

Summary of Financial Information and Business Results
for the First Three Months of Fiscal Year 2021 Ending December 31, 2021
on a Consolidated Basis
<under Japanese GAAP>

Company name: **JUKI Corporation**
 Listing: First Section of the Tokyo Stock Exchange
 Securities code: 6440
 URL: <https://www.juki.co.jp>
 Representative: Shinsuke Uchinashi, Representative Director, President and COO
 Inquiries: Daizo Minami, Corporate Officer and General Manager of Finance & Accounting Department
 TEL: +81-42-357-2211

Scheduled date to file the quarterly securities report: May 11, 2021
 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 2021 ending December 31, 2021 (January 1, 2021 to March 31, 2021)

(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, 2021	21,883	29.8	326	–	205	–	141	–
March 31, 2020	16,860	(34.5)	(1,472)	–	(1,732)	–	(1,836)	–

Note: Comprehensive income Three months ended March 31, 2021: 1,649 million yen [– %]
 Three months ended March 31, 2020: (2,520) million yen [– %]

	Basic earnings per share	Diluted earnings per share
Three months ended	yen	yen
March 31, 2021	4.84	–
March 31, 2020	(62.69)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	million yen	million yen	%
March 31, 2021	113,764	32,431	28.2
December 31, 2020	110,230	31,368	28.2

Reference: Equity As of March 31, 2021: 32,098 million yen

As of December 31, 2020: 31,033 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, 2020	–	0.00	–	20.00	20.00
Fiscal year ending December 31, 2021	–				
Fiscal year ending December 31, 2021 (Forecast)		0.00	–	25.00	25.00

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

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
Six months ending June 30, 2021	47,000	54.1	1,300	–	1,200	–	800	–	27.31
Fiscal year ending December 31, 2021	100,000	42.0	3,100	–	2,800	–	2,000	–	68.27

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

Although the consolidated earnings forecasts for the first six months of fiscal year ending December 31, 2021 were not calculated in the “Summary of Financial Information and Business Results for the Fiscal Year 2020 Ended December 31, 2020 on a Consolidated Basis <under Japanese GAAP>” released on February 12, 2021, we made the above six months forecasts this time. The full-year forecasts are unchanged.

* 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, 2021	29,874,179 shares
As of December 31, 2020	29,874,179 shares

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

As of March 31, 2021	578,915 shares
As of December 31, 2020	578,890 shares

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

Three months ended March 31, 2021	29,295,277 shares
Three months ended March 31, 2020	29,295,367 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 three 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
Consolidated statement of income (cumulative).....	6
Consolidated statement of comprehensive income (cumulative).....	7
(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
(Segment information, etc.)	8

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

(1) Explanation regarding operating results

During the three months ended March 31, 2021, while the effects of the spread of the novel coronavirus disease (COVID-19) continued, the global economy gradually recovered through growth in the Chinese economy, which recovered quickly, and from a recovery in economic activities in developed countries such as Europe and America.

In the business environment surrounding the Company, while certain countries and regions are still being affected by the spread of COVID-19, recovery in demand for capital investment progressed mainly in China due to the increase in demand for semiconductors, which has been driven by 5G, etc. and automotive-related demand. In addition, there began to be signs leading to business chances for the Company such as responding to customers' supply chain fragmentation (decentralization of production areas), leading results to improve greatly year on year.

Furthermore, amid the acceleration in the technological revolution in the form of AI/IoT/5G, etc., the response to the new-normal environment including changes in markets and customers, and the demand for stronger "sustainable development goal (SDGs)" initiatives, the Company revised the Medium-Term Management Plan Phase II, which runs from 2020 to 2022, and is working to make a qualitative change and return to a trajectory of growth by vigorously promoting our added-value structural reforms and our cost structural reforms, as well as reforms in our business strategy and structural strategy through our "6 Reforms (6 X)."

*6 Reforms = (i) Developing markets and customers with potential for growth, (ii) Expanding business areas for increasing profitability, (iii) Realizing management "aimed at the sustainable development goals (SDGs)", (iv) Expanding innovative technical areas using cutting-edge technology, (v) Constructing a production organization and administrative (indirect) work organization centered on the management 5Ss (Simple, Slim, Speedy, Seamless and Smart) and (vi) Strengthening equity and improve asset efficiency through the enhancement of financial strength.

