

(Reference Translation)



February 12, 2021

**Summary of Financial Information and Business Results
for the Fiscal Year 2020 Ended December 31, 2020
on a Consolidated Basis
<under Japanese GAAP>**

Company name: **JUKI Corporation**
Listing: First Section of the Tokyo Stock Exchange
Securities code: 6440
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Scheduled date of Ordinary General Meeting of Shareholders: March 25, 2021
Scheduled date to commence dividend payments: March 26, 2021
Scheduled date to file the securities report: March 26, 2021
Preparation of supplementary material on financial results: Yes
Holding of financial results presentation meeting: Yes (for analysts)

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

**1. Consolidated performance for the fiscal year 2020 ended December 31, 2020
(January 1, 2020 to December 31, 2020)**

(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, 2020	70,401	(29.0)	(4,469)	–	(3,957)	–	(4,688)	–
December 31, 2019	99,169	(11.5)	3,838	(58.0)	2,941	(64.9)	1,763	(73.4)

Note: Comprehensive income Fiscal year ended December 31, 2020: (5,321) million yen [– %]
Fiscal year ended December 31, 2019: 1,403 million yen [(71.6) %]

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, 2020	(160.04)	–	(13.8)	(3.5)	(6.3)
December 31, 2019	60.20	–	4.8	2.5	3.9

Reference: Equity in earnings (losses) of affiliates Fiscal year ended December 31, 2020: (77) million yen
Fiscal year ended December 31, 2019: – 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, 2020	110,230	31,368	28.2	1,059.32
December 31, 2019	114,715	37,752	32.3	1,264.28

Reference: Equity As of December 31, 2020 31,033 million yen

As of December 31, 2019 37,037 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, 2020	8,509	(2,698)	2,034	13,820
December 31, 2019	3,054	(3,430)	(810)	5,976

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, 2019	–	0.00	–	25.00	25.00	732	41.5	2.0
Fiscal year ended December 31, 2020	–	0.00	–	20.00	20.00	585	–	1.7
Fiscal year ending December 31, 2021 (Forecast)	–	0.00	–	25.00	25.00		36.6	

3. Consolidated earnings forecasts for the fiscal year 2021 ending December 31, 2021 (January 1, 2021 to December 31, 2021)

(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, 2021	100,000	42.0	3,100	–	2,800	–	2,000	–	68.27

* The consolidated earnings forecasts for the six months ending June 30, 2021 have not been calculated. The consolidated earnings forecasts for the fiscal year ending December 31, 2021 are calculated on the assumption that the foreign exchange rate is 102 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, 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 December 31, 2020	578,890 shares
As of December 31, 2019	578,789 shares

- c. Average number of shares during the period

Fiscal year ended December 31, 2020	29,295,335 shares
Fiscal year ended December 31, 2019	29,295,610 shares

Reference: Summary of non-consolidated performance

**Non-consolidated performance for the fiscal year 2020 ended December 31, 2020
(January 1, 2020 to December 31, 2020)**

(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, 2020	28,326	(44.4)	(5,326)	–	(2,914)	–	(2,806)	–
December 31, 2019	50,988	(14.6)	(291)	–	1,430	(63.7)	1,202	(67.1)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	yen	yen
December 31, 2020	(95.81)	–
December 31, 2019	41.05	–

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
December 31, 2020	86,531	28,135	32.5	960.41
December 31, 2019	89,045	31,670	35.6	1,081.06

Reference: Equity As of December 31, 2020: 28,135 million yen
As of December 31, 2019: 31,670 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]

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1. Overview of operating results, etc.

(1) Analysis of operating results

a. Operating results of the current fiscal year

In the business environment in the fiscal year ended December 31, 2020, economic activity was revitalized in some countries and regions, such as China, due to the increase of demand for semiconductors, which have been driven by 5G, etc., and automotive-related demand in the second half despite the continuing of restrained capital investment and declines in personal consumption due to the impact of the spread of the novel coronavirus disease (COVID-19).

The environment surrounding the Company was considerably affected by the spread of COVID-19 in the first half in particular, but recovery of demand for capital investment, mainly in China and other countries, was seen from the second half, and there began to be signs leading to business chances for the Company such as responding to customers' supply chain fragmentation (decentralization of production areas).

