



## (2) Consolidated financial position

		Total assets	Net assets	Equity ratio
As of		million yen	million yen	%
September 30, 2020		127,769	31,135	24.1
December 31, 2019		114,715	37,752	32.3

Reference: Equity As of September 30, 2020: 30,784 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	–	0.00	–		
Fiscal year ending December 31, 2020 (Forecast)				–	–

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

## 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: None

\* Notes

- (1) Changes in significant subsidiaries during the nine 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 September 30, 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 September 30, 2020	578,868 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)

Nine months ended September 30, 2020	29,295,345 shares
Nine months ended September 30, 2019	29,295,660 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]

**Index**

1. Qualitative information regarding consolidated performance for the first nine months .....	2
(1) Explanation regarding operating results .....	2
(2) Explanation regarding financial position .....	3
(3) Explanation regarding forward-looking statements such as consolidated earnings forecasts.....	3
2. Quarterly consolidated financial statements and significant notes thereto.....	4
(1) Consolidated balance sheet .....	4
(2) Consolidated statement of income and consolidated statement of comprehensive income.....	6
(3) Notes to quarterly consolidated financial statements.....	8
(Notes to premise of going concern).....	8
(Notes to significant changes in the amount of shareholders' equity) .....	8
(Application of special accounting for preparing quarterly consolidated financial statements).....	8
(Additional information).....	8
(Changes in presentation).....	8
(Segment information, etc.) .....	9

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

### (1) Explanation regarding operating results

During the nine months ended September 30, 2020, the business environment was characterized by continued weakness in consumption demand due to the impact of the novel coronavirus disease (COVID-19). However, especially in the third quarter, there were signs of increased economic activity in China and other countries due to 5G-related demand, etc.

With regard to the environment in which the Company operates, although the impact of COVID-19 remains, demand for capital investment is recovering, mainly in China and other countries, and we are beginning to see some business opportunities for the Company, such as measures against disruptions in customers' supply chains (decentralization of production bases).

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.

\* 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

In response to the challenging situation, the Company worked to improve profitability by further deepening the structural reforms that were begun at the beginning of the fiscal year, making significant production adjustments, which include stopping all operations at the head office and Group factories in Japan and overseas, temporarily suspending administrative (indirect) functions, introducing new forms of working, implementing reforms of personnel systems (including treatment), reviewing the capital investment plan, etc., resulting in fixed-cost reductions of approximately 5.8 billion yen in the nine months ended September 30, 2020 compared to the same period of the previous fiscal year.

As a result, net sales increased 19.4% and ordinary loss decreased 55.0% in the third quarter compared to the second quarter, and for the nine months ended September 30, 2020, net sales stood at 46,777 million yen (down by 37.1% from the same period of the previous fiscal year). In terms of profits, operating loss stood at 4,647 million yen (compared to operating profit of 3,238 million yen for the same period of the previous fiscal year), ordinary loss stood at 4,220 million yen (compared to ordinary profit of 2,476 million yen for the same period of the previous fiscal year), and loss attributable to owners of parent stood at 4,895 million yen (compared to profit attributable to owners of parent of 1,683 million yen for the same period of the previous fiscal year).

In view of the continued presence of the coronavirus, in the fourth quarter we will make further fixed-cost reductions of approximately 1.1 billion yen year on year by establishing new forms of working and implementing further reforms to personnel systems. In addition, we will review work operations by establishing specialized departments with a focus on the post-coronavirus era, and build progressive and highly efficient management systems through the introduction of RPA and other technologies.

In addition, we will respond to the recent recovery in the market economy, and with the expansion of business areas to increase added value and the acquisition of customers in emerging markets as growth engines, we will accelerate our efforts to achieve a quick recovery in business results.

(Business overview by primary segment)

#### a. Sewing Machinery and Systems Business

By meeting the increase in demand generated by people cocooning at home following the spread of COVID-19, sales of household sewing machines rose in Japan and European markets. Although sales of industrial sewing machines decreased compared to the same period of the previous fiscal year (cumulative), mainly in Asia, signs of a recovery have appeared as sales have increased (up by