In the three months ended March 31, 2021, given the above revitalization of economic environment, the development of company-wide sales activities such as capturing demand during market recoveries in each business and expanding our share in growth fields led to net sales of 21,883 million yen (up by 29.8% year-on-year).

In terms of profits, while factors such as our price strategy limited profits, in addition to increased sales and a rise in capacity utilization rates at factories, by continuously working to cut fixed costs controlled by our cost structural reforms, operating profit stood at 326 million yen (compared to an operating loss of 1,472 million yen for the previous fiscal year), ordinary profit stood at 205 million yen (compared to an ordinary loss of 1,732 million yen for the previous fiscal year), and profit attributable to owners of parent stood at 141 million yen (compared to loss attributable to owners of parent of 1,836 million yen for the previous fiscal year).

In the second quarter, while COVID-19 may continue to spread in certain countries and regions, we will work to increase sales and profits through a strong expansion in demand for semiconductors driven by 5G, etc., and robots, etc., the revitalization of the economy through various national economic measures, etc., steady sales efforts that capture the growth in emerging country markets, etc., the realization of higher capacity utilization rates at factories, and further cost structural reform efforts.

(Business overview by primary segment)

a. Sewing Machinery and Systems Business

Sales of industrial sewing machines rose in the Japanese, European and American markets due to the recovery in basic sewing machine models such as lockstitch sewing machine, a characteristic of the demand recovery period in China, Europe and America, etc., and by meeting the increase in demand for household sewing machines generated by people staying at home following the spread of COVID-19. As a result, net sales for the Sewing Machinery and Systems Business as a whole were 13,621 million yen (up by 27.8% from the same period of the previous fiscal year). In terms of profits, increased sales, the rise in capacity utilization rates at factories, and continued cost cutting led to segment profit (ordinary profit) of 247 million yen (compared to segment loss of 922 million yen for the previous fiscal year).

In the second quarter, amid a real recovery in demand, we will work to capture demand recovery in emerging countries and to expand business areas with high added value such as smart solutions proposals.

b. Industrial Equipment and Systems Business

With respect to the Electric Assembly Systems Businesses, in which there were effects on shipping caused by difficulties in procuring some electronic parts, by capturing capital investment demand in relation to 5G, etc., primarily in China and other countries and strategically expanding sales of mostly high-speed machines, sales recovered, rising 73.6% year-on-year. However, despite sales failing to grow in Group Businesses such as contract manufacturing, mainly in Japan, net sales for the Industrial Equipment and Systems Business as a whole rose by 33.7% year-on-year to 8,208 million yen. In terms of profits, increased sales, the rise in capacity utilization rates at factories, and continued cost cutting led to segment profit (ordinary profit) of 197 million yen (compared to segment loss of 384 million yen for the previous fiscal year).

In the second quarter, while strengthening initiatives to capture high-speed machine demand through line proposals, we will work to increase sales and profit by more strongly promoting the expansion of business areas with high added value such as the non-SMT field.

(2) Explanation regarding financial position

Assets, liabilities and net assets

Total assets as of March 31, 2021 were 113,764 million yen, an increase of 3,533 million yen compared to the previous fiscal year-end. This was mainly due to increases in accounts receivable - trade and inventories. Liabilities were 81,332 million yen, an increase of 2,470 million yen compared to the previous fiscal year-end. This mainly reflected an increase in accounts payable - trade. Despite a decrease in retained earnings due to dividend payments, net assets were 32,431 million yen, an increase of 1,063 million yen compared to the previous fiscal year-end. This was mainly due to a lower negative value in foreign currency translation adjustment.

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

In terms of our earnings forecasts for the first six months of the fiscal year ending December 31, 2021, considering our consolidated operating results for the first three months and our earnings forecasts for the first six months, we forecast net sales of 47,000 million yen, operating profit of 1,300 million yen, ordinary profit of 1,200 million yen, and profit attributable to owners of parent of 800 million yen. There are no changes in the full-year earnings forecast that were previously announced.

