



-Your solution partner-

**80th**  
Global & Innovative



JUKI CORPORATION will celebrate its 80th anniversary of its founding on December 15, 2018.

We, sincerely, would like to express our appreciation for every ongoing support to our customers, business partners, shareholders, community members, and other stakeholders.

In 1938, we were organized and started out as Tokyo Juki Manufacturers Association in Tokyo. Even during the chaotic times after World War II, we could successfully begin developing, manufacturing and selling household sewing machines and industrial sewing machines, by means of making good use of our “manufacturing (Monodzukuri) capabilities and expertise cultivated up to then.

While our road from foundation until this year (the 80th anniversary) was not smooth, we, as the technology-oriented company, have adhered to consistently bringing innovative products out into the world, by means of ascertaining and responding to the needs of customers.

At the current time, we have already organized system for globally rendering technical services and supports, and we deliver products including industrial sewing machines, household sewing machines, industrial equipment, and parts related thereto to customers in more than 180 countries all over the world.

Now, while we have started the solution business for the purpose of enabling customers to achieve further improvement to added-value at their factories by means of making good use of ICT (Information Communication Technology), we are working for further expansions of our business domain, and one example of such expansions is to develop group business activities that support our customers’ manufacturing (Monodzukuri).

In the final stretch leading to our 80th anniversary, and later as we approach our centennial, we embrace a new slogan: “GLOBAL & INNOVATIVE-Your solution partner-.” Centering on the development of smart solutions, we aim for further growth as the company that offers its customers both “peace of mind” and “good impression.”

Last but not least, please let me kindly solicit your further ongoing support in the days and years ahead.

President

Akira Kiyohara



# Progress towards JUKI's approaching 80th anniversary

We at JUKI will be undertaking various projects in 2018, our 80th anniversary year, in a bid to convey our appreciation to customers and reinforce our business foundations towards our upcoming next centennial.

## 80th anniversary logo



We will give back to customers and reshape the products and services in which we take the most pride as a company with an 80-year history.

### A catchphrase to express JUKI's desires

JUKI's newest catchphrase, "To become a chosen solution partner," expresses the key JUKI concepts "Global" and "Innovative." JUKI pursues two desires under its Medium-term Management Plan for fiscal 2017 to 2022. The first is a vision of what JUKI should be: "A company that continues to provide high-quality products and services selected by customers." The second is a basic policy: "Reinforcing the creativity of corporate value in solutions businesses."

### Design concept

Our Ribbon motif expresses our faithful ties with customers. The gradation from blue to green expresses our consideration to the environment and respect for our surroundings.

## Details of our approach

Showing gratitude to our customers, business partners and shareholders

Strengthening of relationships

Achieving the plan by providing products and services that contribute to boosting the competitiveness of our customers

Strengthening of capability to implement Middle-term Management Plan

Reforming of employee awareness and corporate culture

Promoting global and innovative human resources development and organization building to lay the foundation for becoming a 100-year-old company

## Strengthening of relationships

- 1 Publicizing "JUKI's 80th anniversary" through exhibitions and private exhibitions
- 2 Thank-you party (every sales company)
- 3 Thank-you tour (every sales company)
- 4 Company website renewal and creation of the 80th anniversary special website
- 5 General meeting of shareholders
- 6 Association of retirees and Reunion of retirees
- 7 Summer Evening Festival, Autumn (Fall) Harvest Festival, and In-house get-together
- 8 Publication of the 80th anniversary leaflet
- 9 Renewal of the display space at the JUKI head office entrance



① Publicizing the 80th anniversary at exhibitions (household sewing machines)



② Thank-you party for customers (electronics assembly systems)



④ 80th anniversary company website



⑨ Renewal of the display space at the head office entrance

## Strengthening of capability to implement Middle-term Management Plan

- 1 Setting up a demonstration line in a smart sewing factory (at the OHTAWARA PLANT)
- 2 Setting up a "highly reliable SMT" line (at JUKI INDUSTRIAL EQUIPMENT TECHNOLOGY CORPORATION)
- 3 The new JUKI History Museum and the showroom renewal (at the OHTAWARA PLANT)
- 4 Creation of a JUKI 80th anniversary PR video



① Demonstration line in a smart sewing factory



② "Highly reliable SMT" line



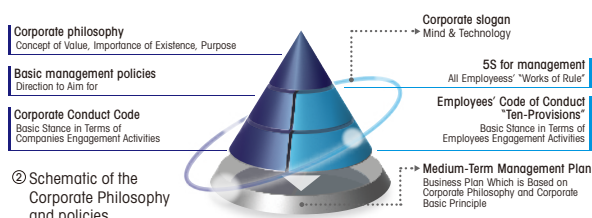
③ JUKI History Museum



④ JUKI 80th anniversary PR video

## Reforming of employee awareness and corporate culture

- 1 Publishing of an 80th anniversary company history
- 2 Systematically organizing the Corporate Philosophy, Conduct Code, 5S for management, etc.
- 3 One JUKI project
- 4 Adoption of new groupware
- 5 Social events for people at the head office and factories
- 6 JUKI GLOBAL QUALITY MANAGEMENT FORUM 2018
- 7 Adoption of a company uniform (by the head office and every domestic plant)



③ One JUKI project activities



⑦ New company uniform

# Progress towards JUKI's approaching 80th anniversary

Looking back at what has changed and what has not changed over the last 80 years, we reaffirm the spirit of our business startup and pass our DNA heritage onward to the future.

## What has not changed

### The "JUKI" brand

Upon the release of our first sewing machine back in 1947, when our corporate name was Tokyo JUKI Industrial Co., Ltd., we adopted the Romanized spelling of the "JUKI" name. Since then we have applied the "JUKI" name to all of our products both domestic and overseas, growing "JUKI" into a global brand year by year. The "JUKI" name is proof of the "reliability" customers expect in everything that we do and the pride of every member of the company.

### Corporate slogan Mind & Technology

Kenichi Yamaoka, the third president of JUKI, often used the phrase "mind and technology" for the guidance of employees. We changed the phrase into our corporate slogan, "Mind & Technology," at the 50th anniversary of JUKI. We focus our energies into a commitment to communicate with customers, listen to customer voices, and realize the technology we espouse in our slogan.

### Customer Creed

The attitude required under our Customer Creed is a commitment to "settling the troubles our customers face." Many JUKI products are production goods used in factories. We therefore work to solve problems together with our customers by proposing ongoing One Step Ahead solutions. Some are designed to ensure that our customer's production lines never halt. Others assist customer efforts to improve factory-wide productivity. The range of solutions we propose continues to grow.

### Emphasis on quality

Customers require JUKI products to operate stably in every environment everywhere in the world. Through various tests on durability, safety, etc., we have maintained the "shipment of 100% good-quality products." We have also carried forward the "QC activity" we instituted 50 years ago and sustained it with our inherited "JGQMF in global-scale dimensions."

JGQMF: Acronym standing for JUKI GLOBAL QUALITY MANAGEMENT FORUM

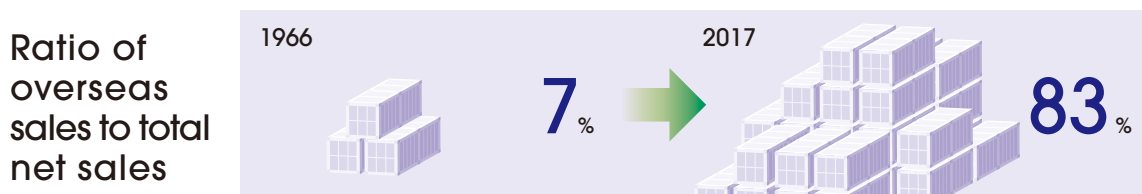
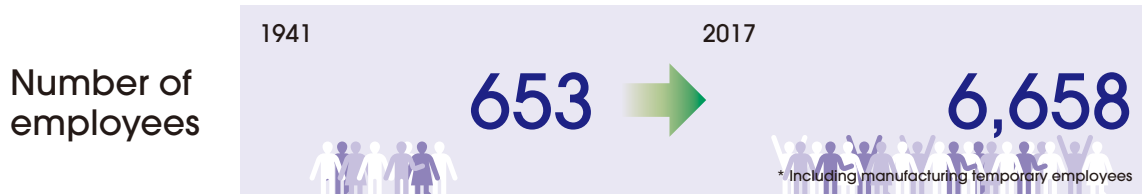
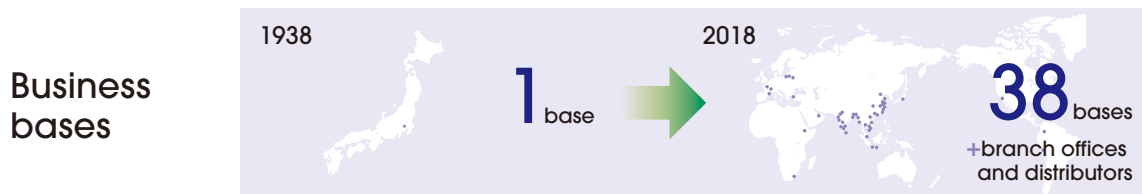
### Integrating JUKI's desires into manufacturing (Monodzukuri)

We continue striving to develop "world-first mechanisms" as the main company driving the industry forward. Our development quests have materialized into an automatic thread trimmer for industrial sewing machines, an automatic thread tension mechanism for household sewing machines, a modular concept for electronic assembly systems, and much, much more. We continue our quests to formulate innovative proposals for the smart factory.

### Consciousness of globalization

JUKI started exporting only after nine years in business, setting its sights on the "world" from the very beginning. Starting from the launch of a sales company in Hong Kong in 1970, JUKI has established sales bases around the world. Our sales activities are still expanding. As a global company whose products have been used by customers in more than 180 countries, we aim to become a company that can deliver peace of mind and good impressions to customers.

# What has changed



# Progress towards JUKI's approaching 80th anniversary

We have summarized the progress of JUKI's globalization and the expansion of its business "from Japan to 180 countries." Let's look back on the history of our innovative products and enduring commitment to capturing customer needs as a company that has focused on being a "technology development specialist" from the very beginning.

1940s

1950s

1960s

1970s

1980s

## TOKYO JUKI INDUSTRIAL CO., LTD.

**1938**  
Machinery manufactures in Tokyo invest to form "Tokyo Juki Manufacturers Association."

**1947**  
The first machine of the Household Sewing Machines is completed. (HA-1)

**1953**  
The company enters the Industrial Sewing Machines market and releases the first machine. (DDW-II)

**1957**  
The company wins the Imperial Invention Award for the invention of a single-axis rotational thread take-up lever.

**1961**  
Manufacture and sale of electronic computer peripherals start.

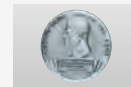
**1964**  
The company's stock is listed on the First Section of the Tokyo Stock Exchange.

**1970**  
JUKI's first overseas sales company (present JUKI (HONG KONG) LTD.) is founded in Hong Kong.

**1972**  
A sales company (called JUKI (EUROPE) GMBH), a stronghold in Europe is founded in West Germany.

**1981**  
The headquarters of the Industrial Sewing Machines Business wins the Deming Prize (Deming Application Prize for Division).

**1987**  
The company enters a field of SMT (Surface Mount Technology) for an Industrial Equipment Business. The manufacturing and sales of the first machine starts. (KP-350)



**1945**  
The manufacturing of sewing machines is permitted.

**1971**  
The "OHTAWARA PLANT," a manufacturing plant for the Industrial Sewing Machines is completed in Ohtawara-shi, Tochigi Prefecture.

**1974**  
A sales company (present JUKI AMERICA, INC.) is founded in the U.S.

**1982**  
A branch office of JUKI (HONG KONG) LTD. is founded in Singapore.

**1988**  
The company name is changed to JUKI CORPORATION.



## History of household sewing machines

**1947**  
HA-1

**1953**  
rotalix  
HW-62B

**1959**  
rotalix  
HZ-25

**1965**  
rotalix  
HZD-731

**1968**  
Knitting machine with simultaneous two-color knitting device  
K-811

**1977**  
Frou Frou  
HZL-11

**1978**  
FLORA  
HZL-550

**1985**  
The Misin  
HZL-7000

**1988**  
The Misin Sewing  
HZL-8800



## History of industrial sewing machines

**1953**  
Lockstitch sewing machine  
DDW-II

**1958**  
Big bartacking sewing machine  
LK-23

**1964**  
Safety stitch machine  
MO-357  
Overlock sewing machine  
MO-352

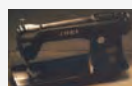
**1969**  
Lockstitch, automatic thread trimmer sewing machine  
DDL-555-II

**1979**  
Lockstitch button sewing machine  
LK-982

Automatic welt stitching machine  
APW-116

**1986**  
Juki Hanger System  
JHS-201

**1987**  
Quick Response Sewing System  
QRS



## History of electronics and electronic assembly systems

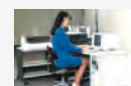
**1964**  
Card puncher  
H-163

**1973**  
Card puncher  
H-1592

**1976**  
Line printer  
5240

**1982**  
Data entry device, Chinese character key-to-floppy  
1860

**1988**  
Entry-level machine (introduction to machine learning)  
KP-350





## 1990s

## 2000s

## 2010s

### JUKI CORPORATION

**1990**

JUKI's first overseas factory is founded in Shanghai, China jointly with another company. (SHANGHAI JUKI SEWING MACHINE CO., LTD., a manufacturing plant for the household sewing machines)



**1995**

A company controlling the sales in Asia is founded in Singapore. (Present JUKI SINGAPORE PTE. LTD.)



**1995**

A company manufacturing and procuring the parts for the industrial sewing machines is founded in China (present JUKI (NINGBO) PRECISION Co., Ltd.)



**2000**

A wholly owned manufacturing plant for the Industrial Sewing Machines is founded in Shanghai, China. (JUKI (SHANGHAI) INDUSTRIAL CO., LTD.)



**2001**

A fully owned subsidiary controlling a Chinese area is founded. (JUKI (CHINA) CO., LTD.)



**2005**

An office controlling the sales in Europe is founded in Poland. (JUKI CENTRAL EUROPE SP.ZO.O)



**2009**

The company moves to the new company building built in Tsurumaki, Tama-shi, Tokyo. (December)



**2013**

The company makes the department for Industrial Equipment independent and founds JUKI AUTOMATION SYSTEMS CORPORATION.



**2017**

Three companies in Akita Prefecture are integrated into a company called "JUKI INDUSTRIAL EQUIPMENT TECHNOLOGY CORPORATION"



**1994**

A sales company is founded in China. (TOKYO JUKI INTERNATIONAL TRADE (SHANGHAI) CO., LTD.)

**1995**

A parts factory for the industrial sewing machines is founded in Vietnam. (Present JUKI (VIETNAM) CO., LTD.)



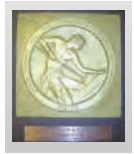
**1995**

A manufacturing plant for the industrial sewing machines is founded in Langfang, China jointly with another company. (JUKI XINXING INDUSTRIAL CO., LTD.)



**1997**

The company wins an award from the Japan Society for the Promotion of Machine Industry for the development of a "bobbin thread automatic feeder" used for the Industrial Sewing Machines.

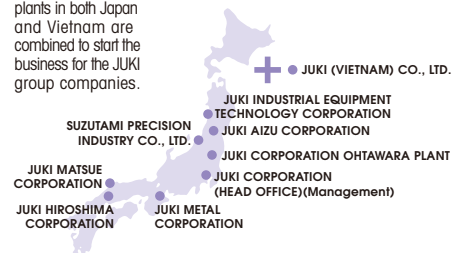


**2014**

JUKI AUTOMATION SYSTEMS CORPORATION merges with the business department for SMT Equipment of SONY EMCS.

**2015**

Manufacturing capabilities of manufacturing plants in both Japan and Vietnam are combined to start the business for the JUKI group companies.



**1990**

SPUR 90 TL-90



**1993**

ALLOWNE HZL-008



**1997**

jure HZL-009



**2001**

jure HZL-010



**2003**

Computer Sewing Machine HZL-E60



Overlock with Chainstitch & Coverstitch MO-735



**2009**

Exceed Quilt & Pro Special HZL-F600



**2013**

Easy Threader MO-1000



**2015**

LONG ARM QUILTING MACHINE frame type TL-2200QVP



**2017**

Computer Sewing Machine HZL-DX7



**1995**

Automatic welt sewing machine APW-296



**1996**

Single-thread, lockstitch, button sewing machine with a fraying prevention function MB-377



**2000**

Dry-head, lockstitch, automatic thread trimmer sewing machine DDL-5700N-7



**2003**

Dry-head, electronic, single-thread, chainstitch button sewing machine MB-1800S



**2003**

Dry-head overlock sewing machine MO-6100D



**2004**

Single-thread, chainstitch, button-neck-wrapping sewing machine AMB-289



**2007**

Automatic welt stitching machine (a diagonal pocket type) APW-896



**2010**

1-needle, belt loop setting sewing machine AB-1351



**2016**

Digital, lockstitch, automatic thread trimmer sewing machine DDL-9000C



**2017**

1-needle, CNC sewing machine AMS-251



**1992**

Large-size general-purpose machine KC-810



**1994**

Semi-automatic screen printer KS-180



**1997**

High-speed chip mounter KE-750  
High-speed general-purpose mounter KE-760



**2000**

High-speed chip mounter KE-2010  
High-speed general-purpose mounter KE-2020



**2004**

High-speed modular mounter FX-1



**2008**

High-speed modular mounter FX-3



**2011**

Post-process mounter multi-task platform JM-10



**2013**

High-speed compact modular mounter RX-7



**2014**

Automated warehouse intelligent storage management system ISM2000



**2017**

High-speed smart modular mounter RS-1



# Business domains

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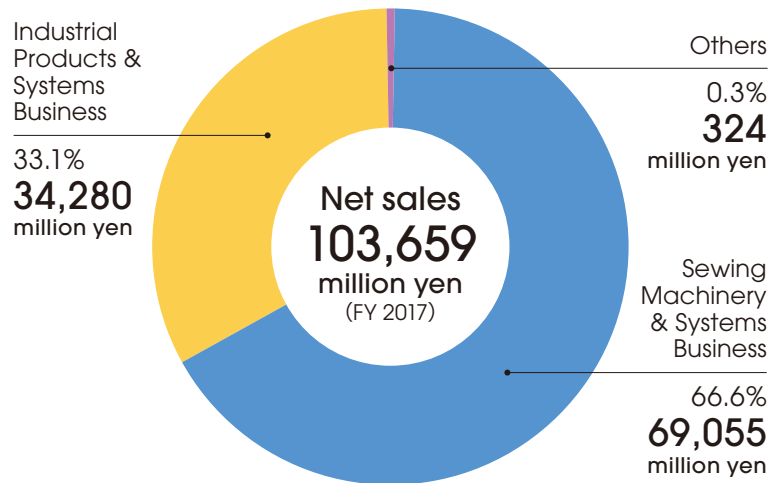
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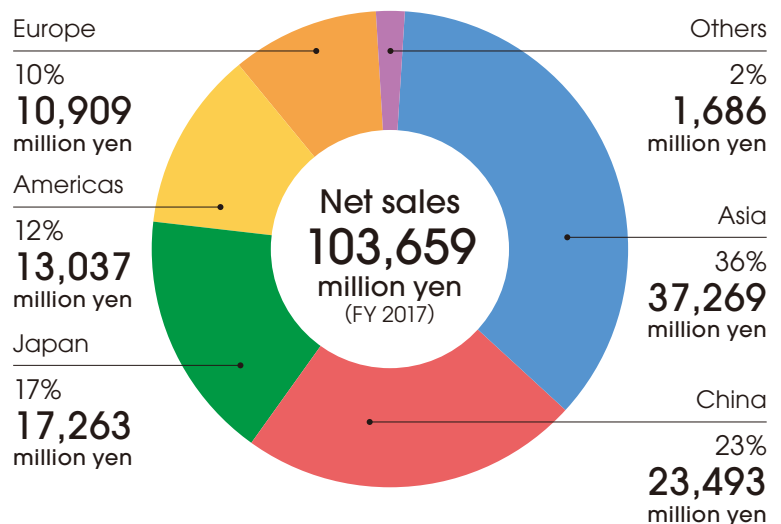
## Ratio of net sales by business

JUKI has been supporting the manufacturing (Monodzukuri) sectors in the world with advanced technology and valuable technology for mainly its flagship sewing machinery business.



