

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

Company name: **JUKI Corporation**
 Listing: First Section of the Tokyo Stock Exchange
 Securities code: 6440
 URL: <http://www.juki.co.jp/>
 Representative: Akira Kiyohara, President
 Inquiries: Masahiko Suzuki, Corporate Officer and General Manager of Finance & Accounting Department
 TEL: +81-42-357-2211

Scheduled date of Ordinary General Meeting of Shareholders: March 27, 2019
 Scheduled date to commence dividend payments: March 28, 2019
 Scheduled date to file the securities report: March 28, 2019
 Preparation of supplementary material on financial results: Yes
 Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

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

**1. Consolidated performance for the fiscal year 2018 ended December 31, 2018
(January 1, 2018 to December 31, 2018)**

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
December 31, 2018	112,064	8.1	9,148	12.1	8,385	7.0	6,640	17.7
December 31, 2017	103,659	6.1	8,156	75.3	7,839	159.4	5,642	199.6

Note: Comprehensive income Fiscal year ended December 31, 2018: 4,945 million yen [(22.4)%]
 Fiscal year ended December 31, 2017: 6,373 million yen [- %]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	yen	yen	%	%	%
December 31, 2018	226.68	—	19.2	7.3	8.2
December 31, 2017	192.61	—	18.9	7.1	7.9

Reference: Equity in earnings (losses) of affiliates Fiscal year ended December 31, 2018: – million yen
 Fiscal year ended December 31, 2017: – million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	million yen	million yen	%	yen
December 31, 2018	119,121	37,241	30.7	1,246.93
December 31, 2017	110,554	33,343	29.6	1,117.07

Reference: Equity As of December 31, 2018: 36,529 million yen

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

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal year ended	million yen	million yen	million yen	million yen
December 31, 2018	2,682	(2,390)	967	7,301
December 31, 2017	10,488	(1,756)	(10,373)	6,335

2. Dividends

	Annual dividends					Total dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter- end	Second quarter- end	Third quarter- end	Fiscal year-end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
Fiscal year ended December 31, 2017	–	0.00	–	35.00	35.00	1,025	18.2	3.4
Fiscal year ended December 31, 2018	–	0.00	–	30.00	30.00	878	13.2	2.5
Fiscal year ending December 31, 2019 (Forecast)	–	0.00	–	30.00	30.00		17.6	

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

Ordinary dividend: 25.00 yen; commemorative dividend: 10.00 yen

3. Consolidated earnings forecasts for the fiscal year 2019 ending December 31, 2019 (January 1, 2019 to December 31, 2019)

(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, 2019	–	–	–	–	–	–	–	–	–
Fiscal year ending December 31, 2019	114,000	1.7	7,300	(20.2)	6,800	(18.9)	5,000	(24.7)	170.67

* The consolidated earnings forecasts for the six months ending June 30, 2019 are yet to be determined. The consolidated earnings forecasts for the fiscal year ending December 31, 2019 are calculated on the assumption that the foreign exchange rate is 105 yen to 1 U.S. dollar.

*** Notes**

- (1) Changes in significant subsidiaries during the fiscal year under review (changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) 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

(3) Number of issued shares (common shares)

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

As of December 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 December 31, 2018	578,403 shares
As of December 31, 2017	577,787 shares

- c. Average number of shares during the period

Fiscal year ended December 31, 2018	29,296,103 shares
Fiscal year ended December 31, 2017	29,296,626 shares

Reference: Summary of non-consolidated performance

**Non-consolidated performance for the fiscal year 2018 ended December 31, 2018
(January 1, 2018 to December 31, 2018)**

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
December 31, 2018	59,696	20.6	2,477	114.0	3,941	41.1	3,657	69.5
December 31, 2017	49,487	(8.6)	1,157	(37.4)	2,793	10.3	2,157	–

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	yen	yen
December 31, 2018	124.84	–
December 31, 2017	73.66	–

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
December 31, 2018	94,571	31,337	33.1	1,069.69
December 31, 2017	89,903	29,172	32.4	995.75

Reference: Equity As of December 31, 2018: 31,337 million yen
As of December 31, 2017: 29,172 million yen

