries such as automobiles, industrial robots, medical equipment (ISO13485 certified), and measuring instruments by drawing from the combined strengths of the sales and development departments at JUKI's head office, and the JUKI Group manufacturing sites (7 in Japan and 1 overseas).

JUKI will be making capital investments in manufacturing bases in FY2022 to enhance its response capabilities. The business will also be strengthening its engineering contracts by taking on development projects in different industries and applying the Group's accumulated automation and labor-saving production technology capabilities at its production sites.

The business will enhance the trust of its customers through these initiatives and work to expand the scale of its businesses in the next Medium-term Management Plan up to FY2025.

The business will continue to build partnerships with customers by aggressively proposing solutions that leverage JUKI's functional value and growing them into a third pillar of business.

JUKI Group	Collaborating companies	Materials/Components	Assembly	Development	Engineering	
Head office			○	○	○	Collaboration and integration of core technologies
JTEC		○	○	○	○	
JUKI AIZU	Castem Co. Ltd.	○				
SUZUTAMI PRECISION INDUSTRY CO., LTD.		○				
OHTAWARA PLANT		○	○	○	○	
JUKI METAL		○				
JUKI HIROSHIMA		○	○			
JUKI MATSUE		○	○	○	○	
JUKI VIETNAM		○	○		○	

* JTEC: JUKI Industrial Equipment Technology Corporation

General overview for FY2021

In spite of the delays faced by the JUKI Group in developing customers, the Group gained momentum from its several years of work on projects to expand its business domain from the parts business. As a result, demand for existing contract projects increased, leading to higher revenues.

Profitability increased thanks to improved gross profit margins resulting from higher sales and ongoing cost reductions.

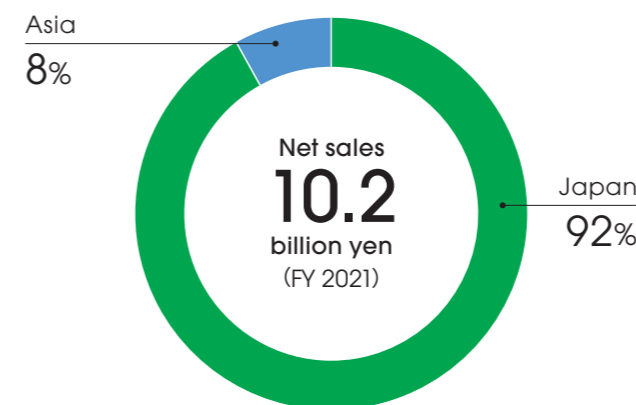
Priority strategies for FY2022

1. Acquire more core customer projects through increased capital investment
2. Expand the engineering business by leveraging the strengths of each plant
3. Increase added value by building supply chains in Asia

Priority strategies by portfolio

Development/Engineering	<ul style="list-style-type: none"> • Differentiate further from competitors by leveraging the strengths of each factory in the JUKI Group
Assembly	<ul style="list-style-type: none"> • Expand orders received from key customers by expanding the scope of each factory's business in the JUKI Group
Materials/Parts	<ul style="list-style-type: none"> • Expand value-added projects for lost wax + machining and casting + machining • Expand contracted parts orders with a view to assembly in Asia • Increase sales by raising the prices of unprofitable parts • Strengthen the response capabilities to important customer projects by investing in MIM facilities and a new lost wax process

Global sales ratio (FY2021)



TOPICS

An improved environment for precision equipment assembly at the OHTAWARA PLANT

The OHTAWARA PLANT has been commissioned to assemble precision equipment and has improved its production environment for that purpose. Temperature and humidity control and the shielding from electromagnetic radiation are essential in environments where precision equipment is produced, as static electricity and rust directly lead to product damage and quality defects. JUKI's dedicated room at the OHTAWARA PLANT meets the optimal (strictest) environmental and quality requirements of customers based on JUKI's core assembly technologies.

Expansion of a circuit board production line at JTEC

JTEC, the main production plant for JUKI's surface-mounting equipment, uses its own products to manufacture circuit boards on a contract basis. JTEC has expanded its production line to meet further demands. JTEC will meet customer needs by offering a smart line with high production efficiency using its own products.

Expansion of production facilities at JUKI AIZU

JUKI AIZU will invest about 300 million yen to increase its production capacity of its MIM manufacturing process by 60-70%, chiefly by expanding the sintering furnaces and molding

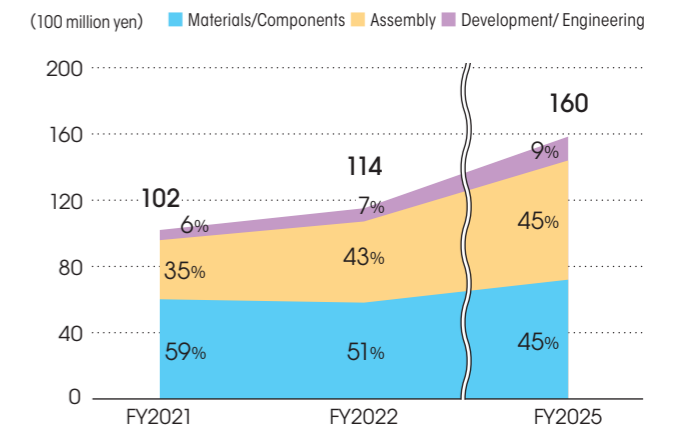


▲Examples of MIM Products

MIM enables the precision manufacture of complex parts in one-piece molding, eliminating the need for post-processing and machining work at customer factories. JUKI is also able to deliver finished products that have been quenched and tempered, and has proprietary sizing technology that further enhances their accuracy. With the increased production capacity, JUKI AIZU will be attracting even more orders in the precision equipment and tool-related fields.

* MIM: metal injection molding, a metal powder injection molding method

Sales portfolio of the group business



* Exchange rates are calculated at the prevailing rate for FY2021 and at 105 yen to the dollar for FY2022 and thereafter.

* Sales by the business are calculated before consolidation adjustments.



Vision

JUKI parts ordered today are sure to arrive by tomorrow.

Strengths

- Unparalleled number of parts handled, based on the world's No. 1 share of industrial sewing machines
- Possessing many core parts
- Global service structure
- Technical support capabilities based on abundant knowledge and experience
- Flexible thinking in the support business, moving from a wait-and-see approach to aggressive action

Risks

- Logistics disruptions and material shortages caused by the impacts of COVID-19 and other factors
- Deterioration in global demand caused by regional conflicts

Opportunities

- Changes in the work-styles at production plants brought about by the "new normal" lifestyles
- Acceleration of IoT use
- Permanent web-based seminars

Hirokazu Nagashima

Executive Vice President and Director and Corporate Officer, In charge of Industrial Equipment and Systems Business Unit, A manager in charge of the customer support business

JUKI's customer support business works to promptly supply repair parts and consumable parts and perform after-sales services, including preventive/predictive equipment maintenance and training, to ensure that the JUKI products customers use stay in optimal condition. The business has established a system to provide the same after-sales service any time everywhere in the world as the technical departments in the JUKI head office provide by disclosing technical information and the like online. The business also offers smart tools such as a parts website and an inspection support system to help customers keep their equipment in optimal condition.

The business recognizes that the changes to the new normal society that is coupled with the social adjustments required to "live with" COVID-19 bring opportunities to realize new added value. The Company will further develop remote service support, remote training, etc. to achieve more efficient support in the next generation with fewer personnel. The business will also evolve its service objectives from "preventive maintenance" into "predictive maintenance" to ensure that service parts can be supplied with better timing than ever before. Through these initiatives, the Company will make doubly sure that it achieves its mission of "keeping customer production lines running."

The business will also be training engineers in emerging countries and working in other ways to solve the social challenges addressed by the labor-themed SDGs focused on the creation of employment opportunities and the wider workforce participation of human resources in society.

	Spare parts	Optional parts	Maintenance service	Maintenance contract	Educational support	Used machinery sales
Industrial sewing machines	○	○	○	○	○	○
Home-use sewing machines		○				
Electronics assembly & systems	○	○	○	○	○	○

- Portfolio
- Parts for sewing machinery
 - Services for sewing machinery
 - Parts for electronic assembly systems
 - Services for electronics assembly & systems

General overview for FY2021

Sales and profits both rose due to the higher operating ratio of the sewing and circuit board assembly factories, which led to a rise in the sales of spare parts and optional parts. The business also proactively promoted active paid repairs and seminars.

Profitability increased due to improved gross profit margins resulting from higher sales and ongoing cost reductions.

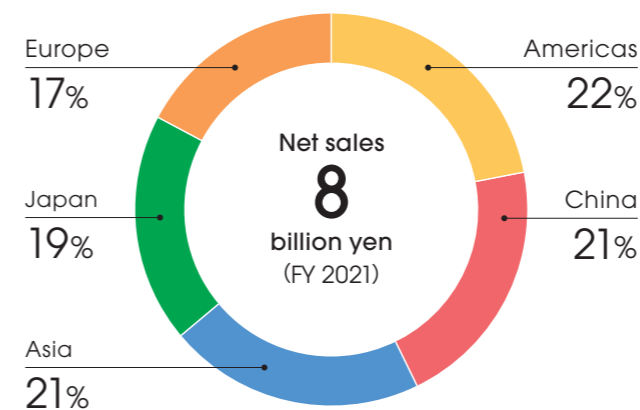
Priority strategies for FY2022

1. Expand the service business for sewing machinery focused on inspection support applications
2. Restructure the service system for electronic assembly systems by expanding remote services

Priority strategies by portfolio

Services for electronics assembly & systems	<ul style="list-style-type: none"> • Expand new products and services in non-mounter areas • Expand sales using remote support, online maintenance contracts, and alliances • Expand the used machines business by collaborating with the Electronics Assembly & Systems Company
Parts for electronics assembly & systems	
Services for sewing machinery	<ul style="list-style-type: none"> • Expand genuine parts sales to the middle market by leveraging the JIN brand • Strengthen ties with customers using an inspection support system (ShuHaRi) to uncover latent demand for parts • Expand sales using e-learning and other web content
Parts for sewing machinery	

Global sales ratio (FY2021)



TOPICS

Expansion of parts sales linked to the JUKI-ShuHaRi sewing machine inspection support system

The ShuHaRi system supports the daily inspection and maintenance of sewing machines in sewing factories using a smartphone app and a browser running app for PCs. By installing a terminal, easily and at no cost, customers can extend the durability of their sewing machines and reduce their machine breakdowns and downtimes. Linking ShuHaRi to parts lists makes it easy to select and order spare parts found to be required during inspections. JUKI will continue to uncover the latent demand for parts by telling more customers about the ShuHaRi system.



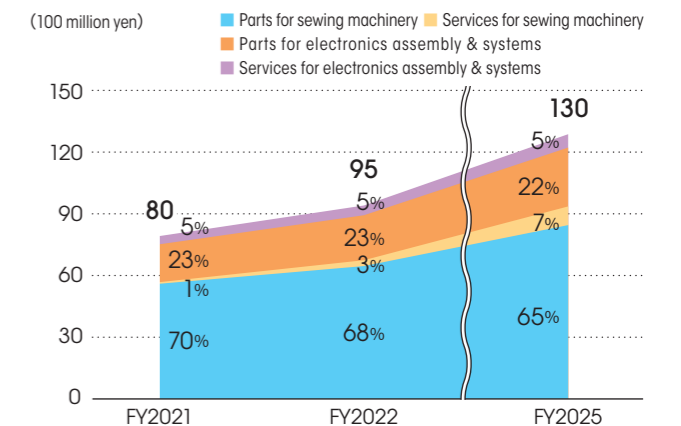
Deployment of an educational business for sewing factories

JUKI has started to offer a popular e-learning menu as part of the paid training program we have been providing to sewing factories over the years. While the menu offered in



Japan is designed for a face-to-face setting, the non-face-to-face e-learning format allows for borderless deployment anywhere in the world. Three courses are currently deployed: a sewing operator training course, a basic sewing knowledge course (lockstitch version), and a manager training course (production design version). JUKI will be developing the menu further and expanding the number of languages supported.

Sales portfolio of the customer support business



* Exchange rates are calculated at the prevailing rate for FY2021 and at 105 yen to the dollar for FY2022 and thereafter.
* Sales by the business are calculated before consolidation adjustments.

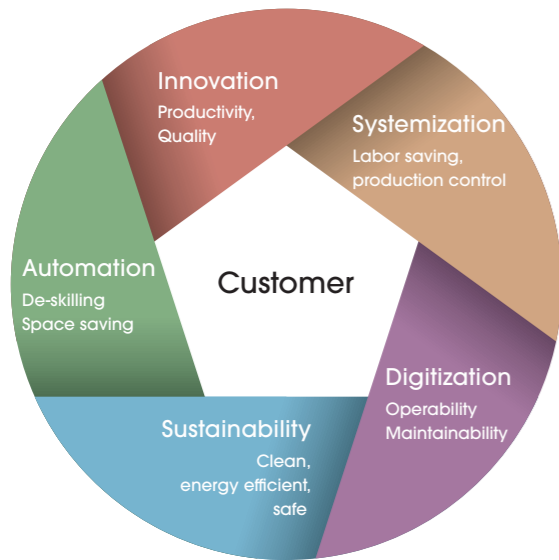
Technological development

Vision

Creating new value, shifting from products to services

Strengths

- Simultaneous pursuit of high quality and performance based on core technologies
- Capacity to create technologies based on thorough research using the "Sangen Principles": going to the sites, directly observing, and determining the facts
- Integration with forefront AI technologies
- Diverse human resources engaged in mechanical, electrical, and software engineering
- JUKI's DNA as a developer of world-first technologies



Development centers



Hiroshi Anzai



Managing Officer
In charge of the Development Center, the Technical Planning Dept. within the Development Center of JUKI Automation Systems Corporation, and development at JUKI TECHNOSOLUTIONS Corporation

JUKI aims to be a best partner in the drive to realize smart factories by providing customers with products and services that contribute to the evolution of their "Monozukuri" (manufacturing). In addition to offering its traditional strengths in technologies for productivity and quality improvement, JUKI continues to create technologies and products in priority areas to meet the needs of factory automation, de-skilling, and smart factories. Meanwhile, the hurdles to clear toward carbon neutrality and SDGs fulfillment in a sustainable world are increasing not only in JUKI's businesses, but also in the manufacturing sites of JUKI customers. JUKI is strengthening its technological development initiatives to reduce energy consumption during product operation, reduce CO₂ emissions and other environmental burdens in logistics, and improve its working environments by reducing vibration and noise. JUKI solutions in these areas are being offered on an accelerated basis to JUKI customers. JUKI will continue to accurately grasp the issues faced by customers and integrate various advanced AI, IoT, 5G, and XR technologies into JUKI products to meet their needs. JUKI always works to create products with high customer value as a best partner for its customers.