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 has been carrying 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) Developing markets and customers with potential for growth, (ii) Expanding business areas for increasing profitability, (iii) Expanding innovative technical areas, (iv) Constructing a production organization and administrative (indirect) work organization centered on the management 5Ss (Simple, Slim, Speedy, Seamless and Smart) and (v) Conducting "sustainable" management

At the same time, the Company worked to improve profitability by further deepening the structural reforms that were begun at the beginning of the fiscal year in order to respond to the difficult business environment during the COVID-19 pandemic, 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), and reviewing the capital investment plan, etc., resulting in fixed-cost reductions of approximately 7.2 billion yen year-on-year.

As a result, net sales stood at 70,401 million yen (down by 29.0% year-on-year) for the fiscal year under review. Net sales began to recover after bottoming out in the second quarter, and net sales in the fourth quarter recovered to 95.5% year-on-year as it rose by 45.1% compared to the third quarter.

In terms of profits for the fiscal year under review, operating loss stood at 4,469 million yen (compared to operating profit of 3,838 million yen for the previous fiscal year), ordinary loss stood at 3,957 million yen (compared to ordinary profit of 2,941 million yen for the previous fiscal year), and loss attributable to owners of parent stood at 4,688 million yen (compared to profit attributable to owners of parent of 1,763 million yen for the previous fiscal year). However, due to improvements to sales and the cost structural reforms mentioned above, the Company began to recover from the third quarter and became profitable in the fourth quarter.

b. Overview of each business segment

i) Sewing Machinery and Systems Business

Sales of industrial sewing machines declined significantly year-on-year due to being considerably affected by a low level of demand for capital investment as a result of low operating rates at the sewing factories that make up our customers in a number of countries and regions in the first half in particular because of the spread of COVID-19. However, as sales in the fourth quarter rose by 62.8% compared to the third quarter, certain recovery of sales, such as net sales in China and the

Americas rising above the previous fiscal year, progressed. By meeting the increase in demand generated by people staying at home following the spread of COVID-19, sales of household sewing machines rose in Japan and European markets. As a result, net sales for the overall Sewing Machinery and Systems Business for the fiscal year under review stood at 42,732 million yen (down by 33.5% year-on-year).

In terms of profits, factors such as the significant decline in sales and the fall in capacity utilization rates at factories resulted in a segment loss (ordinary loss) of 2,201 million yen for the fiscal year under review (compared to segment profit of 2,680 million yen for the previous fiscal year). However, due to improvements to sales and efforts to reduce costs, such as the structural reforms mentioned above, the Company reduced the amount of red ink, and finally became profitable in the fourth quarter.

ii) Industrial Equipment and Systems Business

With respect to Electric Assembly Systems Businesses, despite being considerably affected by the spread of COVID-19, recovery of demand for capital investment in relation to 5G, mainly in China and other countries, and net sales in the fourth quarter rose by 64.2% compared to the third quarter and certain recovery of sales, such as net sales rising above the same period of the previous fiscal year, progressed. On the other hand, sales failed to grow in Group Businesses such as contract manufacturing, mainly for in-car-related products, with the result that net sales for the Industrial Equipment and Systems Business as a whole declined by 20.8% year-on-year to 27,447 million yen for the fiscal year under review.

In terms of profits, factors such as the decline in sales and the fall in capacity utilization rates at factories in the first half resulted in segment loss (ordinary loss) of 42 million yen for the fiscal year under review (compared to segment profit of 1,853 million yen for the previous fiscal year). However, the Company became profitable in the third quarter due to improvements to sales and the progression of efforts to reduce costs, such as the structural reforms mentioned above, and improvements to capacity utilization rates at factories, and achieved a year-on-year increase in profits as a result of achieving a significant increase in profits in the fourth quarter (an increase of 539 million yen from the previous quarter).

c. Forecasts for the next fiscal year

Although the situation varies by region and industry, the global economy is expected to begin to steadily recover because of factors such as COVID-19 being expected to start to be brought under control in the second half of 2021 due to the steady application of vaccines, and government spending from various countries related to measures against COVID-19 despite the lingering impact of the spread of COVID-19.