## Ratio of net sales by area

JUKI has won strong support from customers all over the world by operating a sale and service network in about 180 countries.



# To spur innovation for customers all over the world, JUKI offers JUKI Smart Solutions

## Sewing Machinery & Systems Business

This business supports “stitches” of all types by supplying more than 2,000 sewing machine models and systems for customers at every level, from professionals to hobbyists.

### Industrial Sewing Machinery Business



A world-leading business driving the sewing machinery business

This business helps customers build the most suitable sewing factories equipped with the world’s top-selling industrial sewing machines integrated with automation equipment, IT systems, and more. The business also helps customers improve productivity, save manpower, and deskill their production lines by offering optimal line solution proposals.

### Household Sewing Machinery Business



A business that provides products to stimulate the creativity of home sewers

This business supports comfortable sewing lives by combining appealing product features with industrial sewing machine performance. The business also holds various workshops to support hobbyists in wide-ranging fields.

## Industrial Products & Systems Business

This business supports customers’ production factories by providing products, systems, development capacity and manufacturing capacity while utilizing “manufacturing (Monodzukuri) capabilities” developed over many years.

### Electronic Assembly Systems Business



A business that provides total solutions to support circuit boards manufacturing factories

This business responds to diversified production needs by proposing line solutions in pursuit of productivity and efficiency focused on SMT (Surface Mounting Technology) equipment for electronic circuit boards production systems or related products such as printing machines and inspection machines.

### Customer Support Business



A business that provides repair support and parts supply for JUKI products around the world

This business supplies consumables and spare parts for industrial sewing machines used in 180 countries, in addition to electronic assembly systems and after-sales services to help customers use their JUKI products in more efficient and streamlined environments.

## Group Business

### Group Business

(contracted development and manufacturing business)



A business that supports manufacturing companies through the collective strengths of “people, equipment, methods, and materials”

This business makes arrangements to contract with manufacturing companies for the development, manufacturing, machining, etc. of various products using the know-how in development, design, production, and production control that JUKI group companies have.

### Sleep Buster



Supporting the driver's safe run

This business promotes conventionalization of safe driving with peace of mind using a device to collect drowsy driving data and alert drivers to drowsy driving dangers. The business also helps reduce traffic accidents by reducing overwork driving by driving professionals.

### Data Entry System



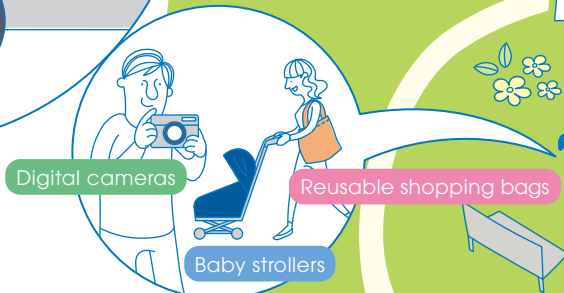
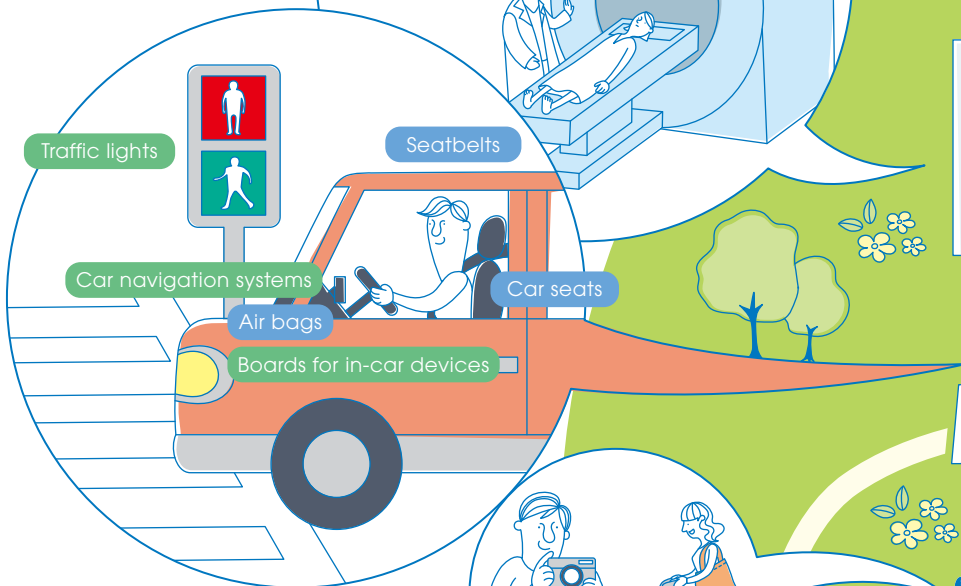
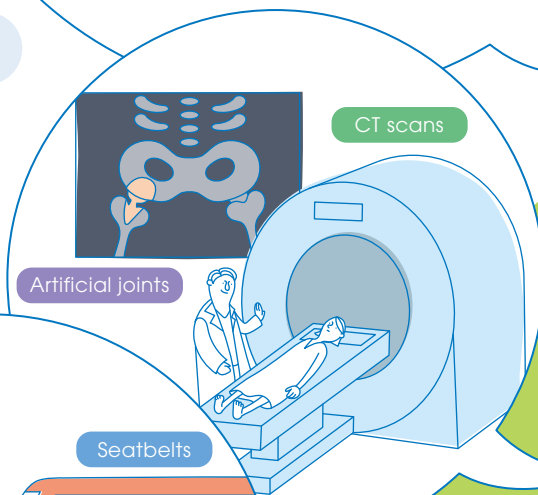
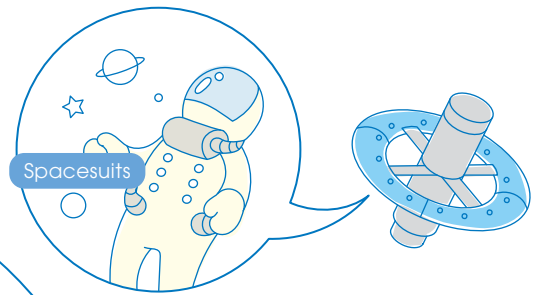
Supporting the data entry professionals

This business provides well-designed data entry systems to support the information processing industry in its work to process voluminous data. The business also responds to the needs of data-intensive industries such as life insurance companies and banks.

# Products made using JUKI products

JUKI machines and systems make everyday products the public knows.

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







**Akira Kiyohara**  
JUKI CORPORATION  
President

## Interview with the president

# Embracing the trend of innovation to answer the business challenges of customers all over the world by offering smart line solutions

In fiscal 2017, the first year of the “Value up 2022” Medium-term Management Plan, we achieved year-on-year increases in both sales and profits, building momentum to the achievement of the plan. Five young JUKI employees interviewed president Kiyohara about JUKI’s current approaches and mid- and long-term growth strategies.



### ● Interviewers

## Thoughts on the “Smart & Connected” concept focused on workstyle reforms and a transformation of global manufacturing (Monodzukuri)

—JUKI achieved year-on-year increases in both sales and profits on a consolidated basis in fiscal 2017. What do you think about the JUKI’s business performance and approaches over the past year?

Sales and profit both climbed in fiscal 2017, with net sales of 103.7 billion yen, ordinary income of 7.8 billion yen, and current net profit of 5.6 billion yen. Most important, ordinary income and current net profit both saw significant gains compared to the previous fiscal year.

**One of our approaches in fiscal 2017 was to focus on “profit-oriented management” for the year.** The electronic assembly systems business division was in the red and sales of sewing machinery were poor in the previous fiscal year. We promoted structural reforms and reduced fixed costs in the electronic assembly systems business division, thereby achieving significant improvements in both sales and profits. **We also actively expanded high value-added devices, including our new mounters and labor-saving equipment, to bring us closer to the establishment of a smart factory for customers.** This, I think, was one of our great achievements for the year.

Turning to group business focused on contracted processing, we also worked to expand sales by harnessing the manufacturing (Monodzukuri) capabilities of our domestic and overseas manufacturing group companies and extending our network of cooperating companies. **Net sales surpassed the big 10 billion yen threshold for the first time as a result.**

In the sewing machinery business, **transactions with major customers expanded in high-end markets in Europe, America, China, and other areas.** Through our efforts in expanding the sales of high value-added products, profit grew 38% over the previous fiscal year. We pulled off many credible achievements through

profit-oriented management. I believe that the year was meaningful.

As our second approach, we **“redefined” JUKI’s businesses.** The circumstances surrounding the manufacturing industry are changing from day to day. Innovations such as IoT and ICT are fundamentally altering the way the manufacturing industry operates. Adapting to the trends of the times and its own commitment to offering total solutions to customers, JUKI **reorganized its business segments into “Sewing Machinery & Systems Business” and “Industrial Products & Systems Business” in fiscal 2017.**

In addition to reforming customer production lines for better line balance and proposing the introduction of automatic machines into lines such as sewing and SMT lines, we are attempting to differentiate JUKI from other companies by **offering high value-added solutions** within a holistic system where works-in-progress are automatically transported between sewing machines, mounters, and other equipment. JUKI’s wider lineups of products compared to other companies helps to achieve this differentiation.

We offer a high value-added line solution that truly benefits customers who seek improved productivity and workability. Our line solution creates added-value in JUKI products and services and expands JUKI’s future customer base. **JUKI’s mission is to continue offering smart line solutions to business challenges faced by customers in many fields of business.**



Yuichiro Hirose,  
Joined in 2012

Yuki Okada,  
Joined in 2013

Representative  
director and  
President,  
Akira Kiyohara

—What business challenges have become clearer after fiscal 2017?

Regrettably, the sales of our Sewing Machinery & Systems Business Unit have edged downward. Hard times persisted in the middle market in Asia because of tougher competition against Chinese rivals. JUKI products are known for their high quality, but the prices we ask for them are generally higher than what our competitors offer. I also see a mismatch between local needs and the functions of the products we provide. In fiscal 2017, the performance of electronic assembly systems business and group business increased thanks to the acquisition of new customers. **In a similar fashion, the Sewing Machinery & Systems Business Unit needs to acquire new customers by implementing business strategies in line with the market needs.**

## 2020 Vision

**To be an enterprise that consistently provides customer-preferred, high-quality systems, products and services**

Let's impress customers by, and have customers relied on JUKI Group's activities, systems, products and services!!



—Fiscal 2017 was the first year of the Medium-Term Management Plan “Value up 2022.” Would you tell us again the goals that JUKI pursues?

JUKI adopted the <Vision for fiscal 2022> of becoming “a manufacturing (Monodzukuri) company that enhances corporate value together with customers through products and services.” We launched our approach toward realizing the vision activities in fiscal 2017. For the first three years from fiscal 2017 to 2019, **our vision for fiscal 2019 is to become “a company that continues to provide high-quality products and services selected by customers.”** The vision sets numerical targets for the future JUKI from the three viewpoints of growth, profitability, and stability.

Our goal is to expand sales by more than 9% every year from the growth aspect, record an ordinary income ratio of 6% in fiscal 2019 from the profitability aspect, and record an equity ratio of more than 30% from the stability aspect.

Although our consolidated net sales went slightly under our target in fiscal 2017, increasing by only 6.1% over the previous fiscal year, we recorded an ordinary income ratio of 7.6%. **We made fairly good progress toward attaining our planned goal last year.**





Miki Sugita,  
Joined in 2015

Yoichiro Tachibana,  
Joined in 2011

Kei Saotome,  
Joined in 2011

—The second year of the Medium-term Management Plan has started. What was the intention behind adding the policy to “Implement Health Management and Environmental Management” to the “Conduct Code” in the Medium-term Management Plan for the upcoming three years (fiscal 2018 to 2020)?

The JUKI Group set the concepts of “Innovative and Active” as basic management policies. **In order for JUKI to grow sustainably, the mental and physical health of every employee is essential.** To manifest these business commitments both at home and abroad, **we announced the Health Management Declaration in September 2017.** Let me stress that the declaration is based on a recommendation made by the “One JUKI project” implemented by young JUKI employee participants. I feel safe in the knowledge that young employees are active and making proposals with interest in the future path of JUKI.

Concerning the environment, we have set goals for waste reduction, energy saving, the effective use of resources, green procurement, etc. every year based on the “JUKI environmental policies.” From a regulatory standpoint, China set a recent example by establishing goals for the reduction of fine particulate matter (PM2.5). **Every company in China is required to further strengthen efforts to reduce its environmental load.**

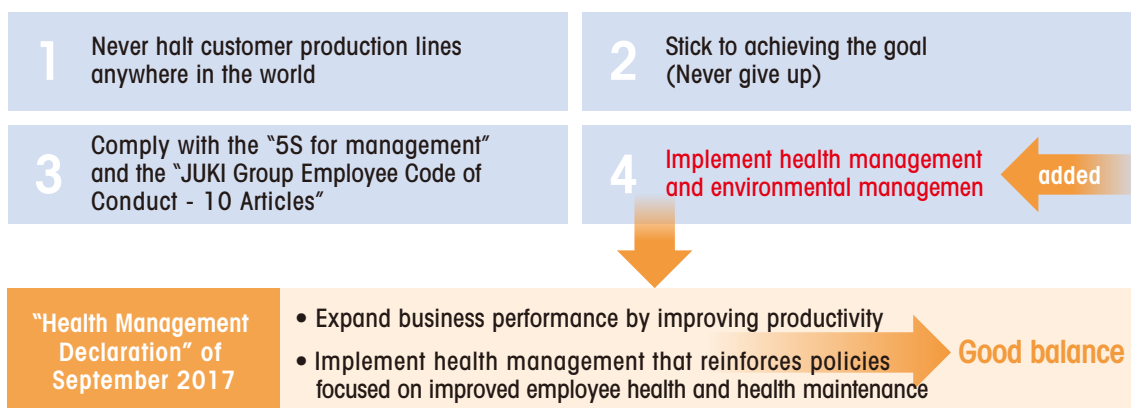
With regard to overseas factories, we have also seen that the environmental regulations become stricter every year. Every factory needs to clear the stipulated level at all times. To respond to these societal demands, **we have dared to inject principles of environmental management into our Medium-term Management Plan, declaring that JUKI is a company that preserves the earth’s environment and contributes to society.**

—JUKI added the strategy of “creating a future customer base through market development” to the “business strategy” under the Five Basic Policies in the Medium-term Management Plan, increasing the number of basic policies to six. What was the purpose behind this?

**We must develop and cultivate new business domains and expand our customer base.** The policy of “creating a future customer base through market development” was added to the Basic Policies in the Medium-term Management Plan to facilitate the growth we require in the future.

The specific targets of the electronic assembly systems business are applied to **LEDs and vehicle-related products.** LED lights have been widely adopted since they were introduced as replacements to conventional incandescent lights. We expect a full-scale transition to LEDs from now on in both China and India, two countries with huge populations.

## 2018-2020 Middle-Term Management Plan Conduct Code



To respond this market expansion, we plan to focus on products such as the mounters used for LEDs.

Moreover, the importance of vehicle-related products is on the rise as a market closely linked with JUKI's businesses of car seat sewing and the various printed circuit boards used for electrical equipment, etc. In the automotive industry, the next generation technologies for electric vehicles (EVs) and self-driving, etc. are rapidly advancing. We see a certain expansion of domains where JUKI can contribute.

In the sewing machinery business, we are ensuring JUKI's future growth by **aggressively devoting management resources to expanding JUKI's customer base in the promising middle markets of Asia, Africa, and elsewhere.**

—Would you explain the meaning of “making the process Smart and Connected,” the concept added to the “system strategy” in JUKI's Medium-term Management Plan?

I think that the **smart (with smart tools and methods) and connected (through lateral cooperation and horizontal development) framework of business management and smart and connected structure of business operations will be essential** in the age to come. Within the company, for example, the development, production, sales, administration, and other divisions have pursued optimization individually so far. In the manufacturing industry in particular, the conventional process ingrained in the culture is to hand a job over to the next process only after all tasks at hand are done. In order to evolve the management structure, **we must strive for total optimization not only by refining a highly developed regime for product supply chain management, but also by achieving organic cooperation among jobs in different divisions.** Every employee needs to use smart tools to focus his or her working approach more closely into the work at hand based on an understanding of the whole process. High added value can only be attached to work by speeding up the work or conducting meticulous analyses, in addition to performing the work thoroughly. In my opinion, high productivity follows from the individual

work style of every employee.

**The concept of “Smart & Connected” also becomes important when our sales people make proposals to customers.** Before works-in-progress reach the sewing line of the customer's factory, they pass through a pre-process of cutting into parts. Many customers also send their products through post-processes covering the inspection of parts, etc. **Our next step to contribute the realization of a smart factory for the customer is to propose labor-saving and productivity-improvement solutions for the whole production line,** including the cutting and inspection processes.

—What can you tell us about the business environment and JUKI's approaches to its businesses in fiscal 2018?

I forecast that the global economy in fiscal 2018 will grow at a moderate pace. I also anticipate that **technological innovations such as IoT and AI will permeate industry, compelling more customers to adopt comprehensive approaches toward improved productivity.** As the cellular phone continues evolving from a “tangible good (product)” mainly used as a telephone to a smart “intangible good” (service) useful for shopping online, etc., I am convinced that the shift from “products” to “services” will accelerate. This trend is bringing us big business opportunities. On the other hand, we must also be prepared for the possibility that our business performance will change due to external factors such as an economic slowdown in emerging countries or fluctuations in foreign exchange rates.

**We need to accurately monitor the changes in the business environment and push forward in our work to expand our businesses and strengthen our earning capacity.**

First, in the **industrial sewing machines** business, we would like to begin acquiring new customers in uncultivated markets and areas mainly in emerging countries. We would like our most suitable base and personnel to take charge of and develop the markets in question. Turning to our sales activities, we would like to put all our energy into an expansion of business domains encompassing all parts of the sewing line, from the pre-process to post-process.

## 2018-2020 Middle-Term Management Plan Basic Policies

Business strategies	Organizational Strategies
1 Strengthening our value-creation capabilities through solutions sales	4 Developing globally competent and innovative personnel and deploying them to fulfill our visions
2 <b>Building future customer base through developing the market</b> ← added	5 <b>Constructing a smart business foundation (Introduce Smart &amp; Connected processes)</b> ← added
3 Creating new business categories and reinforcing them effective in or looking toward the future	6 Building capital through strengthening our financial structure



With regard to **household sewing machines**, the very first of JUKI's businesses, we would like to continue investing more effort into the adoption of technologies transferred in from our industrial sewing machine business. In order to utilize the high quality, high functionality, and other advantages of JUKI products, we intend to expand sales while placing a special focus on our heavy users.

In the **electronic assembly systems business**, JUKI has been expanding its business domains encompassing all stages of line production from the pre-process to post-process. Going forward, we are now thinking about integrating our advanced, innovative technologies into actual services based on information from the machines, designing all equipment we deliver for 24/7 operation, performing remote maintenance and preventive care using AI, and so on.

For our **group business**, we would like to develop the markets for inspection equipment, medical devices, robot-related equipment, etc. as key business areas and strive for net sales of 15 billion yen in three years' time. We intend to grow this business field into the third pillar of our businesses by commercializing our original manufacturing technologies and products and offering comprehensive contracted services covering all phases from design to assembly.

For our **customer service** business, we are maintaining our efforts to promptly supply parts to customers all over the world while taking new steps to expand direct transactions via the JUKI website. Using the abundant data accumulated through our previous parts transactions, we will establish an efficient supply system according to the usage and useful life of every JUKI part while making additional efforts to automate our parts center operations.

I am also **keeping an eye on the performance of our Innovation Promotion Department established** in January 2018. We expect this department to unearth practical JUKI innovations, bring new perspective to the company, and nurture our innovative corporate culture in general.

— **JUKI will reach its 80th anniversary on December 15 of this year. What are your thoughts on this milestone?**

JUKI has traveled the road for 80 years with cordial support from customers, suppliers, shareholders and community members, not to mention the hard work of its employees. **On the occasion of the 80th anniversary,**

**I would like to extend my sincere gratitude to all those who have nurtured the JUKI brand and supported us under the many different conditions we have faced.**

To maintain our steady growth toward our 90th and 100th anniversaries, it will be vital to promote advance investments by looking toward the future and every aspect of business management. We will also continue investing in strategic developments to create new products and technologies, invest in IT to advance the globalization of our management division, and focus our energy into creating the structures needed in a high-value added operation system and work style.