In addition to engaging in core technology and product development and integrated control at the head office, JUKI has established a global development system to coordinate with manufacturing and create products that precisely meet the needs of customers in each overseas region.

Product development initiatives

Industrial Sewing Machines / Systems

JUKI has a product lineup of approximately 2,000 stand-alone and automatic machines suited to the materials and characteristics of sewn products. When updating its models, JUKI focuses on digitalization strategies to shorten setup times and deskill processes at customer factories, and promotes the development of products that consume less power and promise improved maintainability. JUKI also works to meet the requirements of smarter operations throughout a plant by developing conveyor equipment and management systems.

Household Sewing Machines

JUKI develops products suited to the characteristics of its major markets in Japan, the Americas, and Europe. In keeping with its motto, "Development from the User's Viewpoint," JUKI promises improved sewing reliability and operability to meet the premier-class standards of JUKI's customers.

Electronics Assembly & Systems

In the development of stand-alone machines, JUKI works to achieve both improved quality and higher speeds by taking advantage of the latest advances in electronic components. Circuit board assembly factories continue to automate year by year. JUKI develops systems that integrate equipment and connect every production line to promise whole-factory control.

Group Business

JUKI has formed a dedicated organization to develop products contracted by different industries.

JUKI's intellectual property activities

Intellectual property is an important asset for securing competitive advantage and continuous business growth. JUKI formulates and operates strategies for accumulating and using intellectual property (offense) while respecting the rights of third parties (defense).

Accumulating and using intellectual property (offense)

JUKI is building a strong patent network for technologies expected to be developed in the near future, in order to properly acquire rights of and protect its R&D results and secure future competitive advantage and the leeway to pursue priority development themes for its businesses. JUKI files patent applications all over the world, especially in China, to maintain a competitive advantage and business policy.

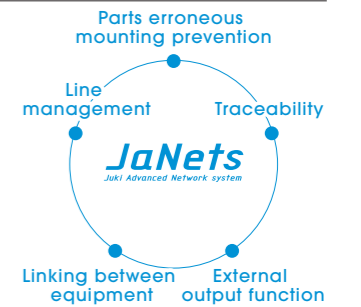
JUKI also strives to maintain and enhance its brand image by appropriately eliminating counterfeit products through legal measures and the issuance of warnings. As a result of these activities, the registered "JUKI" trademark was officially designated as "a famous trademark" in China in 2018. This new designation will provide even stronger legal protection.

Respecting the rights of third parties (defense)

To reduce the risk of infringing third-party rights, JUKI has established a system for investigating and reviewing third-party rights before, during, and after development projects.

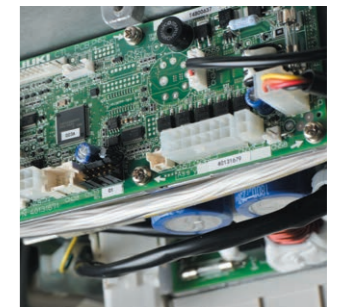
Initiatives to utilize advanced technologies

JUKI promotes initiatives to incorporate advanced IoT and AI technologies into its products and systems. JUKI has developed "JaNets," a software system for sewing factories and surface-mounting factories in the IoT field. AI-adapted technologies are being developed with a view to introducing them into products in several fields, including inspection.



Carbon neutrality initiatives

JUKI is developing products that consume less power to bring the world closer to its carbon neutrality targets by 2050. JUKI's circuit designs are aligned with the operation properties of the various motors in use in factories and leverage JUKI's proprietary tuning technology to maximize performance without waste.



TOPICS

The AW-3S wins the "Texprocess innovation Award 2022"

The AW-3S (automatic bobbin thread feeder) is an auxiliary device attached to JUKI's automatic machines etc. The AW-3S adopts a core proprietary technology to eliminate frequent bobbin changes and dramatically improve productivity. The device was awarded in recognition of its "retrofitability" to existing machines and productivity improvements.



Vision

Establishing a production strategy harmonized with business strategies and achieving thorough cost structure reforms

Strengths

- Integrated production system for casting, machining, and assembly within the JUKI Group
- Production technology to create a proprietary digital production system
- JUKI's DNA as a "Kaizen (Improvement)-aware" company bolstered by long-standing QC circle activities
- Cooperation among production sites in Japan and overseas



Kiyoshi Matsumoto
Managing Officer
In charge of the Production Center

JUKI will continue to position its integrated production system for casting, machining, and assembly within the JUKI Group as a core competence, while strengthening its initiatives for 1) production process innovation, 2) supply chain reform, and 3) carbon neutrality.

JUKI will be innovating its production processes by establishing an Automation Promotion Center that brings together the production technology capabilities of all of the manufacturing companies within the Group. In parallel with its work to improve manufacturing efficiency through automation and robotization, JUKI will be steadily digitalizing know-how and manufacturing data and linking them digitally to transform the manufacturing sites.

In its work to transform supply chains, JUKI will be reorganizing its global production system to fit the principle of local production for local consumption, both from a cost perspective and in response to increasingly conspicuous geopolitical risks and geographical fluctuations in customer demand.

In addition to actively upgrading to high-efficiency equipment and introducing renewable energy, JUKI will be promoting carbon-neutral initiatives at all of its plants, domestically and overseas, under the direction of an energy conservation promotion team made up of knowledgeable personnel from its group companies.

To build the foundations for manufacturing in this new era, JUKI will also be enhancing a human resource development program focused on strengthening human resources.



Initiatives for smarter factories

JUKI promotes smart factory initiatives through robotization and digitalization based on "5S+Safety+QCD" activities. The plant achieves huge gains in productivity by switching to not only digital production, but also IoT robotization technologies to drive the processes of frame machining, chip blow removal, painting, and automated parts transfer between processes.



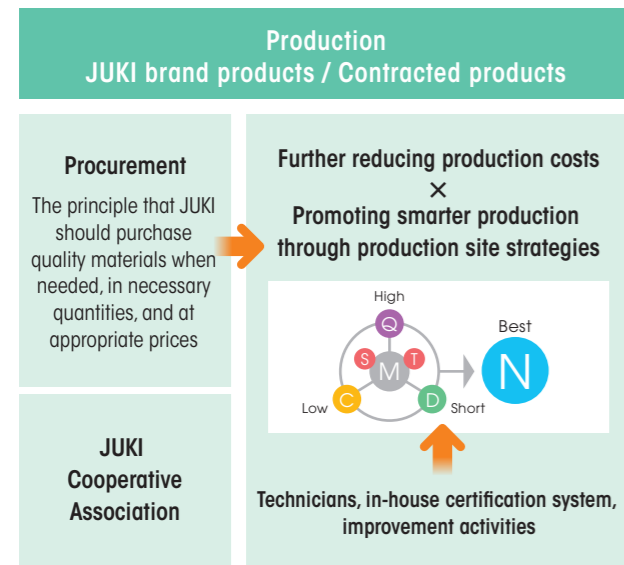
Carbon neutrality initiatives

An Energy Conservation Promotion Team made up of members from each production site strengthens activities to reduce JUKI's environmental impacts. This team continues to reduce JUKI's CO₂ emissions and other environmental burdens by introducing renewable energy, upgrading to high-efficiency equipment, and horizontally deploying other energy-saving initiatives.



Safety initiatives

In addition to performing daily safety inspections and issuing reminders, JUKI promotes safe production through activities for education on hazard prediction, the remote monitoring of hazardous work, and enhanced risk assessment using on-site cameras. JUKI also strives to create a safe and secure workplace by introducing robotization for heavy-duty work and work that may affect the human body, as well as automatic machine shutdowns when entering hazardous areas. JUKI also strives to create safe and secure workplaces by assigning robots to perform heavy-duty tasks and tasks that may affect the human body, and by instituting automatic machine shutdowns when personnel enter hazardous areas.



Initiatives for human resource development in production

JUKI and its people are continuously strengthening core competencies, both at an individual level and group-wide level, to develop the human resources that form the core of the six elements of production.



Roadmap for task-oriented human resources development

JUKI defines the skills, knowledge, and qualifications required for each organization, visualizes current competencies from a quantitative perspective, and continuously improves competencies through activities such as on-the-job training on daily management, policy management, and various committee-led initiatives.

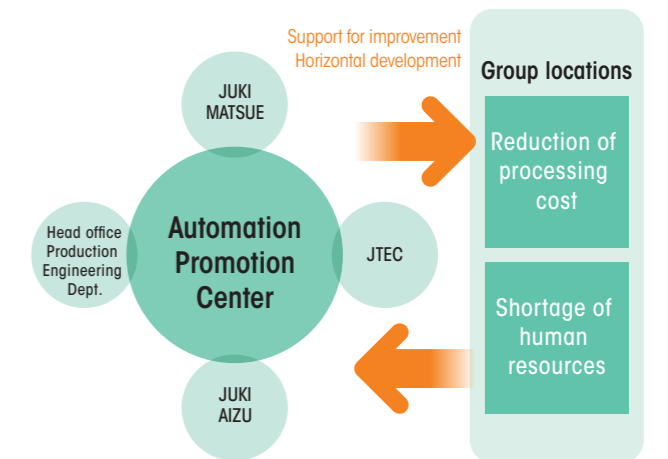
Technician groups

JUKI ensures that its technicians continue to acquire national certifications for skills such as machining, mechanical drawing, inspection, painting, and machine maintenance. JUKI also promotes the acquisition of core technologies by awarding in-house prizes and certifications based on the results of "practical skills + knowledge" tests held twice yearly to rate employee performance on essential tasks for product assembly such as screw tightening, gluing, and sealing.

TOPICS

Formation of an Automation Promotion Center

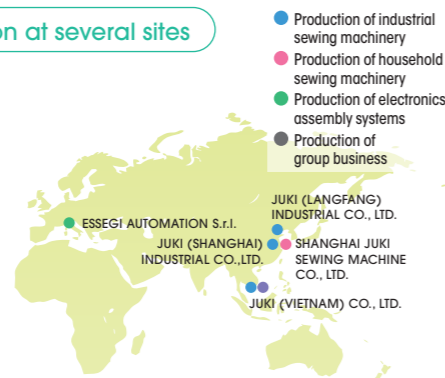
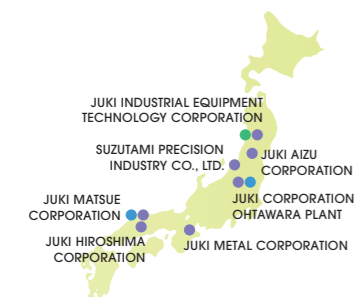
An Automation Promotion Center was established by combining the production engineering capabilities of the Production Engineering Department at the head office with those at the Group locations. JUKI will continue to promote further automation by collecting and accumulating improvement technologies and horizontally deploying case studies. The space and personnel realized by the improvements achieved will help drive new business and expand added value.



*JTEC: JUKI INDUSTRIAL EQUIPMENT TECHNOLOGY CORPORATION

Production sites

Parallel production at several sites



- Production of industrial sewing machinery
- Production of household sewing machinery
- Production of electronics assembly systems
- Production of group business

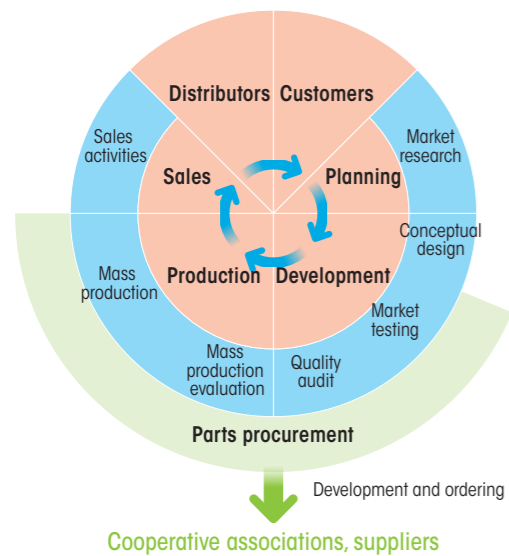
JUKI has established a global production system, mainly in Japan, China, and Vietnam.

Meanwhile, JUKI has parallel production of major models at multiple locations to ensure a stable supply to customers.

