

**Summary of Financial Information and Business Results
for the First Three Months of Fiscal Year 2019 Ending December 31, 2019
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 9, 2019
 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 2019 ending
December 31, 2019
(January 1, 2019 to March 31, 2019)**

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended								
March 31, 2019	25,753	0.4	1,349	8.7	1,103	16.6	727	55.2
March 31, 2018	25,650	8.2	1,242	(41.9)	946	(57.8)	468	(69.3)

Note: Comprehensive income Three months ended March 31, 2019: 904 million yen [– %]
 Three months ended March 31, 2018: (668) million yen [– %]

	Basic earnings per share	Diluted earnings per share
Three months ended	yen	yen
March 31, 2019	24.84	–
March 31, 2018	16.01	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	million yen	million yen	%
March 31, 2019	119,450	37,252	30.6
December 31, 2018	119,121	37,241	30.7

Reference: Equity As of March 31, 2019: 36,534 million yen

As of December 31, 2018: 36,529 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, 2018	–	0.00	–	30.00	30.00
Fiscal year ending December 31, 2019	–				
Fiscal year ending December 31, 2019 (Forecast)		0.00	–	30.00	30.00

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

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

Note: Revisions to the consolidated earnings forecasts most recently announced: None

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 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: Yes
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement of prior period financial statements after error corrections: None

(4) Number of issued shares (common shares)

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

As of March 31, 2019	29,874,179 shares
As of March 31, 2018	29,874,179 shares

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

As of March 31, 2019	578,443 shares
As of March 31, 2018	578,403 shares

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

Three months ended March 31, 2019	29,295,766 shares
Three months ended March 31, 2018	29,296,344 shares

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

* Disclaimer regarding forward-looking statements

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

[Attached Material]

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

(1) Explanation regarding operating results

While the U.S. economy grew in a stable manner during the first three months, the business environment showed increasing global economic instability due to concerns about a slowdown in China, trade frictions between the U.S. and China, and the withdrawal of Britain from the EU. Meanwhile, trends in technological innovation are increasingly accelerating with the rising interest in AI, IoT, cloud, and other technologies, and customers face a growing need to invest in digitization, the application of systemization, and smart companies and factories.

Based on a recognition of this environment, during the three months ended March 31, 2019, the Company aimed to realize the vision of the “Value Up 2022” Medium-Term Management Plan to become an “enterprise that consistently provides customer-preferred, high-quality products and services” and convert from a “*Monodzukuri* (manufacturing)” enterprise to one based on “*Kotodzukuri* (value creation).” Specifically, the Company promoted solution sales activities, offering products and services that match customers’ needs for labor saving and proposing smart factories to boost factory-wide production efficiency while working to build a stable customer base for the future by developing a middle market focusing on the Asian market and undertaking the creation of business categories such as the Group Businesses in anticipation of the future of such categories.

As a result, while sales were sluggish in some regions such as China due to the aforementioned business environment, net sales amounted to 25,753 million yen (up by 0.4% from the same period of the previous fiscal year).

In terms of profits, cost reductions improved profitability, operating profit stood at 1,349 million yen (up by 8.7% from the same period of the previous fiscal year), ordinary profit stood at 1,103 million yen (up by 16.6% from the same period of the previous fiscal year), and the profit attributable to owners of parent stood at 727 million yen (up by 55.2% from the same period of the previous fiscal year).

(Business overview by primary segment)

a. Sewing Machinery and Systems Business

Sales were sluggish in some regions such as China, but the sales performance was steady in the Asian middle market and non-apparel sector. As a result, net sales of the Sewing Machinery and Systems Business Segment amounted to 17,083 million yen (up by 0.1% from the same period of the previous fiscal year). With respect to profits, the profitability improved due to cost reductions, etc. and the segment profit (ordinary profit) stood at 795 million yen (up by 43.6% from the same period of the previous fiscal year).

b. Industrial Equipment and Systems Business

With respect to Electronic Assembly Systems Businesses, sales in China were sluggish, but sales of new mounters and labor-saving devices tied to smart factory proposals increased. Furthermore, the Company made steady progress in the development and acquisition of customers for Group Businesses, such as contract manufacturing. As a result, net sales of the Industrial Equipment and Systems Business Segment stood at 8,607 million yen (up by 1.2% from the same period of the previous fiscal year). In terms of profits, segment profit (ordinary profit) stood at 679 million yen (down by 17.7% from the same period of the previous fiscal year) due to an increase in development expenses and expenses incurred with respect to strengthening of organizations to improve solution businesses.

(2) Explanation regarding financial position

Assets, liabilities and net assets

Total assets as of March 31, 2019 increased by 329 million yen compared to the previous fiscal year-end due to an increase in inventories, etc. and were 119,450 million yen. Liabilities increased by 317 million yen compared to the previous fiscal year-end due to an increase in short-term loans payable, etc. and were 82,197 million yen. Net assets increased by 11 million yen compared to the previous fiscal year-end due to a decrease in negative value for the foreign currency translation

adjustment, etc. and were 37,252 million yen. Consequently, the equity ratio was 30.6%.

