

**Summary of Financial Information and Business Results
for the First Three Months of Fiscal Year 2020 Ending December 31, 2020
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 12, 2020
 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 2020 ending December 31, 2020 (January 1, 2020 to March 31, 2020)

(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, 2020	16,860	(34.5)	(1,472)	–	(1,732)	–	(1,836)	–
March 31, 2019	25,753	0.4	1,349	8.7	1,103	16.6	727	55.2

Note: Comprehensive income Three months ended March 31, 2020: (2,520) million yen [– %]
 Three months ended March 31, 2019: 904 million yen [– %]

Three months ended	Basic earnings per share	Diluted earnings per share
	yen	yen
March 31, 2020	(62.69)	–
March 31, 2019	24.84	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	million yen	million yen	%
March 31, 2020	110,486	34,499	30.6
December 31, 2019	114,715	37,752	32.3

Reference: Equity As of March 31, 2020: 33,812 million yen

As of December 31, 2019: 37,037 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, 2019	–	0.00	–	25.00	25.00
Fiscal year ending December 31, 2020	–				
Fiscal year ending December 31, 2020 (Forecast)		0.00	–	–	–

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

3. Consolidated earnings forecasts for the fiscal year 2020 ending December 31, 2020 (January 1, 2020 to December 31, 2020)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Fiscal year ending December 31, 2020	–	–	–	–	–	–	–	–	–

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

At this time, it is difficult to predict when the spread of the novel coronavirus disease (COVID-19) will be brought under control. Therefore, because it is difficult to reasonably calculate the earnings forecasts, the consolidated earnings forecasts for the fiscal year ending December 31, 2020 announced on February 14, 2020 are yet to be determined. The Company will announce the consolidated earnings forecasts once it is able to do so.

*** 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, 2020	29,874,179 shares
As of December 31, 2019	29,874,179 shares

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

As of March 31, 2020	578,836 shares
As of December 31, 2019	578,789 shares

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

Three months ended March 31, 2020	29,295,367 shares
Three months ended March 31, 2019	29,295,766 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

During the three months ended March 31, 2020, the business environment was affected as business activities at companies continued to stagnate amid restrictions against travel between and within countries around the world due to the spread of the novel coronavirus disease (COVID-19), and there was a rapid slowdown in the global economy. Under the vision “a *Mono-Koto dzukuri* (manufacturing-value creation) enterprise, capable of elevating the corporate value of both JUKI and its customers through JUKI products and services” of the Medium-Term Management Plan Phase II, which serves as the focal point for structural reforms from 2020 to 2022, the Company will carry out structural reforms centered on the “5 Reforms*.” To accomplish this, the Company has (i) carried out cost structural reforms through streamlining, etc. of administrative and indirect operations, (ii) maximized added value by expanding business areas, such as by strengthening sales capabilities in highly profitable areas and (iii) strengthened the customer base by eliminating borders, such as by improving efforts to develop the middle market.

However, the overall conditions in the business environment surrounding the Company are quite challenging because, although the Company’s factories in China, Vietnam and Japan are able to operate as normal, operations at the sewing factories, electronic component factories, etc., of our customers in various countries and regions have stopped and companies are no longer conducting business due to the spread of COVID-19. Affected by these factors, sales struggled in each region the Company operates in, resulting in net sales of 16,860 million yen (down by 34.5% from the same period of the previous fiscal year). In terms of profits, we worked to reduce costs and restructured the organization in an effort to minimize expenses, but the impact of the decline in sales and lower capacity utilization rates at factories resulted in operating loss of 1,472 million yen (compared to operating profit of 1,349 million yen for the same period of the previous fiscal year). Ordinary loss stood at 1,732 million yen (compared to ordinary profit of 1,103 million yen for the same period of the previous fiscal year), and loss attributable to owners of parent stood at 1,836 million yen (compared to profit attributable to owners of parent of 727 million yen for the same period of the previous fiscal year).