Supply chain

JUKI's supply chain / JUKI's procurement activities

JUKI works to improve its supply chain by deepening cooperation among departments and with suppliers in order to deliver products that earn the trust and satisfaction of customers. Within the development flow of new products, the members of the materials purchasing department work together from the development stage to propose common parts and cultivate suppliers who meet the QCD requirements. JUKI actively communicates with its traditional business partners to deepen the relationships of trust it has cultivated with those partners and to grow together them through harmonious and beneficial manufacturing activities. As part of this ongoing communication effort, JUKI holds cooperative association training sessions on a regular basis to share information on JUKI's initiatives, sense of direction, and goals. JUKI also commends suppliers that have made particular contributions to QCD and issues certificates of guaranteed delivery to suppliers who meet JUKI's quality assessment standards.



Stabilization of the supply chain

The COVID-19 pandemic heavily impacted supply chains, leading to logistics disruptions and production lockdowns at the factories of overseas suppliers. Manufacturers suffered serious procurement difficulties as a result.

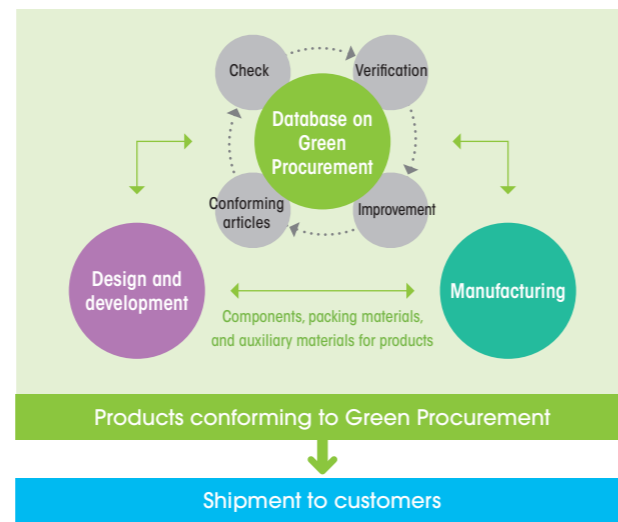
On the procurement front, JUKI works to improve the accuracy of procurement forecasts and place orders ahead of time to ensure the stable procurement of parts. JUKI also stabilizes procurement by making design changes that enable the parallel purchase of key devices and the rapid switchover to similar components that are readily available.

On the logistics front, JUKI works to stabilize the supply chain by strengthening initiatives to shorten retention periods through direct delivery to customer factories and changes in shipping ports and ports of arrival, and to regularly review its routes and logistics service providers.

Green procurement initiatives

Based on the "ECO MIND Declaration" formulated in 1998, the JUKI Group and its suppliers are jointly committed to global environment-friendly conservation activities. Starting from 2011, JUKI has been managing substances in the supply chain by applying the industry-standard JAMP AIS survey tool. In the years since, JUKI has steadily expanded its conservation activities throughout its domestic and overseas locations. In parallel, JUKI's manufacturing sites analyze hazardous chemical substances upon the receipt of goods to prevent contamination in the unlikely event of commingling.

*The Green Procurement Guidelines are available on the JUKI website. <https://www.juki.co.jp/en/company/eco/procurement/>



TOPICS

Training sessions for subcontractors

The trainers at the JUKI cooperative workshop held during Quality Month (November 2021) used a web conferencing tool to share knowhow and awareness on avoiding the three Cs: closed spaces, crowded places, and close-contact settings.

Workshop participants shared what they had learned about the current status of the supply chain issues that emerged during the COVID-19 pandemic and the latest initiatives to solve them. A series of automation initiatives formulated by JUKI HIROSHIMA Corporation were also introduced.



Quality management

Basic stance on quality control

JUKI Quality was based on QC activities introduced in the 1970s. In 1981, JUKI was awarded the Deming Application Prize for Divisions in the business section of the industrial sewing machine category. After subsequent developments, JUKI instituted a core basic management policy called "Promote Total Quality Management," in 1988. JUKI has managed business with an emphasis on quality ever since.

Five Articles of Quality

JUKI has established the Five Articles of Quality, a set of action standards for quality to be observed within all departments of the JUKI Group. With the articles, JUKI ensures that all employees are thoroughly familiar with the Five Articles and cultivate a quality mindset to guarantee the quality that JUKI provides.

Five-Article Quality Declaration for Safety and Peace of Mind

1. We comply with laws, rules, and the commitments we make to our customers when providing our products and services.
2. We give the highest priority to the customer's safety and peace of mind in our work on the quality of our products and services.
3. We rely deeply on the customer's voice to guide our unceasing efforts towards quality improvement.
4. We raise quality based on the five-Gen principles* to earn the customer's trust and grow our business.
5. We contribute to the sustainable development of society by improving the quality of our products and services.

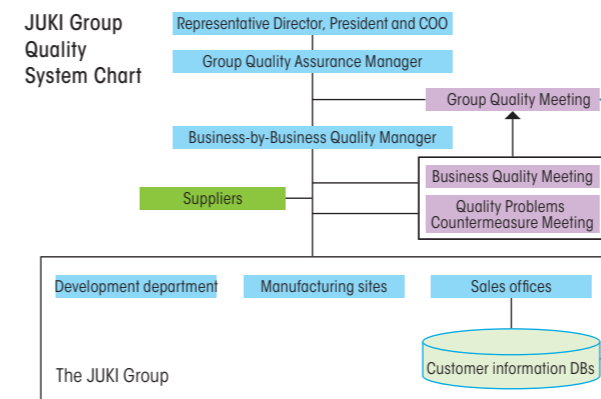


* The five-Gen principles: Genba, Genbutsu, Genjitsu, + Genri, Gensoku

Japanese, English, Chinese, and Vietnamese versions are distributed to all speakers of those languages in the JUKI workforce.

Quality control system

JUKI maintains and improves quality by holding regular meetings for the development, manufacturing, and sales departments of each business, including its suppliers. In the unlikely event of a quality problem, the JUKI Group has established a Group-wide system to act quickly and quickly to solve the defects.



Ensuring the four-process consistency activity to achieve Good Product Production

JUKI manufacturing plants conduct the four-point activity to become shippers of "100%-good" products and reduce customer complaints to zero. Four-process consistency activity: An activity to unify the four dimensions of quality control ((1) customer specifications, (2) QC process chart, (3) work standards, and (4) actual work) in every type of processes to which it is applied, from customer specifications to actual work. JUKI inspects and audits its own factories even from a third-party perspective.

In FY2021, JUKI conducted a four-process verification of all manufacturing products, including JUKI brand products and contracted products (Group business / parts and assemblies), and made improvements on the inconsistent items identified by the verification. All manufacturing plants of the JUKI Group, as well as those of its partners, promote initiatives to further improve quality until the shipment of "100% good" products is assured.

Produced goods	<ul style="list-style-type: none"> ● JUKI brand products ● Contracted products (Group business): parts and assemblies
Four-process consistency	<ol style="list-style-type: none"> ① Product specification sheet ② QC process chart ③ Work standard / Assembly instructions ④ Actual work
Management	<ul style="list-style-type: none"> ● Incorporating the revisions into standards ● Management of changes in drawings ● Confirmation of clear agreements
Factories that ship out "100%-good" products	<ul style="list-style-type: none"> Zero defects overlooked, "Zero complaints" No defects created, "Zero defects due to self-responsibility" (Factories with process control)

TOPICS

The JGQMF2021

Every November, in Quality Month, JUKI holds a "JGQMF" educational activity to raise and maintain quality awareness among all Group employees.

The 7th conference, held in 2011, combined the formats of a real conference (venue: the head office cafeteria) and an online conference under the theme "Quality Creation for Competitive Strategies to Survive in the New Normal Environment / Reinforced Quality Management to Achieve Success in the Six Transformations (6X)."



* JGQMF: JUKI GLOBAL QUALITY MANAGEMENT FORUM. JGQMF is a global forum where presenters promote quality improvements horizontally across industries by sharing those improvements in presentations.

ESG initiatives Environmental initiatives

Reduction of environmental load

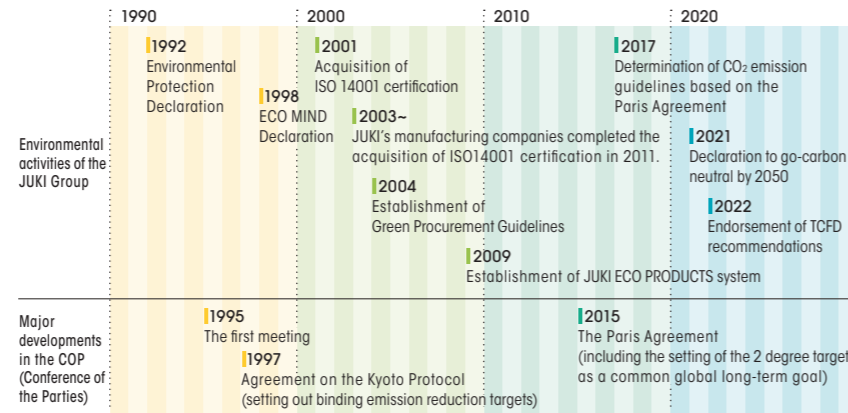
Relation to the SDGs



We are working to reduce our environmental load through business activities focused on reducing greenhouse gas emissions, complying with environmental regulations, and developing safe and eco-friendly products.

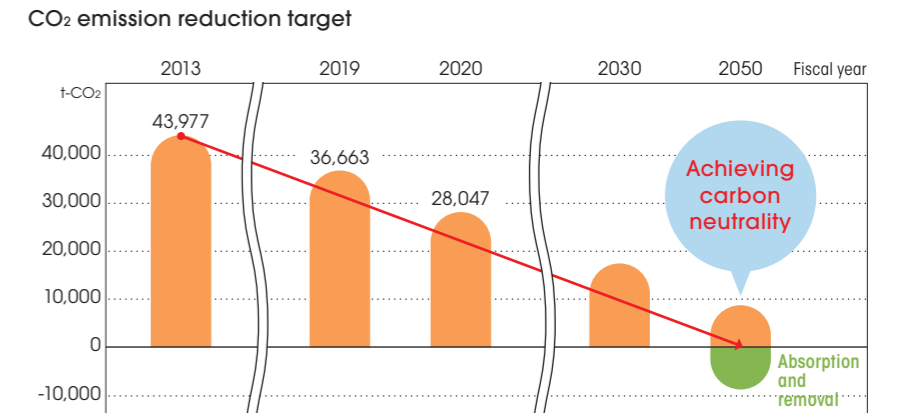
History of JUKI's activities to reduce environmental load

In accordance with its declared environmental management policy, JUKI provides safe and environmentally friendly products to customers in compliance with environmental regulations stipulating environmental safeguards, greenhouse gas emission reductions, and other measures to prevent global warming. JUKI also takes ongoing CO₂ emission reduction measures to achieve the 2°C target set forth in the Paris Agreement (a multilateral international agreement on climate change control).



Achieving "carbon neutrality"

Climate change and other global environmental issues are becoming increasingly serious. JUKI will continue to enhance the measures it is undertaking to achieve carbon neutrality by 2050.



ECO MIND Declaration

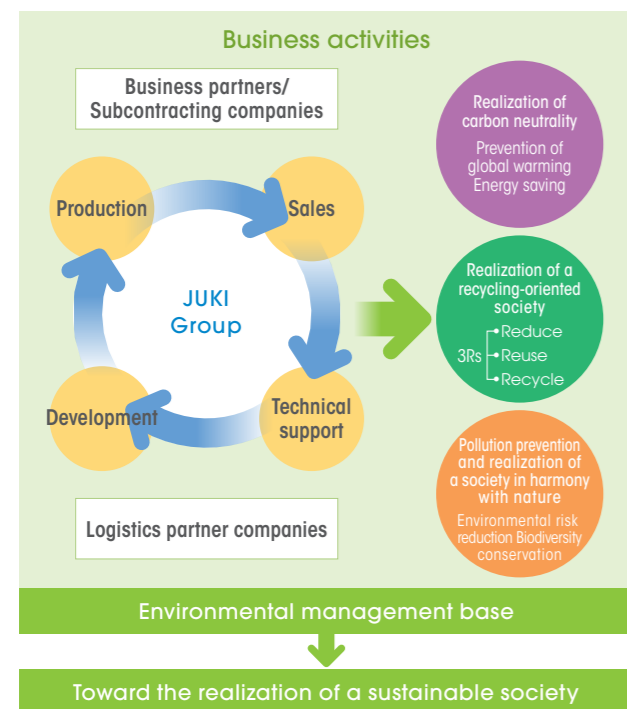
Environmental Philosophy

The JUKI Group recognizes that activities of enterprises are closely related to the global environment, and is making efforts to:

1. Contribute to the local community and society by environment-conscious activities.
2. Provide people around the world with environmentally friendly products.
3. Play an active role to hand down a better global environment to future generations through continuous activities.

Environmental Action Policy

1. Prevent global warming by promoting energy-saving in all business activities and use resource efficiently by implementing the 3Rs (Reduce, Reuse, and Recycle).
2. Provide products with less environmental load by planning, researching, developing, procuring, and manufacturing with environmental influences in mind.
3. Contribute to countries and regions by modifying environmental conservation activities to suit local conditions wherever JUKI does business as a global company.
4. Observe environmental laws and other agreed requirements, and prevent environmental pollution.
5. Actively disclose environmental information.
6. Raise "awareness of ecological problems" among employees through educational campaigns.



This is an original mark created based on JUKI's Environmental Philosophy. The mark expresses our determination to pass on a better global environment to future generations.