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

At this point in time, the Company has not determined its earnings forecasts for the six months ending June 30, 2019, due to a level of uncertainty regarding the present foreign exchange effect and the environment surrounding business. Furthermore, there are no changes in the full-year earnings forecast that were previously announced.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(million yen)

	As of December 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	7,324	7,314
Notes and accounts receivable - trade	33,465	33,045
Inventories	43,516	44,239
Other	2,825	2,828
Allowance for doubtful accounts	(387)	(480)
Total current assets	86,744	86,946
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,890	11,756
Land	6,362	6,362
Other, net	4,888	5,514
Total property, plant and equipment	23,141	23,632
Intangible assets	1,992	1,970
Investments and other assets		
Other	8,645	8,235
Allowance for doubtful accounts	(1,402)	(1,334)
Total investments and other assets	7,242	6,900
Total non-current assets	32,376	32,503
Total assets	119,121	119,450
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,145	9,364
Electronically recorded obligations - operating	5,140	4,622
Short-term loans payable	35,901	39,849
Income taxes payable	1,115	432
Provision for bonuses	38	634
Other	5,926	6,124
Total current liabilities	59,266	61,027
Non-current liabilities		
Long-term loans payable	16,153	14,876
Provision for directors' retirement benefits	68	70
Net defined benefit liability	5,582	5,094
Other	809	1,128
Total non-current liabilities	22,613	21,169
Total liabilities	81,880	82,197

(million yen)

	As of December 31, 2018	As of March 31, 2019
Net assets		
Shareholders' equity		
Capital stock	18,044	18,044
Capital surplus	2,035	2,035
Retained earnings	19,610	19,458
Treasury shares	(607)	(607)
Total shareholders' equity	39,082	38,931
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	458	491
Foreign currency translation adjustment	(2,973)	(2,841)
Remeasurements of defined benefit plans	(38)	(47)
Total accumulated other comprehensive income	(2,552)	(2,396)
Non-controlling interests	711	718
Total net assets	37,241	37,252
Total liabilities and net assets	119,121	119,450

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

Consolidated statement of income (cumulative)

(million yen)

	Three months ended March 31, 2018	Three months ended March 31, 2019
Net sales	25,650	25,753
Cost of sales	18,276	18,057
Gross profit	7,373	7,695
Selling, general and administrative expenses	6,131	6,345
Operating profit	1,242	1,349
Non-operating income		
Interest income	12	9
Dividend income	67	72
Reversal of allowance for doubtful accounts	120	6
Other	129	121
Total non-operating income	329	209
Non-operating expenses		
Interest expenses	193	204
Foreign exchange losses	427	237
Other	5	14
Total non-operating expenses	625	456
Ordinary profit	946	1,103
Extraordinary income		
Gain on sales of non-current assets	1	4
Total extraordinary income	1	4
Extraordinary losses		
Loss on sales and retirement of non-current assets	12	3
Total extraordinary losses	12	3
Profit before income taxes	935	1,104
Income taxes	446	362
Profit	488	742
Profit attributable to non-controlling interests	19	14
Profit attributable to owners of parent	468	727

Consolidated statement of comprehensive income (cumulative)

(million yen)

	Three months ended March 31, 2018	Three months ended March 31, 2019
Profit	488	742
Other comprehensive income		
Valuation difference on available-for-sale securities	(94)	33
Foreign currency translation adjustment	(1,059)	137
Remeasurements of defined benefit plans, net of tax	(2)	(9)
Total other comprehensive income	(1,156)	162
Comprehensive income	(668)	904
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(679)	883
Comprehensive income attributable to non-controlling interests	11	21

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

No items to report.

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

No items to report.

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

Calculation of taxes

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

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

(Changes in accounting policies)

Subsidiaries of the Group that apply IFRS have applied IFRS 16 (Leases) effective from the first quarter ended March 31, 2019. The impact from this application of the accounting standards on the quarterly consolidated financial statements is immaterial.

(Additional information)

(Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting" and relevant Guidance)

The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant Guidance effective from the beginning of the first quarter ended March 31, 2019. Accordingly, deferred tax assets were presented under "Investments and other assets" and deferred tax liabilities were presented under "Non-current liabilities."

(Segment information, etc.)

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

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	25,650	–	25,650
Inter-segment sales or transfers	237	104	342	106	448	(448)	–
Total	17,302	8,610	25,913	185	26,098	(448)	25,650
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.

Three months ended March 31, 2019 (January 1, 2019 to March 31, 2019) (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	17,083	8,607	25,690	62	25,753	–	25,753
Inter-segment sales or transfers	290	45	335	105	441	(441)	–
Total	17,373	8,652	26,026	168	26,194	(441)	25,753
Segment profit	795	679	1,474	13	1,487	(384)	1,103

(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 384 million yen deducted from segment profit as adjustment are a deduction of 4 million yen in inter-segment eliminations and a deduction of 379 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.