To respond to this situation, the Company will further deepen the structural reforms that were started at the beginning of the fiscal year, proceed with cost reductions in the second quarter of 1.6 billion yen from the previous fiscal year through significant production adjustments, including a stoppage of all operations at the head office and Group factories in Japan and overseas, a temporary suspension of administrative (indirect) functions, personnel system reforms, including treatment, a review of the capital investment plan, etc. and while improving profitability, review work operations through the establishment of specialized departments, introduce RPA, improve work efficiency, such as by making the necessary preparations for teleworking, and further improve productivity, including in indirect functions. In addition, officers have voluntarily returned a portion of their remuneration (monthly remuneration and bonuses).

(* 5 Reforms = (i) Develop markets and customer with potential for growth, (ii) Expand business areas for increasing profitability, (iii) Expand innovative technical areas, (iv) Construct a production organization and administrative (indirect) work organization centered on the management 5Ss (Simple, Slim, Speedy, Seamless and Smart) and (v) Conduct “sustainable” management)

(Business overview by primary segment)

a. Sewing Machinery and Systems Business

Sales declined in each market, resulting in net sales for the Sewing Machinery and Systems Business Segment as a whole of 10,662 million yen (down by 37.6% from the same period of the previous fiscal year). In terms of profits, we worked to reduce costs and restructured the organization in an effort to minimize expenses, but segment loss (ordinary loss) stood at 922 million yen (compared to segment profit of 795 million yen for the same period of the previous fiscal year) due to the impact of lower sales and lower capacity utilization rates.

b. Industrial Equipment and Systems Business

With respect to Electronic Assembly Systems Businesses, sales declined in China and other markets, and Group Businesses, such as contract manufacturing, have also seen sluggishness in

areas such as the in-car-related market. As a result, net sales of the Industrial Equipment and Systems Business Segment stood at 6,140 million yen (down by 28.7% from the same period of the previous fiscal year). In terms of profits, we worked to reduce costs and restructured the organization in an effort to minimize expenses, but segment loss (ordinary loss) stood at 384 million yen (compared to segment profit of 679 million yen for the same period of the previous fiscal year) due to the impact of lower sales and lower capacity utilization rates.

(2) Explanation regarding financial position

Assets, liabilities and net assets

Total assets as of March 31, 2020 were 110,486 million yen, a decrease of 4,229 million yen compared to the previous fiscal year-end. This was mainly due to a decrease in accounts receivable - trade. Liabilities were 75,987 million yen, a decrease of 976 million yen compared to the previous fiscal year-end. This mainly reflected a decrease in accounts payable - trade. Net assets were 34,499 million yen, a decrease of 3,252 million yen compared to the previous fiscal year-end. This was mainly due to a decrease in retained earnings reflecting the loss recorded for the period and payment of dividends, in addition to a higher negative value in foreign currency translation adjustment. Consequently, the equity ratio was 30.6%.

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

Business activities at companies continued to stagnate amid restrictions against travel between and within countries around the world due to the spread of the novel coronavirus disease (COVID-19). At this time, it is difficult to predict when the spread of COVID-19 will be brought under control. Therefore, because it is difficult to reasonably calculate the earnings forecasts, the consolidated earnings forecasts for the fiscal year ending December 31, 2020 announced on February 14, 2020 are yet to be determined. The Company will announce the consolidated earnings forecasts once it is able to do so.