Carbon-neutral initiatives in product supply chains and lifecycles

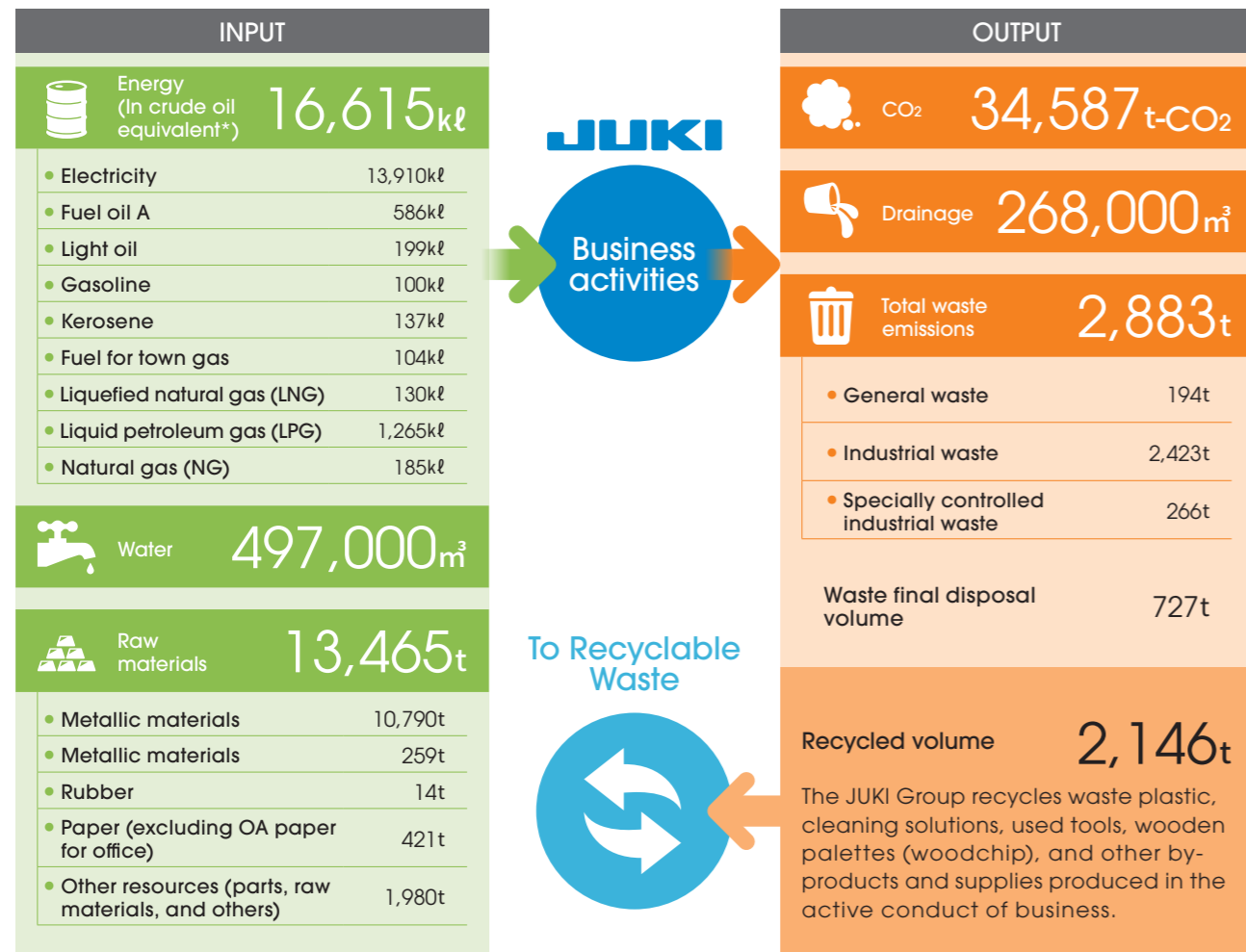
Procurement / Logistics		<ul style="list-style-type: none"> • Strengthening green procurement • Improving the use of recycled materials • Improving logistics methods for procurement
Development		<ul style="list-style-type: none"> • Further promoting the planning and development of energy-saving products • Using eco-friendly materials • Downsizing product weights and sizes
Production		<ul style="list-style-type: none"> • Switching to lower-carbon fuels, hydrogen, biomass, and synthetic fuels, etc. • Switching used fuels to non-petrochemical fuels • Establishing smarter and more efficient production methods
Building environment / work styles		<ul style="list-style-type: none"> • Replacing equipment used in buildings with energy-saving products • Promoting the introduction of solar panels • Improving efficiency by reforming work styles and operations (promoting RPA, etc.)
Commuting / Business trip		<ul style="list-style-type: none"> • Reducing commuting and business trips through remote meetings and telework • Upgrading services using smart glasses, etc. (reduction of business trips)
Products / Services		<ul style="list-style-type: none"> • Providing support and consulting services to make customer factories smarter and more energy-efficient • Deepening the used equipment business • Establishing a recycling system for after-sales products and parts

ESG initiatives Environmental initiatives

Reduction of environmental load

The JUKI Group is working to improve its environmental performance by clarifying the environmental load associated with its businesses. Here are some of our environmental performance metrics and initiatives in FY2020.

Environmental performance in FY2021



- **Electricity:** the electric power used in the factories and offices.
- **Fuel oil A:** used for operating equipment such as drying furnaces at painting facilities.
- **Light oil:** the fuel for trucks.
- **Gasoline:** the fuel for company-owned cars.
- **Kerosene:** the fuel for warm-air heating.
- **Fuel for town gas:** hot-water supply, cooking, heating, and air-conditioning.
- **Liquefied natural gas:** fuel for boilers
- **Liquid petroleum gas:** the fuel for regular-use electricity generators.
- **Natural gas:** fuel for cooking in kitchens or supplying hot water.
- **Metallic materials, plastic materials, and rubber:** materials for parts.
- **Paper:** cardboard for transporting and packing products and preventing the collapse of cargo and denting of products in the manufacturing processes.

- **CO₂:** generated by the use of electricity and fuel.
- **General waste:** all waste discharged from homes and enterprises except industrial waste. Includes garbage from kitchens and other garbage discharged in business activities.
- **Industrial waste:** twenty kinds of waste set up by laws, rules, and regulations, among the wastes generated by business activities by entities such as factories. Includes abolished sand used for molds, pallets (made from wood pellets), cutting oil, and prototype machines for experiments and research.
- **Specially controlled industrial waste:** highly explosive, toxic, and infectious waste that may cause suffering to human health and the living environment. Especially strict management is crucial. The waste includes PCBs and the like contained in old condensers and other components.
- **Final disposal:** disposal of garbage at reclaimed disposal sites.
- **Recycle:** effective use of resources by recycling.

The FY2021 data is compiled for the head office in Tama City, the OHTAWARA PLANT, and all domestic and overseas manufacturing group companies (10 companies in total).

* Crude oil equivalent: Conversion volume to crude oil using the heating value, for comparisons among different energy volumes using a common measure.



Developing eco-friendly products

JUKI is committed to manufacturing products that remain eco-friendly throughout their entire life cycle, from design, manufacturing, transportation, and use to recycling and disposal. JUKI conducts assessments on 38 environmental items, including noise and vibration reduction, longterm usability, reduced power consumption, and use of recycled materials. Products that meet the standards are recognized as JUKI ECO PRODUCTS.

ECO PRODUCTS certified in FY2021

Industrial sewing machines

High-speed electronic buttonholing indexer AC-172N 1790AN Series
Power consumption in standby mode is reduced by 16% compared to conventional products.

Edge control seamer AE-200AN Series
The product meets the JUKI Group Green Procurement Guidelines, a set of standards even stricter than the RoHS Directive and other regulations governing the handling and use of hazardous chemical substances.

Electronic eyelet buttonholing sewing system with an integrated thread trimmer MEB-3200C Series
Power consumption in standby mode is reduced by 45% compared to conventional products

Household sewing machines

Overlock sewing machine with a 2-needle, 4-thread differential feed MO-04DN
The product meets the JUKI Group Green Procurement Guidelines, a set of standards even stricter than the RoHS Directive and other regulations governing the handling and use of hazardous chemical substances.

Single-needle, 3-thread overlock sewing machine MO-113DN
Power consumption in standard operation mode (energy consumption efficiency) is reduced by 14% compared with conventional products.

Single-needle, 3-thread overlock sewing machine MO-113N
Power consumption in standard operation mode (energy consumption efficiency) is reduced by 14% compared with conventional products.

1-needle, 2-thread overlock sewing machine MO-522N
Power consumption in standby mode is reduced by 96% compared with conventional products.

1-needle, 3-thread overlock machine with a differential feed MO-03DN
Power consumption in standby mode is reduced by 96% compared with conventional products.

Computerized sewing machine for home use HZL-OX1
The product meets the JUKI Group Green Procurement Guidelines, a set of standards even stricter than the RoHS Directive and other regulations governing the handling and use of hazardous chemical substances.

Electronics assembly & systems

High-speed compact modular munter RX-8
The product meets the JUKI Group Green Procurement Guidelines, a set of standards even stricter than the RoHS Directive and other regulations governing the handling and use of hazardous chemical substances.

Visual inspection machine SE1000
Power consumption in standard operation mode (energy consumption efficiency) is reduced by 10% compared with conventional products.

ESG initiatives Social initiatives

Solving social challenges

Creating Employment Opportunities



JUKI's industrial sewing machines business support the growth of the labor-intensive sewing industry in developing countries. JUKI's equipment and systems change simple labor-intensive workplaces into people-friendly working environments by making factories smarter.

Creating employment opportunities in developing countries

Since its founding in 1959, JUKI's Sewing Efficiency Research Institute has provided support activities focused on performance optimization by using production management and IE technologies to maximize the power of "materials, equipment, and people."

The institute's activities have been applied in ODA (Official Development Assistance) projects to foster export industries in developing countries towards the creation of national wealth and employment. JUKI has worked with government agencies in many countries, including Cambodia, Myanmar, Ghana, and Madagascar, to provide equipment and educational training to local apparel training centers.

The goal is to create a cycle of employment in developing countries by cultivating the training participants as future managers and key personnel.



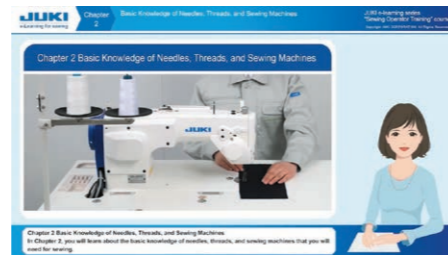
Promotion of social participation by various human resources



The world is still full of illiterate people, especially in developing countries. Many illiterate people are unable to find work, which traps them in a spiral of poverty. JUKI organizes vocational education programs and works in other ways to increase the employment of workers with poor literacy skills and improve their treatment in the workplace.

Developing e-learning menus and providing them to worker trainees

JUKI continues to hold seminars and group training sessions to improve productivity and sewing quality in sewing factories and to upgrade the maintenance techniques practiced by JUKI customers. JUKI started to offer these menus as "e-learning" activities in 2020. JUKI will further expand and promote the menus as activities people can engage in to develop their skills.



A "Sewing Operator Training Course" is established as a first step.

Providing an inspection support system that leads to employee development

As many operators in developing countries lack literacy, JUKI's industrial sewing machines are provided with voice guidance functions and explanations using illustrations and symbols.

In addition, free smartphone app and browser running app for PCs are available to support daily sewing machine inspections in sewing factories. The apps navigate operators through 10 to 20 inspection items using photographs. Anyone using the app can understand the inspection process and learn the important parts of the sewing machine as they go through the inspection. These efforts by JUKI promote employment in developing countries.



The images illustrate inspections and daily maintenance.

Ensuring occupational health and safety



Safer and more secure work conditions protect JUKI employees from workplace accidents and create working environments that allow each individual to reach their full potential. JUKI is committed to creating good working environments with its products and support.

Toward safe and clean sewing factories

JUKI develops products that realize clean and less fatiguing working environments by integrating functions to suppress operating noise and vibration while improving operability, safety, and dust collection efficiency. JUKI will also realize people-friendly working environments through initiatives to deskill the workplace and reduce heavy workloads through automation.



Contributing to reduced clothing waste



Mass production and large inventories have resulted in clothing waste. JUKI takes on the clothing waste issue as a supporter of the production of sewn products.

Achieving the production in just the right amount through automation, digitalization, networking, and consulting

To achieve production in just the right amount, JUKI is building a highly productive and compact line that optimizes the amount of inventory in short-cycle production by making full use of automation, digitalization, and networking technologies. The seam values registered in a digital machine can be adjusted with just a few touches, making it easy to accommodate changes in sewn items. Automation saves labor, and the network-based JaNets system enables production progress and volume control. JUKI is also leveraging its 60-plus years of consulting experience to build a production system that eliminates clothing waste according to every customer's individual needs.

Spreading JUKI's "upcycling" activity using old clothes, waste materials, and by-products

JUKI's "upcycling" activity takes old clothes and waste materials that have fulfilled their roles and recycles them into new merchandise. An in-house upcycling award has recently been established as a trial activity. About 110 employees divided among 15 workplace teams took part in a project to upcycle those materials into children's outfits and accessories according to the different themes. JUKI will further expand the upcycling project to stir interest in the clothing waste issue and strengthen the drive to solve it.



▲ Show-and-tell session Yumi Suzuki (foreground), a designer working on a one-of-a-kind remake brand with vintage clothing, took part as a judge and advisor.

