

**Summary of Financial Information and Business Results
for the First Three Months of Fiscal Year 2023 Ending December 31, 2023
on a Consolidated Basis
<under Japanese GAAP>**

Company name: **JUKI Corporation**
 Listing: Tokyo Stock Exchange
 Securities code: 6440
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Scheduled date to file the quarterly securities report: May 10, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results presentation meeting: None

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

**1. Consolidated performance for the first three months of fiscal year 2023 ending
December 31, 2023
(January 1, 2023 to March 31, 2023)**

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

Three months ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2023	21,959	(19.3)	(1,190)	–	(1,496)	–	(1,385)	–
March 31, 2022	27,218	24.4	764	134.2	703	242.2	516	264.3

Note: Comprehensive income Three months ended March 31, 2023 (940) million yen [–%]
 Three months ended March 31, 2022 2,206 million yen [33.8%]

Three months ended	Basic earnings per share	Diluted earnings per share
	yen	yen
March 31, 2023	(47.16)	–
March 31, 2022	17.65	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	million yen	million yen	%
March 31, 2023	144,178	35,953	24.4
December 31, 2022	145,169	37,482	25.3

Reference: Equity As of March 31, 2023 35,209 million yen

As of December 31, 2022 36,738 million yen

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended December 31, 2022	–	0.00	–	20.00	20.00
Fiscal year ending December 31, 2023	–				
Fiscal year ending December 31, 2023 (forecast)	–	0.00	–	25.00	25.00

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

3. Consolidated earnings forecasts for the fiscal year 2023 ending December 31, 2023 (January 1, 2023 to December 31, 2023)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Fiscal year ending December 31, 2023	127,000	8.1	3,500	22.4	3,000	157.8	1,900	–	64.74

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

* Notes

(1) Changes in significant subsidiaries during the three months under review (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

New: – companies (company name), Excluded: – companies (company name)

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

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: None

d. Restatement of prior period financial statements after error corrections: None

(4) Number of issued shares (common shares)

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

As of March 31, 2023	29,874,179 shares
As of December 31, 2022	29,874,179 shares

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

As of March 31, 2023	503,064 shares
As of December 31, 2022	503,016 shares

c. Average number of shares during the period

Three months ended March 31, 2023	29,371,151 shares
Three months ended March 31, 2022	29,294,645 shares

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

* Disclaimer regarding forward-looking statements

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

[Attached Material]

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

(1) Explanation regarding operating results

In the business environment surrounding the Company in the three months ended March 31, 2023, the acceleration of a technological revolution in the form of AI/IoT/5G/VR, etc., and business developments due to changes in the market and customers following the pandemic of the novel coronavirus disease (COVID-19), have created the need to build a new business model/management base in response to the new-normal environment. In addition, in response to the “sustainable development goals (SDGs),” society as a whole is further accelerating efforts to realize a sustainable society from a long-term perspective.

Meanwhile, economic activities were constrained by such factors as high resource prices and supply chain disruptions due to the prolonged conflict in Russia and Ukraine and rising tensions between the US and China, soaring costs due to global inflation and rising interest rates, and foreign currency shortages in emerging countries. In addition, the competitive environment has intensified, including the entry of different industries into the market.

In this business environment, although sales in Europe and Japan were firm in the three months ended March 31, 2023, but the Company was unable to fully capture the needs for global production center relocation due to economic recovery and supply chain fragmentation in China and Asia, the largest markets, and postponement of purchases due to foreign currency shortages in emerging countries in South Asia and other regions. As a result, net sales decreased significantly to 21,959 million yen (down 19.3% year-on-year).

In terms of profits, despite the effect of yen depreciation on sales, the significant decrease in sales and the increased burden of overseas material costs and expenses resulted in an operating loss of 1,190 million yen (versus an operating profit of 764 million yen in the same period of the previous fiscal year), an ordinary loss of 1,496 million yen (versus an ordinary profit of 703 million yen in the same period of the previous fiscal year), and a loss attributable to owners parent of 1,385 million yen (versus a profit attributable to owners parent of 516 million yen in the same period of the previous fiscal year).

In the six months ending June 30, 2023, we will accelerate value-added structural reforms and improve our portfolio in high-value-added fields, such as strengthening our global sales structure in Asia for industrial sewing machines, expanding customers and penetrating price increases in the non-apparel and knitwear markets, and strengthening new types of mounters and expansion areas in electronics assembly & systems, as well as extensively and deeply implementing cost structural reforms to recover sales and profit by drastically reducing fixed costs, including thorough downsizing of the headquarters and offices and reviewing expenses. In addition, by reviewing the management and governance structure and revamping the industrial sewing machine business system, we will aim to achieve our performance targets for the current fiscal year by speeding up decision-making on priority measures and strengthening our ability to implement them.

By implementing the above measures, we will enhance the effectiveness in the medium to long term of our Medium-Term Management Plan, which covers the period from 2023 to 2025, as we also strive for early realization of our growth strategy by strongly promoting the reform of our business and system strategies through the 6 Reforms (6X).

