



To Our Shareholders

JUKI

**Business Report
for the First Half of the
109th Business Term**

(From January 1, 2023 through June 30, 2023)

JUKI CORPORATION

Securities code: 6440

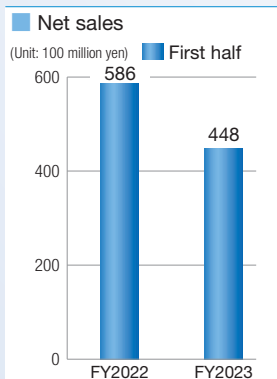
Overview of Business Performance

Net sales: 44.8 billion yen
(down by 13.8 billion yen year-on-year)

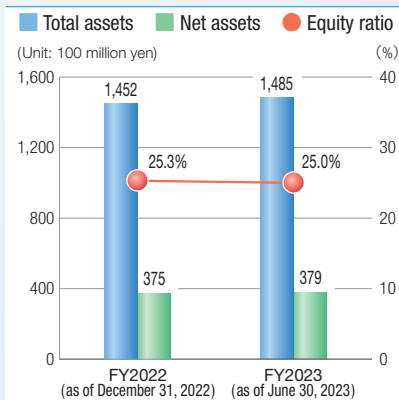
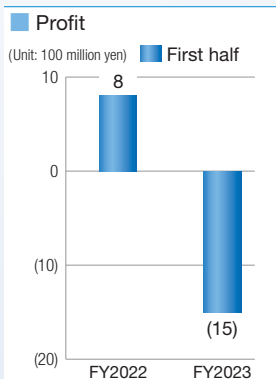
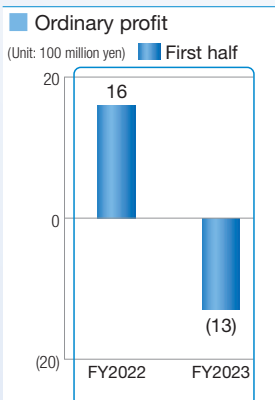
Ordinary profit: 1.3 billion yen
(down by 2.9 billion yen year-on-year)

Profit: 1.5 billion yen (down by 2.4 billion yen year-on-year)

Net sales declined by 23.6% year-on-year overall, mainly because of delays in meeting the investment demand generated by the global relocation of production sites to cope with supply chain fragmentation as well as by the economic recovery in China and other Asian countries. Ordinary profit fell significantly. The positive effects of the yen depreciation on sales were outweighed by significant declines in sales and higher material costs and expenses overseas.

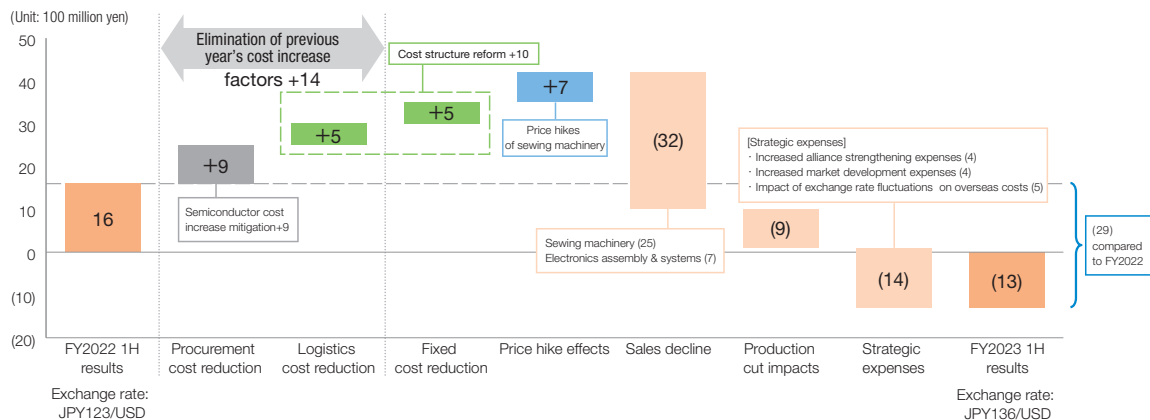


Average exchange rate	1 US\$	¥123	¥136



Exchange rate (period-end)	¥133	¥145

Ordinary Profit Increase/Decrease Factors for the First Half of FY2023



To Our Shareholders

We would like to thank our shareholders for their ongoing support.

We would like to take this opportunity to say a few words as we present our interim report for JUKI's 109th fiscal year (January 1, 2023 to June 30, 2023).

The business environment in which we operated in the consolidated first-half was characterized by accelerating technological innovation in areas such as AI, IoT, 5G, and VR, as well as the development of businesses driven by changes in the markets and customers moving further into the post-COVID-19 period. We must establish a new business model and management foundation adapted to this new-normal environment. In a wider context, society as a whole is accelerating its efforts to become sustainable with a long-term view to achieving the Sustainable Development Goals (SDGs). While logistics disruptions are subsiding, economic activities have been constrained by global inflation, soaring overseas costs, rising interest rates, the prolonged conflict in Russia and Ukraine, ongoing tensions between the U.S. and China, and foreign currency shortages in emerging economies. In parallel, the competitive environment is intensifying with the entry of different industries into the market.

Turning to business, JUKI's net sales in the first half of the year held firm in Europe, the Americas, and Japan but declined significantly, to 44.77 billion yen (down 23.6% year-on-year), overall. This is mainly due to delays in meeting the investment demand generated by the global relocation of production sites to cope with supply chain fragmentation as well as by the economic recovery in JUKI's largest markets, China and other Asian countries. Foreign currency shortages in emerging economies in South Asia and elsewhere were another headwind, leading to significant postponements in purchasing.

On the profit front, we made efforts to reform our cost structure, especially in the second quarter (April-June), by hiking prices of industrial sewing machines and reducing logistics and production costs. While net sales benefited from the weak yen and the reprieve from the soaring cost increases for semiconductors in the previous year, ordinary profit was squeezed by significantly lower sales overall and burdens such as declining factory operating ratios and higher miscellaneous costs overseas. Consequently, operating loss was 1,689 million yen, ordinary loss was 1,317 million yen, and loss attributable to owners of parent was 1,541 million yen in the first

half of the year. Thus, JUKI failed to offset the operating loss in the first quarter.

In the second half of the year we will be accelerating our value-added structure reforms. In industrial sewing machines, we will strengthen our global sales structure in Asia, cultivate a growing new customer base, expand customers in the non-apparel and knitwear markets, and set higher price. In electronics assembly and systems, we will improve our portfolio in value-added areas by strengthening sales of new mounters and sales in growing areas. We will further pursue extensive and in-depth cost structure reforms to recover sales and profits by drastically reducing fixed costs through measures such as the streamlining of operations at our head office and business sites and the abolishment or merging of offices and warehouses. These measures will enhance the effectiveness of our Medium-term Management Plan over its lifetime from 2023 to 2025. In parallel, we will strive to quickly realize our growth strategy by strongly promoting the transformation of our business and system strategies through the six transformations (6Xs). As a result, there are no changes to our previous consolidated performance and dividend forecasts (announced on February 9, 2023) for the fiscal year ending December 31, 2023.