With regard to the environment in which the Company operates, 5G-related demand, mainly in China, is expected to continue to be steady, and customers' demand for capital investment is also expected to improve due to the firm need for manpower-saving and labor-saving solutions and the like.

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 102 yen to 1 U.S. dollar.

Consolidated earnings forecasts for the fiscal year ending December 31, 2021
(million yen)

Item	Fiscal year ending December 31, 2021
Net sales	100,000
Operating profit	3,100
Ordinary profit	2,800
Profit attributable to owners of parent	2,000

(2) Analysis of financial position

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

In the fiscal year ended December 31, 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 to augment the amount of cash at hand through financing, etc.

As a result, total assets as of December 31, 2020, were 110,230 million yen, a decrease of 4,485 million yen compared to the previous fiscal year-end. This was mainly due to decreases in accounts receivable - trade and inventories despite a rise in cash and deposits, etc. Liabilities were 78,861 million yen, an increase of 1,897 million yen compared to the previous fiscal year-end. This mainly reflected an increase in long-term borrowings. Net assets were 31,368 million yen, a decrease of 6,383 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. Net cash provided by operating activities was 8,509 million yen (3,054 million yen provided in the same period of the previous fiscal year). This mainly reflected decreases in trade receivables and inventories.

Net cash used in investing activities was 2,698 million yen (3,430 million yen used in the same period of the previous fiscal year). This was mainly the result of purchase of property, plant and equipment.

Net cash provided by financing activities was 2,034 million yen (810 million yen used in the same period of the previous fiscal year). This was mainly the result of an increase in borrowings.

As a result, cash and cash equivalents were 13,820 million yen, an increase of 7,843 million yen compared to the previous fiscal year-end.

(Reference) Transition of cash flow indicators

	FY2016 ended December 31, 2016	FY2017 ended December 31, 2017	FY2018 ended December 31, 2018	FY2019 ended December 31, 2019	FY2020 ended December 31, 2020
Equity ratio	24.2	29.6	30.7	32.3	28.2
Market value-based equity ratio (%)	27.8	49.3	27.4	22.5	14.0
Ratio of interest-bearing debt to cash flows (years)	6.1	4.8	19.5	17.6	6.8
Interest-coverage ratio (times)	8.7	11.1	3.3	3.8	10.2

(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.

Taking into consideration the recovery of results and in accordance with the above policy, the Company plans to reduce dividends by 5.00 yen to 20.00 yen from 25.00 yen for ordinary dividends in the previous fiscal year from the viewpoint of maintaining stable dividends.

Concerning dividend payment for the next fiscal year, the Company is forecasting a year-end dividend of 25.00 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, 2019	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	5,987	13,831
Notes and accounts receivable - trade	30,461	23,326
Merchandise and finished goods	29,299	26,365
Work in process	3,798	3,115
Raw materials and supplies	8,363	7,228
Forward exchange contracts	-	67
Other	2,684	2,585
Allowance for doubtful accounts	(383)	(530)
Total current assets	80,210	75,990
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,514	11,213
Machinery, equipment and vehicles, net	3,610	3,367
Tools, furniture and fixtures, net	1,079	982
Land	6,362	6,322
Leased assets, net	381	332
Construction in progress	329	202
Other	878	1,063
Total property, plant and equipment	24,154	23,484
Intangible assets	2,096	1,922
Investments and other assets		
Investment securities	3,888	3,921
Long-term loans receivable	0	110
Long-term prepaid expenses	226	295
Deferred tax assets	2,356	2,439
Retirement benefit asset	1,133	1,333
Other	2,006	2,070
Allowance for doubtful accounts	(1,357)	(1,338)
Total investments and other assets	8,254	8,833
Total non-current assets	34,505	34,240
Total assets	114,715	110,230

(million yen)