As the JUKI president, it is my responsibility to take the lead in **transforming JUKI into a "smart" company and realizing the outcomes expressed in our 80th anniversary catchphrase (slogan), "To become a chosen solution partner," together with all of JUKI's employees.**

— **Finally, would you tell us what you expect from JUKI's employees?**

JUKI's biggest asset is its employees.

Nurturing the young JUKI employees who are to bear the challenges of the next generation is the most important business challenge by far. We would like to continue offering support using various tools such as language training, self-enlightenment programs, and e-learning to give an extra boost to every young JUKI employee. In addition to further expanding the "One JUKI project" and other systems to **internalize the voices of JUKI's young people in business management, we would like to advance reform as an open company where employees of every age and rank can freely offer proposals in their daily work.**

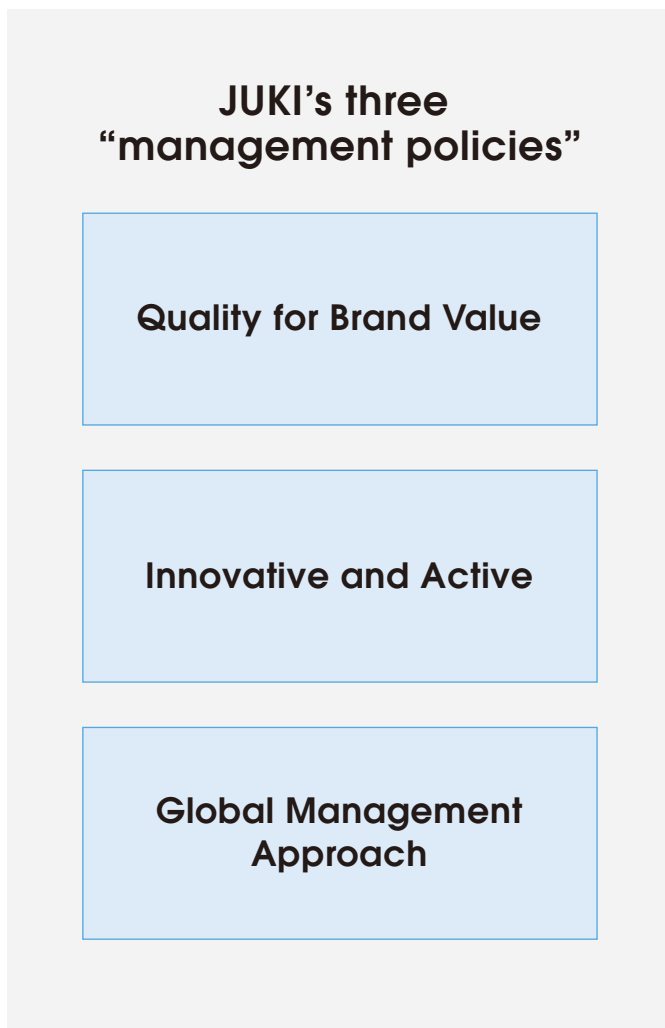
The human resources we enhance and foster are not limited to the younger JUKI employees. By reshaping our personnel policy and investing in human resource that can support all members of the JUKI Group, from veteran employees to factory workers, sales company employees, national staff at overseas bases, etc., we are determined to strive for the continuous growth of JUKI and the attainment of maximum corporate value.

Through these approaches, I would like **every employee to reform his or her current work style, raise productivity, and perform work with high added value.** Let's work together toward JUKI's goals.

# Flow for the creation of JUKI's Corporate Value (Business model)

JUKI has worked to create corporate value for its stakeholders—customers, suppliers, employees, shareholders, investors, and society—by stressing three “management policies.”

JUKI's growth cycle strengthens the company as an innovative and active company and further enhances the creation of JUKI's corporate value.





**Group Business**

▶P.32  
A business that aims at new value creation by combining the high-level technological capacities of the domestic manufacturing companies in the JUKI Group



**Customer Support Business**

▶P.34  
A business that provides repair support and parts supply for JUKI products being used in 180 countries

**Improving earning capacity**

- Create smart business foundations
- Reduce product costs
- Reinforce financial foundations

**active company**

**Expanding growth investment**

- Invest positively in advanced development
- Invest capital to realize truly "smart" production facilities
- Invest in personnel development

**Creating corporate value for stakeholders**

**Customers**

- ▶P.40
- Contributing to improved competitiveness
  - Proposing total solutions
  - Global support and more



**Suppliers**

- ▶P.42
- Co-existence and co-prosperity
  - Creating relationships that promote mutual development through friendly competition and more



**Shareholders and investors**

- ▶P.42
- Improving financial standing
  - Improving shareholder value
  - Stable dividends and more



**Society**

- ▶P.43
- Exchanges with the local community
  - Respect for other cultures and contribution to local development
  - Approaches to environmental issues and more

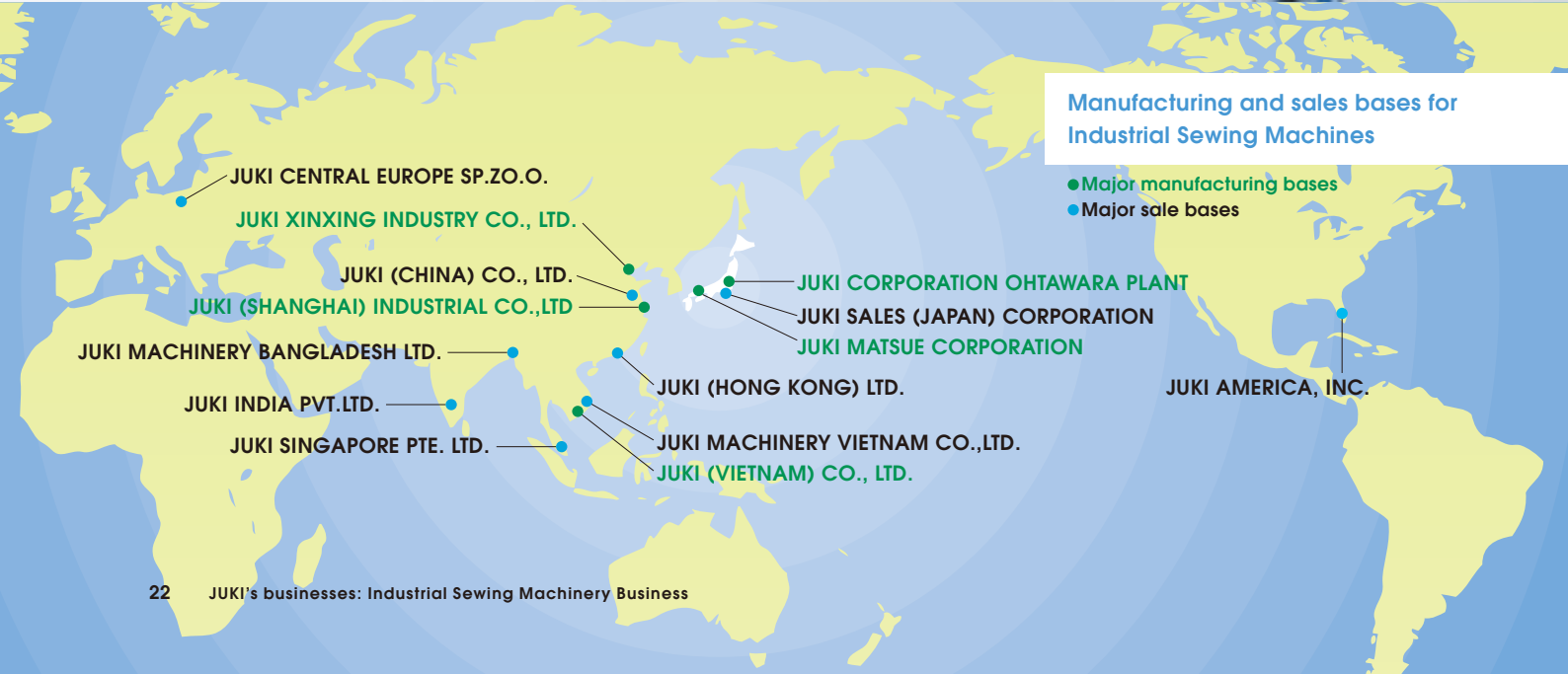


**Employees**

- ▶P.44
- Active organizational climate
  - Improving the satisfaction of employees and others



# INDUSTRIAL SEWING MACHINERY BUSINESS



# A “No. 1 world share” business that supports a sewing industry with a network covering customers in 180 countries

JUKI’s industrial sewing machines widely support the global sewing industry by “stitching” products in all sewing fields, from maison brand products that propose the most advanced trends to casual apparel products, sporting goods, and car seats.

The sewing line can be set up with a wide range of lineups under a single brand focused on sewing machines designed to provide exclusive stitches such as a straight stitches, zigzag stitches, and button sewing. JUKI’s digital sewing machines can respond actively to changes in sewing items and materials. JUKI’s automatic machine sewing machines handle two or more processes with a single switch. An IoT based system capable of performing high-level factory management connects all of the machines in a network.

JUKI meets customer demands by proposing line solutions to overcome production challenges using innovative, high-precision technologies under the “Smart Solutions” slogan.



## Customer Solutions

### 1. Setting up a production line under one brand

JUKI’s lineup of industrial sewing machines consists of about 2,000 models. A wide variety of sewing machines—machines for cloth, knitwear, and non-apparel and automatic machines capable of handling two or more processes—are available to suit the sewing material and purpose. JUKI makes line solution proposals that achieve maximum performance with a wide range of lineups in pursuit of sewing quality, deskilling, and productivity.



### 2. Building a smart factory according to each customer’s needs

In addition to the rich lineups, automated systems with robots to complement manual work are available. By connecting sewing machines in a network, the operating status of individual machines can be assessed in real time and production control can be remotely monitored. JUKI pursues the "mass customization" of its customers and achieves smart factories by offering suitable products and systems as line solutions.

### 3. Offering peace of mind through stable quality and support

Using rich experience backed by active results for more than 50 years, JUKI arranges a professional group to accurately solve miscellaneous problems at customer factories in different parts of the world. JUKI also supports its customers with unparalleled customer services such as technical guidance, seminars, consultations on productivity improvement, and real-time responses to production troubles at factories where stable quality and productivity are required.



## Products



Direct-drive, high-speed, lockstitch sewing system with automatic thread trimmer  
DDL-9000C



Semi-dry-head, Cylinder-bed, Bottom Coverstitch Machine  
MF-7900D



Semi-dry-head, high-speed, overall feed horizontal big bobbin, thread trimmer sewing system  
LU-2828V-7



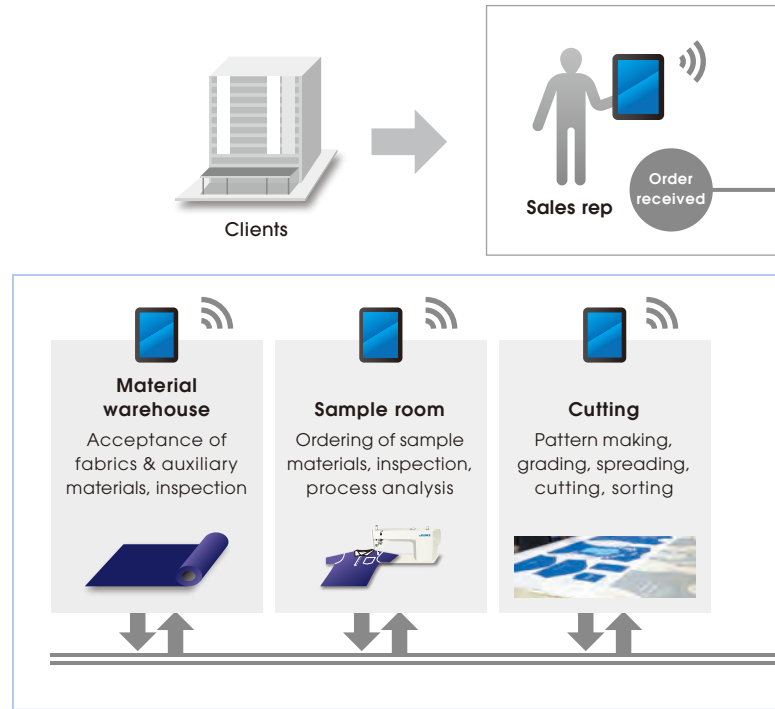
1-needle CNC sewing machine  
AMS-251

# Industrial Sewing Machinery Business

To evolve the customer's sewing business by offering advanced technology, JUKI does the following:

JUKI advances its activities to create the most suitable factories by making innovative efforts to solve the various problems a customer faces through the further evolution and systemization of products and IoT.

## Smart Sewing Factory proposed by JUKI



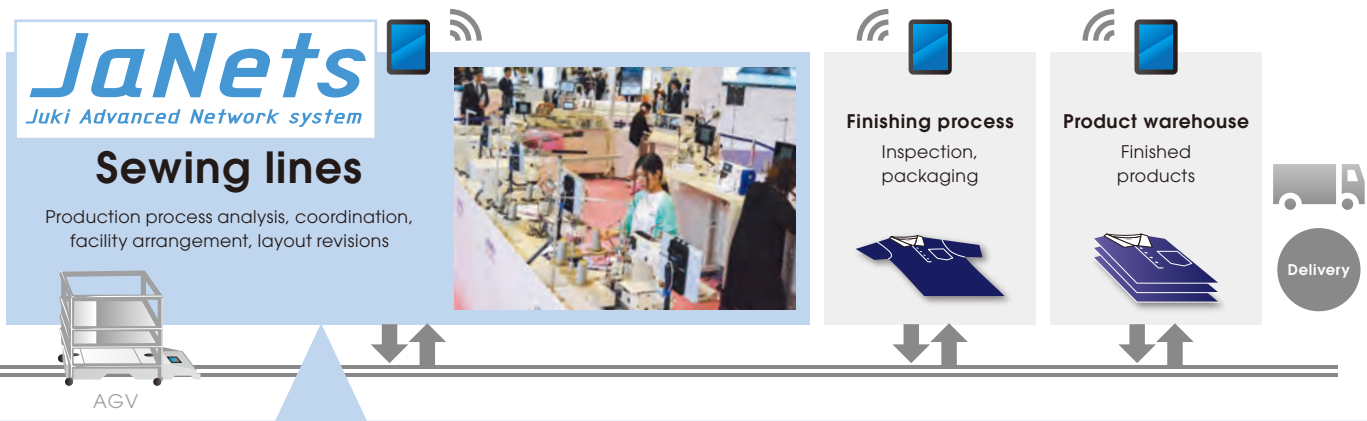
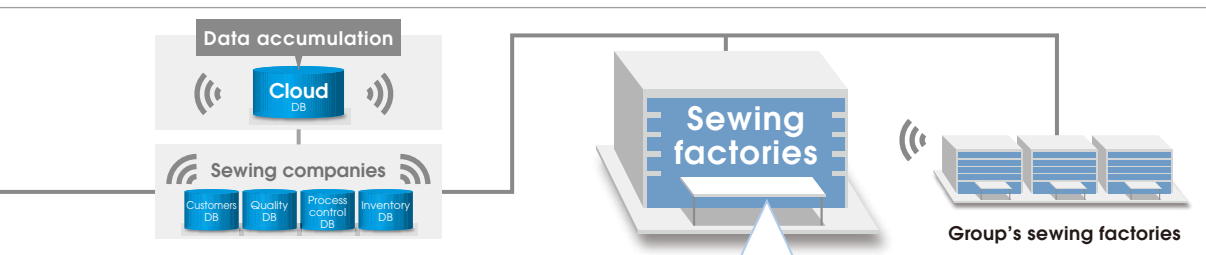
**Digital sewing machines**

These sewing machines are capable of digitalizing "seam" adjustment functions and memorizing them numerically. The data after adjustment can be memorized in tablets running a dedicated app (application program) and transferred to other sewing machines. The sharing and management of stitch data become easy enough to stabilize quality on a global basis.

**Automatic machines**

Many lineups of JUKI sewing machines make multiple processes fully automatic for manual sewing, cutting work with scissors, bends of fabric, shirring, etc. Productivity improvement and deskillling can be performed by using sewing machines programmed to automatically sew memorized sewing patterns as soon as the cloth is set or sewing machines that cut, sew, and bend a cloth automatically.





**Sewing by robot**

Heavy needlework and wide and cubic sewing areas translate into hard labor for operators and zero tolerance for operators with low sewing skills. Robotic sewing technology can be deployed by attaching a sewing machine onto a robot arm or sewing a design stitch on the instrument panel of an automobile using a 3D CAD system.



**Automated sewing management system software**

(Automated guided vehicle, AGV)

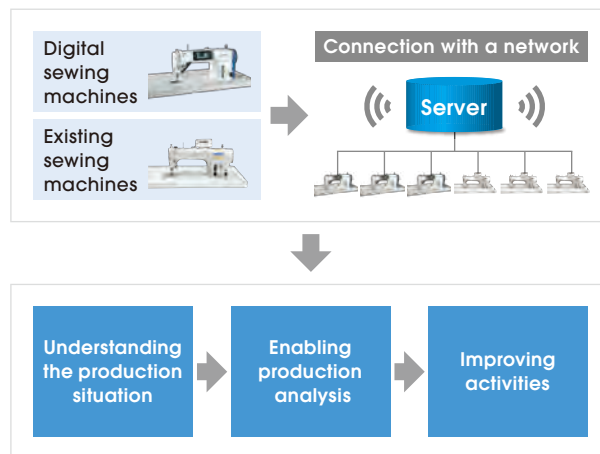
This vehicle automates transportation work in a sewing factory that depended formerly on people. Parts (clothes) after cutting, needlework in process, finished products, etc. are automatically transported between processes. By arranging simultaneous transport synched (synchronized) with the production system, JUKI can build a system that delivers products "when they are required," "to the required place," "in only the required quantity."



**Sewing management system software**



Equipment data such as operation information on individual sewing machines is visualized in real time, analyzed by networking the sewing machines, and used to plot out production improvements. Digital sewing machines in a lineup can realize two-way communication and download control information on stitches to a sewing machine. Support content using "information" on presage management, traceability, etc. will increase in the future.



# HOUSEHOLD SEWING MACHINERY BUSINESS



**To create new pleasure together with a pro-hobbyist customer (Home Sewer) using a sewing machine that supports creativity, JUKI does the following:**

As a comprehensive manufacturer of household sewing machines, JUKI develops and sells products adopting high-precision technologies originally developed for industrial sewing machines. The rich selection of products, high-quality stitches, and the friendly operability attract a wide range of customers from beginners to professionals. JUKI will continue its customer-oriented business expansion to provide customers with the enjoyment of full-scale sewing.



## Products



Full-size, Computerized Sewing Machine with Advanced Features  
HZL-DX7



2-Needle, 4-Thread Overlock Machine with Differential feed  
MO-114D



Straight line Sewing Machine for Professional Use  
TL-2200QVP Mini



Long arm Quilting Machine  
TL-2200QVP

# Customer Solutions

## 1. Providing reliable products and technologies

Sticking to a “seam” as the essence of a sewing machine, a “stitch” one notch above is offered. The machines not only stitch heavy-weight materials and multi-layered sections of materials, but also change small needle baselines and adjust seam lengths and stitch swing width smoothly and easily along the way. “Quilt” work with designed seams is also finished beautifully.



## 2. Holding a workshop to share the pleasures of sewing and sewing machine operation

JUKI runs workshops all over the world to familiarize customers with sewing machine functions, operation techniques, and the pleasures of sewing articles such as swagger bags, small articles, and quilts. The hobbyist’s world of machine sewing is extended using high-utility functions only offered by JUKI.



## 3. Providing sales and technical support covering the world

Our customers are supported by a global sales and technical network for industrial sewing machines. JUKI holds various workshops on sewing machine mechanisms, techniques to achieve beautiful seams, and methods to use and maintain products to offer “peace of mind.”



JUKI's businesses

# TOPICS

## Participation in the 17th Tokyo International Great Quilt Festival 2018

Over 210,000 visitors came to the “Tokyo Great International Quilt Festival,” one of the world’s largest quilt exhibitions, in February of this year.