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



Representative Director
Chairman CEO & COO

Akira Kiyohara

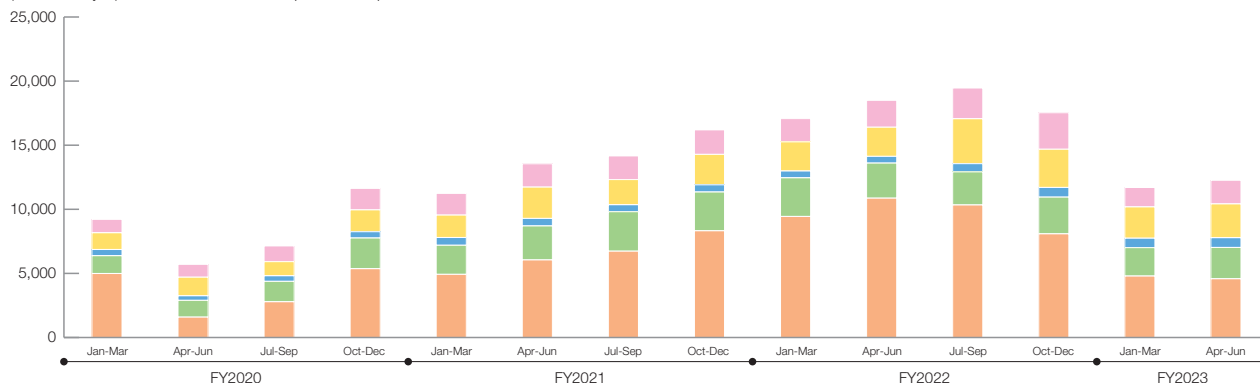
Performance of the 1st Half of FY2023 (January-June, 2023)

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

Net sales of industrial sewing machines fell by 33% year-on-year due to delays in meeting the rising investment demand generated in China and other Asian countries by the global relocation of production sites and economic recovery. Foreign currency shortages in emerging countries in South Asia and elsewhere were another constraining factor.

1. Changes in industrial sewing machine sales by region (On a monthly aggregate basis)

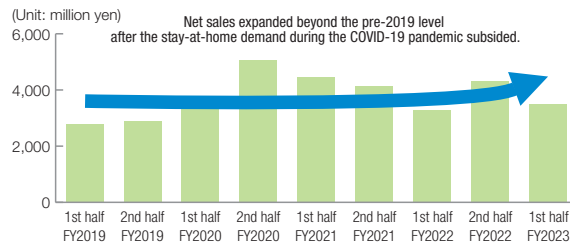
(Unit: million yen) Asia China Japan Europe Americas



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

	FY2022 (Jan-Jun)	FY2023 (Jan-Jun)	Increase / decrease	(Rate)
China	58	47	(11)	((19)%)
Asia	203	94	(109)	((54)%)
China + Asia	261	140	(120)	((46)%)
Japan	11	15	+4	(+41%)
Europe	45	51	+5	(+12%)
Americas	39	34	(6)	((14)%)
Total	356	240	(116)	((33)%)

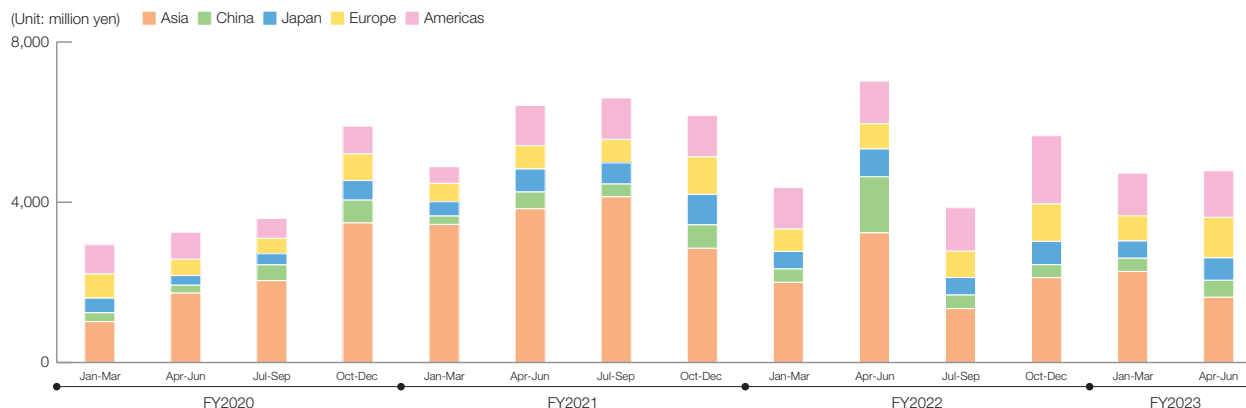
2. Changes in household sewing machine sales



Industrial Equipment and Systems Business (Electronics Assembly & Systems, Group Business, Customer Business)

Net sales of electronics assembly & systems rose year-on-year in Europe and the U.S. due to strong capital investment demand, but growth was sluggish in other regions, resulting in a year-on-year decline in sales overall.

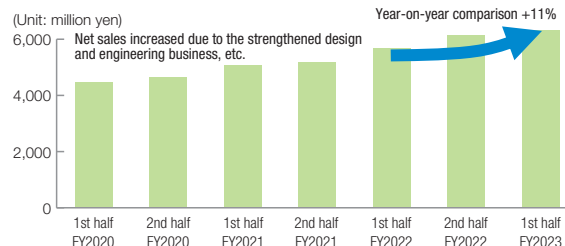
1. Changes in electronics assembly & systems by region (On a monthly aggregate basis) (Including parts and services)



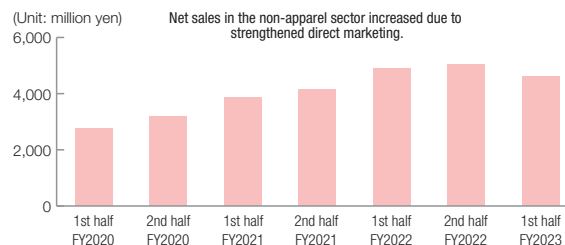
Net sales: Year-on-year comparison (Unit: 100 million yen)

	FY2022 (Jan-Jun)	FY2023 (Jan-Jun)	Increase / decrease	(Rate)
China	52	39	(13)	((26)%)
Asia	17	8	(10)	((57)%)
China + Asia	69	47	(23)	((33)%)
Japan	11	10	(1)	((12)%)
Europe	12	16	+4	(+38%)
Americas	21	22	+1	(+6%)
Total	114	95	(19)	((17)%)