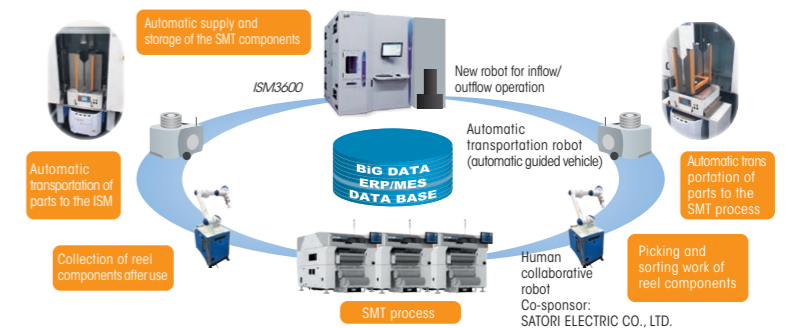
Support for technological innovation through improvement to productivity in the electronics industry



As a comprehensive manufacturer of printed circuit board production equipment, we support the evolution of printed circuit boards for electronic and electrical products by handling the growing constellation of miniaturized chip components and complex, odd-shaped components. We will also support the industries that are designing the society of the future by innovating technologies such as IoT and AI.

Improvement to back-and-forth process infrastructure in implementation plants

We are realizing smart factories that incorporate the IoT, AI, and other forefront technologies to eliminate manpower requirements as much as possible. To save labor in the labor-intensive processes before and after the mounting line, we not only use an "automated warehouse" that stores and manages electronic components and automation of the post-processes but also develop a system for linking with the core system. Eliminating manpower requirements and making factories smarter can further reduce product costs and increase our capacity to distribute inexpensive, high-quality products around the world, including in developing countries. The gains in efficiency will make our lives more convenient and comfortable.



ESG initiatives Social initiatives
Enhancing human resources

First, JUKI will accept various differences in values on a group-wide basis to develop human resources who respond flexibly and robustly to changes in the business environment brought about by the new normal. Next, JUKI will create a system to strengthen its human resources by further enhancing the abilities of each individual.

Basic concepts

JUKI is building up three processes to create a cycle that grows employees individually and revitalizes the organization as a whole: “providing opportunities for growth,” “accepting diverse values,” and “Responding to expanded job responsibilities and performance at work.”

This cycle is underpinned by JUKI’s initiatives to create a “comfortable and rewarding work environment”

environment.” By taking measures to improve the health and motivation of employees, JUKI will be strengthening their loyalty and engagement.

In FY2022, JUKI plans to invest 500 million yen in education and training for the growth of individuals working in the company. By bolstering its cycle of activities to strengthen human resources in three ways, JUKI will grow its global businesses further.

Providing opportunities for growth

Developing global human resources

JUKI will provide opportunities for “relearning,” opportunities for autonomous career development to encourage the growth of employees individually, and other opportunities to link personal growth to the sustainable growth of the organization.

JUKI will circulate human resources both domestically and internationally to improve individual capabilities using a personnel system based on careers and expertise. Overseas training will be provided for new employees, and rotations will include overseas offices. JUKI will also accept diversity and values, and absorb shared know-how.

JUKI actively promotes national staff to management positions in its overseas locations. The number of national staff members at the management-level currently stands at 130, accounting for 78% of the total (as of March 31, 2022).

Responding to expanded job responsibilities and performance at work

Revising the personnel treatment system

The new salary system has been revised to provide special benefits for employees who take on challenges and achieve results without fear of failure.

A performance-based salary system was introduced for managers in July 2021. A job-based (job duties and job performance) human resources management system was introduced for general employees in April 2022. The adoption of a performance-based bonus system will make the system of treatment more balanced (fair) and incentivize managers to focus more intensively on results in their approach to business. JUKI will work to quickly develop its young and mid-career employees as competitive forces and promote their rapid career development.

In parallel, JUKI will revitalize the organization and individuals by encouraging employees to relearn.

General employees
 Job-based human resources
 Introduction of a
 management system

Managers
 Introduction of
 performance-based salaries

Accepting diverse values

Promoting diversity & inclusion

The employees of JUKI Group companies around the world come from diverse social backgrounds and have diverse values. To secure excellent human resources and innovate, a company must recognize the diversity of its employees regardless of gender, age, or nationality and create an attractive environment in which every employee can play an active role.

JUKI aims to maximize organizational performance by promoting three pillars of diversity & inclusion: “promotion of women’s activities,” “deployment of global human resources,” and “promotion of specialized employee activities.” To raise the percentage of women in management positions to 10% by 2025, JUKI is offering women more opportunities to play active roles by gaining more work experience and expanded job assignments.

Comfortable and rewarding work environment

Improving a work system and work environment

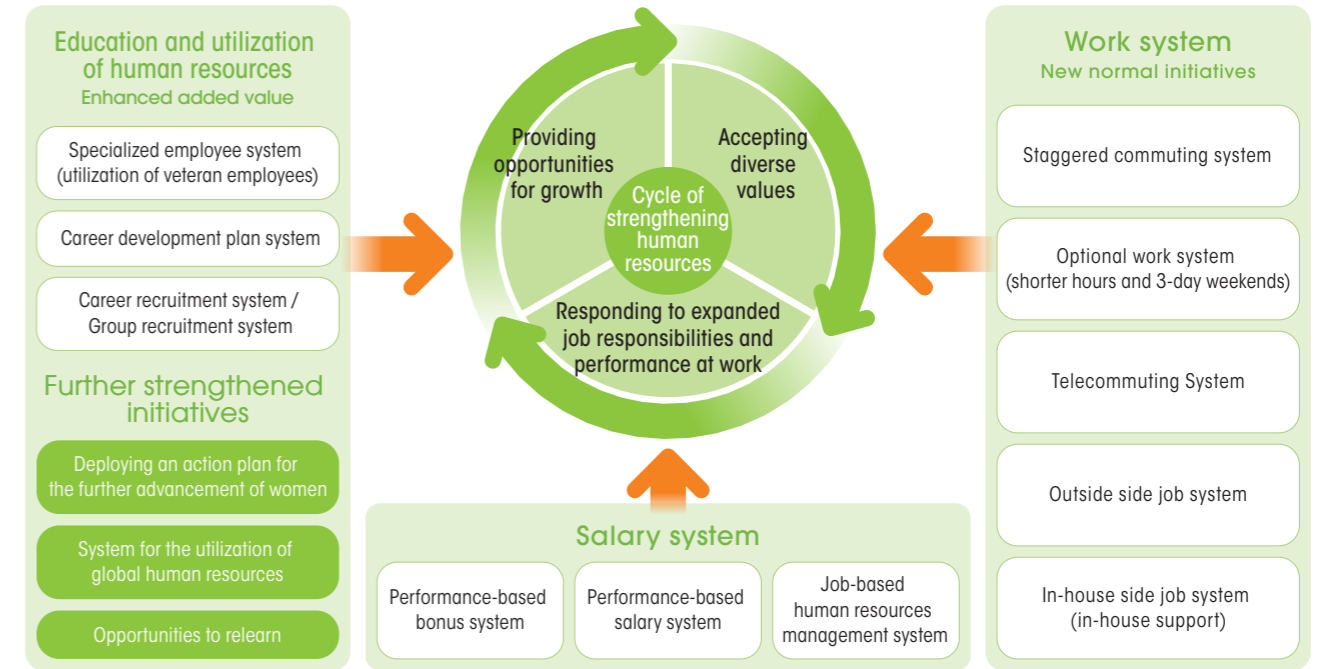
JUKI actively introduces satellite offices and free-address systems for workplaces to ensure that employees can carry out their work comfortably. JUKI provides equal opportunities regardless of age or gender and develops systems well aligned with the way individuals want to work (hours, type of work, region, etc.).

At a “Health & Well-being at Work Declaration” ceremony hosted by Tama City, home to the head office, in July 2022, JUKI declared its commitment to the health of its employees and to the promotion of work-life balance and diversity-oriented work styles. JUKI continues to improve its work systems and environment to follow through on that commitment.



Initiatives to strengthen the human resources base

JUKI’s personnel system



Comfortable and rewarding work environment

Health Management | **Fostering a corporate culture**

TOPICS

Global “Young Employee Presentation Series”

As a culmination of their three years of training since joining the company, young employees presented the results of their work at a Young Employee Presentation Series. Twenty-seven young employees from 7 companies in three countries (Japan, China, and Vietnam) gave presentations on their work experiences in areas such as management, sales, manufacturing, and development. By reporting on their progress, achievements, and failures over the past three years, the presenters came to better understand their own growth, and to effectively share that understanding with their audiences. The participants are now well poised to start toward the next milestone.



Global “JUKI Award” program

The global awards recognize employees and teams that have made outstanding achievements in business activities related to the development, manufacture and sale of new products, new business promotion, VE activities, safety, and other activities. Thirty-two awards were presented to 208 employees in FY2021. These ceremonies enhance employee motivation.



Promoting “Health Management” through employee cafeteria events

In keeping with its “Health Management” slogan, JUKI takes steps to improve and maintain the physical and mental health of its employees. The JUKI head office employee cafeteria continued to raise health awareness in FY2022 by offering healthy menus and buffets with ample servings of vegetables. In recognition of the cafeteria’s efforts, JUKI has been certified as a “Corporation that Excels in Health Management” for six consecutive years.



Directors, Audit & Supervisory Board Members and Corporate Officers

(as of July 1, 2022)

Directors



Akira Kiyohara
Representative Director
Chairman & CEO

May 2009 Joined the Company, Advisor
June 2009 Senior Managing Director, CAO, and CCO
July 2009 Senior Managing Director, CFO, CAO, and CCO
June 2010 Representative Director and President
August 2013 Representative Director and President, and President of JUKI AUTOMATION SYSTEMS CORPORATION
January 2021 Representative Director, Chairman and CEO
March 2021 Representative Director, Chairman and CEO, and Representative Director, Chairman and CEO of JUKI AUTOMATION SYSTEMS CORPORATION (Present)



Shinsuke Uchinashi
Representative Director
President & COO

May 2011 Joined the Company, Senior Executive Operating Officer
March 2013 Managing Officer
March 2017 Director and Managing Officer
March 2018 Director and Senior Managing Officer
March 2020 Representative Director and Senior Managing Officer
January 2021 Representative Director, President and COO (Present)



Hirokazu Nagashima
Executive Vice President and Director and Corporate Officer

April 1978 Joined the Company
January 2004 Executive Operating Officer
June 2005 Director and Division Manager of Electronic Assembly and Test Systems Div.
June 2006 Managing Director and Division Manager of Electronic Assembly and Test Systems Div.
August 2013 Representative Director and President, and President of JUKI AUTOMATION SYSTEMS CORPORATION
March 2021 Director and Senior Managing Officer, and Representative Director, President and COO of JUKI AUTOMATION SYSTEMS CORPORATION
March 2022 Executive Vice President and Director and Corporate Officer, and President and COO of JUKI AUTOMATION SYSTEMS CORPORATION (Present)

Outside Directors



Kazumi Nagasaki
Outside Director
(Independent Directors)

April 1976 Joined Bridgestone Tire Co., Ltd. (currently Bridgestone Corporation)
November 1998 General Manager of Production System Development Dept., ditto
March 2003 Plant Manager of Kumamoto Plant, ditto
January 2005 Plant Manager of Yokohama Plant, ditto
July 2005 Manager of Chemical and Industrial Products Production Div., ditto
July 2008 President of Bridgestone EMK Co., Ltd.
February 2014 Senior Advisor, ditto
March 2014 Director of the Company (Present)



Yutaka Hori
Outside Director
(Independent Directors)

April 1979 Registered as an attorney (Dai-ichi Tokyo Bar Association)
December 1989 Representative attorney of Hori & Associates Law Office (currently Hori & Partners) (Present)
June 1999 Lecturer of Graduate School of International Corporate Strategy, Hitotsubashi University
April 2004 Executive and Vice President, National University Corporation Chiba University (Present)
April 2010 Commissioner of Public Interest Corporation Commission (PICC) of the Cabinet Office
March 2016 Director of the Company (Present)
June 2016 Outside Director of FIDEA Holdings Co. Ltd. (Present)
August 2017 Outside Director of Pasona Group Inc.

Audit & Supervisory Board Members



Masahiko Suzuki
Audit & Supervisory Board Member
(Full-time)

April 1980 Joined the Company
June 2011 General Manager of Finance & Accounting Dept.
April 2016 Corporate Officer and General Manager of Finance & Accounting Dept.
March 2019 Full-time Audit & Supervisory Board Member



Masato Tanaka
Audit & Supervisory Board Member (Outside)
(Independent Directors)

April 1983 Appointed as judge
April 2006 Retired as judge, Registered as an attorney (Dai-ichi Tokyo Bar Association)
April 2006 Partner attorney of Nagashima Ohno & Tsunematsu
March 2008 Appeal Examination Counselor of the Japan Patent Office (Present)
October 2008 Ad Hoc Member, the Industrial Structure Council (Present)
October 2010 Auditor of the National Center for Industrial Property Information and Training (INPIT)
June 2011 Audit & Supervisory Board Member of the Company (Present)
April 2016 Professor of Law, Waseda Law School (with Fixed-term of office)
January 2022 Attorney at Law Managing Partner of Inuimon Law Offices (Present)



Junko Watanabe
Audit & Supervisory Board Member (Outside)
(Independent Directors)

April 1980 Joined Fuji Bank Limited (currently Mizuho Bank, Ltd.)
June 2003 General Manager of Hiyoshi Branch, Mizuho Bank, Ltd.
February 2006 General Manager of Oji Branch, ditto
April 2008 General Manager of Diversity Promotion Office, Human Resources Dept., ditto
September 2010 Executive Officer of Mizuho Research Institute Ltd.
May 2011 Senior Executive Officer, ditto
April 2014 Joined Joban Kosan Co., Ltd., Executive Officer
March 2020 Audit & Supervisory Board Member of the Company (Present)
June 2020 Managing Director of Joban Kosan Co., Ltd., (Present)

Managing Corporate Officers

Yutaka Abe

"In charge of Business Operation Center (deputy) (Sewing Machinery and Systems Business Unit), (Responsible for China) " and President (Sales) of JUKI (CHINA) CO., LTD.