25.2%) in the third quarter compared to the second quarter. As a result, for the nine months ended September 30, 2020, net sales for the Sewing Machinery and Systems Business as a whole were 28,253 million yen (down by 41.9% from the same period of the previous fiscal year). In terms of profits, although there was a loss due to the impact of a decline in sales, the fall in capacity utilization rates at factories and other factors, the Company strove to reduce costs through the structural reforms mentioned above and gradually reduced the amount of red ink, resulting in a segment loss (ordinary loss) of 2,222 million yen (compared to segment profit of 2,418 million yen for the same period of the previous fiscal year) for the nine months ended September 30, 2020.

b. Industrial Equipment and Systems Business

With signs of a recovery in capital investment demand becoming visible in relation to 5G, etc., primarily in China and other countries, although industrial equipment sales decreased compared to the same period of the previous fiscal year (cumulative), sales have increased (up by 10.6%) in the third quarter compared to the second quarter. On the other hand, Group Businesses, such as contract manufacturing, have seen sluggishness in sales, mainly in the in-car-related market. As a result, net sales for the Industrial Equipment and Systems Business as a whole were 18,357 million yen (down by 28.4% from the same period of the previous fiscal year). In terms of profits, due to a decline in sales and mainly the impact of the fall in capacity utilization rates at factories in the first half of the fiscal year, there was a segment loss (ordinary loss) of 598 million yen (compared to segment profit of 1,418 million yen for the same period of the previous fiscal year) for the nine months ended September 30, 2020. However, as a result of the efforts to reduce costs through the structural reforms mentioned above, the business results returned to an ordinary profit in the third quarter.

**(2) Explanation regarding financial position**

During the nine months ended September 30, 2020, in order to prepare for the impact of the spread of COVID-19, and with the aim of further increasing the stability of our financial foundation, we worked speedily to formulate a financing strategy that included Group companies, and to augment the amount of cash at hand.

As a result, total assets as of September 30, 2020 were 127,769 million yen, an increase of 13,053 million yen compared to the previous fiscal year-end. This was mainly due to a fall in accounts receivable - trade, which was more than offset by a rise in cash and deposits, etc. Liabilities were 96,633 million yen, an increase of 19,669 million yen compared to the previous fiscal year-end, primarily due to an increase in short-term and long-term borrowings, while accounts payable-trade decreased. Net assets were 31,135 million yen, a decrease of 6,616 million yen compared to the previous fiscal year-end. This was mainly due to a decrease in retained earnings in addition to a higher negative value in foreign currency translation adjustment.

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

The consolidated earnings forecasts for the fiscal year ending December 31, 2020 remain yet to be determined because although the markets in China and other countries are recovering as mentioned above, COVID-19 is resurging in Europe and other areas and the future impact of COVID-19 cannot be predicted at this time. The Company will announce the consolidated earnings forecasts once it is able to do so.

In addition, forecasts for the year-end dividend for the fiscal year ending December 31, 2020 also remain 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 September 30, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	5,987	31,074
Notes and accounts receivable - trade	30,461	20,208
Inventories	41,461	39,967
Other	2,684	3,068
Allowance for doubtful accounts	(383)	(524)
Total current assets	80,210	93,795
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,514	11,367
Land	6,362	6,322
Other, net	6,278	5,883
Total property, plant and equipment	24,154	23,573
Intangible assets	2,096	1,942
Investments and other assets		
Other	9,611	9,823
Allowance for doubtful accounts	(1,357)	(1,364)
Total investments and other assets	8,254	8,458
Total non-current assets	34,505	33,974
Total assets	114,715	127,769
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	7,120	5,658
Electronically recorded obligations - operating	2,877	1,723
Short-term borrowings	37,211	52,922
Income taxes payable	452	271
Provision for bonuses	28	358
Other	7,078	4,678
Total current liabilities	54,769	65,613
Non-current liabilities		
Long-term borrowings	15,400	24,173
Provision for retirement benefits for directors (and other officers)	61	68
Retirement benefit liability	5,251	5,291
Other	1,480	1,487
Total non-current liabilities	22,194	31,020
Total liabilities	76,963	96,633

(million yen)

	As of December 31, 2019	As of September 30, 2020
Net assets		
Shareholders' equity		
Share capital	18,044	18,044
Capital surplus	2,035	1,990
Retained earnings	20,494	14,866
Treasury shares	(607)	(607)
Total shareholders' equity	39,966	34,294
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	468	519
Foreign currency translation adjustment	(3,437)	(4,051)
Remeasurements of defined benefit plans	40	22
Total accumulated other comprehensive income	(2,929)	(3,509)
Non-controlling interests	714	350
Total net assets	37,752	31,135
Total liabilities and net assets	114,715	127,769