2. Changes in group business sales



3. Changes in parts business sales



1. Awareness of Business Environment

Risks	External environment	<ul style="list-style-type: none"> •Variations in monetary policy in major countries (interest rate hikes in the U.S. and Europe, monetary easing in China) •Ongoing turmoil caused by Russia's invasion of Ukraine, and ongoing tensions between the U.S. and China •Continued increases in procurement costs associated with rising parts prices
	Competitive environment	<ul style="list-style-type: none"> •Ever-intensifying smart factory proposals from competitors •Acceleration of product commoditization (lower prices)
Opportunities	External environment	<ul style="list-style-type: none"> •Zero-Covid-19 policy changes in China •Recovery of capital investment demand in apparel, automotive, IoT, etc. •Technological innovation in AI/IoT/5G, etc. •Changes in markets and customers in anticipation of the post-COVID-19 environment •Social demands for reduced environmental loads
	JUKI	<ul style="list-style-type: none"> •Establishment of a new business model / management base for a new normal society •Exploitation of new markets through strengthened solution proposals •Development of advanced products and services using forefront technologies •Establishment of a flexible production system adapted to changes in the environment •Initiatives to achieve a sustainable society (SDGs)

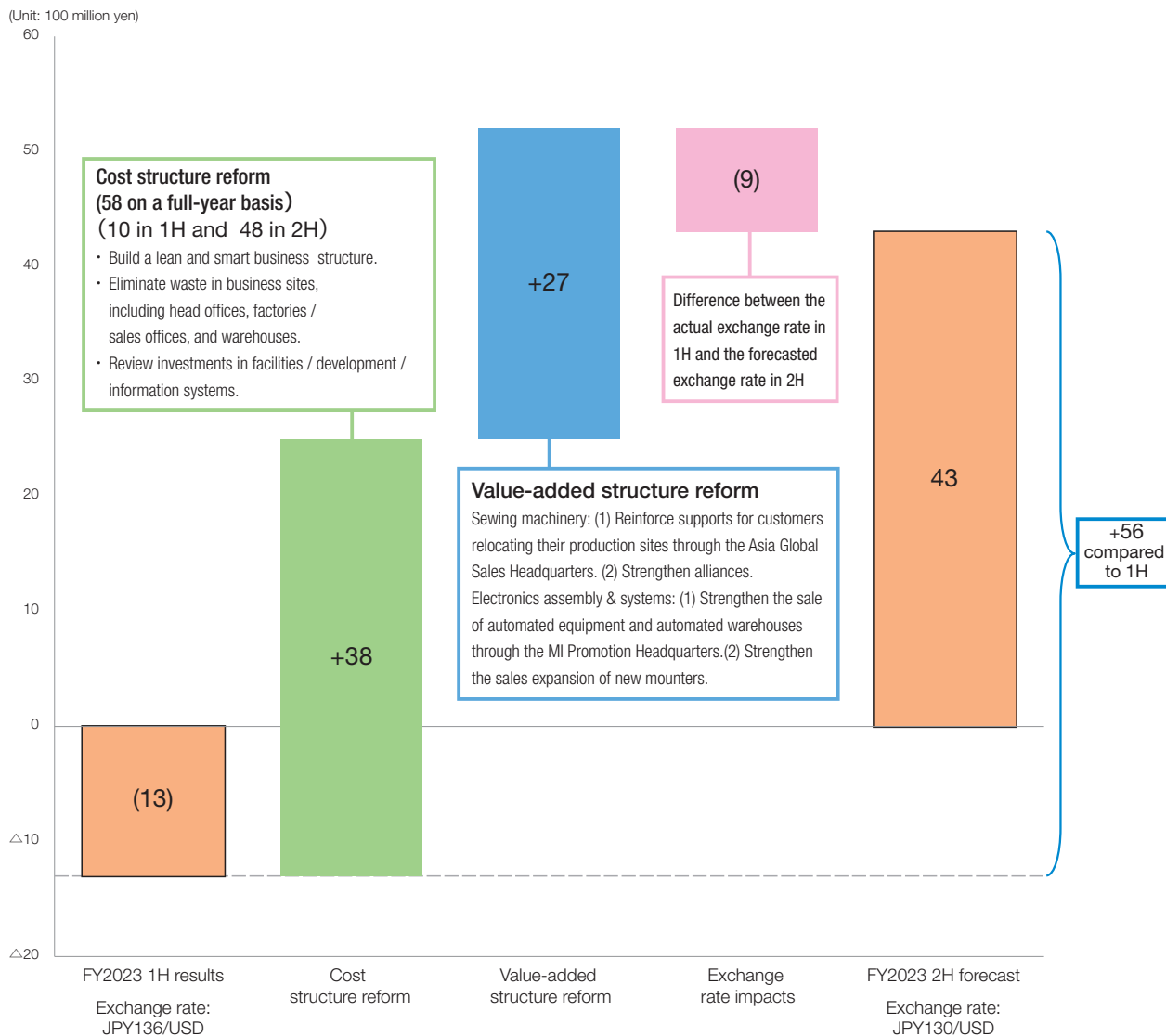
2. Full-year Business Forecast for FY2023

■ We will move forward with measures to improve net sales and ordinary profit by accelerating value-added structure reforms and drastically reducing fixed costs through cost structure reforms.

■ Full-year forecasts remain unchanged from the previous forecast (as of Feb. 9).

(Unit: 100 million yen)	Full-year of FY2023	Full-year of FY2023
	Forecast	Results
Net sales	1,270	1,175
Operating profit	35	29
Ordinary profit	30	12
Net income	19	(1)
Dividend	Full-year : JPY25/share	Full-year : JPY20/share
US dollar: Average rate during period	130 yen	131 yen

3. Ordinary Profit Increase/Decrease Factors for the Second Half of FY2023



Border-less X

● Capture global companies (Sewing machinery / Electronics assembly & systems)

- Sewing machinery: Establish an Asia Global Sales Headquarters (May) to strengthen the global sales structure in Asia.
- Electronics assembly & systems: Establish an MI Promotion Headquarters (August) to strengthen sales of automation equipment.
- Group: Expand business in Asia through the Asian sub-office.

● Establish a flexible production system that adapts to changes in the environment.

- Build a new factory in Vietnam (5th factory) (operation starts in May).



New factory in Vietnam

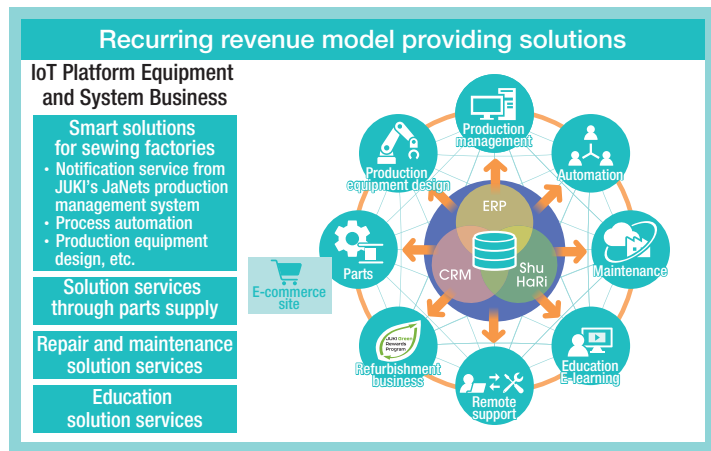
Business Model X

● Strengthen alliances.

