

**Summary of Financial Information and Business Results  
for the First Three Months of Fiscal Year 2018 Ending December 31, 2018  
on a Consolidated Basis  
<under Japanese GAAP>**

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 Listing: First Section of the Tokyo Stock Exchange  
 Securities code: 6440  
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Scheduled date to file the quarterly securities report: May 7, 2018  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: None  
 Holding of quarterly financial results presentation meeting: None

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

**1. Consolidated performance for the first three months of fiscal year 2018 ending December 31, 2018  
(January 1, 2018 to March 31, 2018)**

**(1) Consolidated operating results (cumulative)** (Percentages indicate year-on-year changes)

Three months ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2018	25,650	8.2	1,242	(41.9)	946	(57.8)	468	(69.3)
March 31, 2017	23,717	(8.5)	2,138	47.0	2,241	169.6	1,527	134.8

Note: Comprehensive income Three months ended March 31, 2018: (668) million yen [– %]  
 Three months ended March 31, 2017: 935 million yen [– %]

Three months ended	Basic earnings per share	Diluted earnings per share
	yen	yen
March 31, 2018	16.01	–
March 31, 2017	52.13	–

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	million yen	million yen	%
March 31, 2018	111,935	31,647	27.7
December 31, 2017	110,554	33,343	29.6

Reference: Equity As of March 31, 2018: 31,020 million yen

As of December 31, 2017: 32,726 million yen

## 2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended December 31, 2017	–	0.00	–	35.00	35.00
Fiscal year ending December 31, 2018	–				
Fiscal year ending December 31, 2018 (Forecast)		0.00	–	25.00	25.00

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

\* Breakdown of year-end dividends for the fiscal year ended December 31, 2017:

Ordinary dividend: 25.00 yen; 80th anniversary commemorative dividend: 10.00 yen

## 3. Consolidated earnings forecasts for the fiscal year 2018 ending December 31, 2018 (January 1, 2018 to December 31, 2018)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Six months ending June 30, 2018	51,000	5.4	2,500	(30.9)	2,200	(38.7)	1,400	(41.8)	47.79
Fiscal year ending December 31, 2018	104,000	0.3	5,500	(32.6)	5,000	(36.2)	3,500	(38.0)	119.47

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

In the consolidated earnings forecasts most recently announced, the forecasts for the six months ending June 30, 2018 were undetermined. These forecasts are as shown above. The forecasts for the fiscal year ending December 31, 2018, are unchanged from those most recently announced.

**\* Notes**

- (1) Changes in significant subsidiaries during the three months under review (changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) Application of special accounting for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
  - a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
  - b. Changes in accounting policies due to other reasons: None
  - c. Changes in accounting estimates: None
  - d. Restatement of prior period financial statements after error corrections: None

(4) Number of issued shares (common shares)

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

As of March 31, 2018	29,874,179 shares
As of December 31, 2017	29,874,179 shares

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

As of March 31, 2018	577,859 shares
As of December 31, 2017	577,787 shares

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

Three months ended March 31, 2018	29,296,344 shares
Three months ended March 31, 2017	29,296,896 shares

\* Quarterly financial results reports are not required to be subjected to quarterly reviews.

\* Disclaimer regarding forward-looking statements

This report contains forward-looking statements concerning future plans, strategies and assumptions in light of the economic, financial and other data currently available. 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. Significant factors that may have an impact on actual results include the economic environment surrounding JUKI's business, political situations in key markets, and foreign exchange rate fluctuations (primarily the yen to U.S. dollar rate).

**[Attached Material]**

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

### (1) Explanation regarding operating results

In the three months ended March 31, 2018, the Company carried out solution sales activities, proposing products and services that match customers' needs for labor saving, smart factories to boost factory-wide production efficiency, and so on, and in addition, worked to build a stable customer base for the future in the middle market centering on the Asian market. Meanwhile, some delays in production occurred due to the insufficient supply of electronic components and so on. As a result of these factors, net sales amounted to 25,650 million yen (up by 8.2% from the same period of the previous fiscal year).

With respect to profits, even though sales increased, operating profit amounted to 1,242 million yen (down by 41.9% from the same period of the previous fiscal year). This was due to the effects of the above-mentioned production delays and decline of sales of our production subsidiaries located in China as a result of a strong Chinese Yuan and a weak US Dollar situation, as well as an increase in expenses borne by us with regard to capturing of the middle market and promotion of advanced development. Ordinary profit stood at 946 million yen (down by 57.8% from the same period of the previous fiscal year) and profit attributable to owners of parent stood at 468 million yen (down by 69.3% from the same period of the previous fiscal year), owing to factors such as non-operating income and expenses including the arising of exchange losses due to the revaluation of receivables resulting from a rapid strengthening of the yen and weakening of the dollar compared the end of the previous fiscal year.