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

### Consolidated statement of income (cumulative)

(million yen)

	Nine months ended September 30, 2019	Nine months ended September 30, 2020
Net sales	74,424	46,777
Cost of sales	52,160	36,716
Gross profit	22,264	10,060
Selling, general and administrative expenses	19,026	14,708
Operating profit (loss)	3,238	(4,647)
Non-operating income		
Interest income	31	32
Dividend income	120	94
Commission income	140	103
Reversal of allowance for doubtful accounts	106	34
Subsidy income	14	1,084
Other	268	204
Total non-operating income	680	1,553
Non-operating expenses		
Interest expenses	597	625
Foreign exchange losses	771	401
Other	73	99
Total non-operating expenses	1,442	1,126
Ordinary profit (loss)	2,476	(4,220)
Extraordinary income		
Gain on sales of non-current assets	8	33
Total extraordinary income	8	33
Extraordinary losses		
Loss on sales and retirement of non-current assets	9	164
Loss on valuation of investments in capital	5	–
Loss on valuation of investment securities	–	152
Extra retirement payments	–	238
Total extraordinary losses	14	554
Profit (loss) before income taxes	2,469	(4,742)
Income taxes	756	229
Profit (loss)	1,712	(4,971)
Profit (loss) attributable to non-controlling interests	29	(75)
Profit (loss) attributable to owners of parent	1,683	(4,895)

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

(million yen)

	Nine months ended September 30, 2019	Nine months ended September 30, 2020
Profit (loss)	1,712	(4,971)
Other comprehensive income		
Valuation difference on available-for-sale securities	(70)	51
Foreign currency translation adjustment	(1,146)	(616)
Remeasurements of defined benefit plans, net of tax	(16)	(17)
Total other comprehensive income	(1,232)	(583)
Comprehensive income	480	(5,554)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	470	(5,475)
Comprehensive income attributable to non-controlling interests	10	(78)

**(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.

**(Additional information)**

(Accounting estimates following the spread of novel coronavirus disease (COVID-19))

With regard to the effects of the spread of COVID-19, it is currently difficult to reasonably estimate these impacts, but based on external information, it was assumed that “the effects of the spread of COVID-19 will continue for the certain period of the fiscal year ending December 31, 2020” as of June 30, 2020. Later, given the situation regarding the spread of COVID-19, we changed our assumption to “the effects of the spread of COVID-19 will continue for the certain period of the fiscal year ending December 31, 2021,” on which basis we have created accounting estimates related to such matters as judgments on impairment losses for non-current assets, and the recoverability of deferred tax assets.

However, this assumption is highly uncertain, and future results may differ from these estimates and assumptions.

**(Changes in presentation)**

(Consolidated statement of income)

For the nine months ended September 30, 2020, the “subsidy income” that had previously been included in the “other” category of “non-operating income” exceeded 20% of total non-operating income, and thus has been presented as a separate item.

To reflect this change in presentation, the quarterly consolidated statement of income for the nine months ended September 30, 2019, has been reclassified.

As a result, in the quarterly consolidated statement of income for the nine months ended September 30, 2019, the 282 million yen that had previously been presented as “other” in “non-operating income” has become “subsidy income” of 14 million yen and “other” of 268 million yen.

**(Segment information, etc.)**

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

Nine months ended September 30, 2019 (January 1, 2019 to September 30, 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	48,613	25,629	74,243	181	74,424	–	74,424
Inter-segment sales or transfers	798	118	916	353	1,269	(1,269)	–
Total	49,411	25,748	75,160	534	75,694	(1,269)	74,424
Segment profit	2,418	1,418	3,837	56	3,894	(1,417)	2,476

- (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 1,417 million yen deducted from segment profit as adjustment are a deduction of 6 million yen in inter-segment eliminations and a deduction of 1,411 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.

Nine months ended September 30, 2020 (January 1, 2020 to September 30, 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	28,253	18,357	46,610	166	46,777	–	46,777
Inter-segment sales or transfers	537	40	578	293	872	(872)	–
Total	28,791	18,397	47,189	460	47,649	(872)	46,777
Segment profit (loss)	(2,222)	(598)	(2,820)	62	(2,757)	(1,462)	(4,220)

- (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 1,462 million yen deducted from segment profit (loss) as adjustment are a deduction of 60 million yen in inter-segment eliminations and a deduction of 1,522 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.