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Disclaimer regarding forward-looking statements

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

[Attached Material]

Index

1. Analysis of operating results and financial position.....	2
(1) Analysis of operating results.....	2
(2) Analysis of financial position	3
(3) Fundamental corporate policy for distributing profits, and dividends for the current fiscal year and next fiscal year	4
2. Basic concept regarding selection of accounting standards	4
3. Consolidated financial statements and significant notes thereto	5
(1) Consolidated balance sheet	5
(2) Consolidated statement of income and consolidated statement of comprehensive income.....	7
Consolidated statement of income	7
Consolidated statement of comprehensive income	8
(3) Consolidated statement of changes in equity	9
(4) Consolidated statement of cash flows.....	11
(5) Notes to consolidated financial statements	12
(Notes on premise of going concern).....	12
(Changes in presentation).....	12
(Segment information, etc.)	12
(Per share information)	15
(Material subsequent events)	15

1. Analysis of operating results and financial position

(1) Analysis of operating results

a. Operating results of the current fiscal year

In the fiscal year ended December 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. In addition, the Company has been struggling to develop and acquire customers in the middle market centering on the Asian market to build a stable customer base for the future. Accordingly, despite the impact of some delays in production due to problems such as insufficient supply of electronic parts in the market, our success in steadily capturing the robust capital investment demand in Asia and China resulted in net sales of 112,064 million yen (up by 8.1% from the previous fiscal year).

With respect to profits, despite an increase in expenses borne by the Company with regard to market development strategy of the middle market and promotion of advanced development, operating profit amounted to 9,148 million yen, (up by 12.2% from the previous fiscal year), due to an increase in sales across the board. Ordinary profit stood at 8,385 million yen (up by 7.0% from the previous fiscal year) and profit attributable to owners of parent stood at 6,640 million yen (up by 17.7% from the previous fiscal year), owing to factors such as an increase in foreign exchange losses due to revaluation of foreign currency receivables.

b. Overview of each business segment

i) 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 Asia. As a result, net sales of the Sewing Machinery and Systems Business Segment amounted to 73,615 million yen (up by 6.6% from the previous fiscal year). With respect to profits, while the increase in sales had a positive impact, Segment profit (ordinary profit) amounted to 5,186 million yen (down by 11.8% from the previous fiscal year) due to market development strategy cost paid in the middle market, as well as other factors.

ii) Industrial Equipment and Systems Business

With respect to Electronic Assembly Systems Businesses, demand in capital investment in the largest market of China and in other Asian countries was strong, with growth in sales of new mounters and labor-saving devices tied to smart factory proposals. Furthermore, with respect to Group Businesses, such as contract manufacturing services, the Company made steady progress in the development and acquisition of customers. As a result, net sales of the Industrial Equipment and Systems Business Segment amounted to 38,182 million yen (up by 11.4% from the previous fiscal year), although some demand could not be met due to production delays. In terms of profits, Segment profit (ordinary profit) stood at 4,156 million yen (up by 47.4% from the previous fiscal year), due to factors such as the improvement of profitability in conjunction with an increase in sales of new products as well as an increase in net sales of Electronic Assembly System.

c. Forecasts for the next fiscal year

Although there are matters in the global economy amplifying uncertainty in the outlook, specifically the risk of economic slowdown resulting from the U.S. and China trade friction, etc., and the foreign exchange movements affected by that, the Company is optimistic that the needs for labor-saving solutions and the like from our customers will continue to be solid.

Taking into account the aforementioned prognosis, the forecasts of business results on consolidation basis for the next fiscal year are as follows, assuming that the foreign exchange rate is 105 yen to 1 U.S. dollar.

Consolidated earnings forecasts for the fiscal year ending December 31, 2019

(million yen)

Item	Fiscal year ending December 31, 2019
Net sales	114,000
Operating profit	7,300
Ordinary profit	6,800
Profit attributable to owners of parent	5,000

At this point in time, the Company has not determined its forecasts for the first six months of the next fiscal year, due to a level of uncertainty regarding the present foreign exchange effect and the business environment in the emerging countries in Asia. These will be announced promptly once it becomes possible to make a reasonable calculation.