JUKI demonstrated three models at the JUKI booth, including the TL-2200QVP Long-arm Quilting Machine presented by Ms. Felisa Nakazawa. The company also held two workshops using the HZL-EX7 and SL-700EX. Large numbers of visitors were welcomed to the JUKI booth from the opening hour on the first day of the exhibition. Many of them queued up to apply for the workshop. Some of the workshop participants purchased our sewing machines after working with them hands on.



## Increasing our dispatch of information and promoting community activities

JUKI provided links to its Facebook page and YouTube channel on the JUKI household sewing machine website. Then we started posting on Instagram, in December of 2017. We are increasing the dispatch of information that resonates more with our customers.

Working out of the showroom at the head office, we regularly hold workshops with sewing authors, present lectures on JUKI attachments, and conduct free trial sessions on sewing machine operation. In an era when public consumption is shifting from tangible to intangible goods (from products to services), we are building a community where we can share the pleasures and joys of sewing with customers.



# ELECTRONIC ASSEMBLY SYSTEMS BUSINESS



Manufacturing and sales base of Electronic Assembly Systems

- Major manufacturing bases
- Major sale bases

— JUKI AUTOMATION SYSTEMS GMBH.

TOKYO JUKI INTERNATIONAL TRADING (SHANGHAI) CO., LTD.

JUKI INDIA PVT.LTD.  
SMT Division, Head office

— JUKI SMT ASIA CO., LTD.

● JUKI INDUSTRIAL EQUIPMENT TECHNOLOGY CORPORATION

● JUKI AUTOMATION SYSTEMS CORPORATION

● JUKI AUTOMATION SYSTEMS INC.

# To support circuit boards production plants through a total solution, JUKI does the following:

The “electronic circuit board” is incorporated in modern electric appliances and electronic products, as well as the industrial robots and equipment that produce those products. The electronic circuit board is the brain of products that make our life so rich and convenient.

JUKI supports a customer by studying the customer’s market needs in advance of development, performing tests of all kinds when production goes on line, and providing generous repair services, etc. as a comprehensive manufacturer of circuit boards production equipment.

JUKI aims at supplying a “total solution” that improves the productivity of the customer’s whole manufacturing line and whole floor as well as the products themselves. JUKI also responds to customers engaged in today’s fast-evolving electronic industry by providing circuit boards production equipment lineups that meet customer needs, automatic warehouses to store and supply electronic components in conjunction with the equipment, and the systems that integrate them and perform production management, etc.



## Customer Solutions

### 1. Providing a full line-up of SMT products responding to various kinds and various volumes production

These solutions respond smartly to changes in various production conditions by providing a full line-up of printing machines, mounters, and high-speed three-dimensional inspection machines that stops the outflow of bad Circuit Boards. The mounters are configured to build the most suitable placement lines with no substitutions with different types of equipment and no replacement of placement heads according to changes in production items and production volumes.



### 2. Supporting the management and productivity improvement on the whole floor

JUKI’s total solution supports improvement on the whole floor, from acceptance of parts to shipment of finished goods. JUKI supports productivity improvement by proposing evolving solutions such as automation of manual work after the mounting process, a product for storing and controlling electronic components automatically, and system software that contributes to the achievement of production plans.



Automatic warehouse for storing and controlling electronic components

### 3. Providing generous before-and after-sales service

In addition to maintenance checks when periodic maintenance and parts replacement are performed, restored work is quickly provided whenever trouble occurs. Customers all over the world gain peace of mind from before- and after-sales services such as manufacturing line proposals according to the production requests of customers before product purchase, placement tests for components on circuit boards, workshop programs, etc.



## Products



High-speed smart modular mounter RS-1



High-speed compact modular mounter RX-7R



3D PWB Visual Inspection Machine (AOI) RV-2-3D



Multi-task platform JM-100

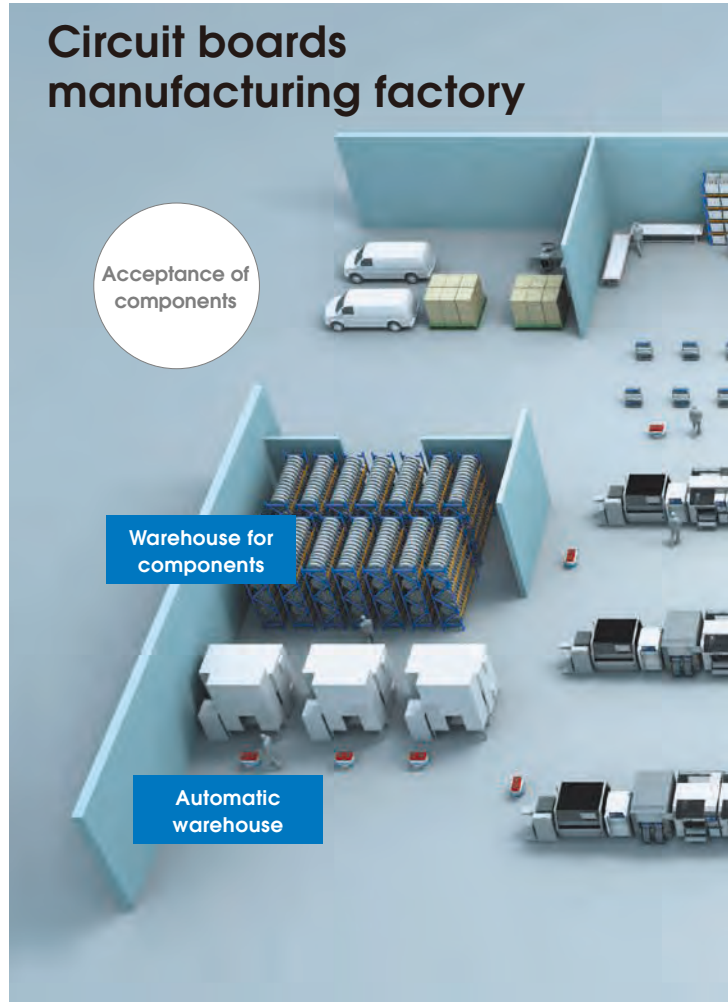
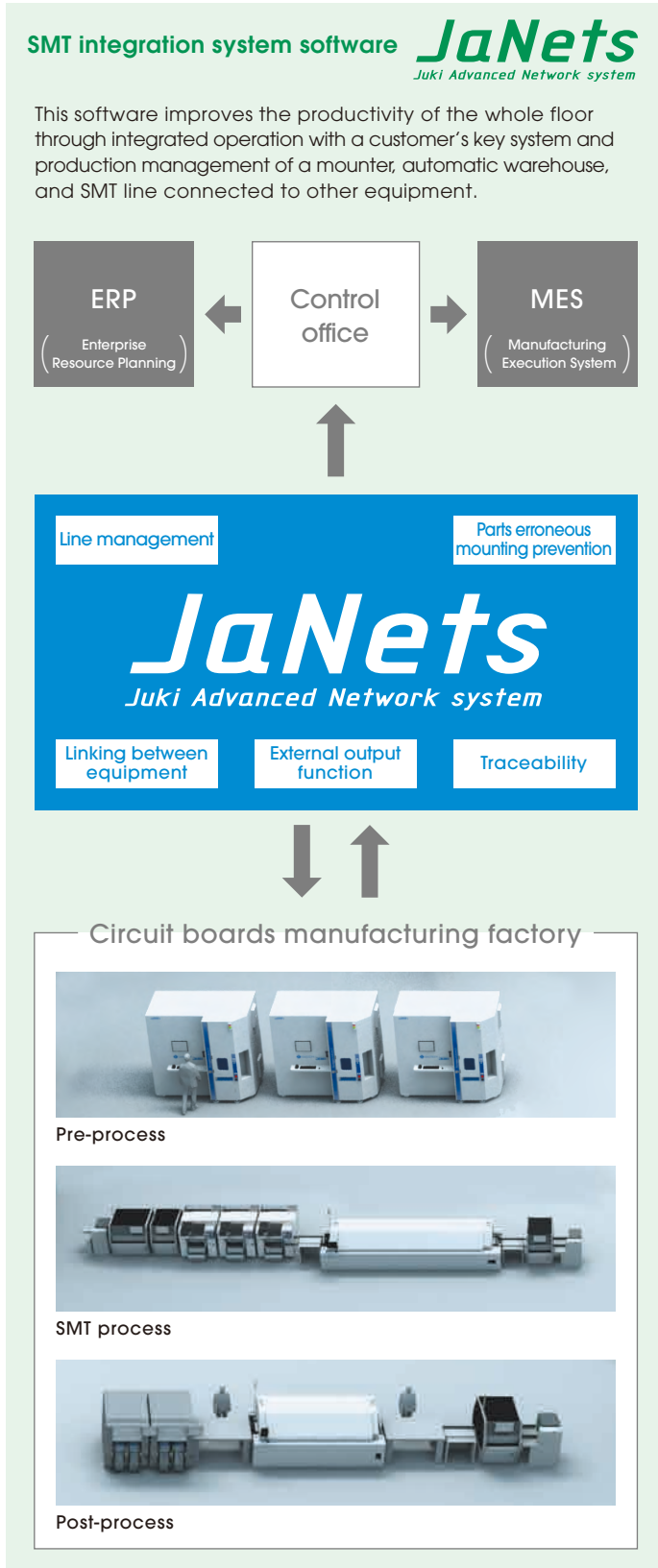


Intelligent storage management system ISM3600

# Electronic Assembly Systems Business

JUKI's total solution integrating the whole factory by linking the equipment to the systems of a circuit boards manufacturing factory

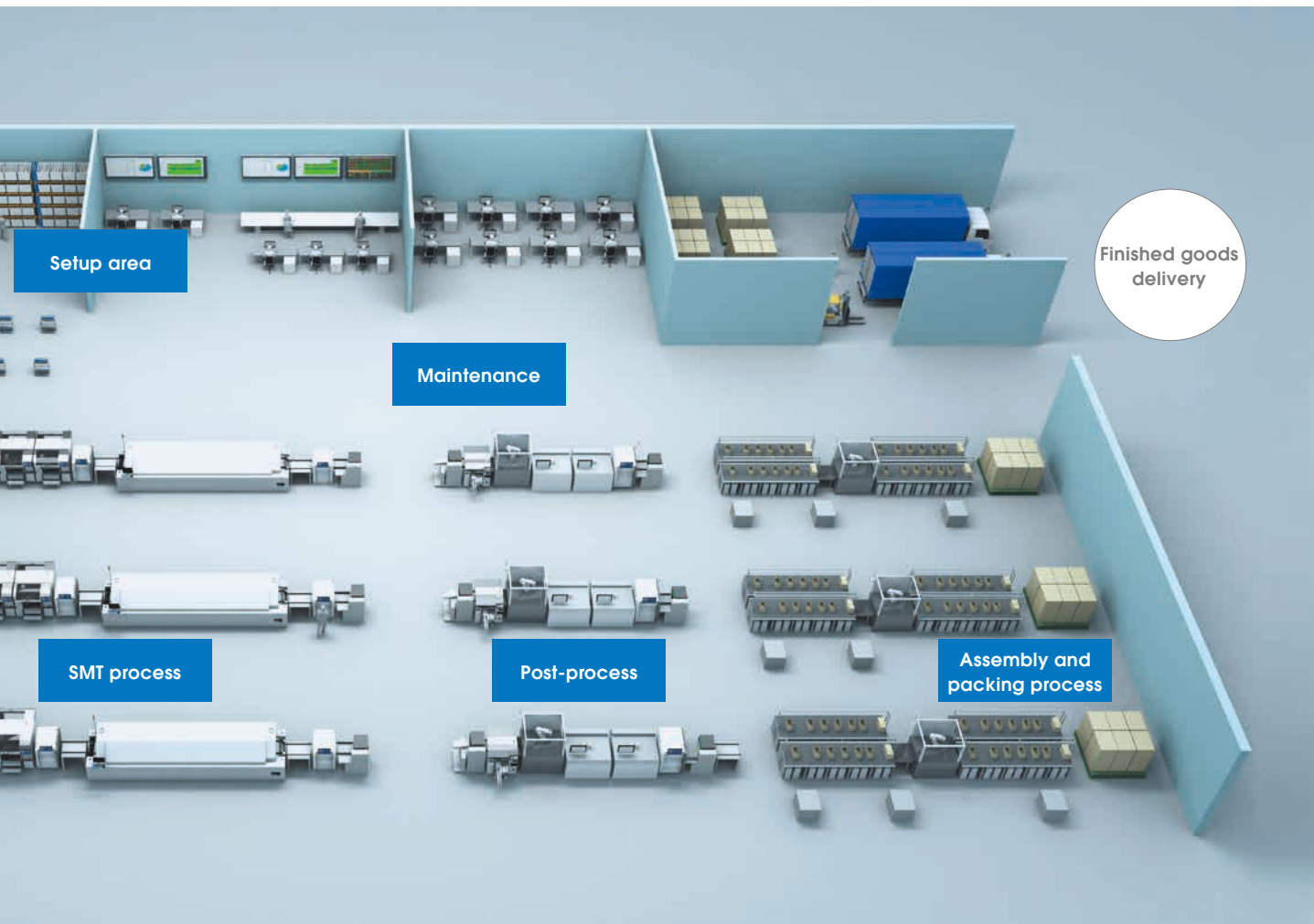
## JUKI's proposal for a Smart Factory



### Solution for an SMT system

JUKI offers a full lineup consisting of a printing machine, inspection machine, chip mounter and general-purpose mounter equipped with JUKI's original mechanisms. (A reflow oven is excluded.) This equipment improves the productivity of an SMT line geared for various kinds and various volumes production by providing a wide range of lineup with a mounter requiring no head replacement and setting the component-recognition sensor attached to the head at a variable height according to the height of the electronics components to be placed.





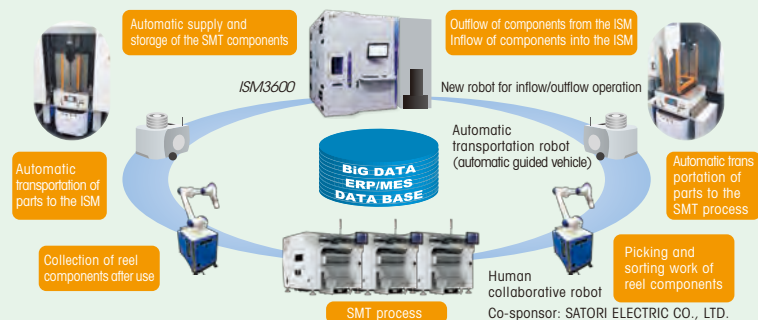
### Solution for a system to automate the post-process

This equipment automatically inserts and places large-size electronic components, heavy components, and other components that are conventionally placed manually in a post-process due to difficulty in automatic placement on SMT lines.



### Solution for a storage system (Streamlining component supply management)

This system interlocks with the SMT line to automate the manual task of SMT component supply management. The system significantly enhances work efficiency and productivity using an automatic warehouse that automatically supplies and stores components, AGVs that automatically transport components from the automatic warehouse, robots that pick up reel components in collaboration with humans, and much more.



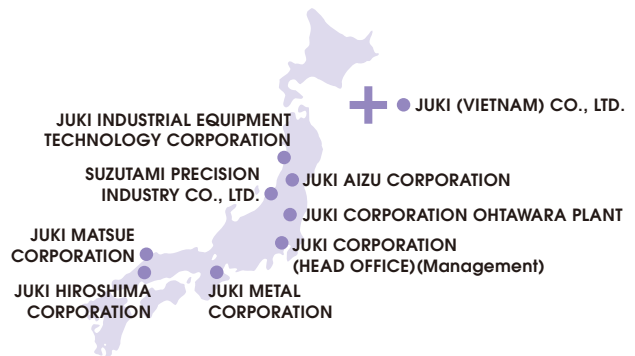
# GROUP BUSINESS



## Contracted development and manufacturing business

To support customers who engage in manufacturing through four collective strengths: “technician,” “development and manufacturing equipment,” “development and production know-how,” and “materials,” JUKI does the following:

This business combines the manufacturing (Monodzukuri) capabilities of manufacturing companies. The business is endowed with development capacity cultivated through the design and development of major products, the manufacturing of parts, and assembly of products, as well as a wide range of high manufacturing (Monodzukuri) capabilities, etc. focused on precision work, press and sheet-metal working, pig iron casting, precision casting, and mold manufacturing. JUKI's group business produces parts or unit products customers want by deepening and combining their manufacturing technologies.



## Sleep Buster Supporting the driver's safe run



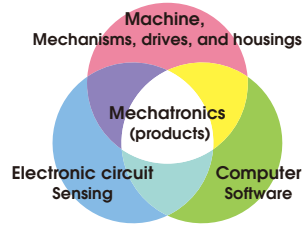
The Sleep Buster is a device developed to reduce traffic accidents and to prevent overwork driving. Sensor pads attached to the driver's seat monitors physiological signals in driver's upper body second by second. Built-in algorithms assess the degree of driver fatigue and issue warning displays or sounds whenever the driver's concentration or physical condition decreases or suddenly changes (e.g., when the driver drifts toward sleep). The driver's stress, concentration, arousal, and fatigue can all be analyzed in more detail by downloading the sensor data to a personal computer using JUKI's exclusive software called "Human Tachometer."



# Customer Solutions

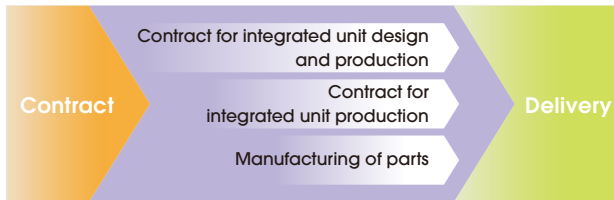
## 1. Enabling development and design of equipment control

These customer solutions enable the development and design of equipment control based on technologies developed in the mounter design and development process. Diverse human resources gathered from the fields of mechanical engineering, electronics engineering, and software combine flexible ideas to create new products.



## 2. Gathering JUKI's and the JUKI Group's manufacturing (Monodzukuri) capabilities (development capacity and manufacturing capacity) together

All of the companies at JUKI's manufacturing bases have acquired ISO9001 certification. They adopt scientific analytical methods based on JUKI's more than 50 years of manufacturing (Monodzukuri) experience and adhere to highly efficient practices with a commitment to eliminating waste. They also deliver high value-added production, good-quality manufacturing (Monodzukuri), and high-quality products.



## 3. Supplying high value-added products through full utilization of "people, equipment, method and materials" (Material → machining → assembly → finished goods)

Technicians who have acquired various national qualifications complete products by means of multi-selection manufacturing suitable for customer's needs using a wide variety of technologies such as MC (Machining Center), casting, grinding, and painting. They also perform all of the processes from material procurement to manufacturing and assembly by means of a one-stop service.



## Contracted products fusing the development and manufacturing technology at each base

- Utilizing JUKI's long-cultivated development and manufacturing capacities to contract product development and manufacturing (JUKI INDUSTRIAL EQUIPMENT TECHNOLOGY CORPORATION)

Comprehensive development capacity

+

Manufacturing capacity developed through JUKI's experience in manufacturing chip mounters

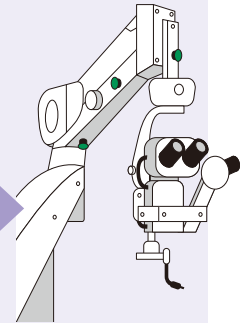
+

Acquisition of ISO13485 certification in the medical field

+

Maintenance system

Development and manufacturing of units and parts for medical equipment



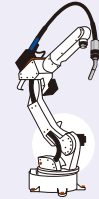
- Fusing the technological capacities of two companies to contract parts manufacturing

Casting technology (JUKI METAL)

+

Machining and painting technology (JUKI MATSUE)

Parts manufacturing for an industrial robot



- Cooperating between two companies to contract parts manufacturing with excellent cost performance

Lost wax process (JUKI VIETNAM)

+

Inspection technology (JUKI AIZU)

Manufacturing of parts in the automobile field



## Data Entry System

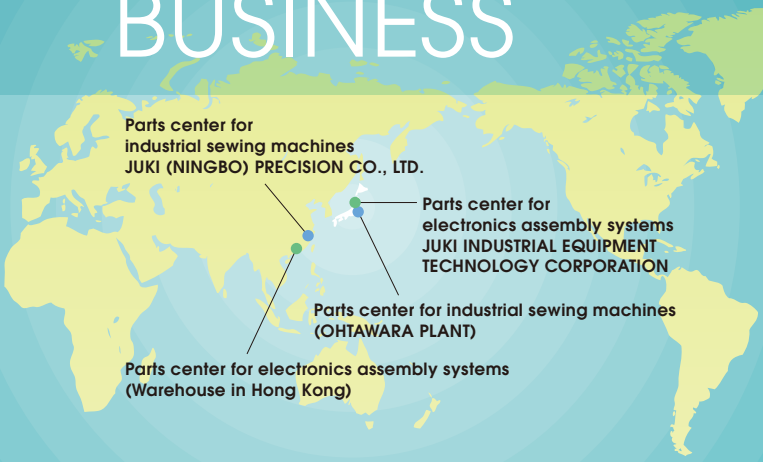
### JUKI's original information-processing system



A data entry system is a system for rapidly inputting large volumes of alphanumeric data.