For more detailed information, please refer to the "Notice of Earnings Forecasts," which was announced today.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(million yen)

	As of December 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	13,831	11,602
Notes and accounts receivable - trade	23,326	25,232
Inventories	36,709	40,029
Other	2,653	2,577
Allowance for doubtful accounts	(530)	(409)
Total current assets	75,990	79,030
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,213	11,103
Land	6,322	6,322
Other, net	5,948	5,891
Total property, plant and equipment	23,484	23,316
Intangible assets	1,922	1,945
Investments and other assets		
Other	10,172	10,883
Allowance for doubtful accounts	(1,338)	(1,413)
Total investments and other assets	8,833	9,470
Total non-current assets	34,240	34,733
Total assets	110,230	113,764
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,124	9,521
Electronically recorded obligations - operating	3,004	4,047
Short-term borrowings	34,053	33,379
Income taxes payable	337	340
Provision for bonuses	29	321
Other	5,403	6,321
Total current liabilities	49,952	53,930
Non-current liabilities		
Long-term borrowings	21,989	20,711
Provision for retirement benefits for directors (and other officers)	63	24
Retirement benefit liability	5,253	5,287
Other	1,603	1,378
Total non-current liabilities	28,909	27,401
Total liabilities	78,861	81,332

(million yen)

	As of December 31, 2020	As of March 31, 2021
Net assets		
Shareholders' equity		
Share capital	18,044	18,044
Capital surplus	1,990	1,990
Retained earnings	15,073	14,629
Treasury shares	(607)	(607)
Total shareholders' equity	34,501	34,057
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	478	579
Foreign currency translation adjustment	(4,063)	(2,658)
Remeasurements of defined benefit plans	116	120
Total accumulated other comprehensive income	(3,468)	(1,959)
Non-controlling interests	335	332
Total net assets	31,368	32,431
Total liabilities and net assets	110,230	113,764

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

Consolidated statement of income (cumulative)

(million yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Net sales	16,860	21,883
Cost of sales	12,742	16,271
Gross profit	4,117	5,612
Selling, general and administrative expenses	5,590	5,285
Operating profit (loss)	(1,472)	326
Non-operating income		
Interest income	13	13
Dividend income	61	62
Reversal of allowance for doubtful accounts	2	17
Other	142	280
Total non-operating income	220	375
Non-operating expenses		
Interest expenses	199	163
Foreign exchange losses	249	312
Other	32	20
Total non-operating expenses	480	495
Ordinary profit (loss)	(1,732)	205
Extraordinary income		
Gain on sales of non-current assets	27	3
Total extraordinary income	27	3
Extraordinary losses		
Loss on sales and retirement of non-current assets	4	6
Loss on valuation of investment securities	47	—
Total extraordinary losses	52	6
Profit (loss) before income taxes	(1,757)	201
Income taxes	99	62
Profit (loss)	(1,856)	139
Loss attributable to non-controlling interests	(20)	(2)
Profit (loss) attributable to owners of parent	(1,836)	141

Consolidated statement of comprehensive income (cumulative)

(million yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Profit (loss)	(1,856)	139
Other comprehensive income		
Valuation difference on available-for-sale securities	(134)	100
Foreign currency translation adjustment	(523)	1,405
Remeasurements of defined benefit plans, net of tax	(5)	3
Total other comprehensive income	(663)	1,510
Comprehensive income	(2,520)	1,649
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,492)	1,651
Comprehensive income attributable to non-controlling interests	(27)	(2)

**(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 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.)

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

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 a deduction of 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.

Three months ended March 31, 2021 (January 1, 2021 to March 31, 2021)

(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	13,621	8,208	21,829	54	21,883	–	21,883
Inter-segment sales or transfers	146	25	172	94	267	(267)	–
Total	13,767	8,234	22,002	148	22,150	(267)	21,883
Segment profit	247	197	445	17	462	(257)	205

(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 257 million yen deducted from segment profit as adjustment are a deduction of 0 million yen in inter-segment eliminations and a deduction of 257 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.