(2) Analysis of financial position

(Analysis of assets, liabilities, net assets, and cash flows)

Total assets as of December 31, 2018 were 119,121 million yen, an increase of 8,566 million yen compared to the previous fiscal year-end. This was mainly due to an increase in inventories. Liabilities were 81,880 million yen, an increase of 4,668 million yen compared to the previous fiscal year-end, primarily due to an increase in short-term and long-term loans payable. Net assets were 37,241 million yen, an increase of 3,897 million yen compared to the previous fiscal year-end. This was mainly due to an increase in retained earnings. Consequently, the equity ratio was 30.7%, an increase of 1.1 percentage points over that of the previous fiscal year-end.

Net cash provided by operating activities was 2,682 million yen (10,488 million yen provided in the previous fiscal year). The cash provided decreased from the previous fiscal year mainly reflected an increase in inventories, despite an increase in profit before income taxes.

Net cash used in investing activities was 2,390 million yen (1,756 million yen used in the previous fiscal year). This was mainly the result of purchase of property, plant and equipment.

Net cash provided by financing activities was 967 million yen (10,373 million yen used in the previous fiscal year). This primarily reflected an increase in interest-bearing debt.

As a result, cash and cash equivalents were 7,301 million yen, an increase of 965 million yen compared to the previous fiscal year-end.

(Reference) Transition of cash flow indicators

	FY2014 ended December 31, 2014	FY2015 ended December 31, 2015	FY2016 ended December 31, 2016	FY2017 ended December 31, 2017	FY2018 ended December 31, 2018
Equity ratio	18.4	23.2	24.2	29.6	30.7
Market value-based equity ratio (%)	49.4	27.2	27.8	49.3	27.4
Ratio of interest-bearing debt to cash flows (years)	21.6	7.5	6.1	4.8	19.5
Interest-coverage ratio (times)	2.5	6.8	8.7	11.1	3.3

(Notes) Equity ratio: Equity divided by total assets

Market value-based equity ratio: Aggregate market value of shares divided by total assets

Ratio of interest-bearing debt to cash flows: Interest-bearing debt divided by cash flows

Interest-coverage ratio: Cash flows divided by interest payment

*1. All of the above indicators are calculated based on consolidated financial figures.

*2. Aggregate market value of shares is calculated based on number of issued shares excluding treasury shares.

*3. Operating cash flow is used for cash flows.

*4. Interest-bearing debt includes all liabilities recorded on the consolidated balance sheets for which interest is being paid.

(3) Fundamental corporate policy for distributing profits, and dividends for the current fiscal year and next fiscal year

For distribution of profit, we maintain the basic policy of striving to improve the return of profit to our shareholders based on the stable payment of dividends in comprehensive consideration of factors such as the results of the current fiscal year and the internal reserve provided for capital expenditures and proactive development investment in order to build a stable business base for the future.

In accordance with this policy, taking into account the factors such as consolidated operating results for the fiscal year ended December 31, 2018, which exceeded the earnings forecasts most recently announced, the Company has decided to increase year-end dividends for the fiscal year ended December 31, 2018 by 5.00 yen, compared with an ordinary dividend of 25.00 yen for the previous fiscal year and an ordinary dividend of 25.00 yen as stated in the most recently announced forecasts for the current fiscal year.

Concerning dividend payment for the next fiscal year, the Company is forecasting a year-end dividend of 30 yen per share based on the earnings forecasts at this time.

2. Basic concept regarding selection of accounting standards

The Group has prepared the consolidated financial statements in accordance with Japanese GAAP, in order to facilitate comparison with previous year's financial statements of the Group, and/or those of other companies.