Insurance companies, banks, and other organizations that process great deals of information are members of the information processing industry. JUKI is now developing equipment to enhance processing capabilities and reduce human error for these organizations. Foremost among their needs are the "protection of confidential and personal information," "more efficient image entry with help from OCR processing," and "deliveryless system using high-speed communications infrastructure."

# CUSTOMER SUPPORT BUSINESS



To deliver peace of mind to customers all over the world by providing the strongest customer support and parts supplies available, JUKI does the following:

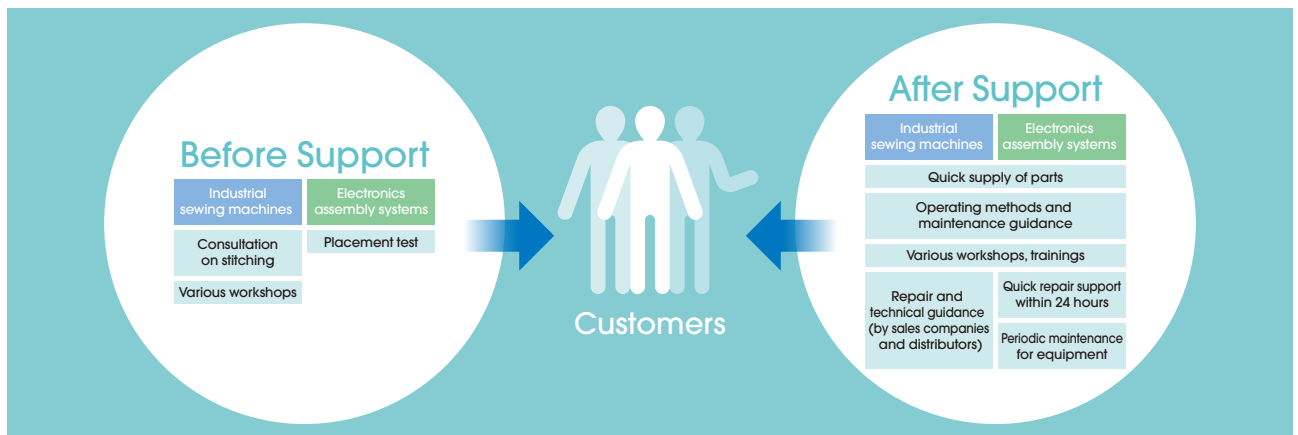
All of us in this business feel the customer's needs in our bones as providers of industrial sewing machines and electronic assembly systems, the cores of JUKI's business. The business provides consumables and spare parts, as well as thorough after-sales services to ensure that customers who have already purchased JUKI products can use them in better environments.

This industrial sewing machine business provides about 100,000 kinds of parts to customers and arranges a system for timely parts delivery in accordance with their demands. The business also proposes solutions for spare parts to help customers improve productivity and avoid production stoppages.

The electronic assembly systems business, on the other hand, proposes recommended spare parts for replacement purchases and maintenance with overhauls, etc. and performs preventive maintenance activities to ensure that customers can use our products habitually for many years to come.



Parts center for industrial sewing machines (at the OHTAWARA PLANT)



# Customer Solutions

## 1. Offering a system for delivering parts promptly to customers all over the world

Parts are vital for production operations at the customer's factory, along with the industrial sewing machines and electronic assembly systems deployed. In supplying parts, the goal is therefore to reduce the non-operating time of the product to the utmost. Lack of repair parts for machine troubles of any kind will halt a production line and reduce the customer's product output. JUKI delivers parts to customers all over the world quickly from parts inventories that each JUKI sales company throughout the world possesses to ensure that customers can use JUKI machines habitually for long periods.



Automatic warehouse for parts at JUKI AMERICA

## 2. Providing a trouble-free and strongest customer support

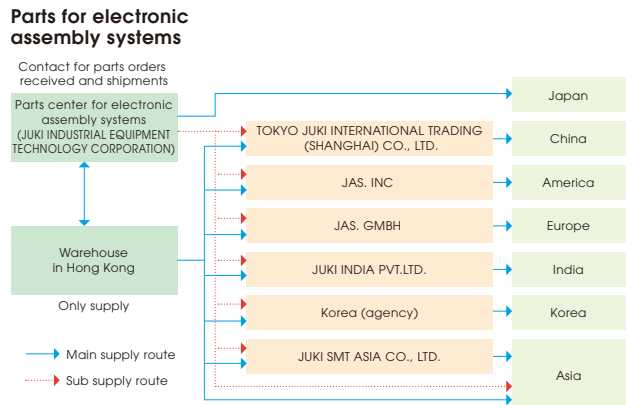
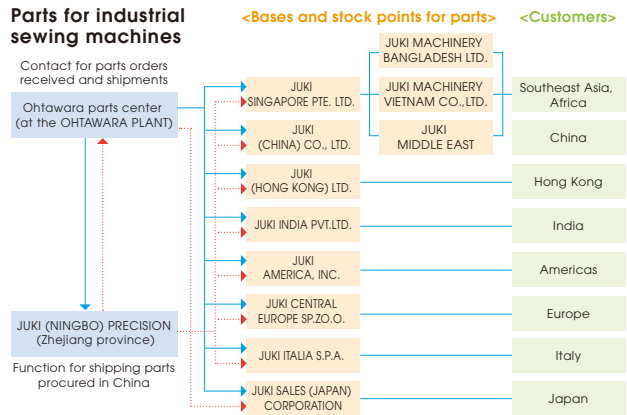
JUKI periodically check the technical skills of its service engineers and deploys them to bases set up throughout the world to speedily recover halted customer manufacturing lines. In addition to technical support, JUKI also provides various training courses and seminars using specialized knowledge, as well as other forms of knowledge support.

# TOPICS

## Establishing technical information and parts information for customers on JUKI websites

JUKI has established a membership-based Technical Support Website to provide timely product maintenance information, etc. to maintenance people at factories using JUKI products and technical people working for distributors of JUKI's industrial sewing machines and electronic assembly systems. We have also established Club-J, a special membership-based website that provides detailed information on industrial sewing machine parts, in addition to our main Technical Support Website with more than 12,000 registered members.

## System for parts supply



## Preventive maintenance activity for electronic assembly systems

JUKI grasps the status of older products and maintains them in the best possible condition to ensure that customers can use their JUKI products for as long as possible. JUKI can also extend the life of products and raise the quality of placement accuracy to secure stability.



(Left) Information website for technical people  
(Right) Parts website for industrial sewing machines

JUKI's businesses



## High-level technological development capacity dedicated to the “Customer Creed”



JUKI has applied its technology development capacity to the development of a single unit product and the creation of an automatic machine and automation system to meet customers' challenges focused on productivity improvement, manpower saving, deskilling, and improvement of quality. JUKI has invented many “first in the world” mechanisms as a world leader in manufacturing.

Environmental considerations such as user-friendliness and electric power saving become bases for development and the pursuit of the latest technologies. JUKI strives to make products customers can use without any form of stress all through the day. JUKI sewing machines have the overwhelming support of both on-site users and factory administrators.

JUKI has also set up development bases in China, Vietnam, United States, and Poland to respond speedily and carefully to the needs and high-level requests of overseas customers.

### JUKI's technology development

JUKI repeats quality and specification tests (evaluation experiments) by exposing products virtually to various physical phenomena to ensure that no problems with strength, safety, durability, etc. occur.



Material research with an electron microscope



Elemental analysis using an EPMA



Hardness test using a Vickers hardness tester



Test using an electrostatics tester



Vibration test using a vibration exciter



Product package drop test



Durability test for a chip mounter



Stitch test for an industrial sewing machine



Noise rating in a semi-anechoic chamber

# JUKI's core technology

JUKI's core technology connects directly to products by stabilizing quality, enhancing user friendliness, improving workability, and reducing power consumption. The technology also meets the diversified and sophisticated market needs accurately and creates functions full of attractions that meet customer demands all over the world.

## Core technologies for industrial sewing machines



Digital control for DDL-9000C

### Digital control

Digitalizing seam adjustments and transferring the data using IoT

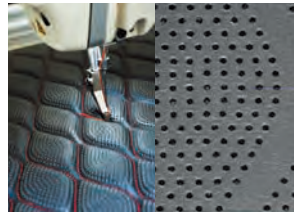


Image processing technology of AMS

### Image processing technology

Technology to correct divergences midway through sewing operations based on program data and image processing



Mechanism for shorter remaining thread in the LK-1903BB

### Technology for preventing bird's nests and shortening leftover thread

This technology prevents thread from tangling into a bird's nest and cuts the remaining thread to the shortest possible length at the end of sewing.

### Other core technologies

Technology to prevent loose thread	Knot-tying to prevent loose thread at the finish of sewing
Active tension	Dynamic control of thread tension to achieve stable "sewing"
Vertical drive during feeding operation	Easily adjusting the feed dog height using a digital feed mechanism with vertical drive
Dry technology	Keeping lubricant to a minimum to reduce environmental load and eliminate oily residues on finished products
Energy-saving technology	Restraining power consumption by controlling and optimizing various motors
Perfect stitches	Controlling the needle and bobbin threads to sew perfect stitches in all directions

## Core technologies for household sewing machines

### Float mode

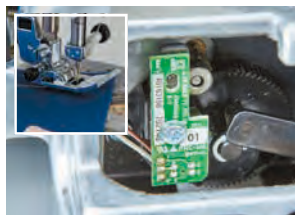
Original technology for recognizing the presser lifter status



Controlling the presser height for the HZL-EX7

### Pivot functions

Original technology adopted when a sewing machine starts and stops



Controlling the needle up-and-down movement for the HZL-EX7

### Other core technologies

Box feed	Enhancing the feeding force by adopting the feed dog movement in a rectangular, "rectangular box" trajectory
Fully automatic threading (Easy threader)	Technology for quickly passing the looper threads through the holes with wind power in overlock machines
Automatic presser foot lifter	Technology to lift presser foot by automatic motor control when a sewing machine starts and stops
Slide throat plate	Technology to narrow the needle hole of a throat plate exclusively for straight line sewing

## Core technologies for electronic assembly systems

### Elaborate head

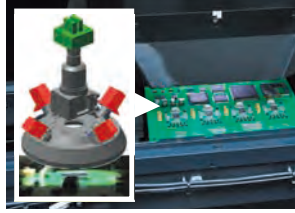
Changing the recognition height to fit the placed components



Making the head height variable for the RS-1

### 3D image recognition for an inspection machine

Clearly imaging components with a DLP (Digital Light Processing) system projection device



Projection device for RV-2-3D

### Other core technologies

Planet head	Changing the recognition height to fit the placed components
Image recognition technology	Achieving stable component recognition with a dedicated camera and various lighting methods
Laser recognition technology	Recognizing the position and angle of a component when the component is illuminated by light.
Component Verification System (CVS)	Preventing placement errors by technology that determines the electrical properties

JUKI's value creation

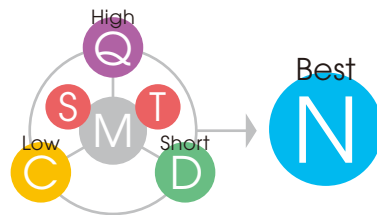
# Production capacity



“Made by JUKI” manufacturing (Monodzukuri) with a commitment to “produce 100% good-quality items”



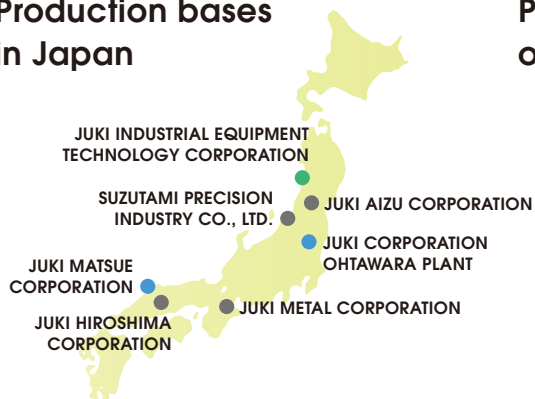
JUKI’s manufacturing factories are defenders of “JUKI Quality” and pioneers of further-evolved manufacturing (Monodzukuri). The “six elements of production” form the base of JUKI Quality: <Q> for quality, <C> for cost, <D> for delivery time, <S> for safety, <T> for human resources development, and <N> for new products. The cycle of management centering around the <M> for manpower drives continuous improvement activities based on these six elements.



All of JUKI’s industrial sewing machines are “produced near the customer” at five factories in three countries: Japan, China, and Vietnam. The group companies producing “made by JUKI” products share manufacturing techniques, construction methods, know-how, etc. invented at the “OHTAWARA PLANT,” the mother factory.

JUKI INDUSTRIAL EQUIPMENT TECHNOLOGY CORPORATION plays a role in producing JUKI’s electronic assembly systems. This company puts products of firm quality out into the world while working on flexible development methods and improvements.

## Production bases in Japan



## Production bases overseas



- Production of industrial sewing machines
- Production of electronics assembly systems
- Production of household sewing machines
- Production of parts, etc.

# JUKI's production capacity

## Adopting a digital production system

The OHTAWARA PLANT (for production of industrial sewing machines) and JUKI INDUSTRIAL EQUIPMENT TECHNOLOGY CORPORATION (for production of electronic assembly systems) introduced a digital production system that displays assembly procedures on a tablet screen for every cell. This system enables work proficiency in short time frames, the prevention of erroneous assembly, reduced loss due to inefficient line balance, and a stable production system overall.



## Fostering quality technicians and education

The starting point of manufacturing (Monozukuri) remains "human resources creation." We continuously work to maintain and improve our QCD program (quality, cost and delivery time) by promoting the acquisition of skills and qualifications, quality-control education, and in-house tests for certification, etc. We also perform periodical education for the human resources who will be running JUKI's overseas factories in the future. Human resources educated in management support JUKI Quality at a deep level.



## Making an approach toward making a factory more attractive

We advance an approach toward a smart factory through robotization and digitalization based on "5S, safe, and QCD." We also advance transformation to a highly-productive factory using IT for robotizing the processes of frame machining, air-blowing to remove the residual chips and shavings, and painting, in addition to automatic transportation system between processes as well as digital production.



# TOPICS

## Takt time production using an AGV (at the OHTAWARA PLANT)

JUKI launched a takt time production process using an AGV (Automated Guided Vehicle) to equalize variations in assembly work efficiency and connect to productivity improvements. The process has the following structure. In the line production for the assembly, the AGV transports the assembled units at a predetermined takt time to the person in the charge of next production task. The prescribed assembly work is completed in conformity with the takt time. When an assembly work cannot be completed automatically, the team members working on the line production complete the work and then analyze the root cause by video to connect to improvement.



Takt time production line for the LK model, starting in December 2017

## Highly reliable SMT line (at JUKI INDUSTRIAL EQUIPMENT TECHNOLOGY CORPORATION)

We have established a model printed circuit board production line for a smart factory proposed by JUKI. The model line consists of a full lineup of JUKI SMT line equipment connected with equipment and robots that automate the manual mounting work in the post-process and an automatic warehouse that automatically supplies and stores components to make the line highly efficient and productive. Better still, the use of JaNets SMT integration system software allows customers to visualize all aspects of production management.



Model line automating the manual mounting work in the post-process

## Relationship with stakeholders

### Relationship with customers

JUKI is working to enhance its support system for listening directly to the voice of the customer. JUKI continues to provide products and services that satisfy customers by increasing contact points with customers.

#### Industrial Sewing Machines



#### TMI (VIETNAM) CO., LTD.

Production Manager of  
ELITE LONG THANH  
**Mr. Luu Van Trong**

Vice General Manager of  
TMI (All factory)  
**Ms. Vu Thi Hoang Yen**

We have used JUKI sewing machines at most of our factories for many years as a producer of world-famous sportswear. We trust in JUKI quality, as well as JUKI's ability and commitment to respond to the various requests of our customers.

Our customer requests generally focus on three points: quality, cost, and delivery time. Their requests are often demanding and change from day to day.

JUKI gives us the edge we need to respond to tight requests and technical challenges for our sewing machines.

Now that JUKI accepts proposals in production technology for the introduction of new technologies and production automation for the productivity improvements in demand, JUKI offers us advantages other companies lack.

On a personal level, we rely on JUKI staff to introduce better methods and encourage us to use them.

We share a common spirit and grow together with JUKI as our trusted partner in business.

“JUKI is a trustful partner, who takes on a journey with us to reach our goals.”



Employees in the field at TMI live by a simple code of conduct: "Within the decided time, in the decided quantity, with high quality." Our quality regime is meticulous. We stabilize the feeding of fabrics by installing sub-tables and for the purpose of avoiding the influence of air-conditioner ventilation, we attach thread boxes to all of our sewing machines to reel out the thread more stably.

#### Household Sewing Machines



#### Quilt author and a teacher **Ms. Felisa Nakazawa**

The trigger that got me started at quilting was an encounter with an antique indigo dyeing fabric. It reminded me of the perfectly clear blue sky I remember from the place where I was born and grew up. I fell in love with it instantly.

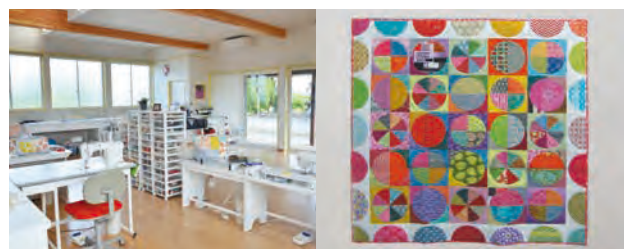
A quilt has a long history and encompasses many different pieces of work. But what entices me most is the originality of a quilt. I value images such as the designs and shading that spring out in the progress of making a quilt. I try to augment those qualities when I perceive them.

I have used a full lineup of JUKI household sewing machines, a tailor-use sewing machine, a lock sewing machine, a quilt-making long-arm sewing machine, and sometimes JUKI's DDL-9000C industrial sewing machine. I love stability of the stitches and the detailing and friendly design. I clean the machines once a week and maintain them fastidiously with lubrication oil, etc. because I use them every day as my partners.

I have won a lot many prizes. My works are featured in magazines and submitted to shows. But I apply myself to my production every day in pursuit of more quilting works that satisfy my own standards.

I would like JUKI to develop more technologies and someday a remarkable dedicated quilt sewing machine, a machine I have never had the pleasure of using.

“JUKI sewing machines have enlarged the range of quilt-making.”



An atelier in Ms. Felisa Nakazawa's house and quilt work



## Electronic Assembly Systems



**Shenzhen Twowing Technologies Co., Ltd.**  
 Director  
 Mr. Lai Wei Qiang

The TWOWING company was established in 2006 and currently employs about 3,000 people. Our company develops, manufactures, and sells products for communication such as a PON "Passive Optical Network" set box. We sell our products in China and export them to Europe and Southeast Asia.

Our company constantly strives to streamline the efficiency of our daily preparations for production due to the high-mix, low-volume type of production we engage in to satisfy the highly diverse needs of our customers. We also put an emphasis on staff education to improve productivity. Our company works to improve the level of our employee's business knowledge level and foster teamwork through guidance according to an education curriculum and OJT education at the workplace.

