

(Reference Translation)



February 9, 2022

**Summary of Financial Information and Business Results
for the Fiscal Year 2021 Ended 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
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Scheduled date of Ordinary General Meeting of Shareholders: March 28, 2022
Scheduled date to commence dividend payments: March 29, 2022
Scheduled date to file the securities report: March 29, 2022
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 2021 ended December 31, 2021
(January 1, 2021 to December 31, 2021)**

(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, 2021	101,292	43.9	3,868	–	3,439	–	2,154	–
December 31, 2020	70,401	(29.0)	(4,469)	–	(3,957)	–	(4,688)	–

Note: Comprehensive income Fiscal year ended December 31, 2021: 4,890 million yen [– %]
Fiscal year ended December 31, 2020: (5,321) million yen [– %]

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, 2021	73.55	–	6.5	2.9	3.8
December 31, 2020	(160.04)	–	(13.8)	(3.5)	(6.3)

Reference: Share of profit (loss) of entities accounted for using equity method
Fiscal year ended December 31, 2021: (3) million yen
Fiscal year ended December 31, 2020: (77) 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, 2021	129,114	35,672	27.3	1,203.14
December 31, 2020	110,230	31,368	28.2	1,059.32

Reference: Equity As of December 31, 2021: 35,245 million yen

As of December 31, 2020: 31,033 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, 2021	(6,589)	(856)	(369)	6,566
December 31, 2020	8,509	(2,698)	2,034	13,820

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, 2020	–	0.00	–	20.00	20.00	585	–	1.7
Fiscal year ended December 31, 2021	–	0.00	–	25.00	25.00	732	34.0	2.2
Fiscal year ending December 31, 2022 (Forecast)	–	0.00	–	30.00	30.00		28.4	

3. Consolidated earnings forecasts for the fiscal year 2022 ending December 31, 2022 (January 1, 2022 to December 31, 2022)

(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, 2022	116,000	14.5	5,300	37.0	5,000	45.4	3,100	43.9	105.82

* 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, 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 December 31, 2021	579,433 shares
As of December 31, 2020	578,890 shares

- c. Average number of shares during the period

Fiscal year ended December 31, 2021	29,295,043 shares
Fiscal year ended December 31, 2020	29,295,335 shares

Reference: Summary of non-consolidated performance

**Non-consolidated performance for the fiscal year 2021 ended December 31, 2021
(January 1, 2021 to December 31, 2021)**

(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, 2021	49,474	74.7	(1,986)	–	738	–	446	–
December 31, 2020	28,326	(44.4)	(5,326)	–	(2,914)	–	(2,806)	–

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	yen	yen
December 31, 2021	15.24	–
December 31, 2020	(95.81)	–

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
December 31, 2021	96,765	28,009	28.9	956.12
December 31, 2020	86,531	28,135	32.5	960.41

Reference: Equity As of December 31, 2021: 28,009 million yen
As of December 31, 2020: 28,135 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) Overview of operating results

a. Operating results of the current fiscal year

During the fiscal year ended December 31, 2021, although the effects of the spread of the novel coronavirus disease (COVID-19) continued in emerging countries including those in Asia and Central and South America, the global economy has entered a phase of recovery, with growth in the Chinese economy, which was the first to recover, and revitalization of economic activity in developed countries where vaccine rollouts have progressed, such as those in Europe and North 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 due to the rise in capacity utilization rates at the sewing factories that make up our customers and the increase in semiconductor-related demand, which has been driven by 5G, etc. 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. However, supply shortages for some parts and logistics disruptions continue mainly for industrial sewing machines.

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 fiscal year under review, the Company engaged in company-wide sales activities such as capturing demand during market recoveries in each business and expanding its share in growth fields, given the above revitalization of the economic environment, however, there were adverse effects that included delays in procuring some parts and logistical postponements. As a result, net sales were 101,292 million yen (up by 43.9% from the previous fiscal year).

In terms of profits, increased sales, a rise in capacity utilization rates at factories, continuously working to cut fixed costs controlled by our cost structural reforms, and a trend of yen depreciation in the foreign exchange market led to an increase in our profit ratio, but the costs of parts and logistics also increased. As a result, operating profit stood at 3,868 million yen (compared to operating loss of 4,469 million yen for the previous fiscal year), ordinary profit stood at 3,439 million yen (compared to ordinary loss of 3,957 million yen for the previous fiscal year), and profit attributable to owners of parent stood at 2,154 million yen (compared to loss attributable to owners of parent of 4,688 million yen for the previous fiscal year).

b. Overview of each business segment

i) Sewing Machinery and Systems Business

Sales of industrial sewing machines grew in major markets with improved capacity utilization rates at sewing factories due to a revitalization of activity in the European, North American, Chinese, and other markets, but were impacted by the effects of lockdowns in Vietnam on our customers, delays in procuring parts, and logistics delays, etc. As a result, net sales for the Sewing Machinery and Systems Business as a whole were 63,213 million yen (up by 47.9% from the previous fiscal year). In terms of profits, increased sales, the rise in capacity utilization rates at factories, and continued cost cutting led to an increase in our profit ratio, but the costs of parts and logistics also increased.