The Company will examine the application of international financial reporting standards (IFRSs) in the future, giving consideration to the status of application of the system within Japan.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(million yen)

	As of December 31, 2017	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	6,407	7,324
Notes and accounts receivable - trade	32,398	33,465
Merchandise and finished goods	25,542	28,885
Work in process	4,062	4,796
Raw materials and supplies	7,048	9,835
Deferred tax assets	1,116	1,314
Other	2,925	2,825
Allowance for doubtful accounts	(397)	(387)
Total current assets	79,102	88,059
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,452	11,890
Machinery, equipment and vehicles, net	3,211	3,411
Tools, furniture and fixtures, net	1,044	1,053
Land	6,459	6,362
Leased assets, net	338	315
Construction in progress	38	107
Total property, plant and equipment	23,545	23,141
Intangible assets	1,672	1,992
Investments and other assets		
Investment securities	3,225	2,563
Long-term loans receivable	2	0
Long-term prepaid expenses	248	260
Deferred tax assets	887	1,195
Net defined benefit asset	1,171	1,303
Other	2,311	2,007
Allowance for doubtful accounts	(1,612)	(1,402)
Total investments and other assets	6,234	5,928
Total non-current assets	31,451	31,062
Total assets	110,554	119,121

(million yen)

	As of December 31, 2017	As of December 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,028	11,145
Electronically recorded obligations - operating	4,020	5,140
Short-term loans payable	34,548	35,901
Lease obligations	98	101
Accounts payable - other	1,132	740
Accrued expenses	3,537	3,557
Income taxes payable	666	1,115
Provision for bonuses	16	38
Notes payable - facilities	164	191
Forward exchange contracts	242	-
Other	1,132	1,336
Total current liabilities	55,589	59,267
Non-current liabilities		
Long-term loans payable	15,668	16,153
Lease obligations	237	223
Provision for directors' retirement benefits	61	68
Net defined benefit liability	5,207	5,582
Other	446	584
Total non-current liabilities	21,621	22,612
Total liabilities	77,211	81,880
Net assets		
Shareholders' equity		
Capital stock	18,044	18,044
Capital surplus	2,035	2,035
Retained earnings	13,994	19,610
Treasury shares	(606)	(607)
Total shareholders' equity	33,468	39,082
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,016	458
Foreign currency translation adjustment	(1,966)	(2,973)
Remeasurements of defined benefit plans	208	(38)
Total accumulated other comprehensive income	(742)	(2,552)
Non-controlling interests	617	711
Total net assets	33,343	37,241
Total liabilities and net assets	110,554	119,121

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

Consolidated statement of income

(million yen)

	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018
Net sales	103,659	112,064
Cost of sales	71,748	77,921
Gross profit	31,911	34,143
Selling, general and administrative expenses	23,755	24,995
Operating profit	8,156	9,148
Non-operating income		
Interest income	62	44
Dividend income	154	157
Commission fee	223	202
Reversal of allowance for doubtful accounts	8	228
Other	392	473
Total non-operating income	840	1,106
Non-operating expenses		
Interest expenses	944	805
Foreign exchange losses	93	980
Other	118	82
Total non-operating expenses	1,157	1,868
Ordinary profit	7,839	8,385
Extraordinary income		
Gain on sales of non-current assets	39	17
Total extraordinary income	39	17
Extraordinary losses		
Loss on sales and retirement of non-current assets	47	50
Loss on business restructuring	102	–
Other	0	–
Total extraordinary losses	151	50
Profit before income taxes	7,727	8,353
Income taxes - current	1,319	1,749
Income taxes - deferred	709	(175)
Total income taxes	2,029	1,573
Profit	5,697	6,780
Profit attributable to non-controlling interests	54	139
Profit attributable to owners of parent	5,642	6,640

Consolidated statement of comprehensive income

(million yen)

	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018
Profit	5,697	6,780
Other comprehensive income		
Valuation difference on available-for-sale securities	177	(559)
Foreign currency translation adjustment	318	(1,028)
Remeasurements of defined benefit plans, net of tax	180	(247)
Total other comprehensive income	675	(1,834)
Comprehensive income	6,373	4,945
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,307	4,829
Comprehensive income attributable to non-controlling interests	66	115

(3) Consolidated statement of changes in equity

Fiscal year ended December 31, 2017

(million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	18,044	2,035	8,937	(605)	28,412
Changes of items during period					
Dividends of surplus			(585)		(585)
Profit attributable to owners of parent			5,642		5,642
Purchase of treasury shares				(0)	(0)
Capital increase of consolidated subsidiaries					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	5,056	(0)	5,056
Balance at end of current period	18,044	2,035	13,994	(606)	33,468