The JUKI's service engineers are very diligent. When a circuit failure occurs in a machine on a circuit board manufacturing line, every member of the JUKI service team trouble-shoots the problem perseveringly until the problem is fully analyzed and fixed. This type of eye-opening customer service has steadily deepened our trust in JUKI.

I would like to ask JUKI to continue supporting us so that our company can grow as JUKI further improves its technological capacity and provides its generous support.

“JUKI provides generous and patient support in response to unexpected situations.”



## Group Business



**Koki Holdings Co., Ltd.**  
 General Manager, Procurement Department  
 Mr. Kiyoshi Morita

Our company is a comprehensive manufacturer of electric power tools offering a selection of about 1,500 product types. We produce our products in domestic and overseas nine factories for supply to customers all over the world.

The roles of our procurement department are to "contribute to profit" and "realize a continuous stable supply." We perform a procurement activity every day while closely overseeing the balance of "Quality (Q), Cost (C), and Delivery time (D)." One of the conduct guidelines of our company prescribes something like an "ABC strategy": A for Akiramezuni (no quitting), B for Burezuni (unwaveringly), and C for Chantoyaru (properly). JUKI wholeheartedly supports this ABC guideline and makes efforts to develop timely new products for us as teammates sweating things out together with our own people.

We have had business transactions with JUKI AIZU for about 30 years and with JUKI VIETNAM for about 15 years. They have become business partners indispensable to our manufacturing (Monodzukuri). We now plan to have JUKI OHTAWARA machine the cast made by JUKI METAL and are promoting expanded transactions with JUKI's group business. As a manager of the same type of manufacturing (Monodzukuri) company, I would like to ask JUKI to extend us assistance to help both of us become major players in the world while striving for self improvement.

“JUKI is a reliable business partner who works on manufacturing (Monodzukuri) together with us.”



A showroom exhibiting Koki Holdings products (at the Katsuta factory in Ibaraki Prefecture)

Parts manufactured by JUKI AIZU CORPORATION on a contract basis

## Relationship with stakeholders

### Relationship with suppliers

The JUKI Group strives to improve technological capacities together with suppliers in a bid to achieve mutual harmony and benefit. The Group also strengthens communications with its suppliers through briefing sessions and workshops.

#### Workshop for the JUKI Cooperation Club <1>

A workshop for the JUKI Cooperation Club was held in July 2017. Seventy member companies (74 people) participated. We visited the IGA Campus of DMG Mori Seiki Co., a manufacturer of machine tools, to attend a lecture on the actions required to implement a smart factory (conforming to IoT & Industry 4.0). The factory tour specifically demonstrated the company's high level of management utilizing IoT. Their all-encompassing IoT regime covered instructions for automated parts delivery instructions, modularization for reduced assembly lead time, the adoption of a team line production method, real-time display of the operating status of factories all over the world, and much more. The lecture left a deep impression on all who attended. We would like to apply what we learned from this visit to our further improvements and reforms in the future.



Commemorative photo of participants at the IGA Campus of DMG Mori Seiki Co.

#### Workshop for the JUKI Cooperation Club <2>

A workshop for the JUKI Cooperation Club was held at the head office in Tama-shi in November 2017. Eighty-eight member companies (94 people) participated. In our showroom tour we provided information on the industrial digital sewing machines and our line solution relating to ISM, etc. as an electronic assembly system. At the workshop we presented a lecture on "Actions for Establishing a Smart Factory" with a close focus on AGVs (automated guided vehicles), robots, and our approaches toward systematization. Participants spoke favorably on the rich content of the workshop and the extensive understanding they acquired on JUKI's product proposals and smart factories tailored to the labor- and manpower-saving needs of customers.

Two award ceremonies were held after the workshop. In the first, president Kiyohara presented seven companies with award plaques for their particular contributions to QCD. In the second, Managing Officer Uchinashi (currently Senior Managing Officer) presented Quality Guaranteed Delivery Certificates to 53 companies that achieved quality review standards.



Sabun Industrial Co., Ltd., an outstanding supplier Mr. Sato (right), president, receiving a commendation from president Kiyohara (left)

JUKI showroom tour

### Relationship with shareholders and investors

The JUKI Group would like to improve management transparency through correct and timely information disclosure to shareholders and investors. The JUKI Group is also making an effort to respond to shareholder and investor expectations by keeping track of their opinions.

#### General meeting of shareholders

JUKI holds an ordinary general meeting in March every year. To ensure that more people attend, it schedules the event on days when few other companies hold shareholder meetings of their own. On March 26, 2018, JUKI held the "103rd Ordinary General Meeting of Shareholders" at its head office and many general shareholders joined.

The company organized a tour for attending shareholders after the meeting to show them JUKI's core products and deepen communications with them.

We also paid a 35 yen per share dividend consisting of a regular dividend of 25 yen and a special 10 yen dividend to commemorate JUKI's 80th anniversary. JUKI makes continuous efforts to respond to shareholder expectations.



#### Briefing of IR results

JUKI has worked actively to disclose information appropriately to and promote understanding of shareholders and investors in order to enhance communications with them. As one activity, briefings on JUKI's performance are held twice a year for institutional investors.

JUKI held a briefing at Japan Investor Relations and Investor Support, Inc. (Nihonbashi, Chuo-ku) in February 2018 to present an "outline of achievements for the fiscal year ended December 31, 2017 and business forecast ending December 31, 2018" and JUKI's "approach toward the Medium-Term Management Plan - Value up 2022 - (fiscal 2018 to 2020) and priority policies."

JUKI tries to engage in proactive dialogue by responding to inquiries from individual shareholders and specific questions from securities analysts, fund managers, and the like.



# Relationship with society

We undertake activities to build good relationships with community members in every country we serve as a global company. Some of the activities we undertake help us answer requests from society and meet social expectations as a good corporate citizen.

## Commended for our contribution to town-beautification activities

At the Tama Eco Fiesta held at 2018 Parthenon TAMA Citizen Gallery in January 2018, JUKI was commended as an exemplary contributor to town beautification. JUKI has been commended for its longstanding activities to help beautify the environment. Before office hours begin on the morning of every Zero Waste Day (May 30), we team up with people in nearby companies to conduct a trash pick-up to keep public spaces clean.



Mayor Abe of Tama City (center)

## Our head office cafeteria won the “2017 Tokyo Governor's Prize for Improving Nutrition at Specified Facilities for Providing Meals, etc.”

Our head office cafeteria won the “2017 Tokyo Governor's Prize for Improving Nutrition at Specified Facilities for Providing Meals, etc.” Every year, Tokyo Metropolitan Government awards a prize to excellent specified facilities for providing meals that contribute to nutritional improvement. The award was bestowed to commend the following services focused on the health of cafeteria patrons: nutritional guidance, menus created by a national registered dietician, health-check associated events held by cafeteria staff, and more.



## Winning the Distinguished Service Award at the Tochigi Territorial Industry Safety and Health Convention

The Tochigi Territorial Industry Safety and Health Convention was held at Utsunomiya Cultural Hall in October 2017. Ms. Mieko Muroi of the Health Counseling Office at the OHTAWARA PLANT won a Distinguished Service Award for the Japan THP (Total Health promotion Plan) Promotion Council. Ms. Muroi was selected for the honor in recognition of her long-running efforts to promote the Total Health promotion Plan (THP) campaign for workers in accordance with a guideline set by the Minister for Health, Labour and Welfare.



## Nearby elementary school students taking a social studies field trip

The head office at Tama-shi, the OHTAWARA PLANT, and JUKI INDUSTRIAL EQUIPMENT TECHNOLOGY CORPORATION welcomed nearby elementary school students to their premises on social studies field trips. The field trips were a rare opportunity to experience lessons not normally taught at school. In total, 260 students from grades 3 to 6 learned about manufacturing (Monodzukuri) and the ingenuity and efforts implemented by the companies at their facilities. The JUKI Shinbun (newspaper) summarized the thank you letters from the students and post hoc field trip reports on what the individual students learned about manufacturing. We continue working together to nurture children in the community.



Drawstring bags made by hand at the head office in Tama-shi

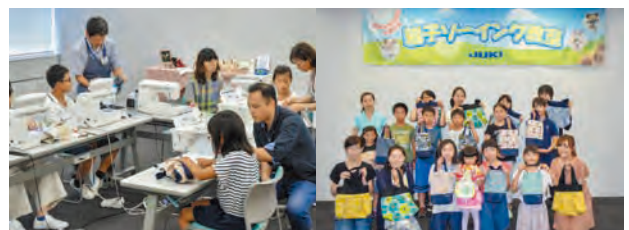


Thank-you poster received by the OHTAWARA PLANT

Tour of JUKI INDUSTRIAL EQUIPMENT TECHNOLOGY CORPORATION

## Holding a summer sewing class for parents and children

Thirty-two parent-and-child pairs (67 people in total) participated in “the summer sewing class for parents and children” held at the head office for two days in July 2017. Eleven annual workshops have been held so far, usually during the summer holidays. The children made practical swagger bags while their parents made tucked shoulder bags. We would like to promote this activity in the future to give families another opportunity to experience the pleasures of sewing and manufacturing (Monodzukuri).



# Relationship with stakeholders

## Relationship with employees

The JUKI Group aims to become a global company that gives “employment and growth” opportunities to individuals regardless of their nationality, race, gender, or age.

We make efforts toward business development and the improvement of employee satisfaction through an education system that enables various human resources to play active roles and create pleasant working environments both in Japan and overseas.

### A free-address office system adopted on the 7th floor of the head office

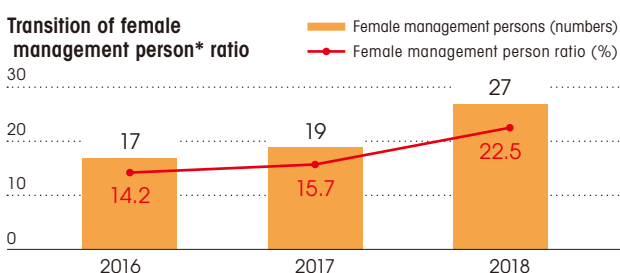
Starting from April 2018, the JUKI head office adopted a group address office system. All personal desks used for fixed seating arrangements were removed from the 7th floor of the office, the space for JUKI’s employees in corporate planning, human resources, general affairs, finance & accounting, and internal audits. Moreover, an open meeting area was expanded and a booth where the staff can focus on the practice was established. The new arrangement was introduced to create a model office as part of an overall workstyle reform. The core design objectives were to set up a paperless workplace, eliminate walls between departments, and deepen communication among workers.



(Left) Office arranged with fixed seating before the change  
(Right) Office arranged with the group address system after the change

### Approach toward diversity

We accept various human resources and work styles and promote diversity management to capitalize on the individual differences of employees regardless of their gender, age, nationality, etc. Our approach to diversity promotion has three pillars: “Promote the success of female employees,” “Arrange human resources globally,” and “Promote outstanding performance of rehired and contract employees.” Through this approach, we aim to create an innovative and vibrant (active) organizational climate for employees and maximize organizational performance.



\* Management person: Assistant Manager, Supervisor

### JGQMF

JUKI held JGQMF 2017 in November 2017 to promote learning about JUKI’s Quality Management & Work Style Reforms. In the first session, an in-house teacher presented a lecture on the “policy concepts and objectives of management” and the smart process. In the second session, JUKI specialists gave five presentations on the top-down approach and three presentations on the QC circle. About 500 participants attended the presentations. The presenters came from JUKI group companies to share their exceptional activities with colleagues from other companies in the group.

\* JGQMF: Acronym standing for JUKI GLOBAL QUALITY MANAGEMENT FORUM



Lecture on the “policy concepts and objectives of management” in the first session

### “Annual Special Commendation Presentation” for technical performance

The “Annual Special Commendation Presentation” was held in February 2018 for developers and engineers. Winners in the previous fiscal year (2017) gave twelve presentations on their outstanding development projects. The presenters explained the (development) processes they worked with and how they used what they had learned from past failures and hardships for their success. Audiences received concrete hints on the common challenges facing engineers working in many technical fields. The presentations started JUKI personnel on the road toward further development based on smart solution proposals.



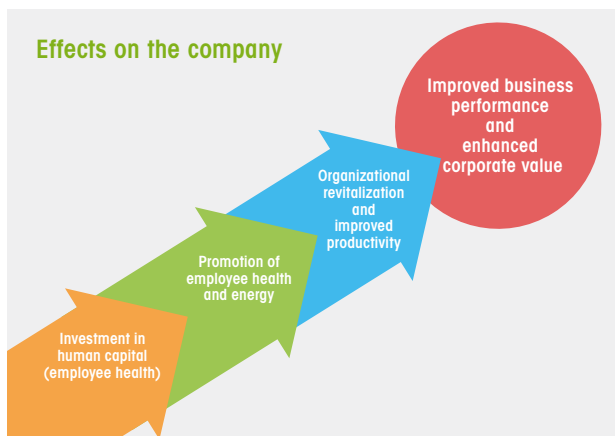
Many engineers attended the presentation.

# Health Management Declaration and our approach to health management

Based on the notion that the health and energy of a company's employees are valuable management assets that improve productivity, raise business performance, and enhance the corporate value, we established a "Health Management Declaration" and launched diverse activities to further promote health management overall. By focusing steadily on the "Health Management," the JUKI Group will make ongoing efforts to maintain and promote health and energy of its entire workforce with a view to achieving sustained growth as a company.



	Health promotion (Getting healthy) (up to now)	Health Management (from now onward)
<b>Objective</b>	Healthier life whenever possible (benefits package)	Improved productivity (strategic investment)
<b>Decision-making</b>	Autonomy of individuals (dependent on individuals)	Corporate philosophy (top-down)
<b>Provision of opportunities</b>	Various types of health events and health insurance businesses (example: No-smoking Marathon and Toothbrushing Month)	Thorough understanding of the philosophy and provision of a framework
<b>Target</b>	Used by only applicants	Involving all employees



## Declaration of Health and Productivity Management by JUKI Group

The JUKI Group positions the "establishment of an organization with innovative and active personnel" as one of its basic management policies. To realize this policy, it will be important for each and every employee to be mentally and physically healthy and infused with the energy necessary to make the best of his / her capabilities. JUKI believes that the health and energy of its employees will contribute not only to improved productivity and creativity, but also to better customer service. With these firm convictions in mind, JUKI hereby declares that it will do all in its power to promote management focused on the pursuit and improvement of the health and energy of its employees. Based on this Declaration of Health and Productivity Management, JUKI will strengthen its structure for promoting the maintenance and improvement of the health and energy of its employees and support employees who enhance health awareness within the group by spontaneously and voluntarily participating in health maintenance/improvement activities. JUKI also promotes the establishment of a healthy and energetic organization in combination with supports for work style reform, and comprehensively implements higher levels of health and productivity management.

September 15, 2017

JUKI CORPORATION  
President

Akira Kiyohara

JUKI's value creation

## TOPICS

### "Commendation of very healthy workplaces and employees" (Trial implementation of a "Health Point System")

To understand the Health Management philosophy and advance with the reform of health consciousness, JUKI is testing a "Health Point System" for commending exemplary workplaces and employees for their contributions to health. In December 2017 we commended the top five workplaces and persons based on evaluations of not only their health checkup results and test data, but also various health-related factors such as living rhythms (smoking habit, etc.), overtime work hours, adherence to the workstyle recommended by the company. As another step for consciousness reform, we published the health rankings of all of the workplaces. Though the latest ranking was implemented on a trial basis, all observations will be reflected in future implementations.

#### [Enlightenment activities]

- Posting six kinds of posters on the "relationship between health and business management," etc.
- Showing a promotional video (for one week at the company cafeteria)
- Providing food menus for improved lipid metabolism
- installing vending machines wirelessly linked to smartphone pedometers

### Items evaluated under the "Health Point System"

#### ① Average value

**Exemplary health state**  
(points awarded based on results.)

- All results relevant to lifestyle habits (body mass index (BMI), abdominal girth, blood pressure, blood test)

**Effort for being healthy**  
(points awarded based on processes)

- Improvement to smoking habit, etc.

#### ② Additional points

**Exemplary work state**  
(points awarded based on results)

- Maximum overtime work: 80 hours
- No late-night shift
- Rate of adherence to the recommended practice of leaving the office on time on Wednesdays
- Rate of adherence to the recommended practice of taking paid vacations specified in summer
- No work on holidays or off-days

### Commended workplaces

1st place	Marketing Dept., Household Sewing Machinery Company
2nd place	JUKI Health Insurance Association
3rd place	2nd Design G, Development Dept., JAS Development Center
4th place	Secretariat
5th place	General Affairs Service G, General Affairs Dept.

# Approach to the environment

## Environmental Vision

JUKI fulfills its environmental responsibilities under its declaration on environmental management by responding to social demands focused on environmental concerns and compliance with environmental regulations on greenhouse gas emission reduction, global warming prevention, and the like. The Group also provides safe products that place less environmental load on customers, and aims to keep being a company with an existence value for society.

**JUKI will strive to contribute to customers and the global environment through eco-friendly manufacturing (Monodzukuri).**

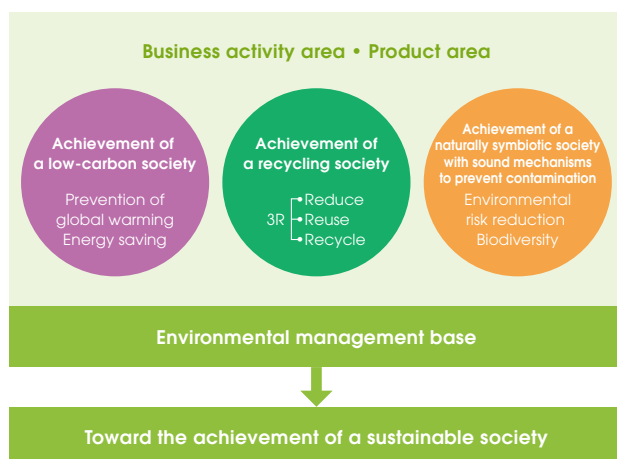
### The JUKI Group's stance toward environmental conservation activities

The JUKI Group practices environmental management in three areas to contribute to the realization of a sustainable society: "Realization of a low carbon society," "Realization of a recycling society," and "Pollution prevention and the realization of an inclusive society rich with nature." The Group has established the "ECO MIND Declaration" to show its environmental activities more concretely to all of its stakeholders. The ECO MIND Declaration consists of an "Environmental Philosophy" and "Environmental Action Policy."

The "ECO MIND Declaration" has been issued by adding "Environment" (environmental consideration) to the existing concepts of "Quality," "Customer satisfaction," and "Respect for humanity" (concepts based on the "Mind" in JUKI's "Mind & Technology" corporate slogan.)

Based on this, the JUKI Group has mapped out an "Environmental Conservation Guideline," a guideline for promoting detailed environmental approaches and practicing the environmental conservation activities as the JUKI Group.

JUKI Group companies also exchange information with each other and develop information horizontally to raise the level of the whole Group.