Hiroshi Anzai

"In charge of Development Center" and "in charge of the Global Cooperate Center (Corporate Planning Dept. (Alliance))"

Kiyoshi Matsumoto

"In charge of Production Center" and "In charge of the Global Cooperate Center (Information System Dept. and Process Innovation Dept.)"

Katsumi Nihei

"In charge of Business Operation Center (deputy) (Sewing Machinery and Systems Business Unit), (Responsible for Southwest Asia, Middle East and South-Central Africa area)", [Resident in India]

Jiroy Ishibashi

"In charge of Business Operation Center (Value-added structure reform for Sewing Machinery and Systems Business Unit) "

Minoru Nitta

Deputy in charge of the Sewing Machinery and Systems Business Unit within the Business Operation Center, in the areas of Americas, Europe, CIS, and Northern Africa, and President of JUKI AMERICA, INC.

Corporate Officers

Kunio Nukui

(In charge of group companies)
General manager of JUKI (CHINA) Co., Ltd.

Masanori Suzuki

(In charge of group companies)
Representative Director and President of JUKI AIZU CORPORATION, and Manager of Aizu sub-office of the Sales Dept. within the Group Business Company

Hideya Sudo

(In charge of group companies)
President and CEO of JUKI INDUSTRIAL EQUIPMENT TECHNOLOGY CORPORATION

Tomohiro Takeda

General Manager of Information System Dept.

Daizo Minami

General Manager of Finance & Accounting Dept.

Masanori Awasaki

General manager of the Non-apparel Machinery Company within the Sewing Machinery and Systems Business Unit and Supervisor of non-apparel business, and Representative Director, President and COO of JUKI TECHNOLOGICAL CORPORATION

Keiichi Uekusa

Company President of Customer Business Company

Toshiyuki Yamanaka

(In charge of group companies)
Managing Director of JUKI SINGAPORE PTE. LTD.,
Managing Director of JUKI (THAILAND) CO., LTD. Maaging Director of JUKI MACHINERY VIETNAM CO., LTD.,

Kenji Nakao

"In charge of Production Center (deputy)" and General Manager of Monodzukuri Technology Dept. and Manager of Automation Advancement Centre

Yasuyuki Suzuki

General Manager of Sewing Machinery Development Dept.

Akira Tsukano

General Manager of Human Resources & General Affairs Dept.

Structure of the Board of Directors Skill matrix of the Company's Directors

Directors	Designation as Independent Director	Knowledge, experience, and abilities possessed by Directors							
		Corporate management	Finance / Accounting	Legal / Compliance	Global	Sales / Marketing	Manufacturing/Quality control /Research and development	Environment / Society	Human resources and labor relations /Human resource development
Akira Kiyohara	—	○	○	○	○	○	○	○	○
Shinsuke Uchinashi	—	○	○	○	○	○	○	○	○
Hirokazu Nagashima	—	○	○	○	○	○	○	○	○
Kazumi Nagasaki	○	○	○	○	○	○	○	○	○
Yutaka Hori	○	○	○	○	○	○	○	○	○

Structure for Outside Directors (FY2021)

Name	Attendance rate at the Board of Directors' meetings	Reasons of Appointment
Kazumi Nagasaki	15 times / 15 times (100%)	He possesses a wealth of experience and knowledge as a manufacturing manager, as well as considerable insight and supervisory ability with regard to corporate management. The Company determined that he is an appropriate person to serve as Outside Director because he can be expected to play a role in providing objective and pertinent advice and making decisions.
Yutaka Hori	15 times / 15 times (100%)	The Company determined that he is an appropriate person to serve as Outside Director because he can be expected to play a role in appropriately providing pertinent advice and making decisions on matters such as compliance based on the legal expertise he has built up as an attorney over many years and his experience serving as director for other companies in the business world.

Corporate governance

JUKI aims to achieve highly transparent management by communicating with our business partners, investors, and shareholders, improving our corporate governance system, ensuring compliance, and strengthening risk management.

Basic concepts

JUKI has positioned the appropriate maintenance and operation of its corporate governance system as one of its most important issues and has been working to improve and enhance the system to ensure the soundness and efficiency of management and respond to the trust of its stakeholders.

JUKI also enhances the transparency of its management by making timely and accurate information disclosures.

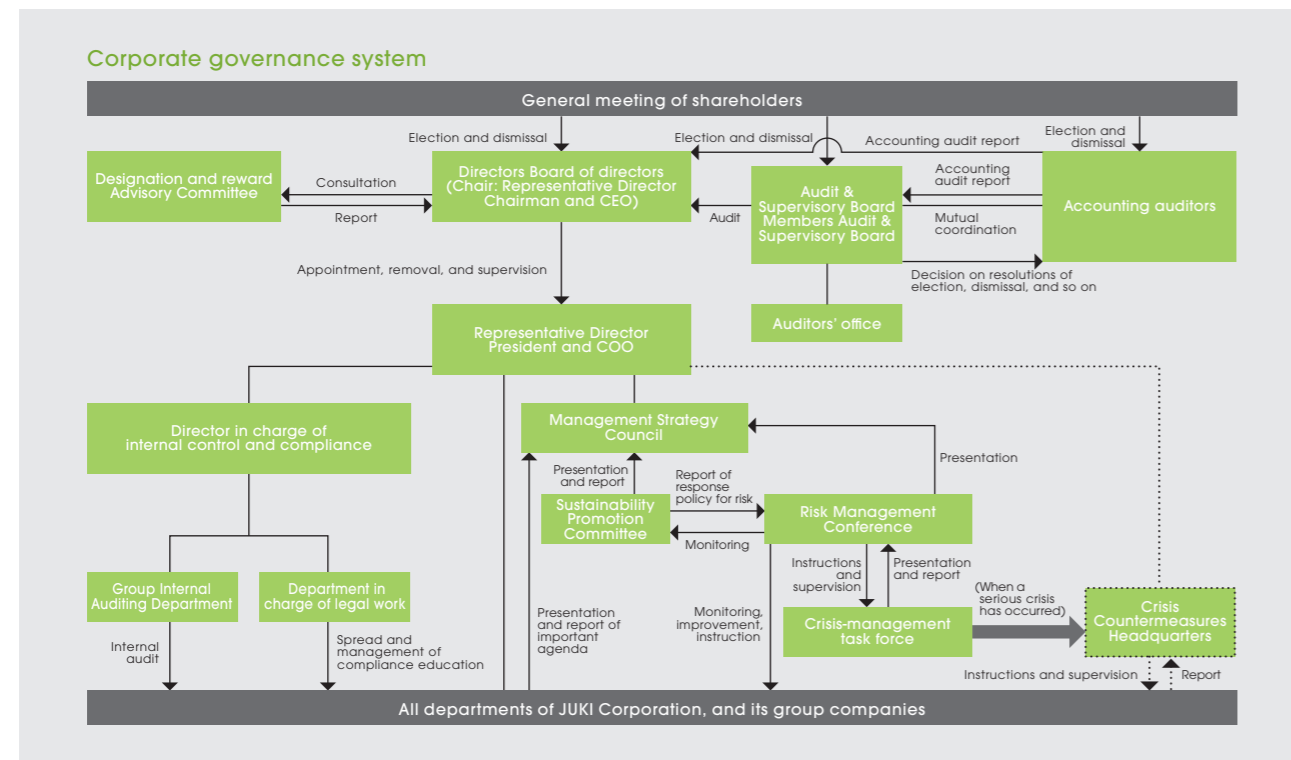
Corporate governance system

Board of Directors

The Board of Directors consists of five Directors, Akira Kiyohara (Chairman: Representative Director Chairman & CEO), Shinsuke Uchinashi, Hirokazu Nagashima, Kazumi Nagasaki (Outside Director) and Yutaka Hori (Outside Director). The Board of Directors makes decisions on matters stipulated by laws and regulations and on important matters related to management, while continuously supervising the status of business execution.

Training for Directors and Audit & Supervisory Board Members

The Company has appointed persons who can fully fulfill the roles and responsibilities expected of Directors and Audit & Supervisory Board Members, including Outside Officers. In light of this, the Company promotes the understanding of the roles and responsibilities expected of Directors, including legal knowledge, of newly appointed officers, who have been promoted internally, by utilizing external training sessions and such. As for Outside Directors and Outside Audit & Supervisory Board Members, the Company conducts activities to understand the business and functions of the Company at the time of their appointment and periodically thereafter.



Audit & Supervisory Board

The Audit & Supervisory Board consists of three Audit & Supervisory Board Members, Masahiko Suzuki (Chairman: Full-time Audit & Supervisory Board Member), Masatoshi Tanaka (Outside Audit & Supervisory Board Member), and Junko Watanabe (Outside Audit & Supervisory Board Member) as of the date of this updated. The Auditor's office has been established to assist the Audit & Supervisory Board Members. Each member conducts audits in accordance with the audit policy and division of duties established by the Audit & Supervisory Board, and audits the execution of duties by directors.

Internal audit

The Company has established the Group Internal Auditing Department, which consists of eight (8) members. As part of its business activities, the Company conducts business audits of each division of the Company and group companies.

Nomination and Remuneration Advisory Committee

In addition, the Company has established the Designation and Reward Advisory Committee as a voluntary advisory body under the Board of Directors for the purpose of strengthening the independence, objectivity and accountability of the functions of the Board of Directors regarding the nomination and remuneration of the senior management and Directors and Audit & Supervisory Board Members. The Committee consists of Akira Kiyohara (Chairman: Representative Director Chairman & CEO), Kazumi Nagasaki (Outside Director) and Yutaka Hori (Outside Director).

Organizational Structure

Organizational Structure	A company with an Audit and Supervisory Board
Total number of directors	5 (In-house: 3; Outside: 2)
Ratio of outside (independent) directors	40%
Director's term of office	1 year
Executive officer system introduced	Yes
Organization to assist the president in making decision	Management Strategy Council
Voluntary advisory board to the Board of Directors	Nomination and Remuneration Advisory Committee

An Executive Officer System and a Corporate Officer System

The Company has introduced an Executive Officer system and a Corporate Officer system (for officers equivalent to Corporate Officers except Corporate Officers with special titles) to try to facilitate business executions and clarify responsibility. All Directors, excluding Directors Kazumi Nagasaki and Yutaka Hori, concurrently serve as Executive Officers. The number of Executive Officers is six (6), and the number of Corporate Officers is nine (12). The Company has positioned and nurtured Corporate Officers (officers equivalent to Corporate Officers except Corporate Officers with special titles) as successors to Executive Officers with special titles, and has promoted young employees to invigorate them. The Company has established a Management Strategy Council under the Board of Directors. With regard to the corporate group consisting of the Company and the group companies, the Board of Directors, as well as the Executive Officers with titles in charge, the Corporate Officers in charge and the heads of departments in charge attend the council. The council deliberates from various angles on basic policies and strategies for management, thereby enabling more appropriate decision-making and business execution. The Board of Directors makes decisions on particularly important matters among those submitted to the Management Strategy Council.

Initiatives Taken to Enhance Corporate Governance

2015	A "JUKI Group Employees' Code of Conduct" is established.
2018	A "JUKI Group Corporate Philosophy System Chart" is established. A Nomination and Remuneration Advisory Committee is established.
2020	A system for Corporate Officers equivalent function of Executive Officers is introduced, excluding Corporate Officers with special titles.
2021	The positions of Representative Director, Chairman and CEO (Chief Executive Officer) and Representative Director, President and COO (Chief Operating Officer) are established.
2022	A restricted stock-based remuneration system for directors (excluding outside directors), etc. is introduced.

Risk management

JUKI assumes risks that could have a significant impact on its financial position, operating results, and cash flow position in the future, and JUKI manages these risks to minimize damage if they occur.

Risk management initiatives

JUKI has established and operates a risk management system to appropriately address all Group risks. The risk-management functions under the system are largely controlled by the Management Strategy Council, a body that handles strategic risks, the Crisis Response Headquarters, a body responsible for business continuity, and the Risk Management Committee, a body made up of executive officers and the heads of departments and Group companies.

JUKI also conducts annual policy reviews and quarterly risk assessments and monitoring surveys to respond to changes in the risk environment, including changes in political and economic conditions, quality assurance, environmental regulations, information security, security trade, compliance, and occupational health and safety. If a major risk emerges, the details of the risk response are reported and discussed at the Board of Directors to ensure continuous improvement.