In addition, due to the above reason, the forecast of the year-end dividend for the fiscal year ending December 31, 2020 is yet to be determined and will be announced once the Company is able to calculate the consolidated earnings forecasts for the fiscal year ending December 31, 2020.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(million yen)

	As of December 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	5,987	7,454
Notes and accounts receivable - trade	30,461	25,299
Inventories	41,461	41,350
Other	2,684	2,726
Allowance for doubtful accounts	(383)	(495)
Total current assets	80,210	76,334
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,514	11,254
Land	6,362	6,322
Other, net	6,278	6,401
Total property, plant and equipment	24,154	23,978
Intangible assets	2,096	2,070
Investments and other assets		
Other	9,611	9,443
Allowance for doubtful accounts	(1,357)	(1,340)
Total investments and other assets	8,254	8,102
Total non-current assets	34,505	34,151
Total assets	114,715	110,486
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,120	6,103
Electronically recorded obligations - operating	2,877	2,560
Short-term loans payable	37,211	37,984
Income taxes payable	452	348
Provision for bonuses	28	429
Other	7,078	5,487
Total current liabilities	54,769	52,913
Non-current liabilities		
Long-term loans payable	15,400	16,399
Provision for directors' retirement benefits	61	63
Net defined benefit liability	5,251	5,230
Other	1,480	1,381
Total non-current liabilities	22,194	23,074
Total liabilities	76,963	75,987

(million yen)

	As of December 31, 2019	As of March 31, 2020
Net assets		
Shareholders' equity		
Capital stock	18,044	18,044
Capital surplus	2,035	2,035
Retained earnings	20,494	17,925
Treasury shares	(607)	(607)
Total shareholders' equity	39,966	37,397
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	468	333
Foreign currency translation adjustment	(3,437)	(3,953)
Remeasurements of defined benefit plans	40	34
Total accumulated other comprehensive income	(2,929)	(3,585)
Non-controlling interests	714	687
Total net assets	37,752	34,499
Total liabilities and net assets	114,715	110,486

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

Consolidated statement of income (cumulative)

(million yen)

	Three months ended March 31, 2019	Three months ended March 31, 2020
Net sales	25,753	16,860
Cost of sales	18,057	12,742
Gross profit	7,695	4,117
Selling, general and administrative expenses	6,345	5,590
Operating profit (loss)	1,349	(1,472)
Non-operating income		
Interest income	9	13
Dividend income	72	61
Reversal of allowance for doubtful accounts	6	2
Other	121	142
Total non-operating income	209	220
Non-operating expenses		
Interest expenses	204	199
Foreign exchange losses	237	249
Other	14	32
Total non-operating expenses	456	480
Ordinary profit (loss)	1,103	(1,732)
Extraordinary income		
Gain on sales of non-current assets	4	27
Total extraordinary income	4	27
Extraordinary losses		
Loss on sales and retirement of non-current assets	3	4
Loss on valuation of investment securities	—	47
Total extraordinary losses	3	52
Profit (loss) before income taxes	1,104	(1,757)
Income taxes	362	99
Profit (loss)	742	(1,856)
Profit (loss) attributable to non-controlling interests	14	(20)
Profit (loss) attributable to owners of parent	727	(1,836)

Consolidated statement of comprehensive income (cumulative)

(million yen)

	Three months ended March 31, 2019	Three months ended March 31, 2020
Profit (loss)	742	(1,856)
Other comprehensive income		
Valuation difference on available-for-sale securities	33	(134)
Foreign currency translation adjustment	137	(523)
Remeasurements of defined benefit plans, net of tax	(9)	(5)
Total other comprehensive income	162	(663)
Comprehensive income	904	(2,520)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	883	(2,492)
Comprehensive income attributable to non-controlling interests	21	(27)

**(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, 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.

Three months ended March 31, 2020 (January 1, 2020 to March 31, 2020) (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	10,662	6,140	16,802	57	16,860	–	16,860
Inter-segment sales or transfers	206	23	229	105	335	(335)	–
Total	10,868	6,163	17,032	163	17,196	(335)	16,860
Segment profit (loss)	(922)	(384)	(1,307)	19	(1,287)	(445)	(1,732)

(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 445 million yen deducted from segment profit (loss) as adjustment are 55 million yen in inter-segment eliminations and a deduction of 500 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 (loss) is adjusted with ordinary loss in the quarterly consolidated statement of income.

2. Information regarding impairment loss of non-current assets and goodwill by reportable segment

No items to report.