## ECO MIND



### 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:

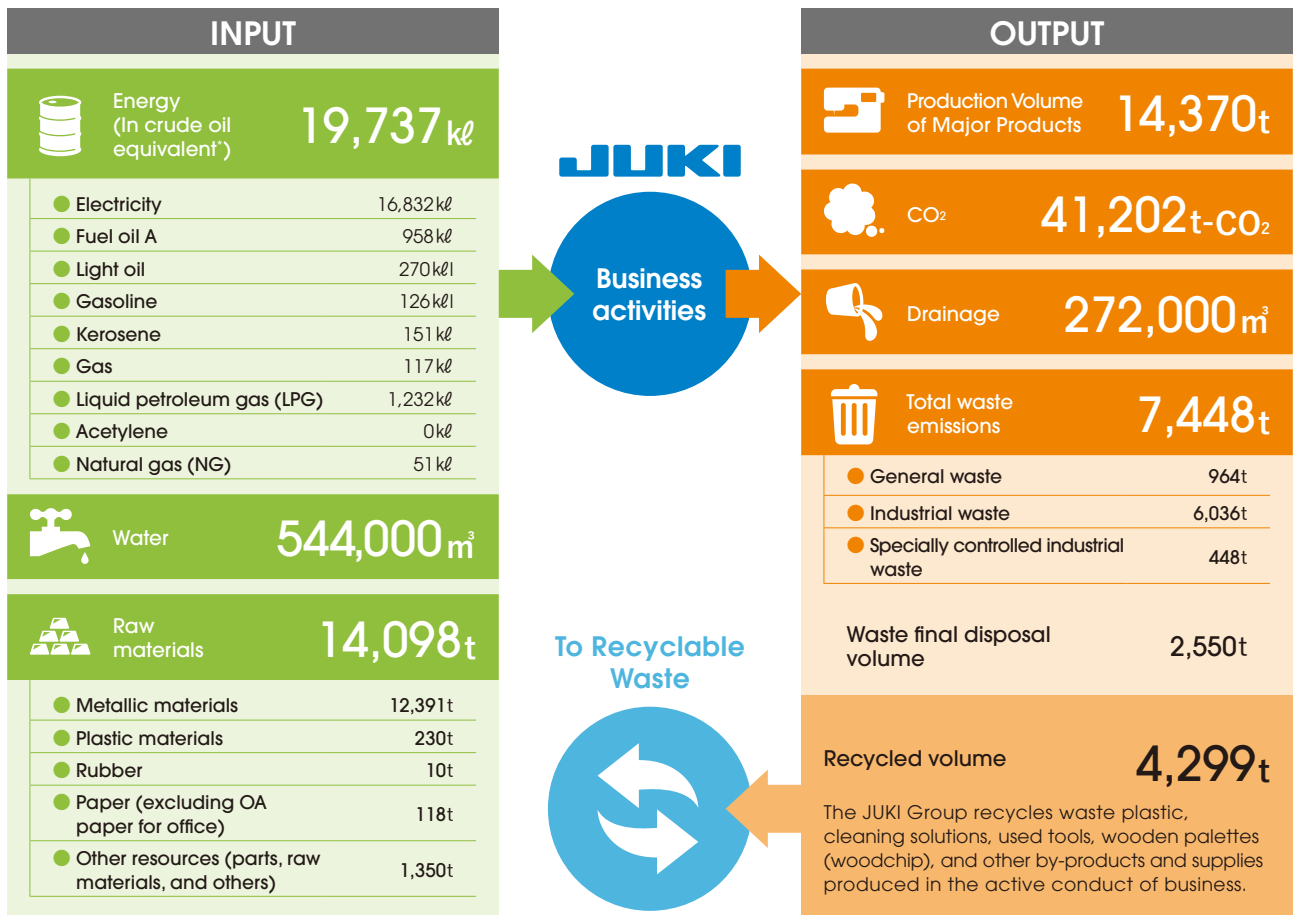
1. Contribute to the local community and society by environment-conscious activities.
2. Provide people around the world with environmentally friendly products.
3. Play an active role to hand down a better global environment to future generations through continuous activities.

#### 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.

# Environmental influences of the JUKI Group's business activities

JUKI products are still manufactured using abundant energy and resources, including precious resources for parts and materials. As an energy and resource consumer, the JUKI Group is determined to clarify the environmental load of its business activities and improve its environmental performance.



- **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.
- **Liquid petroleum gas:** the fuel for regular-use electricity generators.
- **Acetylene:** the fuel for gas welding for equipment repairs and cutting and soldering sheet steel.
- **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.

- **CO<sub>2</sub>:** 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.

These figures summarize Fiscal Year 2017 data gathered from JUKI and its manufacturing group companies in Japan and overseas. Data of some group companies are not included.

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

JUKI's value creation

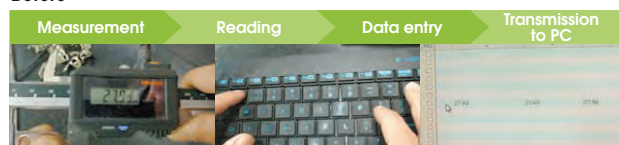
# Approach to the environment

## Overseas

### Actions to realize a smart factory at SHANGHAI JUKI SEWING MACHINE CO., LTD.

Building upon the "5S for management," SHANGHAI JUKI SEWING MACHINE CO., LTD. is advancing reforms to realize a factory that is efficient, pleasant to work in, and smart. The realization of the smart factory can also save energy. Autonomy, responsibility, and an eagerness to embody ideas as well as actions have enhanced the reform consciousness of employees and created a positive stance toward taking part in reforms throughout the entire organization. To improve the inspection system, for example, the company made it possible to transmit information from measuring instruments to PCs. The direct connection of the instruments to the system has eliminated the need to enter the data by hand after reading the measured values (see the figure below). The shift from manual data entry has significantly reduced man hours and improved work accuracy.

#### Before



#### After



### Response to statutory requirements by JUKI XINXING INDUSTRIAL CO., LTD.

JUKI XINXING INDUSTRIAL CO., LTD. is taking actions to comply with the Chinese environmental regulations.

By discontinuing the use of base coat paint solvent in the factory, the company is promoting a plan to build a painting process using only powder coatings. By discontinuing base coat paint, the emission of VOC pollutants into the atmosphere can be reduced to zero. Another environmental risk is eliminated. The company continues contributing to the operation of an eco-friendly green factory.



### Efforts to reduce LPG use at JUKI (SHANGHAI) INDUSTRIAL CO., LTD.

By changing from base coat paint to another paint of equivalent quality, JUKI (SHANGHAI) INDUSTRIAL CO., LTD. was able to lower the preset temperature in a drying furnace by approx. 60°C, thereby reducing the amount of LPG combusted.

Calculating from the adoption of the new paint in August, the company reduced LPG use and CO<sub>2</sub> emissions by 0.06 kg/unit and 4,238 kg-CO<sub>2</sub>, respectively, in the last five months of 2017. The estimated reductions of LPG use and CO<sub>2</sub> emissions in 2018 are 0.12 kg/unit and 27,042 kg-CO<sub>2</sub>, respectively.

#### Before



#### After



### Efforts to reduce the CO<sub>2</sub> emissions in the production stages at JUKI (NINGBO) PRECISION CO., LTD.

JUKI (NINGBO) PRECISION CO., LTD. was able to reduce the annual energy consumption in fiscal 2017. The reduced energy consumption translated into a reduction of the CO<sub>2</sub> emission by 13.0% over the previous fiscal year.

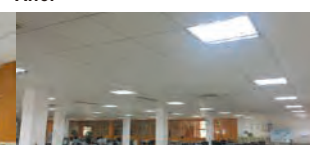
The reduced use of power, which accounts for most of the company's total energy consumption, has become a focal point of measures to reduce CO<sub>2</sub> reduction. In 2017, LED lights were adopted in back-office spaces such as offices, reception rooms, and corridors. In total, 200 out of a total of 672 lights in the company were switched to LED. The switchover to LED reduced annual power consumption and CO<sub>2</sub> emissions by 4,992 kWh and 2,771 kg-CO<sub>2</sub>, respectively. The company is advancing the switchover program with plans for a total replacement of incandescent and fluorescent lights with LED by the end 2018.

FY	Section	Replacements (number of lights)	Reduction of annual power consumption (kWh)	Reduction of greenhouse gas emissions (kg-CO <sub>2</sub> )
2017	Offices	200	4,992	2,771
2018 (plan)	Factories, warehouses, etc.	672	39,946	22,171

#### Before



#### After



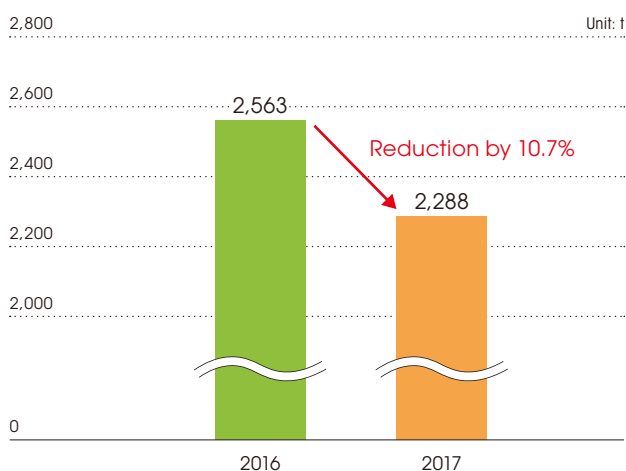
Office before the replacement of lights      Adoption of LED lights

### Actions to reduce waste at JUKI (VIETNAM) CO., LTD.

Large amounts of waste are generated from the lost wax process. JUKI (VIETNAM) CO., LTD. is taking actions to reduce this waste by improving the percentage of defective products.

Many forms of hazardous wastes are also generated by the cleaning of machines. The amounts of these wastes are controlled at every workplace to reduce the total levels disposed. To increase the volume of recycled wastes, the company also contrived ways to reduce wastes by giving guidance on the sorting of wastes, etc. As a result, the final volume of waste disposed was reduced by 10.7% in fiscal 2017 over the previous fiscal year.

#### Final disposal waste





# Japan

## Promoting the adoption of LEDs at SUZUTAMI PRECISION INDUSTRY CO., LTD.

At the work floor of SUZUTAMI PRECISION INDUSTRY CO., LTD., intricate parts processing and the use of precision measuring instruments requires personnel to perform many operations that strain the eyes. To address the problem, the company used "subsidies for the employment promotion of people over 65 years old" to replace 944 fluorescent lights in the factory with LED lights. The switchover to LED brought about a 20 to 60% increase in the brightness of light in production areas. Rehired employees at the company were particularly pleased with the change. The use of LED reduced electricity consumed by 108,996 kWh and CO<sub>2</sub> emitted by 60.5 t-CO<sub>2</sub> a year compared with conventional fluorescent lights. LED lights also had the advantage of creating a more pleasant working environment.



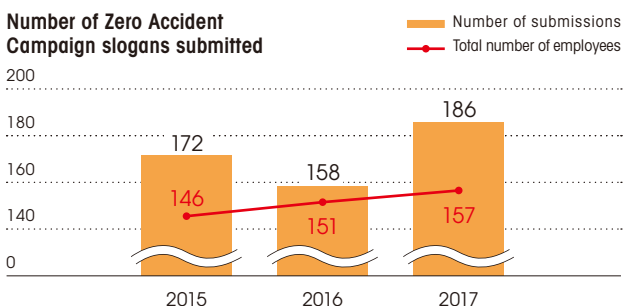
## Adapting to the environmental laws and regulations at JUKI INDUSTRIAL EQUIPMENT TECHNOLOGY CORPORATION

The Inspection Section at the main factory of JUKI INDUSTRIAL EQUIPMENT TECHNOLOGY CORPORATION checks the actual products to confirm that the parts used for product assembly in the factory have been delivered in conformity with the specifications described in the drawings. An X-ray fluorescence spectrometer is one of the devices used for the testing. This device checks whether the parts contain any of the six environmental pollutants specified by the RoHS Directive (lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyl, polybrominated diphenyl ether) or other hazardous substances.



## Industrial safety and health at JUKI MATSUE CORPORATION

JUKI MATSUE CORPORATION regularly organizes events to raise safety awareness and promote risk assessment activities. Prominent among them are an "All-Hands Zero Accident Campaign" (a slogan contest) in late May in the lead-up to Safety Week in July, Industrial Health Week in October, and the year-end / new-year No Accident Campaign in December.

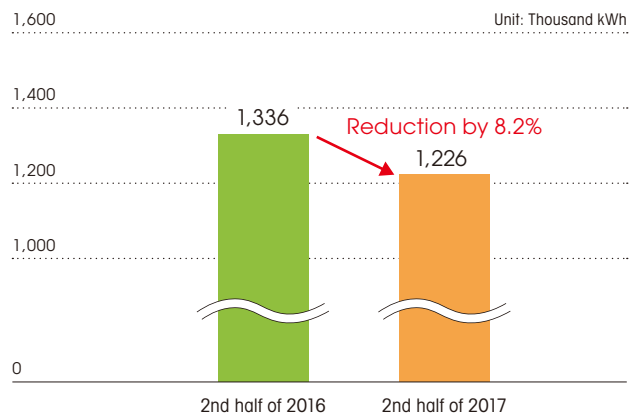


## Actions to reduce CO<sub>2</sub> at the Head Part Machining Section of the OHTAWARA PLANT

The Head Part Machining Section and Facilities (Equipment) Maintenance Section at the OHTAWARA PLANT have been working together since the second half of fiscal 2017 to shift from "constant operation of the roller conveyor and M/C chip conveyor to "intermittent operation" only when required. This shift helped reduce power consumption in the second half of fiscal 2017 by 8.2% over the same period of the previous fiscal year. It also reminded all of the members in the section of the importance of turning off unnecessary lights.

\* Other activities not mentioned above contributed to the stated power consumption reduction.

### Power consumption reduction



## In-house call for entries to the "Environment Slogan" contest

JUKI held an in-house call for entries to "Environment Slogan" contest in June, the Environment Month. Workers at the head office, OHTAWARA PLANT, and domestic group companies submitted a total of 1,215 slogans on environmental themes, many focusing on elements such as operational efficiency and workstyle reforms. The authors of the most excellent of the 1,215 entries were awarded prizes. The winning slogans were posted on the walls of the head office and group companies.



# Corporate governance

## Directors, Audit & Supervisory Board Members and Corporate officers

(as of March 26, 2018)

### Directors



#### Akira Kiyohara

President and Representative Director and President and Representative Director of JUKI Automation Systems Corporation



#### Shinsuke Uchinashi

Director and Senior Managing Officer "in charge of the Global Cooperate Center (Corporate Planning Department, Finance & Accounting Department)" and "in charge of the Business Operation Center (Group Business Company)" and "in charge of the Production Center"



#### Minoru Wada

Director and Managing Officer "in charge of the Development Center" and "in charge of the Quality Assurance Department"



#### Toshimasa Miura

Director and Managing Officer "in charge of the Global Cooperate Center (Human Resources Department, General Affairs Department)" and "in charge of the Secretary's office" and "in charge of the Audit department" and "in charge of the Internal control & Compliance"



#### Kazumi Nagasaki

Director (Outside)  
(Independent Director)



#### Yutaka Hori

Director (Outside)  
(Independent Director)

### Audit & Supervisory Board Members



#### Hirofumi Gotoh

Audit & Supervisory Board Member  
(Full-time)



#### Masato Tanaka

Audit & Supervisory Board Member  
(Outside)



#### Yasuaki Isobe

Audit & Supervisory Board Member  
(Outside)  
(Independent Director)

### Managing Officers



Takeshige Hamasato  
Managing Officer



Yutaka Abe  
Managing Officer



Jirou Ishibashi  
Managing Officer



Katsumi Nihei  
Corporate Officer



Satohiro Hama  
Corporate Officer



Robert J. Black Jr.  
Corporate Officer



Hiroki Konishi  
Corporate Officer

### Corporate Officers



Kikuo Takahashi  
Corporate Officer



Minoru Nitta  
Corporate Officer



Kiyoshi Matsumoto  
Corporate Officer



Masahiko Suzuki  
Corporate Officer



Kunio Nukui  
Corporate Officer



Kenji Nakao  
Corporate Officer



Takashi Niitou  
Corporate Officer

# JUKI Group's corporate governance operation system

The Group continuously endeavors to reinforce its governance system, strengthen compliance, and achieve highly transparent management.

## Corporate governance

To secure the health and efficiency of management and respond to the trust of a stakeholder, JUKI regards the suitable maintenance and operation of its corporate governance system as one of the highest priority issues and strives to improve and enrich the corporate governance system.

JUKI also enhances management transparency through the disclosure of timely and accurate information.

JUKI's board of directors make decisions on statutory matters or important matters of management and successively supervise the status of business execution. JUKI has also introduced a Corporate Officer system to try to facilitate business execution and clarify responsibility.

The number of outside directors was changed to two persons out of six directors in total, in order to boost the management monitoring function for directors and the board of directors and strengthen the company's system to actively incorporate external voices in management.

A Corporate Strategy Committee has also been organized under the Board of Directors. The Directors, Corporate Officers and general managers of the departments in charge attend the meetings of the Committee and discuss basic management policies, strategies, etc. of the business group consisting of our company and group companies from various angles to enable more appropriate decision-making and operations.

A Risk Management Conference and Crisis Management Task Force have been set up as core parts of the risk management system.

An Internal Auditing Department has been set up as an organization for internal audits and has audited the business operations of all of JUKI's departments and each group company. The members of the Audit & Supervisory Board perform audits in accordance with the audit policy and work divisions set by the board, in cooperation with the Internal Auditing Department and accounting auditors. A Corporate Auditors Section has been established as an organization to assist the Audit & Supervisory Board Members.

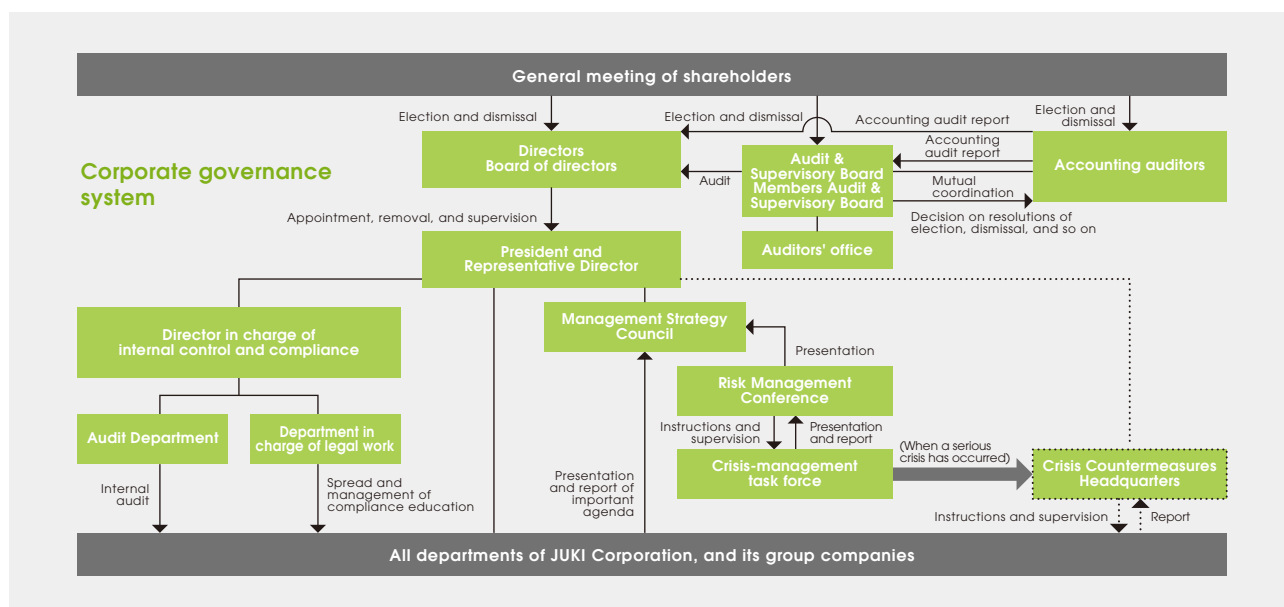
## Compliance

The JUKI Group positions compliance as a management foundation important for maintaining the Group's status as a business group that is widely trusted by customers and all of society and offers enough value to society to merit its existence. Corporate officers and employees of the group are asked to thoroughly behave in compliance with "The JUKI Group Employees' Standards of Conduct - 10 Articles" and to understand its explanations on legal compliance and common-sense behavior. JUKI and its group companies have a system for consulting with employees or answering their questions quickly at Compliance Helpline. The companies of the Group also manage important risks related to compliance at the Risk Management Conference.

## Risk management

The JUKI Group has set up a Risk Management Conference as a core part of its risk management system. The Risk Management Conference manages company-wide risks and important risks and directs the parties concerned to take remediation measures for risk reduction. The Group also sets up crisis-management task forces before and after crises (exteriorization of the risk) such as natural disasters, fires, explosions, and PL (product liability) incidents, and has a system to examine and execute its response measures.

When a serious crisis has occurred, a "Crisis Countermeasures Headquarters" is set up to take quick countermeasures.