(Business overview by primary segment)

#### a. Sewing Machinery and Systems Business

Sales were robust in the high-end market in China and so on, and sales increased year-on-year in the middle market in the Asian market. As a result, net sales of the Sewing Machinery and Systems Business Unit amounted to 17,065 million yen (up by 6.7% from the same period of the previous fiscal year). With respect to profits, segment profit (ordinary profit) amounted to 553 million yen (down by 69.5% from the same period of the previous fiscal year) due to market capture expenditures with regard to the middle market and a slump in sales of high value added products resulting from production delays and so on.

#### b. Industrial Equipment and Systems Business

In electronic assembly systems, demand in capital investment in China (the largest market) and other countries continued to be robust, and even though some demand could not be met due to production delays, sales of new mounters and labor-saving devices tied to smart factory proposals increased. Sales in the group business, such as contract manufacturing service, gradually increased due to developments and acquisition of new customers. As a result, net sales of the Industrial Equipment and Systems Business amounted to 8,505 million yen (up by 11.3% from the same period of the previous fiscal year). In terms of profits, segment profit (ordinary profit) stood at 825 million yen (up by 39.0% from the same period of the previous fiscal year), due to factors such as the improvement of profitability in conjunction with increased sales of new products.

### (2) Explanation regarding financial position

Assets, liabilities and net assets

Total assets as of March 31, 2018 were 111,935 million yen, an increase of 1,380 million yen compared to the previous fiscal year-end. This was mainly due to increases in cash and deposits and inventories. Liabilities were 80,287 million yen, an increase of 3,076 million yen compared to the previous fiscal year-end. This mainly reflected an increase in short-term loans payable. Net assets were 31,647 million yen, a decrease of 1,696 million yen compared to the previous fiscal year-end. This was mainly due to a higher negative value in foreign currency translation adjustment and payment of dividends. Consequently, the equity ratio was 27.7%.

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

The consolidated earnings forecasts for the second three months of fiscal year 2018 ending December 31, 2018 have been set as follows, taking into consideration the results of the first three months and fluctuation risks such as the exchange rates of emerging countries: net sales of 51,000 million yen, operating profit of 2,500 million yen, ordinary profit of 2,200 million yen, and profit attributable to owners of parent of 1,400 million yen. As for the earnings forecasts for the full year, there are no changes with regard to the forecast values that were previously announced. The foreign exchange rate for the second three months of fiscal year and beyond is assumed to be 105 yen to 1 U.S. dollar. For more detailed information, please refer to the “Notice of Earnings Forecasts,” which was announced today.

## 2. Quarterly consolidated financial statements and significant notes thereto

### (1) Consolidated balance sheet

(million yen)

	As of December 31, 2017	As of March 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	6,407	7,015
Notes and accounts receivable - trade	32,398	32,614
Inventories	36,652	37,021
Other	4,041	4,410
Allowance for doubtful accounts	(397)	(390)
Total current assets	79,102	80,671
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,452	12,269
Land	6,459	6,460
Other, net	4,632	4,780
Total property, plant and equipment	23,545	23,510
Intangible assets	1,672	1,696
Investments and other assets		
Other	7,846	7,539
Allowance for doubtful accounts	(1,612)	(1,482)
Total investments and other assets	6,234	6,057
Total non-current assets	31,451	31,264
Total assets	110,554	111,935
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	14,049	13,753
Short-term loans payable	34,548	38,458
Income taxes payable	666	623
Provision for bonuses	16	591
Other	6,308	6,113
Total current liabilities	55,589	59,540
Non-current liabilities		
Long-term loans payable	15,668	14,936
Provision for directors' retirement benefits	61	63
Net defined benefit liability	5,207	5,112
Other	683	636
Total non-current liabilities	21,621	20,747
Total liabilities	77,211	80,287

(million yen)

	As of December 31, 2017	As of March 31, 2018
Net assets		
Shareholders' equity		
Capital stock	18,044	18,044
Capital surplus	2,035	2,035
Retained earnings	13,994	13,438
Treasury shares	(606)	(606)
Total shareholders' equity	33,468	32,911
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,016	922
Foreign currency translation adjustment	(1,966)	(3,019)
Remeasurements of defined benefit plans	208	205
Total accumulated other comprehensive income	(742)	(1,891)
Non-controlling interests	617	626
Total net assets	33,343	31,647
Total liabilities and net assets	110,554	111,935

