

Summary of Financial Information and Business Results
for the First Nine 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
 URL: <https://www.juki.co.jp>
 Representative: Akira Kiyohara, Representative Director, Chairman, CEO and COO
 Inquiries: Daizo Minami, Corporate Officer and General Manager of Finance & Accounting Department
 TEL: +81-42-357-2211

Scheduled date to file the quarterly securities report: November 7, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results presentation meeting: None

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

1. Consolidated performance for the first nine months of fiscal year 2023 ending December 31, 2023 (January 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended September 30, 2023	67,546	(22.4)	(2,870)	–	(3,117)	–	(4,062)	–
September 30, 2022	87,087	19.1	2,487	(17.2)	2,035	(25.9)	1,011	(39.0)

Note: Comprehensive income
 Nine months ended September 30, 2023: (864) million yen [–%]
 Nine months ended September 30, 2022: 5,610 million yen [55.7%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	yen	yen
September 30, 2023	(137.83)	–
September 30, 2022	34.48	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	million yen	million yen	%
September 30, 2023	147,827	36,137	23.9
December 31, 2022	145,169	37,482	25.3

Reference: Equity As of September 30, 2023 35,345 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	–	0.00	–		
Fiscal year ending December 31, 2023 (forecast)				15.00	15.00

(Note) Revisions to the dividend forecasts most recently announced: Yes

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	96,000	(18.3)	(2,300)	–	(2,800)	–	(4,300)	–	(146.52)

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

* Notes

- (1) Changes in significant subsidiaries during the nine 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 September 30, 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 September 30, 2023	325,850 shares
As of December 31, 2022	503,016 shares

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

Nine months ended September 30, 2023	29,477,506 shares
Nine months ended September 30, 2022	29,340,618 shares

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

* Disclaimer regarding forward-looking statements

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

[Attached Material]

Index

1. Qualitative information regarding consolidated performance for the first nine months	2
(1) Explanation regarding operating results	2
(2) Explanation regarding financial position	3
(3) Explanation regarding forward-looking statements such as consolidated earnings forecasts.....	3
2. Quarterly consolidated financial statements and significant notes thereto.....	4
(1) Consolidated balance sheet	4
(2) Consolidated statement of income and consolidated statement of comprehensive income.....	6
Consolidated statement of income (cumulative).....	6
Consolidated statement of comprehensive income (cumulative).....	7
(3) Notes to quarterly consolidated financial statements.....	8
(Notes to premise of going concern).....	8
(Notes to significant changes in the amount of shareholders' equity)	8
(Application of special accounting for preparing quarterly consolidated financial statements).....	8
(Changes in accounting policies)	8
(Additional information).....	8
(Consolidated statement of income).....	8
(Segment information, etc.)	10
(Revenue recognition).....	11

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

(1) Explanation regarding operating results

In the business environment surrounding the Company in the nine months ended September 30, 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 customer base looking ahead to the post-pandemic period 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, although supply chain fragmentation and logistical disruptions are easing, economic activities were constrained by factors such as high resource prices due to the prolonged conflict in Ukraine and continuing tensions between the US and China, soaring costs due mainly to global inflation, delayed recovery of the Chinese economy, curtailment of investment activities, and foreign currency shortages in emerging countries.

In this business environment, capital investment in sewing factories and electronic component manufacturing contract factories was cautious in the nine months ended September 30, 2023, especially in China and Southeast Asian countries, the largest markets, with delays in materializing investments, 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 67,546 million yen (down 22.4% year-on-year).

In terms of profits, in addition to normalization of semiconductor costs, which soared in the previous year, and reductions in logistics and production costs, we have initiated cost structural reforms, including factory reorganization in China, personnel reductions at sales offices, furloughs at Japanese and overseas factories, and thorough control of expenses, and are reaping the benefits. However, a larger than initially expected decline in sales and capacity utilization rates at factories, and the burden of overseas material costs and expenses increased due to the impact of yen depreciation, and extraordinary losses were recorded, including special severance payments due to cost structural reforms, resulted in an operating loss of 2,870 million yen (versus an operating profit of 2,487 million yen in the same period of the previous fiscal year); an ordinary loss of 3,117 million yen (versus an ordinary profit of 2,035 million yen in the same period of the previous fiscal year); and a loss attributable to parent of owners of 4,062 million yen (versus a profit attributable to owners of parent of 1,011 million yen in the same period of the previous fiscal year).

In the fourth quarter, we will accelerate value-added structural reforms currently underway and improve our portfolio in high-value-added fields. This includes strengthening the follow-up system for projects involving relocation of production sites for industrial sewing machines, centered on the Asia Global Sales Headquarters; developing growing new customer segments; expanding customers in the non-apparel and knitwear markets; and strengthening new types of mounters and expansion areas in electronics assembly & systems.

Moreover, we will further deepen cost structural reforms to achieve an early restoration of sales and profits and establish a highly efficient business structure through dramatic reductions in fixed costs. This will include streamlining the headquarters and offices, significant downsizing of office space, and eliminating or consolidating branches and warehouses.