- Expand the non-apparel field through JUKI TECHNOSOLUTIONS CORPORATION, a joint venture company with Mitsubishi Electric Corporation.
- Strengthen our alliance and capital tie-up with PEGASUS CO., LTD. to meet the growing demand for knitwear.
- Expand our business domains in collaboration with AIMECHATEC, LTD.

● IoT platform equipment & systems B. U. as a new pillar of business

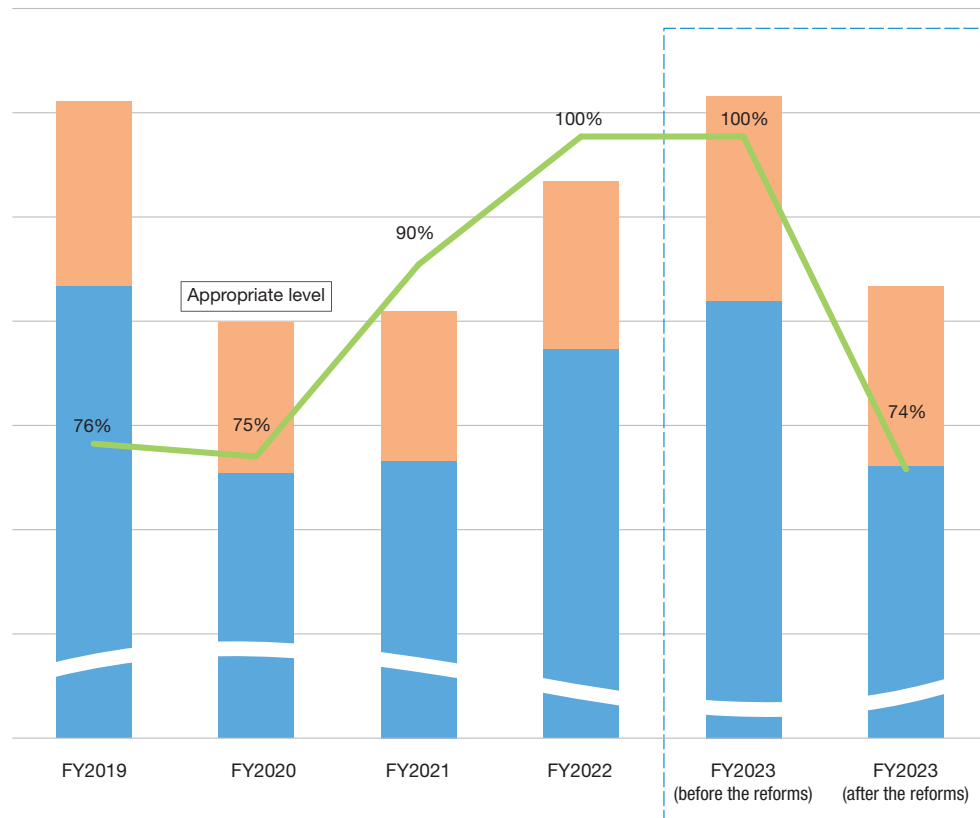
- Provide parts and technical services through direct marketing using the system.
- Expand the service business for automation and systemization to support the smartization of customer factories.



Cost Structure Reforms for the Second Half of FY2023

- Reduce logistics costs through fundamental supply chain reforms.
- Reduce fixed costs to an appropriate level.
- Continue to invest for the future, but curtail investment in FY2023.

■ Fixed costs ■ Development costs — SG&A variable cost ratio (base year 2022)

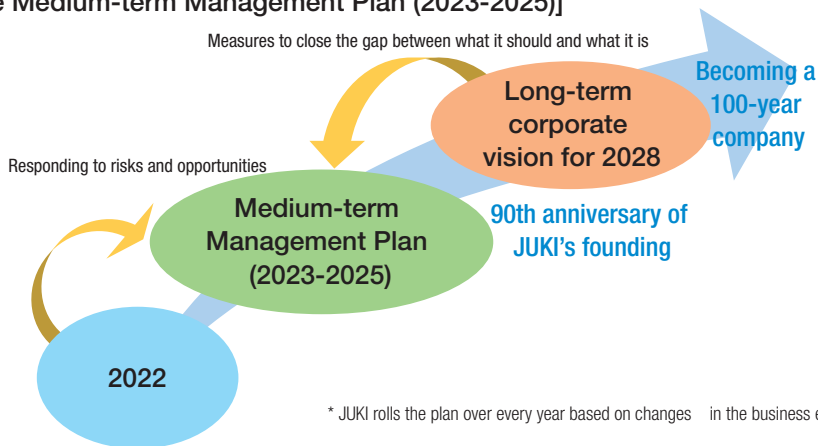


Cost Structure Reforms

1. Positioning

Goals set for 2023 to 2025 to make JUKI a 100-year company: Strengthen our response to risks and opportunities based on the business environment to fill in the gaps between *what it is today* and *what it should be* in 2028, the 90th anniversary of JUKI's founding.

[Positioning of the Medium-term Management Plan (2023-2025)]



What must JUKI do to ensure its ongoing growth?

- Expand its horizons and activities to capture business opportunities.
- Actively use forefront and differentiating technologies.
- Take strong sustainable actions that allow society to grow sustainably.

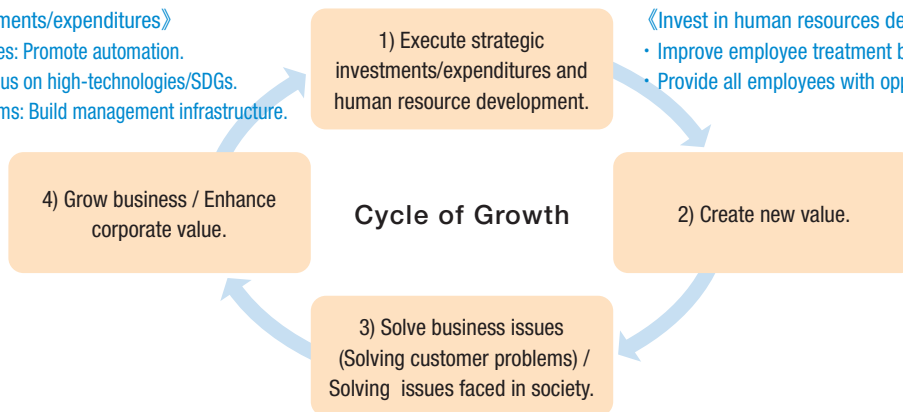
JUKI practices the above to continue driving JUKI's cycle of growth.