Significant risks and ways to respond to them

Item	Risks	An approach useful for responding
Economic climate	Adverse effects of economic fluctuations beyond global forecasts	<ul style="list-style-type: none"> Collecting information and responding to issues at the regular meetings for the respective businesses Gathering forecasts and taking proactive action at the Group Management Meeting held twice a year
Overseas business activities	Political and economic factors, changes in laws and regulations, potentially adverse tax consequences, labor disputes, acts of terrorism and combat, and other unexpected events	<ul style="list-style-type: none"> Deliberating and analyzing the measures taken at the Risk Management Meetings held four times a year Establishing internal response systems and promptly responding to situations involving risk, as appropriate
Exchange fluctuations	Conversion and transaction risks	<ul style="list-style-type: none"> Identifying the risks at the foreign exchange meeting and addressing the issues affecting forward exchange contracts, funding in local currency, and allocations to import payments
Research & Development activities	Fluctuations in market needs caused by changes in the social environment	<ul style="list-style-type: none"> Reinforcing the R&D centers close to markets Responding to changes in the market environment by using open innovation, etc.
Intellectual property protection	Dealing with specific areas where protection of that property is difficult Unintentionally infringing the intellectual property rights of other companies	<ul style="list-style-type: none"> Operating a management system established by the Intellectual Property Department
Product Liability (PL)	Product liability risks not covered by insurance	<ul style="list-style-type: none"> Minimizing risks by strengthening daily quality improvement activities and quality measures
Environmental regulations	Further strengthening of legal regulations in each country	<ul style="list-style-type: none"> Establishing Green Procurement Guidelines that go beyond legal compliance Identifying and responding to situations involving risk at the Risk Management Meeting held four times a year
Security trade control	Tightening the regulations according to changing international conditions	<ul style="list-style-type: none"> Identifying and responding to situations involving risk at the Risk Management Meeting held four times a year Establishing internal response systems, as appropriate

Item	Risks	An approach useful for responding
Securing human resources	Low birthrate and longevity in Japan Rapid changes in labor markets overseas	<ul style="list-style-type: none"> Securing and developing human resources on a global scale at more than 30 subsidiaries in Japan and overseas
Disasters	Natural disasters, such as earthquakes and floods Global pandemic	<ul style="list-style-type: none"> Establishing a system for developing BCP (Business Continuity Plan) and other related systems Establishing internal response systems and promptly responding to situations involving risk, as appropriate
Significant litigation	Litigation on consumer protection and personal data protection	<ul style="list-style-type: none"> Obtaining up-to-date information on legal regulations in each country on a daily basis Promptly responding to situations involving litigation risks, together with the legal departments
Information management	Loss of credibility from information leaks	<ul style="list-style-type: none"> Establishing a management system and appropriate security measures to ensure confidentiality and protection against unauthorized access, tampering, destruction, and leakage.
Credibility of the purchasers	Unforeseen circumstances or bankruptcy of the purchasers	<ul style="list-style-type: none"> Confirming the creditworthiness of business partners by reviewing financial information
Impairment accounting	Application of fixed asset impairment accounting due to a significant decline in the market value of fixed assets and a significant deterioration in the profitability of the business	<ul style="list-style-type: none"> Monitoring the performance of each subsidiary and identifying and responding to any signs of insolvency
Hostile buyout	Takeover Bid (TOB) Massive stock buyout	<ul style="list-style-type: none"> Improving the Company's profitability and financial structure to reduce the risk of hostile buyout Enhancing corporate value Disseminating and disclosing information to gain the trust of shareholders, as appropriate
Spreading false rumors	Spreading rumors to slander, libel, or otherwise harm the reputation of another party, either online or through other channels	<ul style="list-style-type: none"> Posting information on the company's website after confirming the facts Appropriately responding to the issues, including legal proceedings

TOPICS

Response to the conflict between Russia and Ukraine

With regard to the Russian's invasion of Ukraine, JUKI works to obtain the latest information on how its customers, business partners, and employees are affected, and to implement prompt and appropriate countermeasures, as necessary, within the framework of the Crisis Response Headquarters headed by the president.

Response to the spread of COVID-19

JUKI has responded to the spread of the COVID-19 by placing top priority on the safety of its customers, business partners, and employees. The Crisis Response Headquarters, a group established under the president to manage the Company's pandemic response, works to prevent the spread of infection by minimizing business trips, encouraging employees to work at home, collecting information on the status of infections and travel restrictions in different regions, etc.

Message from outside directors

Contributing to JUKI's growth using knowledge gained from experience by actually observing the actual site conditions



Kazumi Nagasaki
Outside Director

Role as an Outside Director

As an outside director, I am expected to provide opinions and recommendations based on the knowledge, experience and perspective I have cultivated and gained in three capacities: "as a production and manufacturing expert," "as a manager in the manufacturing industry," and "as a person with a view of JUKI from the outside."

Evaluation of the Effectiveness of the Board of Directors

In his capacity as chairman of the Board of Directors, Akira Kiyohara, CEO, cultivates an open atmosphere at the board of directors' meeting to ensure that even the outside directors can freely express their opinions and develop frank discussions. Fiscal 2022 is the final year of the "Value Up 2022" Medium-term Management Plan. At this stage, I highly appreciate that the opinions and recommendations of the outside directors were reflected in the formulation of the plan. In addition, a Nomination and Remuneration Advisory Committee was established in FY 2019 with a majority of outside directors. Overall, I believe I can evaluate the Effectiveness of the Board of Directors.

Toward JUKI's growth

JUKI is a manufacturing company. I believe that JUKI's mission is to produce solid results as a "global, innovative manufacturing and value-creation (mono-koto zukuri) company that survives in the 21st century," as stated in JUKI's long-term vision. To this end, as the saying goes, "A company is its people." I want all employees to work individually and together to make the most of their diversity and develop and strengthen themselves as the human resources who will one day be managing JUKI and enhancing its corporate value.

As an outside director, I am committed to visiting the site more often and for longer periods than ever before. Direct site visits allow me to further deepen my understanding of the business, closely observe and understand the actual site conditions, and make crucial improvements. I also understand the importance of drawing fully from my past experience to fulfill my responsibilities as an outside director.

Further transforming JUKI into a company that grows sustainably as a global manufacturer and continuously enhances its corporate value



Yutaka Hori
Outside Director

Responsibilities as an Outside Director

I believe that the role expected of me as an outside director is to enhance JUKI's corporate value. I am committed to providing appropriate supervision of corporate management from an objective perspective, drawing on my experience, knowledge, and expertise as an attorney and as a director at other companies. I clearly state what I need to state as an outside director, especially when problems with compliance-related measures or internal control systems arise.

Evaluation of the current governance structure

JUKI has long been committed to building corporate governance and is making efforts and devising strategies to improve the Effectiveness of its Board of Directors. Last year, JUKI incorporated the opinions of outside directors, separated management supervision from execution, and shifted to a governance structure in which the board of directors supervises management execution. The strategies needed to progress further towards social agenda such as SDGs fulfillment, carbon neutrality, compliance, strengthened corporate governance, and work-style reforms are becoming more sophisticated) than ever before. As a global company, JUKI is required to operate its business with an even greater awareness of sustainability in order to achieve sustainable growth and increase its corporate value. I actively express my opinions as an outside director.

Challenges JUKI faces and what are expected of JUKI

With the rise of emerging countries, the environment around the global economy is changing dramatically. JUKI is strongly positioned as a company with high technological capabilities and operations in 185 countries and regions around the world. But the competition is becoming ever-more fierce. In order to grow as a global company, I believe that it will be crucial to further hone JUKI's strengths and place greater emphasis on profitability. I expect JUKI to be sensitive to changes in society and to transform itself while responding with speed. I will continue to support further reforms to enhance JUKI's corporate value by fulfilling my role as an outside director.

Corporate governance

Evaluation of the Effectiveness of the Board of Directors

The operating status of the Company's Board of Directors is as follows.

- (1) In accordance with the Board of Directors Regulations, the Board of Directors selects all important matters as proposals and meets monthly in principle to discuss them in a timely and appropriate manner.
- (2) Prior to deliberation by the Board of Directors, problems, issues, risks and their countermeasures are clarified at meetings such as the Corporate Strategy Committee, and the effectiveness of discussions is enhanced.
- (3) In order for the Board of Directors to conduct smooth and active discussions and conduct sufficient deliberations, materials for the Board of Directors are distributed in advance, and in particular, the content is explained to Outside Directors and Outside Audit & Supervisory Board Members in advance.

The Company conducts self-evaluation through questionnaires once a year for Directors and Audit & Supervisory Board Members, and after totaling the self-evaluation, the Board of Directors conducts "Analysis and Evaluation of the Effectiveness of the Board of Directors."

In the evaluation for fiscal 2021, we confirmed that the effectiveness of the Board of Directors as a whole is ensured for the following reasons.

- (1) The composition of the Board of Directors is appropriate in light of the content and scale of the Company's business.
- (2) The management of the Board of Directors is appropriately conducted from the viewpoints of the frequency of meetings and the content of materials.
- (3) The deliberations of the Board of Directors are appropriate from the perspective of the content of the deliberations, such as the selection of agenda items, the deliberation time, and the statements of the attendees.
- (4) The system to support Directors is appropriate from the perspective of opportunities to exchange information with top management or to deepen understanding of the contents of proposals and business other than the Board of Directors.

Based on the "Analysis and Evaluation of the Effectiveness of the Board of Directors of the fiscal 2021", the Board of Directors will make further efforts to ensure the effectiveness of the Board of Directors by further enhancing of closer communication, further improving the amount of materials to be distributed, and the time for deliberation etc. at the Board of Directors. In this way, the Board of Directors will aim to build a more satisfactory corporate governance system and further increase corporate value.

Remuneration system for Officers

Matters related to the policy for determining the details of individual remuneration for Directors

Basic policy

The remuneration, etc., for Directors of the Company, is provided under a remuneration system whereby incentives function to enhance the company's sustainable growth and corporate value.

The remuneration, etc., for Directors, is monetary remuneration that consists of monthly compensation (fixed compensation) and performance-linked remuneration (bonus), which varies depending on the level of achieving consolidated business performance targets.

Directors' monthly remuneration is determined based on the evaluation of the Director's responsibilities every fiscal year. Performance-linked remuneration (bonus) is determined based on the evaluation of individual performance and achievement and paid at a determined point in time every fiscal year by taking into account comprehensive factors, including the status of achieving company business performance and dividends and calculating the total payment amount using consolidated ordinary profit as a key indicator, which reflects the level of earning power of the Company Group. Consolidated ordinary profit of the fiscal year stood at 3,439 million yen.

Remuneration, etc., for Outside Directors consists of only monthly remuneration from the viewpoint of their role of overseeing and supervising management and their independence.

Assuming that the matters related to determining remuneration to grant restricted stock to Directors (excluding Outside Directors) will be approved at the 107th Ordinary General Meeting of Shareholders scheduled for March 28, 2022, the Company will establish a remuneration system linked to shareholders' interests in order to provide part of remuneration as "restricted stock-based remuneration".

Accordingly, the system of Directors' remuneration, etc., will consist of monthly remuneration (fixed remuneration), performance-linked remuneration (bonus), and restricted stock-based remuneration.

The overview of restricted stock-based remuneration is as follows:

- Maximum amount of restricted stock-based remuneration: 50 million yen in total (per year)
- Maximum number of restricted stocks granted: 100,000 (per year)
- Transfer restriction period: Until the day of resignation

Determination process

As for the process of determining Directors' remuneration, etc., to reinforce the independence and objectivity of the function related to the determination of remuneration for Directors, the Designation and reward Advisory Committee, which is comprised of three Directors, including two Independent Outside Directors, deliberates a remuneration plan proposed by the Representative Director, Chairman and CEO, and reports to the Board of Directors. The Board of Directors deliberates the appropriateness of the details of the report submitted by the committee.

Matters related to the resolution of the Board of Directors concerning remuneration, etc.

The 92nd Ordinary General Meeting of Shareholders held on June 28, 2007, resolved that the maximum amount of the remuneration, etc. for the Directors (excluding employee salary for employees concurrently assuming a position as a Director) and Audit & Supervisory Board Members of the Company would be 480 million yen and 80 million yen per year, respectively.

Internal control system

The Board of Directors has adopted the "Basic Policy for the Establishment of an Internal Control System." The contents of the policy are as follows.

System to ensure that Directors execute their duties in compliance with relevant laws and regulations and the Articles of Incorporation of the Company

- (1) The Company shall establish the "JUKI Code of Conduct", which shall provide the principles of the JUKI corporate philosophy as a legal entity, in order to make clear its positive attitude towards legal compliance.
- (2) The Company shall establish the "JUKI Group Employees' Code of Conduct", a set of specific guidelines for the execution of duties, in order to make officers and employees proactively acknowledge the importance of compliance with laws and regulations.
- (3) The system for compliance and compliance management of the whole business group consisting of the Company and its subsidiaries (hereinafter "group companies") shall be provided in the "Compliance Rules".
- (4) The Company shall take a resolute attitude toward any antisocial individuals and organizations that adversely influence social order and sound corporate activities.

System to store and control information related to Directors' execution of duties

- (1) The Company shall establish the "Rules for Retaining Important Documents" and shall retain and control information related to the execution of duties by Directors in accordance with the said Rules.

Rules and other systems for managing risk of loss of the Company and group companies

- (1) The Company shall establish the "Risk Management Rules" to manage risks of the Company and all group companies.
- (2) The Company shall establish the "Risk Management Committee" to examine significant risks the Company faces and prepare preventive measures against such risks, and shall manage each division's and each department's preventive measures activities against risks.
- (3) The "Crisis Control Headquarters" or the "Crisis-Management Task Force" shall take prompt actions against any materialized risks depending on the scale of the risks.

System to ensure that Directors, etc. of the Company and group companies execute their duties efficiently

- (1) The Company is striving to facilitate the prompt execution of duties by Directors by adopting a Managing Officer and Corporate Officer system (Corporate officers are Managing Officers who are not Directors) under which the Managing Officers and Corporate Officers may be given some of the authority required for executing Directors' duties.
- (2) Employees may be given some of the authority required for executing Directors' duties in accordance with the "Board of Directors Rules" and "Authorization Rules", for the purpose of efficient decision making.
- (3) Important decision-making matters shall be discussed at the "Management Strategy Committee" and shall be decided by the President after such discussion.
- (4) The "Sustainability Promotion Committee" shall deliberate and decide the formulation of the company policies and goals relating to sustainability, and shall build and establish the system to implement its policies and goals and monitor various measures.
- (5) Rules for executing Directors' duties shall be provided in the

"Organization Rules", and Directors shall make efforts to efficiently execute their duties in accordance with the said Rules.