	As of December 31, 2019	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,120	7,124
Electronically recorded obligations - operating	2,877	3,004
Short-term borrowings	37,211	34,053
Lease obligations	123	108
Accounts payable - other	1,239	811
Accrued expenses	3,279	2,755
Income taxes payable	452	337
Provision for bonuses	28	29
Notes payable - facilities	527	76
Forward exchange contracts	240	-
Other	1,667	1,651
Total current liabilities	54,769	49,952
Non-current liabilities		
Long-term borrowings	15,400	21,989
Lease obligations	264	227
Provision for retirement benefits for directors (and other officers)	61	63
Retirement benefit liability	5,251	5,253
Other	1,216	1,375
Total non-current liabilities	22,194	28,909
Total liabilities	76,963	78,861
Net assets		
Shareholders' equity		
Share capital	18,044	18,044
Capital surplus	2,035	1,990
Retained earnings	20,494	15,073
Treasury shares	(607)	(607)
Total shareholders' equity	39,966	34,501
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	468	478
Foreign currency translation adjustment	(3,437)	(4,063)
Remeasurements of defined benefit plans	40	116
Total accumulated other comprehensive income	(2,929)	(3,468)
Non-controlling interests	714	335
Total net assets	37,752	31,368
Total liabilities and net assets	114,715	110,230

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

Consolidated statement of income

(million yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net sales	99,169	70,401
Cost of sales	70,300	55,090
Gross profit	28,869	15,310
Selling, general and administrative expenses	25,030	19,780
Operating profit (loss)	3,838	(4,469)
Non-operating income		
Interest income	45	40
Dividend income	154	127
Commission income	195	158
Reversal of allowance for doubtful accounts	79	60
Subsidy income	44	1,301
Other	331	288
Total non-operating income	852	1,976
Non-operating expenses		
Interest expenses	796	837
Share of loss of entities accounted for using equity method	–	77
Foreign exchange losses	874	453
Other	77	94
Total non-operating expenses	1,749	1,464
Ordinary profit (loss)	2,941	(3,957)
Extraordinary income		
Gain on sales of non-current assets	11	34
Gain on sales of investment securities	–	23
Total extraordinary income	11	57
Extraordinary losses		
Loss on sales and retirement of non-current assets	16	176
Loss on valuation of investments in capital	5	–
Loss on valuation of investment securities	–	147
Extra retirement payments	–	243
Total extraordinary losses	22	567
Profit (loss) before income taxes	2,930	(4,466)
Income taxes - current	977	571
Income taxes - deferred	164	(257)
Total income taxes	1,141	313
Profit (loss)	1,789	(4,780)
Profit (loss) attributable to non-controlling interests	25	(91)
Profit (loss) attributable to owners of parent	1,763	(4,688)

Consolidated statement of comprehensive income

(million yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Profit (loss)	1,789	(4,780)
Other comprehensive income		
Valuation difference on available-for-sale securities	9	10
Foreign currency translation adjustment	(474)	(628)
Remeasurements of defined benefit plans, net of tax	79	77
Total other comprehensive income	(385)	(541)
Comprehensive income	1,403	(5,321)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,386	(5,227)
Comprehensive income attributable to non-controlling interests	17	(93)

(3) Consolidated statement of changes in equity

Fiscal year ended December 31, 2019

(million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,044	2,035	19,610	(607)	39,082
Changes during period					
Dividends of surplus			(878)		(878)
Profit (loss) attributable to owners of parent			1,763		1,763
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				0	0
Transfer of loss on disposal of treasury shares			(0)		(0)
Capital increase of consolidated subsidiaries					
Net changes in items other than shareholders' equity					
Total changes during period	-	-	884	(0)	884
Balance at end of period	18,044	2,035	20,494	(607)	39,966

	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 period	458	(2,973)	(38)	(2,552)	711	37,241
Changes during period						
Dividends of surplus						(878)
Profit (loss) attributable to owners of parent						1,763
Purchase of treasury shares						(0)
Disposal of treasury shares						0
Transfer of loss on disposal of treasury shares						(0)
Capital increase of consolidated subsidiaries						
Net changes in items other than shareholders' equity	9	(464)	78	(376)	3	(373)
Total changes during period	9	(464)	78	(376)	3	510
Balance at end of period	468	(3,437)	40	(2,929)	714	37,752