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	839	(2,274)	28	(1,406)	576	27,582
Changes of items during period						
Dividends of surplus						(585)
Profit attributable to owners of parent						5,642
Purchase of treasury shares						(0)
Capital increase of consolidated subsidiaries						-
Net changes of items other than shareholders' equity	177	307	179	664	40	704
Total changes of items during period	177	307	179	664	40	5,761
Balance at end of current period	1,016	(1,966)	208	(742)	617	33,343

Fiscal year ended December 31, 2018

(million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	18,044	2,035	13,994	(606)	33,468
Changes of items during period					
Dividends of surplus			(1,025)		(1,025)
Profit attributable to owners of parent			6,640		6,640
Purchase of treasury shares				(0)	(0)
Capital increase of consolidated subsidiaries					
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	5,615	(0)	5,614
Balance at end of current period	18,044	2,035	19,610	(607)	39,082

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,016	(1,966)	208	(742)	617	33,343
Changes of items during period						
Dividends of surplus						(1,025)
Profit attributable to owners of parent						6,640
Purchase of treasury shares						(0)
Capital increase of consolidated subsidiaries						
Net changes of items other than shareholders' equity	(558)	(1,006)	(246)	(1,810)	93	(1,716)
Total changes of items during period	(558)	(1,006)	(246)	(1,810)	93	3,897
Balance at end of current period	458	(2,973)	(38)	(2,552)	711	37,241

(4) Consolidated statement of cash flows

(million yen)

	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018
Cash flows from operating activities		
Profit before income taxes	7,727	8,353
Depreciation	2,343	2,525
Loss on business restructuring	102	–
Increase (decrease) in allowance for doubtful accounts	(13)	(199)
Increase (decrease) in provision for bonuses	0	21
Increase (decrease) in net defined benefit liability	44	367
Decrease (increase) in net defined benefit asset	(19)	(193)
Interest and dividend income	(216)	(201)
Interest expenses	944	805
Foreign exchange losses (gains)	(199)	(28)
Loss (gain) on sales and retirement of property, plant and equipment and intangible assets	8	32
Decrease (increase) in notes and accounts receivable - trade	(1,520)	(2,153)
Decrease (increase) in inventories	1,157	(8,035)
Increase (decrease) in notes and accounts payable - trade	3,989	2,515
Increase (decrease) in notes discounted	(50)	–
Other, net	(1,952)	747
Subtotal	12,348	4,557
Interest and dividend income received	211	201
Interest expenses paid	(944)	(805)
Income taxes (paid) refund	(1,125)	(1,271)
Net cash provided by (used in) operating activities	10,488	2,682
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(2,141)	(2,633)
Proceeds from sales of property, plant and equipment and intangible assets	202	148
Purchase of investment securities	(0)	(1)
Collection of loans receivable	78	1
Other, net	105	94
Net cash provided by (used in) investing activities	(1,756)	(2,390)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(7,288)	2,377
Proceeds from long-term loans payable	8,611	6,754
Repayments of long-term loans payable	(10,633)	(6,928)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(584)	(1,022)
Repayments of sale and installment back payables	(173)	(32)
Other, net	(303)	(179)
Net cash provided by (used in) financing activities	(10,373)	967
Effect of exchange rate change on cash and cash equivalents	83	(293)
Net increase (decrease) in cash and cash equivalents	(1,557)	965
Cash and cash equivalents at beginning of period	7,892	6,335
Cash and cash equivalents at end of period	6,335	7,301

**(5) Notes to consolidated financial statements
(Notes on premise of going concern)**

No items to report.

(Changes in presentation)

“Electronically recorded obligations - operating,” which was included in “Notes and accounts payable - trade” in the previous fiscal year, is presented as a separate item in the current fiscal year due to its increased financial materiality. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, “Notes and accounts payable - trade” of 14,049 million yen stated on the consolidated balance sheet for the previous fiscal year has been reclassified into “Notes and accounts payable - trade” of 10,028 million yen and “Electronically recorded obligations - operating” of 4,020 million yen.

(Segment information, etc.)