《Strategic investments/expenditures》

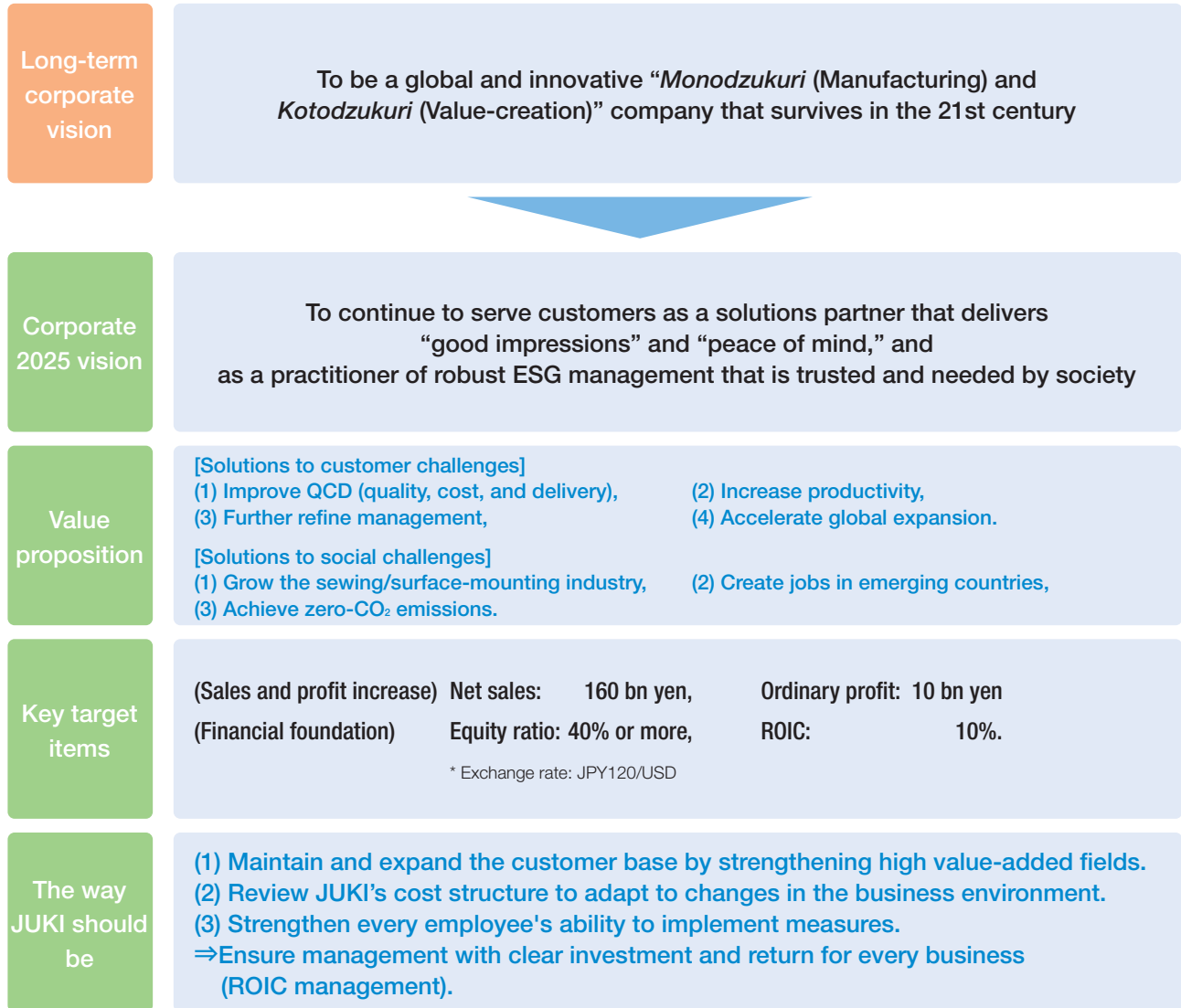
- Production facilities: Promote automation.
- Development: Focus on high-technologies/SDGs.
- Information systems: Build management infrastructure.

《Invest in human resources development》

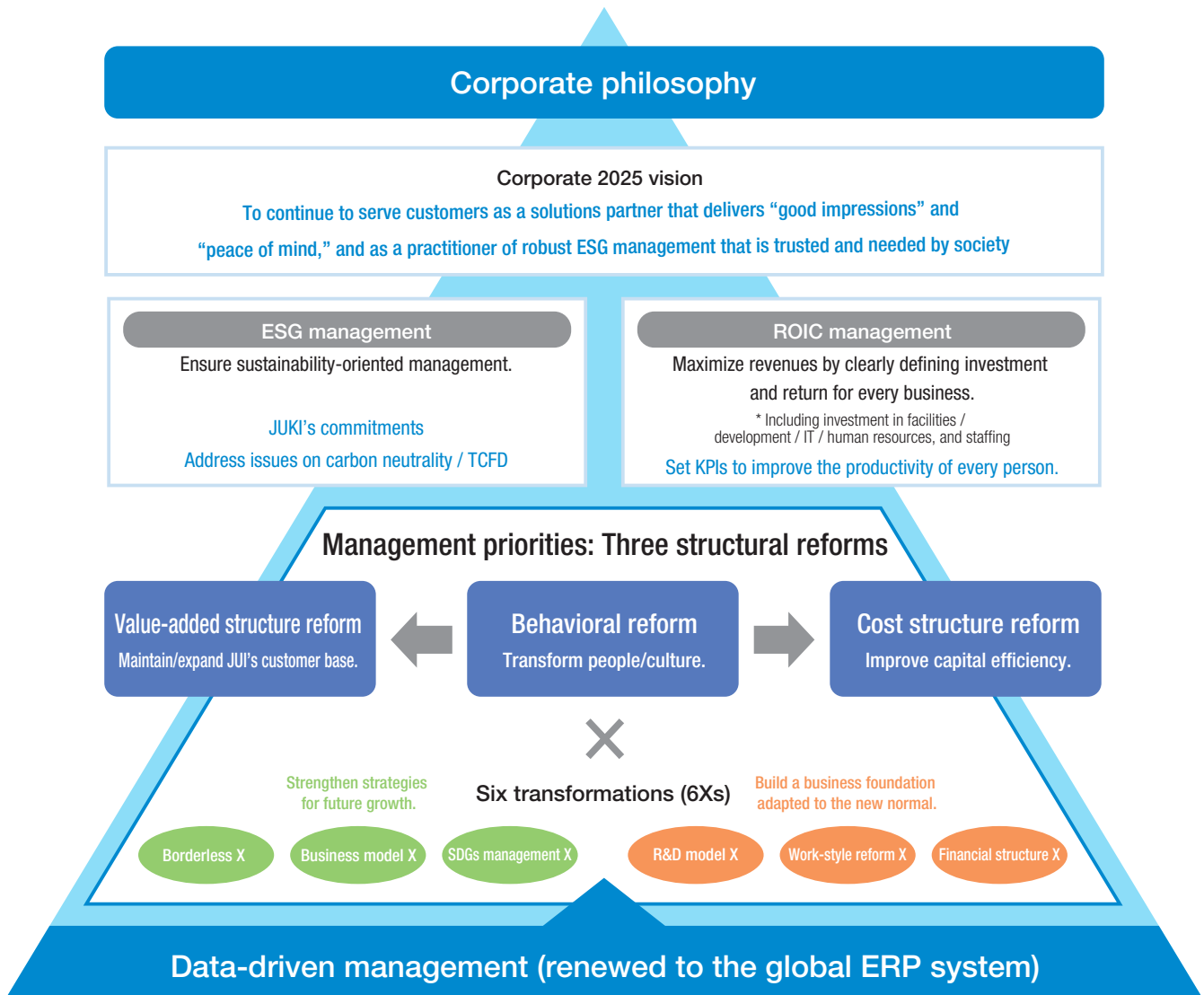
- Improve employee treatment based on added value.
- Provide all employees with opportunities to relearn.