Fiscal year ended December 31, 2020

(million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,044	2,035	20,494	(607)	39,966
Changes during period					
Dividends of surplus			(732)		(732)
Profit (loss) attributable to owners of parent			(4,688)		(4,688)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					
Transfer of loss on disposal of treasury shares					
Capital increase of consolidated subsidiaries		(44)			(44)
Net changes in items other than shareholders' equity					
Total changes during period	–	(44)	(5,420)	(0)	(5,465)
Balance at end of period	18,044	1,990	15,073	(607)	34,501

	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 period	468	(3,437)	40	(2,929)	714	37,752
Changes during period						
Dividends of surplus						(732)
Profit (loss) attributable to owners of parent						(4,688)
Purchase of treasury shares						(0)
Disposal of treasury shares						
Transfer of loss on disposal of treasury shares						
Capital increase of consolidated subsidiaries						(44)
Net changes in items other than shareholders' equity	10	(626)	75	(539)	(379)	(918)
Total changes during period	10	(626)	75	(539)	(379)	(6,383)
Balance at end of period	478	(4,063)	116	(3,468)	335	31,368

(4) Consolidated statement of cash flows

(million yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Cash flows from operating activities		
Profit (loss) before income taxes	2,930	(4,466)
Depreciation	3,063	3,162
Increase (decrease) in allowance for doubtful accounts	(38)	143
Increase (decrease) in provision for bonuses	(9)	2
Increase (decrease) in retirement benefit liability	(54)	108
Decrease (increase) in retirement benefit asset	4	(195)
Interest and dividend income	(200)	(167)
Interest expenses	796	837
Foreign exchange losses (gains)	3	4
Loss (gain) on sales and retirement of property, plant and equipment and intangible assets	5	141
Decrease (increase) in trade receivables	2,578	6,334
Decrease (increase) in inventories	1,361	3,762
Increase (decrease) in trade payables	(6,159)	162
Increase (decrease) in notes discounted	12	(12)
Other, net	1,097	(7)
Subtotal	5,392	9,810
Interest and dividends received	201	167
Interest paid	(799)	(839)
Income taxes (paid) refund	(1,740)	(629)
Net cash provided by (used in) operating activities	3,054	8,509
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(2,262)	(2,586)
Proceeds from sales of property, plant and equipment and intangible assets	48	158
Purchase of investment securities	(1,234)	(200)
Collection of loans receivable	0	0
Other, net	17	(70)
Net cash provided by (used in) investing activities	(3,430)	(2,698)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	838	(3,020)
Proceeds from long-term borrowings	8,690	15,849
Repayments of long-term borrowings	(8,845)	(9,028)
Purchase of treasury shares	(0)	(0)
Dividends paid	(877)	(730)
Repayments of sale and installment back payables	(1)	–
Other, net	(614)	(1,036)
Net cash provided by (used in) financing activities	(810)	2,034
Effect of exchange rate change on cash and cash equivalents	(138)	(1)
Net increase (decrease) in cash and cash equivalents	(1,324)	7,844
Cash and cash equivalents at beginning of period	7,301	5,976
Cash and cash equivalents at end of period	5,976	13,820

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

No items to report.

(Changes in presentation)

(Consolidated statement of income)

In the fiscal year ended December 31, 2020, the “subsidy income” that had previously been included in the “other” category of “non-operating income” exceeded 10% 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 previous fiscal year has been reclassified.

As a result, in the quarterly consolidated statement of income for the previous fiscal year, the 376 million yen that had previously been presented as “other” in “non-operating income” has become “subsidy income” of 44 million yen and “other” of 331 million yen.

(Additional information)

(Accounting estimates following the spread of COVID-19)

With regard to the effects of the spread of COVID-19, it is currently difficult to estimate these impacts, but based on external information we assume that 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.