(Business overview by primary segment)

i) Sewing Machinery and Systems Business

Sales of industrial sewing machines decreased due to a delay in materializing investment demand, mainly in China and Southeast Asian countries, as a result of a decline in orders from apparel manufacturers, and postponement of purchases due to the impact of foreign currency shortages in emerging countries in South Asia and other regions, resulting in overall sales of 42,081 million yen (down 29.8% year-on-year) for the Sewing Machinery and Systems Business.

In terms of profits, we are reaping the benefits of our cost structural reforms, in addition to normalizing semiconductor costs and reducing logistics and production costs. However, a larger than expected decrease in sales and lower capacity utilization rates at factories resulted in a segment loss (ordinary loss) of 2,930 million yen, compared with a profit of 625 million yen in the same period of the previous fiscal year.

In the fourth quarter, we will promote the expansion of high-value-added business areas by strengthening the follow-up system for projects involving relocation of production sites; expand our customer base in the non-apparel and knitwear markets, with the Asia Global Sales Headquarters playing a central role; and restore sales and revenues through further cost structural reforms.

ii) Industrial Equipment and Systems Business

Sales of electronics assembly & systems increased year-on-year in Europe and the U.S. due to firm capital investment demand. Growth was sluggish, especially in China, due to weak investment demand from electronic component manufacturing contract factories, resulting in year-on-year drop in overall sales. However, sales were firm in the 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 25,217 million yen (down 6.5% year-on-year).

In terms of profits, segment loss (ordinary loss) was 362 million yen, compared to a profit of 1,498 million yen for the same period of the previous fiscal year, due mainly to lower sales in China in electronics assembly & systems.

In the fourth 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 strengthen the contracted engineering business. At the same time, we will strive to expand sales and profits in the segment as a whole by steadily implementing cost structural reforms.

(2) Explanation regarding financial position

Total assets as of September 30, 2023 were 147,827 million yen, an increase of 2,657 million yen compared to the previous fiscal year-end. This was due mainly to an increase in inventories, while accounts receivable - trade decreased as sales declined. Liabilities were 111,689 million yen, an increase of 4,001 million yen compared to the previous fiscal year-end. This primarily reflected an increase in borrowings. Net assets decreased 1,344 million yen from the end of the previous fiscal year-end to 36,137 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

Based on the above earnings trends, the Company has revised the consolidated earnings forecasts for the fiscal year ending December 31, 2023 to net sales of 96,000 million yen, operating loss of 2,300 million yen, ordinary loss of 2,800 million yen, and loss attributable to owners of parent of 4,300 million yen.

We will continue to accelerate the value-added structural reforms currently underway to improve our portfolio in high-value-added areas, while further deepening cost structural reforms and drastically reducing fixed costs to achieve an early recovery in sales and profits.

For details, please refer to the “Notice of Revision to Full-Year Consolidated Earnings Forecasts and Dividend Forecasts” separately disclosed today.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(million yen)

	As of December 31, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	4,931	5,824
Notes and accounts receivable - trade, and contract assets	37,537	35,044
Inventories	62,429	66,135
Other	3,151	3,236
Allowance for doubtful accounts	(373)	(490)
Total current assets	107,677	109,750
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,516	10,261
Land	6,317	6,317
Other, net	6,692	6,762
Total property, plant and equipment	23,525	23,341
Intangible assets	2,316	2,648
Investments and other assets		
Other	11,956	12,591
Allowance for doubtful accounts	(306)	(504)
Total investments and other assets	11,649	12,086
Total non-current assets	37,492	38,076
Total assets	145,169	147,827
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,145	7,483
Electronically recorded obligations - operating	4,113	3,032
Short-term borrowings	58,807	64,800
Income taxes payable	547	408
Provision for bonuses	38	348
Contract liabilities	883	791
Other	8,255	8,948
Total current liabilities	81,791	85,813
Non-current liabilities		
Long-term borrowings	18,851	18,923
Provision for retirement benefits for directors (and other officers)	39	46
Retirement benefit liability	5,113	5,060
Other	1,892	1,846
Total non-current liabilities	25,896	25,876
Total liabilities	107,687	111,689

(million yen)

	As of December 31, 2022	As of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	18,044	18,044
Capital surplus	1,972	1,894
Retained earnings	15,816	11,166
Treasury shares	(527)	(341)
Total shareholders' equity	35,306	30,764
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	482	725
Foreign currency translation adjustment	1,048	3,954
Remeasurements of defined benefit plans	(99)	(99)
Total accumulated other comprehensive income	1,431	4,580
Non-controlling interests	743	792
Total net assets	37,482	36,137
Total liabilities and net assets	145,169	147,827

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

Consolidated statement of income (cumulative)