2. Vision



3. Overall View

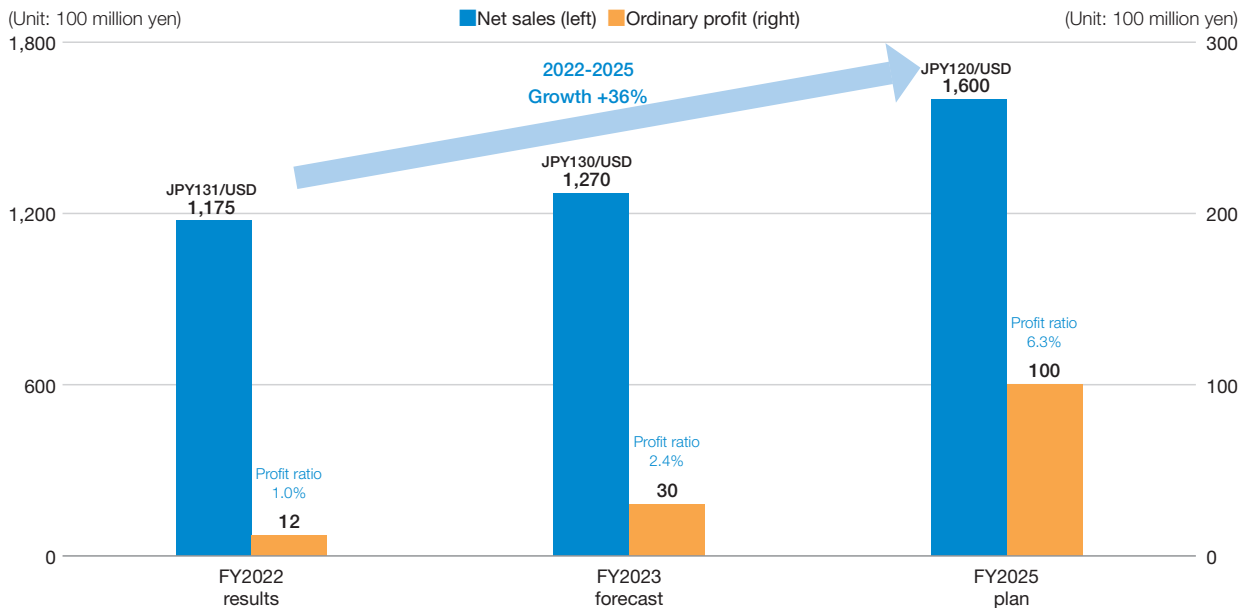


4. Numerical Targets

We will achieve sustainable growth by strengthening our customer base through value-added structure reforms, improving our revenue base through cost structure reforms, and strengthening the financial structure of the company.

Net sales / Ordinary profit

Exchange rates: JPY131/USD in 2022 (an actual rate), JPY130/USD in 2023, and JPY120/USD in 2025



Main financial items

Exchange rates: JPY131/USD in 2022 (an actual rate), and JPY120/USD in 2025

(Unit: 100 million yen)	FY2022 results	FY2025 plan
Equity ratio	25.3%	40.0%
Interest-bearing debt (net of cash and cash equivalents)	745	350
Net D/E ratio	1.98	0.70

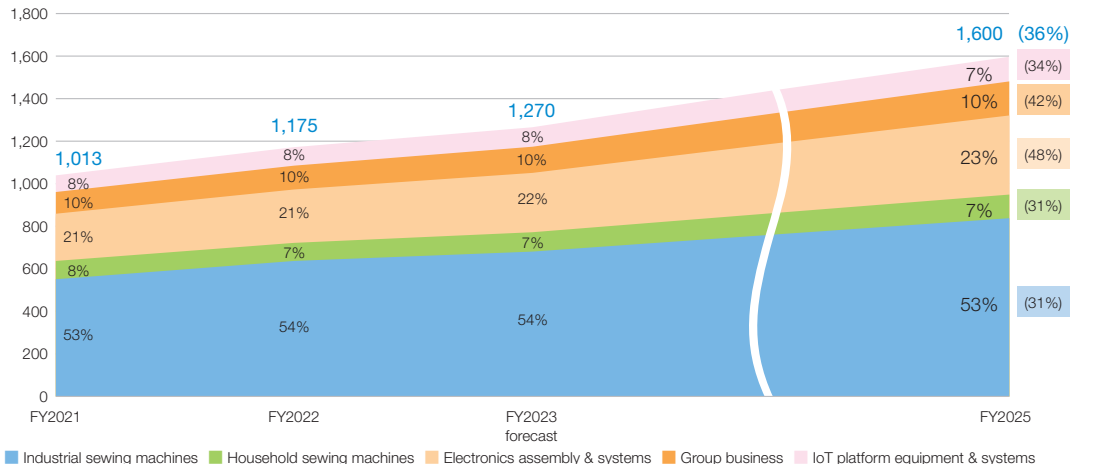
5. Business Portfolio

- Net sales: We will aim to achieve continuous business growth focused on expanded domains in priority areas in every JUKI business.
- Gross profit: We will improve profitability by expanding high value-added areas such as electronics assembly & systems and IoT platforms.

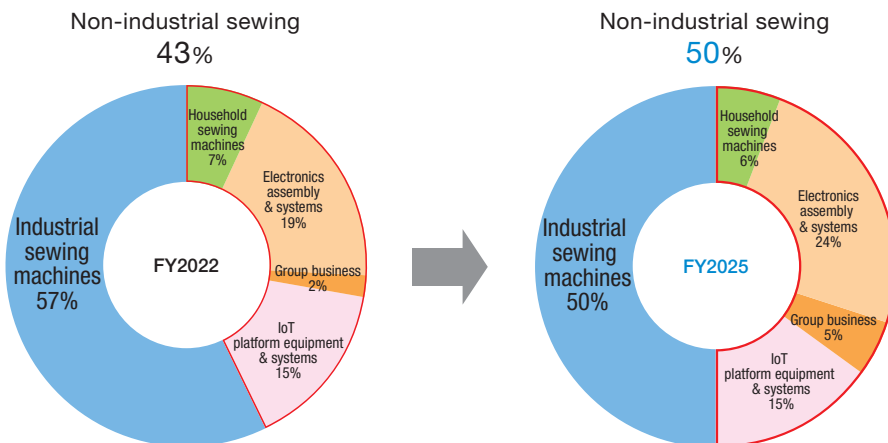
Net sales portfolio

* Exchange rates: Actual rate in 2021 and 2022, JPY130/USD in 2023, and JPY120/USD in 2025.

(Unit: 100 million yen)



Gross profit composition



6. Investment Plans -Production Facilities / Development / Information Systems-

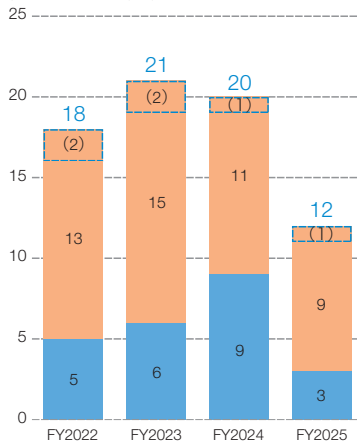
- JUKI will steadily make investments and reap the results to realize the Medium-term Management Plan.
- JUKI will strategically invest in development, information systems, and SDGs for future growth.