[Segment information]

1. Outline of reportable segments

The reportable segments of the Company are components of the Company that have separate financial information available and are periodically examined to enable the Board of Directors, etc. to make decisions on the allocation of management resources and evaluate the results of business performance.

2. Calculation method for the amounts of net sales, profit/loss, assets, liabilities and other items by reportable segment

The accounting method for reportable business segments is largely the same as the method for preparing consolidated financial statements.

For profit of reportable segments, the ordinary profit base figure is used. Inter-segment sales and transfer amounts are decided in consideration of the market price and other factors.

3. Information regarding the amounts of net sales, profit/loss, assets, liabilities and other items by reportable segment

Fiscal year ended December 31, 2017 (January 1, 2017 to December 31, 2017) (million yen)

	Reportable segment			Other Businesses (Note 1)	Total	Adjustments (Note 2)	Amounts reported in the consolidated financial statements (Note 3)
	Sewing Machinery and Systems Business	Industrial Equipment and Systems Business	Total				
Net sales							
To external customers	69,055	34,280	103,335	324	103,659	–	103,659
Inter-segment sales or transfers	1,010	371	1,381	479	1,860	(1,860)	–
Total	70,065	34,651	104,716	803	105,520	(1,860)	103,659
Segment profit	5,881	2,820	8,702	47	8,749	(909)	7,839
Segment assets	61,357	38,194	99,552	3,037	102,589	7,965	110,554
Other items							
Depreciation (Note 4)	1,173	639	1,813	36	1,850	493	2,343
Interest income	61	3	65	30	95	(33)	62
Interest expenses	700	270	971	8	979	(34)	944
Increase in property, plant and equipment and intangible assets (Note 4)	978	798	1,776	5	1,782	679	2,461

(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. Adjustments are as follows:
 - (1) Included in the 909 million yen deducted from segment profit as adjustment are a deduction of 16 million yen in inter-segment eliminations and a deduction of 893 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 a reportable segment and foreign exchange losses that have not been attributed to any reportable segment.
 - (2) The adjustment of 7,965 million yen for segment assets includes 11,411 million yen of corporate assets that cannot be allocated to any reportable segment, a deduction of 1,966 million yen in eliminations of inter-segment receivables, and a deduction of 1,434 million yen in eliminations of receivables owed to the administrative functions of the Company. Corporate assets primarily consist of the Company's surplus funds (cash and deposits), long-term investment funds (investment securities) and assets and others related to the administrative functions that have not been attributed to a reportable segment.
 - (3) The adjustment of 493 million yen for depreciation is mainly an adjustment for depreciation related to the administrative functions of the Company that have not been attributed to a reportable segment.
 - (4) The adjustment of 679 million yen for increases in property, plant and equipment and intangible assets is mainly capital investments of the Company that have not been attributed to a reportable segment.
3. Segment profit is adjusted with ordinary profit in the consolidated statement of income.
4. Depreciation includes the amortized amount of long-term prepaid expenses. Increase in property, plant and equipment and intangible assets includes the amount of increase in long-term prepaid expenses.

Fiscal year ended December 31, 2018 (January 1, 2018 to December 31, 2018) (million yen)

	Reportable segment			Other Businesses (Note 1)	Total	Adjustments (Note 2)	Amounts reported in the consolidated financial statements (Note 3)
	Sewing Machinery and Systems Business	Industrial Equipment and Systems Business	Total				
Net sales							
To external customers	73,615	38,182	111,798	266	112,064	–	112,064
Inter-segment sales or transfers	1,097	320	1,418	472	1,890	(1,890)	–
Total	74,713	38,502	113,216	738	113,954	(1,890)	112,064
Segment profit	5,186	4,156	9,342	64	9,406	(1,020)	8,385
Segment assets	65,676	42,912	108,589	2,991	111,581	7,539	119,121
Other items							
Depreciation (Note 4)	1,155	784	1,940	34	1,974	551	2,525
Interest income	41	6	47	56	103	(59)	44
Interest expenses	588	268	857	7	864	(59)	805
Increase in property, plant and equipment and intangible assets (Note 4)	1,199	802	2,002	4	2,007	848	2,855