(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, 2019 (January 1, 2019 to December 31, 2019) (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	64,260	34,671	98,932	237	99,169	–	99,169
Inter-segment sales or transfers	993	141	1,135	486	1,621	(1,621)	–
Total	65,254	34,813	100,067	723	100,791	(1,621)	99,169
Segment profit	2,680	1,853	4,533	86	4,619	(1,678)	2,941
Segment assets	62,840	40,889	103,729	2,335	106,065	8,650	114,715
Other items							
Depreciation (Note 4)	1,540	905	2,445	22	2,467	596	3,063
Interest income	31	19	51	62	114	(68)	45
Interest expenses	585	269	854	1	856	(59)	796
Increase in property, plant and equipment and intangible assets (Note 4)	1,089	1,196	2,286	6	2,292	719	3,011

(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 1,678 million yen deducted from segment profit as adjustment are a deduction of 4 million yen in inter-segment eliminations and a deduction of 1,673 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 8,650 million yen for segment assets includes 11,964 million yen of corporate assets that cannot be allocated to any reportable segment, a deduction of 1,753 million yen in eliminations of inter-segment receivables, and a deduction of 1,495 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 any reportable segment.
- (3) The adjustment of 596 million yen for depreciation is mainly an adjustment for depreciation related to the administrative functions of the Company that have not been attributed to any reportable segment.
- (4) The adjustment of 719 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 any 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, 2020 (January 1, 2020 to December 31, 2020) (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	42,732	27,447	70,180	221	70,401	–	70,401
Inter-segment sales or transfers	668	51	719	403	1,123	(1,123)	–
Total	43,400	27,499	70,899	624	71,524	(1,123)	70,401
Segment profit (loss)	(2,201)	(42)	(2,243)	90	(2,153)	(1,803)	(3,957)
Segment assets	52,070	43,217	95,287	2,278	97,565	12,664	110,230
Other items							
Depreciation (Note 4)	1,534	980	2,515	19	2,535	627	3,162
Interest income	30	13	43	42	86	(46)	40
Interest expenses	576	302	878	–	878	(40)	837
Increase in property, plant and equipment and intangible assets (Note 4)	745	904	1,650	4	1,655	521	2,176

(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 1,803 million yen deducted from segment profit (loss) as adjustment are a deduction of 61 million yen in inter-segment eliminations and a deduction of 1,865 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 12,664 million yen for segment assets includes 15,943 million yen of corporate assets that cannot be allocated to any reportable segment, a deduction of 1,813 million yen in eliminations of inter-segment receivables, and a deduction of 1,462 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 any reportable segment.
 - (3) The adjustment of 627 million yen for depreciation is mainly an adjustment for depreciation related to the administrative functions of the Company that have not been attributed to any reportable segment.
 - (4) The adjustment of 521 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 any reportable segment.
3. Segment profit (loss) is adjusted with ordinary loss 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, 2019 (January 1, 2019 to December 31, 2019)

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
16,995	37,028	20,712	13,277	9,617	1,537	99,169

(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
20,805	1,605	1,743	24,154

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, 2020 (January 1, 2020 to December 31, 2020)

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
14,748	18,037	17,070	10,596	9,139	808	70,401

(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
19,570	2,092	1,821	23,484

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, 2019 January 1, 2019 to December 31, 2019	Fiscal year ended December 31, 2020 January 1, 2020 to December 31, 2020
Net assets per share	1,264.28 yen	1,059.32 yen
Basic earnings (loss) per share	60.20 yen	(160.04) yen

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

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

	Fiscal year ended December 31, 2019 January 1, 2019 to December 31, 2019	Fiscal year ended December 31, 2020 January 1, 2020 to December 31, 2020
Profit (loss) attributable to owners of parent	1,763 million yen	(4,688) million yen
Amount not attributable to outstanding common shares	–	–
Profit (loss) attributable to owners of parent related to outstanding common shares	1,763 million yen	(4,688) million yen
Average number of outstanding common shares during the period	29,295,610 shares	29,295,335 shares

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

	As of December 31, 2019	As of December 31, 2020
Total net assets	37,752 million yen	31,368 million yen
Deduction (Non-controlling interests)	714 million yen	335 million yen
Net assets at the end of period, related to common shares	37,037 million yen	31,033 million yen
Number of common shares used for the calculation of net assets per share	29,295,390 shares	29,295,289 shares

(Material subsequent events)

No items to report.