(million yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Net sales	87,087	67,546
Cost of sales	63,032	50,117
Gross profit	24,054	17,428
Selling, general, and administrative expenses	21,567	20,298
Operating profit (loss)	2,487	(2,870)
Non-operating income		
Interest income	40	44
Dividend income	97	95
Share of profit of entities accounted for using equity method	6	195
Commission income	129	131
Reversal of allowance for doubtful accounts	21	5
Subsidy income	40	90
Other	293	342
Total non-operating income	629	905
Non-operating expenses		
Interest expenses	772	1,086
Foreign exchange gains	235	–
Other	73	65
Total non-operating expenses	1,081	1,151
Ordinary profit (loss)	2,035	(3,117)
Extraordinary income		
Gain on sale of non-current assets	11	6
Gain on sale of investment securities	–	73
Total extraordinary income	11	79
Extraordinary losses		
Loss on sale and retirement of non-current assets	19	18
Loss on valuation of investment securities	–	183
Business restructuring expenses	–	102* ¹
Loss on disaster	9	2
Loss on COVID-19	239* ²	–
Total extraordinary losses	268	307
Profit (loss) before income taxes	1,779	(3,344)
Income taxes	690	669
Profit (loss)	1,088	(4,014)
Profit attributable to non-controlling interests	77	48
Profit (loss) attributable to owners of parent	1,011	(4,062)

Consolidated statement of comprehensive income (cumulative)

(million yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Profit (loss)	1,088	(4,014)
Other comprehensive income		
Valuation difference on available-for-sale securities	(20)	243
Foreign currency translation adjustment	4,456	2,740
Remeasurements of defined benefit plans, net of tax	(32)	(2)
Share of other comprehensive income of entities accounted for using equity method	118	167
Total other comprehensive income	4,522	3,149
Comprehensive income	5,610	(864)
(Breakdown)		
Comprehensive income attributable to owners of parent	5,533	(913)
Comprehensive income attributable to non-controlling interests	77	49

**(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 specified by the Guidelines is applied prospectively in accordance with the transitional treatment specified 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.

(Changes in presentation)

(Consolidated statement of income)

In the nine months ended September 30, 2023, the "share of profit of entities accounted for using equity method" that had previously been included in the "other" category of "non-operating income" exceeded 20% of total non-operating income. Thus, it is presented as a separate item.

To reflect this change in presentation, the consolidated statement of income for the third quarter of the previous fiscal year has been reclassified. As a result, in the consolidated statement of income for the third quarter of the previous fiscal year, the 299 million yen that had previously been presented as "other" in "non-operating income" has become "share of profit of entities accounted for using equity method" of 6 million yen, and "other" of 293 million yen.

(Consolidated statement of income)

*1 Business restructuring expenses

Nine months ended September 30, 2023 (January 1, 2023 to September 30, 2023)

Business restructuring expenses include special severance payments and other expenses associated with the rationalization of personnel mainly at Chinese and Southeast Asian subsidiaries as part of business restructuring.

*2 Loss on COVID-19

Nine months ended September 30, 2022 (January 1, 2022 to September 30, 2022)

The Company recorded an extraordinary loss of 239 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

Nine months ended September 30, 2022 (January 1, 2022 to September 30, 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	59,938	26,957	86,896	191	87,087	–	87,087
Inter-segment sales or transfers	710	118	828	351	1,180	(1,180)	–
Total	60,648	27,076	87,725	543	88,268	(1,180)	87,087
Segment profit	625	1,498	2,124	23	2,148	(112)	2,035

- (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 112 million yen deducted from segment profit as adjustment are a deduction of 12 million yen in inter-segment eliminations and a deduction of 99 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.

Nine months ended September 30, 2023 (January 1, 2023 to September 30, 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	42,081	25,217	67,299	246	67,546	–	67,546
Inter-segment sales or transfers	742	72	814	376	1,191	(1,191)	–
Total	42,823	25,290	68,113	623	68,737	(1,191)	67,546
Segment profit (loss)	(2,930)	(362)	(3,292)	57	(3,235)	118	(3,117)

- (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 118 million yen added to segment profit (loss) as adjustment are 69 million yen in inter-segment eliminations and 188 million yen in corporate profit (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

Nine months ended September 30, 2022

In the Sewing Machinery and Systems Business, the Company acquired 80% of the issued shares of JUKI TECHNOSOLUTIONS CORPORATION, making it a consolidated subsidiary and therefore incurring goodwill.

The increase in goodwill due to this event was 95 million yen in the nine months ended September 30, 2023.

Nine months ended September 30, 2023

No items to report.

(Revenue recognition)

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

Nine months ended September 30, 2022 (January 1, 2022 to September 30, 2022)

(million yen)

	Japan	Asia	China	Americas	Europe	Others	Total
Sewing Machinery and Systems Business	3,990	31,575	10,081	7,486	5,703	1,101	59,938
Industrial Equipment and Systems Business	7,822	5,171	6,910	4,299	2,401	351	26,957
Other Businesses	191	–	–	–	–	–	191
Total	12,004	36,746	16,992	11,785	8,105	1,453	87,087

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

Nine months ended September 30, 2023 (January 1, 2023 to September 30, 2023)

(million yen)

	Japan	Asia	China	Americas	Europe	Others	Total
Sewing Machinery and Systems Business	4,494	14,734	8,729	6,401	7,072	648	42,081
Industrial Equipment and Systems Business	8,720	3,894	5,054	4,499	2,876	173	25,217
Other Businesses	246	–	–	–	–	–	246
Total	13,461	18,629	13,783	10,900	9,949	822	67,546

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