System to ensure that the execution of the duties of our employees and the execution of the duties of the directors and employees of our group companies comply with the regulations and the articles of incorporation

- (1) We shall establish a "JUKI Corporate Code of Conduct" prescribing the basic ways we are to act as a company and clarifying the concepts of legal compliance.
- (2) We shall establish a "JUKI Employee's Code of Conduct" as a detailed standard of behavior for employees in the execution of their duties and shall strive to carry out thorough legal compliance.
- (3) In order to carry out thorough legal compliance, our department in charge of legal affairs shall conduct and disseminate education on compliance and managerial activities.
- (4) We shall appoint an officer in charge of internal control and compliance and endeavor to control the related organizations and activities.
- (5) Our "Regulations on Compliance" shall establish a system and procedures for the compliance of our company and the group companies.
- (6) We shall provide a "consultation service for employees" to directly respond to employees' questions on compliance.

System for reporting to our company on matters regarding the execution of the duties of the directors of our group company, etc.

- (1) A group company shall report management policies and management plans to our company in "the Group Management Meeting" to enable our company to check and adjust the same.
- (2) A group company shall report to our company in accordance with the "Regulation on the Management of Group Companies," regularly according to need.
- (3) The directors of a group company, etc. shall report promptly to our executive officer in charge of internal control and compliance in the event that there are facts indicating remarkable damage incurred by a company, fraudulence in a director's execution of duties, or violations in regulations or the articles of incorporation.

Other systems to ensure adequate business in the business group consisting of our company and the group companies.

- (1) We shall establish a management control system according to our functional organization in our "Regulations on Organization" and "the Regulations on the Management of Our Group Companies".
- (2) We shall establish a rule on decision-making on the distribution of management resources in our group companies in the "Regulations of Authority".
- (3) Our Group Internal Auditing Department shall conduct internal audits of our group companies when needed.

Matters regarding an employee appointed by the Audit & Supervisory Board Members to assist them in the execution of their duties

- (1) We shall establish "Auditor's office" that reports to the Audit & Supervisory Board Members as an organization to assist them.

Matters regarding the independence of the employee stipulated in the preceding clause from the directors and measures taken to secure the effectiveness of instructions from the directors to the said employee

- (1) An Audit & Supervisory Board Member may remark on a personnel transfer and personnel evaluation of an employee

- who belongs to the Auditor's office.
- (2) An employee who belongs to the Auditor's office collects information necessary for the Audit & Supervisory Board Member's audit promptly in accordance with their instructions.

System for enabling our directors, directors of our group companies and employees to report to the Audit & Supervisory Board Member

- (1) A full-time Audit & Supervisory Board Member shall attend meetings of important bodies such as the Board of Directors Meeting, Management Strategy Council, Group Management Meeting, Risk Management Conference, etc. to collect necessary information in person.
- (2) Our directors, directors of our group companies, and employees shall report to an Audit & Supervisory Board Member promptly upon becoming aware of any facts suggestive of the risk that the company will incur significant damage, that a director has committed fraud in the execution of duties, or that the regulations or articles of incorporation of the company are violated.
- (3) An Audit & Supervisory Board Member shall receive information directly from a department in charge, directors of our group companies, and employees in case that he or she judges to be necessary.

System to ensure that a person who has made a report stipulated in the preceding clause is not unfavorably treated on the grounds of making the said report.

- (1) The "compliance regulations" clearly state that a person who reports to an Audit & Supervisory Board Member are not to be unfavorably treated for doing so, and our directors, directors of our group company, and employees shall be kept informed about this regulation.

Policies regarding procedures for advance payment of expenses or reimbursement of expenses that accrue during the execution of an Audit & Supervisory Board Member's work or regarding the processing of expenses or debts that accrue during the execution of other work.

- (1) We shall pay expenses that accrue during the execution of an Audit & Supervisory Board Member's work and appropriate the budget he or she plans every year.
- (2) When an Audit & Supervisory Board Member judges that the occurrence of expenses is necessary to ensure the effectiveness of an audit, we shall handle the expenses appropriately even if they are outside the budget stipulated in the preceding item.

Other systems to ensure that an Audit & Supervisory Board Member's audit is conducted effectively

- (1) In addition to attending the board of directors' meetings to express his or her opinions, he or she may exchange views with a representative director at any time to raise the effectiveness of the Audit & Supervisory Board Member's audit.
- (2) An Audit & Supervisory Board Member shall cooperate with the Group Internal Auditing Department and conduct audits as the need arises.
- (3) An Audit & Supervisory Board Member shall cooperate with a corporate lawyer and an accounting auditor, and conduct audits as the need arises.

System to ensure the reliability of financial reporting

- (1) We shall prepare and operate a system that enables the effective functioning of the internal control of reliable financial reporting.

Overview of operation status

An overview of the operation status of the system to ensure that business is conducted properly in FY 2021 is as follows.

Compliance system

- In accordance with the "Compliance Rules", the Company and its group companies have been rigorously applying the system to ensure compliance.
- The "JUKI Group Employees' Code of Conduct" has been enacted, the contents of which is made simple and universal so that the group employees can easily understand, and has been distributed to ensure that each group employee has a thorough understanding of compliance.
- The Company has made a "Declaration with Regard to Antisocial Forces", which is reflected in clauses of contracts.

Risk management system

- In accordance with the "Risk Management Rules", the Company held the Risk Management Committee meetings once every quarter in principle to identify, evaluate and take measures to risks including those at group companies.
- The Company improved the system by establishing the "Crisis Control Headquarters" and the "Crisis-Management Task Force" to address risks depending on the regions, scale, and content of the emerged risks, and carry out deliberation and reports to the Board of Directors.

System for Directors to execute their duties

- Under the "Board of Directors Rules", "Director and Managing Officer Rules", "Corporate Officer Rules", "Authorization Rules", and "Organization Rules", the Company strives to ensure that duties are executed promptly and efficiently by Directors.
- The Management Strategy Committee is held twice a month in principle, and decisions on important matters are made promptly.

System for management of group companies

- The Company has determined the reporting system, and the management control system by functional organization in its "Organization Rules" and "Group Companies Management Rules". The Group Management Conference was held once every half-year to report on management policies and management plans of group companies, and to check and adjust their implementation.

Internal audits

- Internal audits of the Company and its group companies were conducted in accordance with an internal audit plan.
- Self-assessments centered on key matters and individual topics were carried out, targeting group companies and sites, and guidance for improvement was given based on the outcomes of these self-assessments.

System relating to activities of the Audit & Supervisory Board Members

- The "Audit & Supervisory Board Members Section" has been established as an organization to assist the Audit & Supervisory Board Members, and has been collecting necessary information.
- The Audit & Supervisory Board Members have been exchanging opinions with Representative Director once every three months.
- The Audit & Supervisory Board Members have been regularly exchanging information with certified public accountants regarding accounting audits, to ensure the effectiveness of the audits.

11-year key consolidated financial data (As of December 31, 2021)

(Unit:100 million yen)

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Operating results											
Sales revenue (Net sales)	65,326	75,831	94,385	107,581	112,865	97,724	103,659	112,064	99,169	70,401	101,292
Cost of sales	48,018	56,868	68,094	74,078	78,293	68,134	71,748	77,921	70,300	55,090	73,281
Gross profit	17,307	18,963	26,291	33,503	34,571	29,590	31,911	34,143	28,869	15,310	28,011
Selling, general and administrative expenses	16,491	20,414	21,139	25,285	27,461	24,938	23,755	24,995	25,030	19,780	24,143
Operating profit	815	△1,451	5,151	8,217	7,110	4,651	8,156	9,148	3,838	△4,469	3,868
Operating income ratio (%)	1.2%	-	5.5%	7.6%	6.3%	4.8%	7.9%	8.2%	3.9%	-	3.8%
Ordinary profit	1,374	△2,996	3,878	7,710	5,728	3,022	7,839	8,385	2,941	△3,957	3,439
Income before income taxes	1,453	△2,611	2,434	7,587	5,642	3,090	7,727	8,353	2,930	△4,466	3,345
Net income	755	△8,333	3,026	5,958	3,653	1,637	5,696	6,779	1,788	△4,779	2,246
Net income attributable to owners of the parent	726	△8,342	3,006	6,058	3,853	1,883	5,642	6,640	1,763	△4,688	2,154
Depreciation and amortization	2,503	3,124	2,940	3,115	2,990	2,583	2,343	2,525	3,063	3,162	2,945
Capital/IT investment	939	1,149	1,062	1,964	1,252	1,642	2,312	2,721	2,907	2,176	1,286
R&D Expenses	3,744	5,346	3,859	4,826	4,871	4,408	4,781	5,675	5,398	4,608	4,571
Net D/E ratio (times)	5.46	14.60	5.87	2.61	2.09	1.89	1.32	1.21	1.27	1.39	1.47
Financial position											
Total assets	114,263	110,341	113,189	130,751	119,281	111,365	110,554	119,121	114,715	110,230	129,114
Net assets	12,361	4,934	11,806	25,010	28,477	27,582	33,343	37,241	37,752	31,368	35,672
Equity attributable to owners of the parent (net assets)	12,101	4,641	11,432	23,995	27,678	27,006	32,726	36,529	37,037	31,032	35,245
Equity attributable to owners of the parent (equity ratio) (%)	10.59%	4.21%	10.10%	18.35%	23.20%	24.25%	29.60%	30.67%	32.29%	28.15%	27.30%
Interest-bearing debt	73,828	80,171	75,507	74,747	67,377	60,158	50,553	52,378	53,878	57,443	58,978
Cash flows											
Cash flows from operating activities	△8,248	△1,841	6,405	3,459	8,924	9,819	10,489	2,682	3,054	8,509	△6,589
Cash flows from investing activities	△888	283	293	△1,868	△1,219	△1,047	△1,757	△2,390	△3,430	△2,698	△857
Cash flows from financing activities	8,192	3,233	△9,446	837	△9,044	△8,100	△10,373	968	△811	2,034	△370
Cash and cash equivalents at end of year	5,740	7,960	6,240	9,286	7,672	7,893	6,336	7,302	5,977	13,821	6,566
Per share information											
Net assets per share (yen)	468.25	179.55	442.40	804.10	927.63	921.78	1,117.07	1,246.93	1,264.28	1,059.32	1,203.14
Net income (loss) per share (yen)	28.10	△322.81	116.35	219.17	129.14	63.94	192.61	226.68	60.20	△160.04	73.55
Price earnings ratio (times)	30.78	-	9.84	9.88	8.42	16.53	9.67	4.91	14.65	-	11.53
Dividend per share (yen)	15	0	0	20	35	20	35	30	25	20	25
Consolidated dividend payout ratio (%)	53.4%	-	-	9.1%	27.1%	31.3%	18.2%	13.2%	41.5%	-	34.0%
Profitability											
ROE (%)	6.2%	△99.7%	37.4%	34.2%	14.9%	6.9%	18.9%	19.2%	4.8%	△13.8%	6.5%
ROA (%)	0.6%	△7.6%	2.7%	4.6%	3.2%	1.7%	5.1%	5.6%	1.5%	△4.3%	1.7%
Key non-financial indicators											
Number of consolidated employees (persons)	6,685	6,498	5,872	6,153	6,245	6,021	5,899	5,891	5,762	5,287	5,255

Company outline and stock information (As of December 31, 2021)

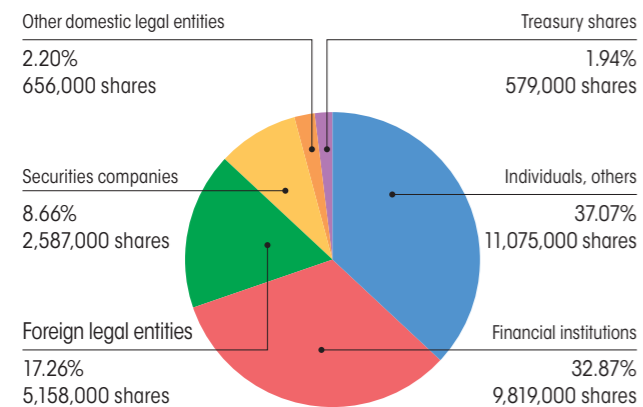
CORPORATE SUMMARY

Trade name	JUKI CORPORATION	Fiscal year ending	December 31
Established	December 15, 1938	Ordinary general meeting of shareholders	March
Directors	Representative Director, Chairman and CEO Akira Kiyohara Representative Director, President and COO Shinsuke Uchinashi	Number of employees	5,255 (on a consolidated basis), 830 (on a non-consolidated basis)
Paid-in capital	¥18,044 million	Number of affiliated companies	25
Major business office	Head office : 2-11-1 Tsurumaki, Tama-shi, Tokyo 206-8551 Japan Tel: 81-42-357-2211	OHTAWARA PLANT : 1863 Kitakanemaru, Ohtawara-shi, Tochigi 324-0011 Japan Tel: 81-287-23-5111	

STOCK INFORMATION

Total number of authorized shares	80,000,000 shares	Listed on	Prime Market of the Tokyo Stock Exchange (From April 4, 2022)
Total number of issued shares	29,874,179 shares	Securities code	6440
Total number of shareholders	12,530	Shareholder registry administrator	Mizuho Trust & Banking Co., Ltd.

STOCK DISTRIBUTION STATUS BY OWNER TYPE



Major shareholders (Top 10)

Name of shareholders	Number of shares held (unit: 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
Morgan Stanley MUFG Securities Co., Ltd.	684	2.33
Asahi Mutual Life Insurance Company	569	1.94
MSCO CUSTOMER SECURITIES	525	1.79
JPMorgan Securities Japan Co., Ltd.	515	1.75
The Dai-ichi Life Insurance Company, Limited	511	1.74
BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE	466	1.59

(Note) A shareholding ratio is calculated excluding treasury stock (579,433 shares).

Mind & Technology

Trends in share prices and trading volume