(Business overview by primary segment)

i) Sewing Machinery and Systems Business

Sales of industrial sewing machines decreased due to the failure to fully capture the needs of economic reconstruction and global production area relocation in China and other Asian countries, as well as the impact of foreign currency shortages in emerging countries in South Asia and other regions, resulting in overall sales of 13,465 million yen (down 29.1% year-on-year) for the Sewing Machinery and Systems Business.

In terms of profits, a significant decrease in sales and lower capacity utilization rates at factories resulted in a segment loss (ordinary loss) of 1,259 million yen, compared with a profit of 101 million yen in the same period of the previous fiscal year.

In the second quarter, we will strengthen our global sales structure in Asia, expand our customer base in the non-apparel and knitwear markets, promote the expansion of high-value-added business

areas such as smart solution proposals, and recover sales and profits by further deepening cost structural reforms.

ii) Industrial Equipment and Systems Business

Sales of electronics assembly & systems increased year-on-year in China, but remained at the same level as the previous fiscal year in other regions, resulting in only a slight year-on-year increase in overall sales. However, sales were firm at Group Businesses such as contract manufacturing, mainly in Japan, partly due to a rise in demand for capital investment as customers moved to deal with supply chain fragmentation. As a result, net sales for the Industrial Equipment and Systems Business as a whole were 8,400 million yen (up 3.0% year-on-year).

In terms of profits, segment loss (ordinary loss) was 127 million yen, compared with a profit of 245 million yen in the same period of the previous fiscal year, mainly due to lower sales in the non-mounter business.

In the second quarter, in electronics assembly & systems, we will strengthen our global sales structure to capture high-speed machine demand through line proposals centered on new products and more strongly promote the expansion of business areas with high added value. In group business, we will strive to expand sales and profits in the segment as a whole by strengthening the contracted engineering business.

(2) Explanation regarding financial position

Assets, liabilities and net assets

Total assets as of March 31, 2023 were 144,178 million yen, a decrease of 991 million yen compared to the previous fiscal year-end. This was mainly due to an increase in inventories, while accounts receivable - trade decreased as sales declined. Liabilities were 108,224 million yen, an increase of 536 million yen compared to the previous fiscal year-end. This mainly reflected an increase in borrowings. Net assets decreased 1,528 million yen from the end of the previous fiscal year-end to 35,953 million yen, mainly due to a decrease in retained earnings resulting from net loss and dividend payment, despite an increase in foreign currency translation adjustment.

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

There are no changes in the full-year earnings forecast that were previously announced.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(million yen)

	As of December 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	4,931	5,409
Notes and accounts receivable - trade, and contract assets	37,537	34,466
Inventories	62,429	63,662
Other	3,151	3,227
Allowance for doubtful accounts	(373)	(427)
Total current assets	107,677	106,338
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,516	10,404
Land	6,317	6,317
Other, net	6,692	6,629
Total property, plant and equipment	23,525	23,351
Intangible assets	2,316	2,275
Investments and other assets		
Other	11,956	12,568
Allowance for doubtful accounts	(306)	(356)
Total investments and other assets	11,649	12,212
Total non-current assets	37,492	37,839
Total assets	145,169	144,178
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,145	8,386
Electronically recorded obligations - operating	4,113	3,284
Short-term borrowings	58,807	62,187
Income taxes payable	547	404
Contract liabilities	883	861
Provision for bonuses	38	401
Other	8,255	7,071
Total current liabilities	81,791	82,598
Non-current liabilities		
Long-term borrowings	18,851	18,699
Provision for retirement benefits for directors (and other officers)	39	42
Retirement benefit liability	5,113	5,062
Other	1,892	1,821
Total non-current liabilities	25,896	25,625
Total liabilities	107,687	108,224

(million yen)

	As of December 31, 2022	As of March 31, 2023
Net assets		
Shareholders' equity		
Share capital	18,044	18,044
Capital surplus	1,972	1,972
Retained earnings	15,816	13,844
Treasury shares	(527)	(527)
Total shareholders' equity	35,306	33,334
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	482	510
Foreign currency translation adjustment	1,048	1,462
Remeasurements of defined benefit plans	(99)	(98)
Total accumulated other comprehensive income	1,431	1,875
Non-controlling interests	743	744
Total net assets	37,482	35,953
Total liabilities and net assets	145,169	144,178

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

Consolidated statement of income (cumulative)

(million yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Net sales	27,218	21,959
Cost of sales	19,781	16,425
Gross profit	7,437	5,533
Selling, general, and administrative expenses	6,673	6,724
Operating profit (loss)	764	(1,190)
Non-operating income		
Interest income	10	12
Dividend income	55	55
Reversal of allowance for doubtful accounts	9	0
Share of profit of entities accounted for using equity method	–	179
Other	136	180
Total non-operating income	212	428
Non-operating expenses		
Interest expenses	200	337
Foreign exchange losses	44	377
Other	27	19
Total non-operating expenses	272	734
Ordinary profit (loss)	703	(1,496)
Extraordinary income		
Gain on sale of non-current assets	1	1
Total extraordinary income	1	1
Extraordinary losses		
Loss on sale and retirement of non-current assets	10	4
Loss on COVID-19	39 ^{*1}	–
Total extraordinary losses	50	4
Profit (loss) before income taxes	654	(1,499)
Income taxes	136	(115)
Profit (loss)	517	(1,384)
Profit attributable to non-controlling interests	0	0
Profit (loss) attributable to owners of parent	516	(1,385)