[Production facilities]

To respond flexibly to the business environment

- Enhanced capacity or smartening
- Enhanced quality and others
- (SDGs investment)

(Unit: 100 million yen)

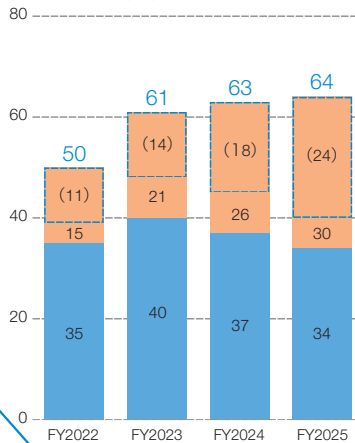


[Development]

To develop differentiated products and services

- High technologies
- Existing technologies and others
- (SDGs investment)

(Unit: 100 million yen)

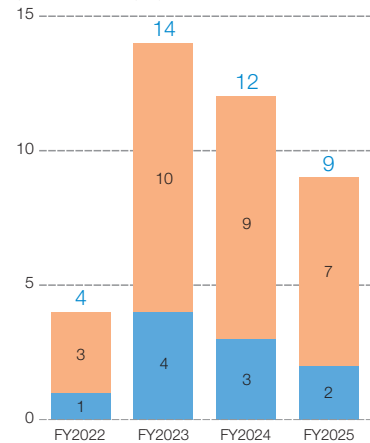


[Information systems]

To support the new management structure

- New updates
- Existing updates

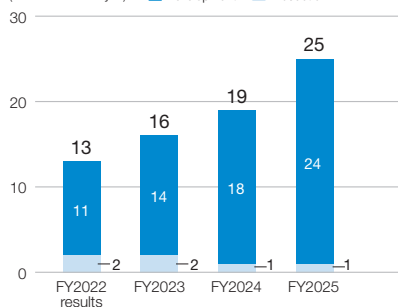
(Unit: 100 million yen)



SDGs Investment

(Unit: 100 million yen)

- Development
- Production



JUKI's SDGs investments are investments to develop SDGs-compliant products that help reduce CO₂ emissions through the use of technologies for reduced power consumption, low vibration, low noise, etc. and the shift to GX* (introduction of renewable energy, switchover to high-efficiency equipment, etc.) at our factories. The investments are based on JUKI's SDGs compliance standards.

* The graph on the left shows SDGs investments extracted from the production facilities and development investments described in the above graph.

7. Business Structure

Realize a new business structure adapted to the new normal society.

Build a leaner, smarter business structure that incurs lower costs.

- Integrated management of overseas sales companies, factories, and sales companies
- Synchronization of head-office and field operations
 - (1) Streamline and synchronize operations through ERP restructuring.
 - (2) Synchronize operations between the head office administrative departments and every business site.
 - (3) Promote the integrated operations of development, production, and sales at every business site (China, Vietnam, and Southwest Asia).

Accelerate the expansion of high value-added businesses by investing in well-modulated management resources (human resources and expenses) in a timely manner.

- Strengthen high-value-added businesses based on the business strategies set forth under the Medium-term Management Plan to increase sales and gross profit.
 - (1) Sewing Machinery Business: Expand high-value-added businesses such as non-apparel*1 and knitwear*2 through alliances.
(*1: JUKI TECHNOSOLUTIONS CORPORATION, *2: PEGASUS CO., LTD.)
 - (2) Electronics Assembly & Systems Businesses: Increase our earning capacity by expanding sales of MI (automatic insertion machines) and ISM (automated warehouses).
 - (3) Group Business: Strengthen JUKI's customer base by expanding its design and engineering businesses.
- Improve JUKI's portfolio by shifting personnel and other management resources to high value-added business areas.







Enhance our corporate value by strengthening the development of high value-added products and services.

- Strengthen competitiveness through the differentiated development of not only products and services but also automation promotion systems and SDGs.
 - (1) Development of new products in collaboration with JUKI TECHNOSOLUTIONS CORPORATION and PEGASUS CO., LTD.
 - (2) Development of a variable-mix, variable-volume production system by linking JaNets with an automated inter-process transfer device to support the smartization of customer factories
 - (3) Development of SDG-compliant products incorporating DX*1 adapted to automation, de-skilling, IoT, etc. and GX*2 that helps reduce CO₂ emissions

※1: Digital Transformation ※2: Green Transformation

1. Materiality

- Analyze risks and opportunities and extract materiality (key issues in the organization) based on the perspectives of both JUKI and its stakeholders.
- Create economic and social value by addressing social challenges through businesses.

Section	Materiality (key issues in the organization)	Main initiatives	Corresponding SDGs
Environment (E)	Reduce environmental loads.	<ul style="list-style-type: none"> Reduce environmental loads through business activities. Consider the environment throughout the product life cycle. 	
Society (S)	(1) Create employment opportunities. (2) Promote the social participation of various human resources.	<ul style="list-style-type: none"> Create new jobs in emerging countries. Increase the working population by supporting vocational education and improving the treatment of workers. 	
	Ensure occupational safety and health.	<ul style="list-style-type: none"> Support the building of safe/secure sewing factories. 	
	(1) Reduce clothing waste in the production sites. (2) Support technological innovation by increasing productivity in the electronics industry.	<ul style="list-style-type: none"> Provide a system to achieve production in adequate quantities. Realize factories that produce good-quality products in a short time at low cost. Support technology innovation to realize smart sewing and surface-mounting factories. Improve the pre- and post-process infrastructure in surface-mounting factories. 	
	Create an employee-friendly environment.	<ul style="list-style-type: none"> Revitalize the organization by promoting diversity. Implement work-style reforms, promote job satisfaction, and educate human resources. 	
Governance (G)	Strengthen governance.	<ul style="list-style-type: none"> Enhance the corporate governance system. Ensure compliance and strengthen risk management. 	

2. Environmental Initiatives

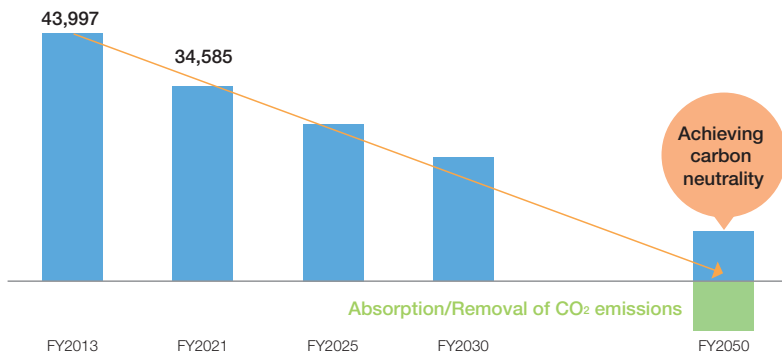
[JUKI's commitments]

(1) Achieve carbon neutrality. 2) Endorse the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

[JUKI's Scope 1 and 2 CO₂ emission reduction targets*]

*1 Reduce Scope 1 and 2 CO₂ emissions by 50% from the 2013 level by 2030 and by 100% from the 2013 level by 2050.