## Financial data

### Major financial data for two years (Consolidated)

(million yen)

	FY2016 FY ended December 31, 2016	FY2017 FY ended December 31, 2017
<b>Profit or loss situation (Fiscal year)</b>		
Net sales	97,724	103,659
(Ratio of overseas sales to net sales)	83.7%	83.3%
Gross profit	29,590	31,911
Operating income	4,651	8,156
Ordinary income	3,022	7,839
Profit attributable to owners of parent	1,883	5,642
Capital expenditure	1,642	2,312
Depreciation	2,583	2,343
R&D expenses	4,408	4,781
<b>Financial position (End of the fiscal year)</b>		
Total assets	111,365	110,554
Net assets	27,582	33,343
Shareholders' equity	27,005	32,726
<b>Financial index</b>		
Equity ratio	24.2%	29.6%
Return on equity (ROE)	6.9%	18.9%
<b>Cash flow situation (Fiscal year)</b>		
Cash flows from operating activities	9,818	10,488
Cash flows from investing activities	△1,046	△1,756
Free cash flows	8,772	8,732
Cash flows from financing activities	△8,100	△10,373
<b>Per share information</b>		
Earnings per share (EPS)	63.94 yen	192.61 yen
Dividend per share (DPS)	20 yen	35 yen
Book-value per share (BPS)	921.78 yen	1,117.07 yen
<b>Non-financial data</b>		
Number of employees	6,021	5,899
Ratio of overseas employees to total employees	59.0%	58.2%

# Consolidated balance sheet

(million yen)

	FY2016 FY ended December 31, 2016	FY2017 FY ended December 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	8,048	6,407
Notes and accounts receivable - trade	30,741	32,398
Merchandise and finished goods	28,412	25,542
Work in process	3,257	4,062
Raw materials and supplies	5,945	7,048
Deferred tax assets	1,680	1,116
Other	2,378	2,925
Allowance for doubtful accounts	△ 399	△ 397
<b>Total current assets</b>	<b>80,066</b>	<b>79,102</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,890	12,452
Machinery, equipment and vehicles, net	2,755	3,211
Tools, furniture and fixtures, net	967	1,044
Land	6,523	6,459
Lease assets, net	325	338
Construction in progress	49	38
<b>Total property, plant and equipment</b>	<b>23,512</b>	<b>23,545</b>
Intangible assets		
	1,711	1,672
Investments and other assets		
Investment securities	3,018	3,225
Long-term loans receivable	424	2
Long-term prepaid expenses	306	248
Deferred tax assets	1,021	887
Net defined benefit asset	874	1,171
Other	2,379	2,311
Allowance for doubtful accounts	△ 1,951	△ 1,612
<b>Total investments and other assets</b>	<b>6,074</b>	<b>6,234</b>
<b>Total non-current assets</b>	<b>31,298</b>	<b>31,451</b>
<b>Total assets</b>	<b>111,365</b>	<b>110,554</b>

(million yen)

	FY2016 FY ended December 31, 2016	FY2017 FY ended December 31, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	9,972	14,049
Short-term loans payable	43,144	34,548
Lease obligations	109	98
Account payable - other	1,400	1,132
Accrued expenses	3,297	3,537
Income taxes payable	409	666
Provision for bonuses	15	16
Notes payable - facilities	61	164
Forward exchange contract	1,811	242
Other	1,031	1,132
<b>Total current liabilities</b>	<b>61,254</b>	<b>55,589</b>
No-current liabilities		
Long-term loans payable	16,647	15,668
Lease obligations	256	237
Provision for directors' retirement benefits	69	61
Net defined benefit liability	5,163	5,207
Other	390	446
<b>Total non-current liabilities</b>	<b>22,528</b>	<b>21,621</b>
<b>Total liabilities</b>	<b>83,782</b>	<b>77,211</b>
Net assets		
Shareholders' equity		
Capital stock	18,044	18,044
Capital surplus	2,035	2,035
Retained earnings	8,937	13,994
Treasury shares	△ 605	△ 606
<b>Total shareholders' equity</b>	<b>28,412</b>	<b>33,468</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	839	1,016
Foreign currency translation adjustment	△ 2,274	△ 1,966
Remeasurements of defined benefit plans	28	208
<b>Total accumulated other comprehensive income</b>	<b>△ 1,406</b>	<b>△ 742</b>
Non-controlling interests	576	617
<b>Total net assets</b>	<b>27,582</b>	<b>33,343</b>
<b>Total liabilities and net assets</b>	<b>111,365</b>	<b>110,554</b>

## Financial data

### Consolidated statements of income

	(million yen)	
	FY2016 FY ended December 31, 2016	FY2017 FY ended December 31, 2017
Net sales	97,724	103,659
Cost of sales	68,134	71,748
Gross profit	29,590	31,911
Selling, general and administrative expenses	24,938	23,755
Operating income	4,651	8,156
Non-operating income		
Interest income	64	62
Dividend income	131	154
Commission fee	261	223
Other	397	400
Total non-operating income	854	840
Non-operating expenses		
Interest expenses	1,153	944
Foreign exchange losses	1,185	93
Other	144	118
Total non-operating expenses	2,483	1,157
Ordinary income	3,022	7,839
Extraordinary income		
Gain on sales of non-current assets	441	39
Total extraordinary income	441	39
Extraordinary losses		
Loss on sales and retirement of non-current assets	125	47
Loss from valuation of investment securities	6	—
Impairment loss	105	—
Loss on valuation of stocks of subsidiaries and affiliates	55	—
Business reorganization loss	—	102
Special severance payment	80	—
Other	—	0
Total extraordinary losses	373	151
Income before income taxes and minority interests	3,090	7,727
Income tax - current	1,333	1,319
Income taxes for prior periods	84	—
Income tax - deferred	34	709
Total income taxes	1,453	2,029
Net income	1,637	5,697
Profit attributable to non-controlling interests or loss attributable to non-controlling interests	△ 246	54
Profit attributable to owners of parent	1,883	5,642

### Consolidated statements of comprehensive income

	(million yen)	
	FY2016 FY ended December 31, 2016	FY2017 FY ended December 31, 2017
Net income	1,637	5,697
Other comprehensive income		
Valuation difference on available-for-sale securities	21	177
Foreign currency translation adjustment	△ 1,156	318
Re-measurements of defined benefit plans	△ 105	180
Total other comprehensive income	△ 1,240	675
Comprehensive income	396	6,373
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	671	6,307
Comprehensive income attributable to non-controlling interests	△ 274	66

# Consolidated statements of cash flows

(million yen)

	FY2016 FY ended December 31, 2016	FY2017 FY ended December 31, 2017
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	3,090	7,727
Depreciation	2,583	2,343
Impairment loss	105	—
Business reorganization loss	—	102
Increase (Decrease) in allowance for doubtful accounts	174	△ 13
Increase (Decrease) of provision for bonuses	△ 40	0
Increase (Decrease) of net defined benefit liability	2	44
Increase (Decrease) of net defined benefit assets (△ : increase)	△ 8	△ 19
Interest and dividends income	△ 195	△ 216
Interest expenses	1,153	944
Foreign exchange losses (gains)	△ 238	△ 199
Loss (gain) on sales and retirement of property, plant and equipment and intangible assets	△ 316	8
Loss on valuation of stocks of subsidiaries and affiliates	55	—
Decreased (increase) in notes and accounts receivable-trade	△ 581	△ 1,520
Decrease (increase) in inventories	3,067	1,157
Increase (Decrease) in notes and accounts payable	128	3,989
Increase (Decrease) in notes discounted	△ 161	△ 50
Other, net	3,570	△ 1,952
Subtotal	12,388	12,348
Interest and dividends income received	195	211
Interest expenses paid	△ 1,154	△ 944
Income taxes (paid) refund	△ 1,611	△ 1,125
Net cash provided by (used in) operating activities	9,818	10,488
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	△ 1,727	△ 2,141
Proceeds from sales of property, plant and equipment and intangible assets	750	202
Purchases of investment securities	△ 153	△ 0
Collection of loans receivable	8	78
Other, net	75	105
Cash flows from investing activities	△ 1,046	△ 1,756
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-time loans payable	△ 1,417	△ 7,288
Proceeds from long-term loans payable	7,195	8,611
Repayments of long-term loans payable	△ 11,835	△ 10,633
Purchase of treasury stock	△ 539	△ 0
Cash dividends paid	△ 743	△ 584
Repayments of sale and installment back payables	△ 526	△ 173
Others, net	△ 234	△ 303
Net cash provided by (used in) financing activities	△ 8,100	△ 10,373
Effect of exchange rate change on cash and cash equivalents	△ 450	83
Net increase (decrease) in cash and cash equivalents	221	△ 1,557
Cash and cash equivalents at beginning of period	7,671	7,892
Cash and cash equivalents at end of period	7,892	6,335

# JUKI's global bases

(as of June 1, 2018)



1 4 1 2 1 2  
 JUKI CORPORATION  
 JUKI AUTOMATION SYSTEMS CORPORATION  
 JUKI SALES (JAPAN) CORPORATION  
 JUKI GENERAL SERVICE CORPORATION  
 JUKI Household Product Customer Center Corporation

4 3  
 JUKI CORPORATION OHTAWARA PLANT

1 2  
 JUKI INDUSTRIAL EQUIPMENT TECHNOLOGY CORPORATION

7 5  
 JUKI MATSUE CORPORATION

8 6  
 JUKI (SHANGHAI) INDUSTRIAL CO., LTD

9  
 JUKI XINXING INDUSTRY CO., LTD.

## PRODUCTION BASES

### Japan

1	JUKI INDUSTRIAL EQUIPMENT TECHNOLOGY CORPORATION	Yokote-shi, Akita	Manufacturing of chip mounter etc. Manufacturing of units and parts related to the group business
2	JUKI AIZU CORPORATION	Kitakata-shi, Fukushima	Manufacturing of parts with lost-wax and MIM process. Manufacturing of parts related to the group business
3	SUZUTAMI PRECISION INDUSTRY CO., LTD.	Nagaoka-shi, Niigata	Manufacturing of parts for industrial sewing machines, etc. Manufacturing of parts related to the group business
4	JUKI CORPORATION OHTAWARA PLANT	Ohtawara-shi, Tochigi	Manufacturing of industrial sewing machines Manufacturing of parts related to the group business
5	JUKI METAL CORPORATION	Odaicho, Mie	Manufacturing of pig-iron mold casting etc. Manufacturing of parts related to the group business
6	JUKI HIROSHIMA CORPORATION	Miyoshi-shi, Hiroshima	Manufacturing of die, press processing parts, etc., Manufacturing of parts related to the group business
7	JUKI MATSUE CORPORATION	Matsue-shi, Shimane	Manufacturing of industrial sewing machines etc. Manufacturing of products and parts related to the group business

\* JUKI DENSHI KOGYO CORPORATION, JUKI AKITA SEIMITSU CORPORATION and JUKI YOSHINO KOGYO CORPORATION were integrated into the newly established JUKI INDUSTRIAL EQUIPMENT TECHNOLOGY CORPORATION in July 2017.

### Global

8	JUKI (SHANGHAI) INDUSTRIAL CO., LTD.	Shanghai, China	Manufacturing of industrial sewing machines etc. Manufacturing of feeders for chip mounters
9	JUKI XINXING INDUSTRY CO., LTD.	Hebei, China	Manufacturing of industrial sewing machines etc.
10	SHANGHAI JUKI SEWING MACHINE CO., LTD.	Shanghai, China	Manufacturing of household sewing machines etc.

11	JUKI (NINGBO) PRECISION CO., LTD.	Zhejiang, China	Manufacturing and procurement of parts, etc. for industrial sewing machines etc.
12	JUKI (VIETNAM) CO., LTD.	Ho Chi Minh, Vietnam	Manufacturing of industrial sewing machines etc. Manufacturing of parts with lost-wax production Manufacturing of parts related to the group business

## DEVELOPMENT BASES

### Japan

1	JUKI CORPORATION	Tama-shi, Tokyo	Product development and system development of industrial sewing machines, household sewing machines, chip mounters, etc.
2	JUKI INDUSTRIAL EQUIPMENT TECHNOLOGY CORPORATION	Yokote-shi, Akita	Development of Chip mounters, Electronic equipment, etc., and development of products related to the Group Business.
3	JUKI CORPORATION OHTAWARA PLANT	Ohtawara-shi, Tochigi	Development of industrial sewing machines.
4	JUKI AUTOMATION SYSTEMS CORPORATION	Tama-shi, Tokyo	Development of Chip mounters, etc.
5	JUKI MATSUE CORPORATION	Matsue-shi, Shimane	Development of industrial sewing machines.

### Global

6	JUKI (SHANGHAI) INDUSTRIAL CO., LTD.	Shanghai, China	Development of industrial sewing machines.
7	JUKI (VIETNAM) CO., LTD.	Ho Chi Minh, Vietnam	Development of industrial sewing machines.
8	JUKI CENTRAL EUROPE SP.ZO.O.	Warsaw, Poland	Development of industrial sewing machines.
9	JUKI AMERICA, INC.	FL, U.S.A.	Development of industrial sewing machines.





# GLOBAL



# JAPAN



10 SHANGHAI JUKI SEWING MACHINE CO., LTD.    
 12 7 JUKI (VIETNAM) CO., LTD.    
 3 4 JUKI (CHINA) CO., LTD. TOKYO JUKI INTERNATIONAL TRADING (SHANGHAI) CO., LTD.    
 6 JUKI SINGAPORE PTE. LTD.    
 8 11 JUKI CENTRAL EUROPE SP.ZO.O.    
 9 13 JUKI AMERICA, INC.    
 14 JUKI AUTOMATION SYSTEMS INC.

## MAIN SALES BASES

### Japan

<span style="color: blue;">1</span>	JUKI AUTOMATION SYSTEMS CORPORATION	Tama-shi, Tokyo	Sales of Chip mounters, etc.
<span style="color: blue;">2</span>	JUKI SALES (JAPAN) CORPORATION	Tama-shi, Tokyo	Sales of industrial sewing machines, household sewing machines, etc.
<span style="color: blue;">○</span> JBranch Sales Offices, Service Centers, and others			

### Global

<span style="color: blue;">3</span>	JUKI (CHINA) CO., LTD.	Shanghai, China	Sales of industrial sewing machines, household sewing machines, etc.
<span style="color: blue;">4</span>	TOKYO JUKI INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	Shanghai, China	Sales of chip mounters, etc.
<span style="color: blue;">5</span>	JUKI (HONG KONG) LTD.	Hong Kong, China	Sales of industrial sewing machines, etc.
<span style="color: blue;">6</span>	JUKI SINGAPORE PTE. LTD.	Bendemeer, Singapore	Sales of industrial sewing machines, household sewing machines, etc.
(Major bases: 8 countries, including Indonesia, Cambodia, and Myanmar)			
<span style="color: blue;">7</span>	JUKI MACHINERY BANGLADESH LTD.	Dhaka, Bangladesh	Sales of industrial sewing machines, etc.
<span style="color: blue;">8</span>	JUKI MACHINERY VIETNAM CO., LTD.	Ho Chi Minh, Vietnam	Sales of industrial sewing machines, household sewing machines, etc.
<span style="color: blue;">9</span>	JUKI INDIA PVT.LTD.	Bangalore, India	Sales of industrial sewing machines, chip mounters, etc.
<span style="color: blue;">10</span>	JUKI SMT ASIA CO., LTD.	Chan Buri, Thailand	Sales of chip mounters, etc.
<span style="color: blue;">11</span>	JUKI CENTRAL EUROPE SP.ZO.O.	Warsaw, Poland	Sales of industrial sewing machines, household sewing machines, etc.
(Other bases: Turkey, Russia, and Belarus)			
<span style="color: blue;">12</span>	JUKI ITALIA S.P.A.	Milan, Italy	Sales of industrial sewing machines, household sewing machines, etc.

<span style="color: blue;">13</span>	JUKI AMERICA, INC.	FL, U.S.A.	Sales of industrial sewing machines, household sewing machines, etc.
(Other bases: Peru and Mexico)			
<span style="color: blue;">14</span>	JUKI AUTOMATION SYSTEMS INC.	NC, U.S.A.	Sales of chip mounters, etc.
<span style="color: blue;">15</span>	JUKI AUTOMATION SYSTEMS GMBH	Nuremberg, Germany	Sales of chip mounters, etc.
<span style="color: blue;">○</span> JUKI's own Branch Offices, Sales Offices, Service Centers, and others <span style="color: blue;">●</span> Major distributors			

## OTHER BASES

### Japan

<span style="color: blue;">1</span>	JUKI GENERAL SERVICE CORPORATION	Tama-shi, Tokyo	Service of facility management, renovation and printing, etc.
<span style="color: blue;">2</span>	JUKI Household Product Customer Center Corporation	Tama-shi, Tokyo	Maintenance services for Household Sewing Machines

## Number of Major bases

	Japan	Global	Total
<span style="color: green;">●</span> PRODUCTION	7	5	12
<span style="color: purple;">●</span> DEVELOPMENT	5	4	9
<span style="color: blue;">●</span> SALES	2	13	15
<span style="color: grey;">●</span> OTHER	2	0	2

Data sections

# Company outline and stock information

(as of December 31, 2017)

## CORPORATE SUMMARY

<b>Trade name</b>	JUKI CORPORATION
<b>Established</b>	December 15, 1938
<b>Directors</b>	Representative Director Akira Kiyohara
<b>Paid-in capital</b>	¥18,044 million
<b>Major business office</b>	<b>Head office :</b> 2-11-1 Tsurumaki, Tama-shi, Tokyo 206-8551 Japan Tel: 81-42-357-2211  <b>Ohtawara plant :</b> 1863 Kitakanemaru, Ohtawara-shi, Tochigi 324-0011 Japan Tel: 81-287-23-5111
<b>Fiscal year ending</b>	December 31
<b>Ordinary general meeting of shareholders</b>	March
<b>Number of employees</b>	5,899 (on a consolidated basis), 894 (on a non-consolidated basis)
<b>Number of affiliated companies</b>	27

## CORPORATE PHILOSOPHY

### Corporate Philosophy

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

### Basic Management Policies

1. Quality for Brand Value
1. Innovative and Active
1. Global Management Approach

### Corporate Slogan

Mind & Technology

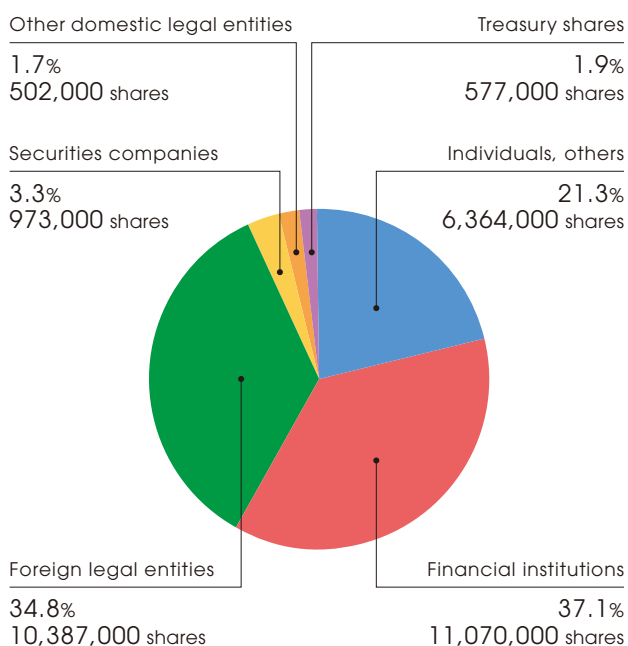
### Edit policy

This JUKI CORPORATE REPORT 2018 integrates elements from a CORPORATE PROFILE and an ENVIRONMENTAL REPORT. The report you have received contains rich content to help all of JUKI's customers, shareholders, investors, and other stakeholders understand the business and value creation of the JUKI Group.

## STOCK INFORMATION

<b>Total number of authorized shares</b>	80,000,000 shares
<b>Total number of issued shares</b>	29,874,179 shares
<b>Total number of shareholders</b>	8,950
<b>Listed on</b>	The first section of the Tokyo Stock Exchange (margin trading issue)
<b>Securities code</b>	6440
<b>Shareholder registry administrator</b>	Mizuho Trust & Banking Co., Ltd.

## STOCK DISTRIBUTION STATUS BY OWNER TYPE



### Disclaimer regarding forward-looking statements

This material contains forward-looking statements concerning future plans, target, strategies and assumptions of JUKI CORPORATION and its consolidated subsidiaries in light of the economic, financial and other data currently available when the material was prepared. Furthermore, they are subject to a number of risks and uncertainties. JUKI therefore wishes to caution readers that actual results may differ materially from those projected in such forward-looking statements.

***Mind & Technology***

# JUKI

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