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

### Consolidated statement of income (cumulative)

(million yen)

	Three months ended March 31, 2017	Three months ended March 31, 2018
Net sales	23,717	25,650
Cost of sales	15,878	18,276
Gross profit	7,838	7,373
Selling, general and administrative expenses	5,699	6,131
Operating profit	2,138	1,242
Non-operating income		
Interest income	20	12
Dividend income	64	67
Foreign exchange gains	61	–
Reversal of allowance for doubtful accounts	46	120
Other	182	129
Total non-operating income	374	329
Non-operating expenses		
Interest expenses	259	193
Foreign exchange losses	–	427
Other	11	5
Total non-operating expenses	271	625
Ordinary profit	2,241	946
Extraordinary income		
Gain on sales of non-current assets	32	1
Total extraordinary income	32	1
Extraordinary losses		
Loss on sales and retirement of non-current assets	9	12
Other	10	–
Total extraordinary losses	19	12
Profit before income taxes	2,254	935
Income taxes	709	446
Profit	1,544	488
Profit attributable to non-controlling interests	17	19
Profit attributable to owners of parent	1,527	468

**Consolidated statement of comprehensive income (cumulative)**

(million yen)

	Three months ended March 31, 2017	Three months ended March 31, 2018
Profit	1,544	488
Other comprehensive income		
Valuation difference on available-for-sale securities	(46)	(94)
Foreign currency translation adjustment	(573)	(1,059)
Remeasurements of defined benefit plans, net of tax	11	(2)
Total other comprehensive income	(608)	(1,156)
Comprehensive income	935	(668)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	928	(679)
Comprehensive income attributable to non-controlling interests	7	11

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

No items to report.

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

No items to report.

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

Calculation of taxes

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

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

**(Segment information, etc.)**

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

Three months ended March 31, 2017 (January 1, 2017 to March 31, 2017) (million yen)

	Reportable segment			Other Businesses (Note 1)	Total	Adjustments (Note 2)	Amount recorded in the quarterly consolidated statement of income (Note 3)
	Sewing Machinery and Systems Business	Industrial Equipment and Systems Business	Total				
Net sales							
To external customers	15,989	7,644	23,634	82	23,717	–	23,717
Inter-segment sales or transfers	269	114	384	111	496	(496)	–
Total	16,259	7,759	24,018	194	24,213	(496)	23,717
Segment profit	1,815	593	2,409	10	2,419	(177)	2,241

(Notes) 1. The “Other Businesses” category refers to business segments not included in reportable segments under which businesses such as the building management business are classified.

2. Included in the 177 million yen deducted from segment profit as adjustment are a deduction of 6 million yen in inter-segment eliminations and a deduction of 170 million yen in corporate loss that cannot be allocated to any reportable segment. The corporate loss mainly consists of costs related to the administrative functions of the Company that have not been attributed to any reportable segment and foreign exchange losses that have not been attributed to any reportable segment.

3. Segment profit is adjusted with ordinary profit in the quarterly consolidated statement of income.

Three months ended March 31, 2018 (January 1, 2018 to March 31, 2018) (million yen)

	Reportable segment			Other Businesses (Note 1)	Total	Adjustments (Note 2)	Amount recorded in the quarterly consolidated statement of income (Note 3)
	Sewing Machinery and Systems Business	Industrial Equipment and Systems Business	Total				
Net sales							
To external customers	17,065	8,505	25,571	78	26,650	–	25,650
Inter-segment sales or transfers	237	104	342	106	448	(448)	–
Total	17,302	8,610	25,913	185	26,098	(448)	26,650
Segment profit	553	825	1,378	11	1,390	(443)	946

(Notes) 1. The “Other Businesses” category refers to business segments not included in reportable segments under which businesses such as the building management business are classified.

2. Included in the 443 million yen deducted from segment profit as adjustment are a deduction of 3 million yen in inter-segment eliminations and a deduction of 440 million yen in corporate loss that cannot be allocated to any reportable segment. The corporate loss mainly consists of costs related to the administrative functions of the Company that have not been attributed to any reportable segment and foreign exchange losses that have not been attributed to any reportable segment.

3. Segment profit is adjusted with ordinary profit in the quarterly consolidated statement of income.
  2. Information regarding impairment loss of non-current assets and goodwill by reportable segment
- No items to report.