Scope 1 and 2 CO₂ emissions (Unit: t-CO₂)



[Promotion system]

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



We will disclose information on the above in a timely and appropriate manner that is consistent with the TCFD's recommendations.

[Initiatives to reduce environmental loads]

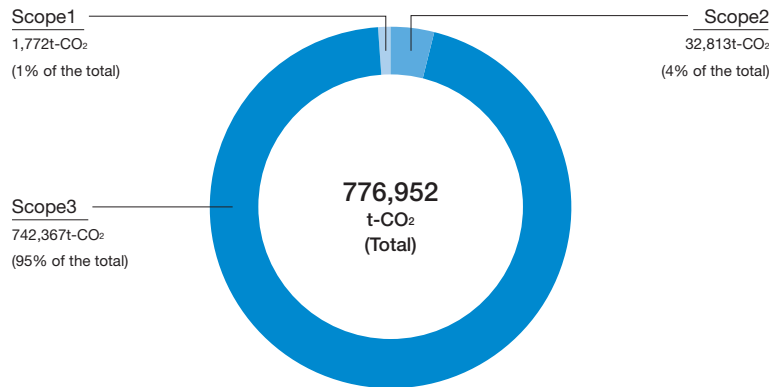
Scope 1 and Scope 2		Scope 3	
Production facilities <ul style="list-style-type: none"> Switch to facilities with lower environmental loads. Switch to smarter production methods. 	Procurement Logistics <ul style="list-style-type: none"> Improve the recycled material usage rate. Improve logistics methods for procurement. 		
Building <ul style="list-style-type: none"> Visualize energy loads. Switch to energy-saving equipment. 	Development <ul style="list-style-type: none"> Promote the planning and development of energy-saving products. Use materials with low environmental loads. Reduce the product weight and size. 		
Electricity <ul style="list-style-type: none"> Replace with renewable energy. 	Products/ Services <ul style="list-style-type: none"> Provide support and consulting services to make our customer's factories smarter and more energy-efficient. Promote a refurbishment business. 		
Absorption/ Removal of CO₂ emissions <ul style="list-style-type: none"> Use a carbon credit system (Support for afforestation projects, etc.). 			

Priority items

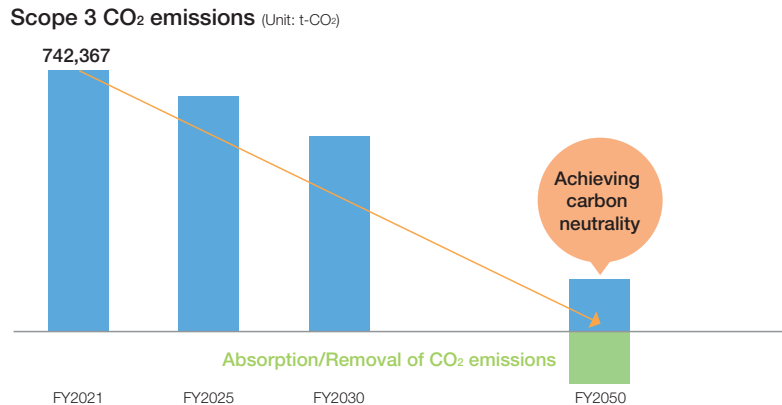
3. Reducing CO₂ Emissions in the Entire Supply Chain (Scope 3)

- As a result of the calculation started in FY2022, we know that Scope 3 emissions account for more than 90% of the JUKI Group's total CO₂ emissions (total of Scopes 1, 2, and 3).
- We will strive to reduce Scope 3 emissions through the development and supply of products with enhanced environmental performance.

[Status of CO₂ emissions at JUKI]



[JUKI's Scope 3 CO₂ emission reduction target]



Scope1: Direct emissions from JUKI's own facilities

Scope2: Indirect emissions from electricity and heat use

Scope3: Indirect emissions other than the above (emissions from raw material production processes and product use)

Consolidated Financial Statements for the First Half (Summary)

Consolidated Balance Sheet

(Unit: million yen)

Item	FY2022 as of December 31, 2022	1st half FY2023 as of June 30, 2023	Change
Assets			
Current assets	107,677	110,140	2,463
Non-current assets	37,492	38,365	873
Total assets	145,169	148,506	3,337
Liabilities			
Current liabilities	81,791	84,529	2,738
Non-current liabilities	25,896	26,093	197
Total liabilities	107,687	110,623	2,936
Net assets			
Shareholders' equity	35,306	33,285	(2,021)
Accumulated other comprehensive profit	1,431	3,829	2,398
Non-controlling interests	743	767	24
Total net assets	37,482	37,883	401
Total liabilities and net assets	145,169	148,506	3,337

Consolidated Statement of Profit & Loss

(Unit: million yen)

Item	1st half FY2022 January 1, 2022 to June 30, 2022	1st half FY2023 January 1, 2023 to June 30, 2023	Change
Net sales	58,577	44,770	(13,807)
Cost of sales	42,992	32,572	(10,420)
Gross profit	15,584	12,198	(3,386)
Selling, general and administrative expenses	14,026	13,887	(139)
Operating profit	1,558	(1,689)	(3,247)
Non-operating profit	534	1,090	556
Non-operating expenses	511	719	208
Ordinary profit	1,581	(1,317)	(2,898)
Extraordinary profit	4	76	72
Extraordinary losses	249	55	(194)
Profit before income taxes	1,337	(1,296)	(2,633)
Income taxes	424	220	(204)
Profit	912	(1,517)	(2,429)
Profit attributable to non-controlling interests	65	24	(41)
Profit attributable to owners of parent	846	(1,541)	(2,387)

Corporate Information (as of June 30, 2023)

Corporate Profile

Trade name	JUKI CORPORATION
Founded on	December 15, 1938
Paid-in capital	18,044.71 million yen
Head office	2-11-1, Tsurumaki, Tama-shi, Tokyo, Japan
Fiscal year-end	December
Business items	Industrial sewing machines, SMT systems, household sewing machines, etc.
Number of employees	5,069 (on a consolidated basis)
Number of consolidated subsidiaries	27

Stock Information

- Total number of authorized shares 80,000,000 shares
- Total number of issued shares 29,874,179 shares
- Total number of shareholders 17,376

JUKI CORPORATION

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<https://www.juki.co.jp/en>

Major Shareholders

Shareholder name	Number of shares (1,000 shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,589	12.14
Mizuho Bank, Ltd.	938	3.17
Nippon Life Insurance Company	732	2.47
Custody Bank of Japan, Ltd. (Trust Account)	594	2.01
Asahi Mutual Life Insurance Company	569	1.92

Note: The shareholding ratio is calculated by means of deducting treasury shares (325,771 shares) from the number of the issued shares.

Stock Distribution Status by Owner Type