Consolidated statement of comprehensive income (cumulative)

(million yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Profit (loss)	517	(1,384)
Other comprehensive income		
Valuation difference on available-for-sale securities	(62)	28
Foreign currency translation adjustment	1,700	370
Remeasurements of defined benefit plans, net of tax	(10)	1
Share of other comprehensive income of entities accounted for using equity method	61	43
Total other comprehensive income	1,688	443
Comprehensive income	2,206	(940)
(Breakdown)		
Comprehensive income attributable to owners of parent	2,205	(941)
Comprehensive income attributable to non-controlling interests	0	1

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

No items to report.

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

No items to report.

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

Calculation of taxes

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

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

(Changes in accounting policies)

(Application of Application Guidelines for the Accounting Standard for Fair Value Measurement)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 31, June 17, 2021) from the beginning of the first quarter of the fiscal year under review, and the new accounting policy prescribed by the Guidelines is applied prospectively in accordance with the transitional treatment prescribed in Section 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. This will not have an impact on quarterly consolidated financial statements.

(Additional information)

(Accounting estimates following the spread of COVID-19)

With regard to the effects of the spread of COVID-19, it is currently difficult to estimate these impacts, but based on external information we assume that the effects of the spread of COVID-19 will continue for the certain period of the fiscal year ending December 31, 2023, on which basis we have created accounting estimates related to such matters as judgments on impairment losses for non-current assets, and the recoverability of deferred tax assets.

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

(Consolidated statement of income)

*1 Loss on COVID-19

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

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

(Segment information, etc.)

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

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

	Reportable segment			Other Businesses (Note 1)	Total	Adjustments (Note 2)	Amount recorded in the quarterly consolidated statement of income (Note 3)
	Sewing Machinery and Systems Business	Industrial Equipment and Systems Business	Total				
Net sales							
To external customers	18,990	8,159	27,150	68	27,218	–	27,218
Inter-segment sales or transfers	209	46	256	110	366	(366)	–
Total	19,199	8,206	27,406	179	27,585	(366)	27,218
Segment profit	101	245	347	16	364	339	703

- (Notes) 1. The “Other Businesses” category refers to business segments not included in reportable segments under which businesses such as the building management business are classified.
2. Included in the 339 million yen deducted from segment profit as adjustment are a deduction of 5 million yen in inter-segment eliminations and a deduction of 345 million yen in corporate loss that cannot be allocated to any reportable segment. The corporate loss mainly consists of costs related to the administrative functions of the Company that have not been attributed to any reportable segment and foreign exchange losses that have not been attributed to any reportable segment.
3. Segment profit is adjusted with ordinary profit in the quarterly consolidated statement of income.

Three months ended March 31, 2023 (January 1, 2023 to March 31, 2023) (million yen)

	Reportable segment			Other Businesses (Note 1)	Total	Adjustments (Note 2)	Amount recorded in the quarterly consolidated statement of income (Note 3)
	Sewing Machinery and Systems Business	Industrial Equipment and Systems Business	Total				
Net sales							
To external customers	13,465	8,400	21,866	92	21,959	–	21,959
Inter-segment sales or transfers	243	22	265	119	385	(385)	–
Total	13,708	8,423	22,131	212	22,344	(385)	21,959
Segment profit (loss)	(1,259)	(127)	(1,386)	16	(1,370)	(126)	(1,496)

- (Notes) 1. The “Other Businesses” category refers to business segments not included in reportable segments under which businesses such as the building management business are classified.
2. Included in the 126 million yen deducted from segment profit (loss) as adjustment are a deduction of 14 million yen in inter-segment eliminations and a deduction of 111 million yen in corporate loss that cannot be allocated to any reportable segment. The corporate loss mainly consists of costs related to the administrative functions of the Company that have not been attributed to any reportable segment and foreign exchange losses that have not been attributed to any reportable segment.
3. Segment profit (loss) is adjusted with ordinary loss in the quarterly consolidated statement of income.

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

No items to report.

(Revenue recognition)

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

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

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

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

Three months ended March 31, 2023 (January 1, 2023 to March 31, 2023)

(million yen)

	Japan	Asia	China	Americas	Europe	Others	Total
Sewing Machinery and Systems Business	1,523	4,867	2,652	1,960	2,221	239	13,465
Industrial Equipment and Systems Business	3,044	1,084	2,071	1,366	752	80	8,400
Others	92	–	–	–	–	–	92
Total	4,660	5,952	4,724	3,326	2,973	320	21,959

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