(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. Adjustments are as follows:
 - (1) Included in the 1,020 million yen deducted from segment profit as adjustment are a deduction of 15 million yen in inter-segment eliminations and a deduction of 1,004 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.
 - (2) The adjustment of 7,539 million yen for segment assets includes 11,540 million yen of corporate assets that cannot be allocated to any reportable segment, a deduction of 2,208 million yen in eliminations of inter-segment receivables, and a deduction of 1,730 million yen in eliminations of receivables owed to the administrative functions of the Company. Corporate assets primarily consist of the Company's surplus funds (cash and deposits), long-term investment funds (investment securities) and assets and others related to the administrative functions that have not been attributed to a reportable segment.
 - (3) The adjustment of 551 million yen for depreciation is mainly an adjustment for depreciation related to the administrative functions of the Company that have not been attributed to a reportable segment.
 - (4) The adjustment of 848 million yen for increases in property, plant and equipment and intangible assets is mainly capital investments of the Company that have not been attributed to a reportable segment.
3. Segment profit is adjusted with ordinary profit in the consolidated statement of income.
4. Depreciation includes the amortized amount of long-term prepaid expenses. Increase in property, plant and equipment and intangible assets includes the amount of increase in long-term prepaid expenses.

[Related information]

Fiscal year ended December 31, 2017 (January 1, 2017 to December 31, 2017)

1. Information by product and service

Information by product and service is omitted because similar information is disclosed in the Segment information.

2. Information by region

(1) Net sales

(million yen)

Japan	Asia	China	Americas	Europe	Others	Total
17,263	37,269	23,493	13,037	10,909	1,686	103,659

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

(2) Property, plant and equipment

(million yen)

Japan	China	Others	Total
20,365	1,886	1,293	23,545

3. Information on major customers

Information on major customers is omitted because no external customer accounts for 10% or more of net sales in the consolidated statement of income.

Fiscal year ended December 31, 2018 (January 1, 2018 to December 31, 2018)

1. Information by product and service

Information by product and service is omitted because similar information is disclosed in the Segment information.

2. Information by region

(1) Net sales

(million yen)

Japan	Asia	China	Americas	Europe	Others	Total
17,201	41,820	26,397	13,189	11,347	2,108	112,064

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

(2) Property, plant and equipment

(million yen)

Japan	China	Others	Total
19,928	1,679	1,533	23,141

3. Information on major customers

Information on major customers is omitted because no external customer accounts for 10% or more of net sales in the consolidated statement of income.

[Information regarding impairment loss of non-current assets by reportable segment]

No items to report.

[Information on amortization and unamortized balance of goodwill by reportable segment]

No items to report.

[Information on gain on bargain purchase by reportable segment]

No items to report.

(Per share information)

	Fiscal year ended December 31, 2017 January 1, 2017 to December 31, 2017	Fiscal year ended December 31, 2018 January 1, 2018 to December 31, 2018
Net assets per share	1,117.07 yen	1,246.93 yen
Basic earnings per share	192.61 yen	226.68 yen

(Notes) 1. Diluted earnings per share is not presented since no potential shares exist.

2. The basis of the calculation of basic earnings per share is as follows.

	Fiscal year ended December 31, 2017 January 1, 2017 to December 31, 2017	Fiscal year ended December 31, 2018 January 1, 2018 to December 31, 2018
Profit attributable to owners of parent Amount not attributable to outstanding common shares	5,642 million yen -	6,640 million yen -
Profit attributable to owners of parent related to outstanding common shares	5,642 million yen	6,640 million yen
Average number of outstanding common shares during the period	29,296,626 shares	29,296,103 shares

3. The basis of the calculation of net assets per share is as follows.

	As of December 31, 2017	As of December 31, 2018
Total net assets	33,343 million yen	37,241 million yen
Deduction (Non-controlling interests)	617 million yen 617 million yen	711 million yen 711 million yen
Net assets at the end of period, related to common shares	32,726 million yen	36,529 million yen
Number of common shares used for the calculation of net assets per share	29,296,392 shares	29,295,776 shares

(Material subsequent events)

No items to report.