As a result, segment profit (ordinary profit) stood at 1,517 million yen (compared to segment loss of 2,201 million yen for the previous fiscal year).

ii) Industrial Equipment and Systems Business

With respect to the Electric Assembly Systems Businesses, 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 rose 55.6% year-on-year, exceeding the strong sales seen in 2018. Moreover, sales took an upward turn in Group Businesses such as contract manufacturing, mainly in Japan. As a result, net sales for the Industrial Equipment and Systems Business as a whole rose by 37.8% year-on-year to 37,834 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 2,865 million yen (compared to segment loss of 42 million yen for the previous fiscal year).

c. Forecasts for the next fiscal year

The current trend of recovery in the global economy is expected to continue. This is due to vaccinations and the gradual move to the commonplace use of therapeutics, despite the remaining impact of the spread of COVID-19. Although there will be variance by region and industry, we expect an end to the impact of COVID-19 at a certain point in fiscal year 2022.

Regarding the environment surrounding the Company, we are seeing a continued recovery in 5G-related demand and in our customers' demand for capital investment, and the move to create new business chances in response to the new normal is gaining steam.

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 105 yen to 1 U.S. dollar.

Consolidated earnings forecasts for the fiscal year ending December 31, 2022
(million yen)

Item	Fiscal year ending December 31, 2022
Net sales	116,000
Operating profit	5,300
Ordinary profit	5,000
Profit attributable to owners of parent	3,100

(2) Overview of financial position

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

Total assets as of December 31, 2021 were 129,114 million yen, an increase of 18,884 million yen compared to the previous fiscal year-end. This was mainly due to increases in accounts receivable - trade and inventories associated with higher sales, and despite having allocated deposits to repayment of borrowings from the perspective of improving capital efficiency. Liabilities were 93,442 million yen, an increase of 14,580 million yen compared to the previous fiscal year-end. This mainly reflected increases in borrowings and accounts payable - trade. Net assets were 35,672 million yen, an increase of 4,303 million yen compared to the previous fiscal year-end. This was mainly due to an increase in retained earnings and a lower negative value in foreign currency translation adjustment. Net cash used in operating activities was 6,589 million yen (8,509 million yen provided in the previous fiscal year). This mainly reflected increases in trade receivables and inventories.

Net cash used in investing activities was 856 million yen (2,698 million yen used in the previous fiscal year). This was mainly the result of purchase of property, plant and equipment.

Net cash used in financing activities was 369 million yen (2,034 million yen provided in the previous fiscal year). This was mainly the result of an increase in borrowings.

As a result, cash and cash equivalents were 6,566 million yen, a decrease of 7,254 million yen compared to the previous fiscal year-end.

(Reference) Transition of cash flow indicators

	FY2017 ended December 31, 2017	FY2018 ended December 31, 2018	FY2019 ended December 31, 2019	FY2020 ended December 31, 2020	FY2021 ended December 31, 2021
Equity ratio (%)	29.6	30.7	32.3	28.2	27.3
Market value-based equity ratio (%)	49.3	27.4	22.5	14.0	19.2
Ratio of interest-bearing debt to cash flows (years)	4.8	19.5	17.6	6.8	–
Interest-coverage ratio (times)	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 sheet 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. Based on this policy, the Company plans to pay a year-end dividend of 25.00 yen per share in the current fiscal year.

Concerning dividend payment for the next fiscal year, the Company is forecasting a year-end dividend of 30.00 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, 2020	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	13,831	6,594
Notes and accounts receivable - trade	23,326	34,099
Merchandise and finished goods	26,365	34,140
Work in process	3,115	4,939
Raw materials and supplies	7,228	12,009
Forward exchange contracts	67	-
Other	2,585	3,341
Allowance for doubtful accounts	(530)	(319)
Total current assets	75,990	94,806
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,213	10,726
Machinery, equipment and vehicles, net	3,367	3,265
Tools, furniture and fixtures, net	982	951
Land	6,322	6,322
Leased assets, net	332	268
Construction in progress	202	176
Other	1,063	1,060
Total property, plant and equipment	23,484	22,770
Intangible assets	1,922	1,889
Investments and other assets		
Investment securities	3,921	3,831
Long-term loans receivable	110	119
Long-term prepaid expenses	295	224
Deferred tax assets	2,439	2,976
Retirement benefit asset	1,333	1,542
Other	2,070	2,268
Allowance for doubtful accounts	(1,338)	(1,312)
Total investments and other assets	8,833	9,649
Total non-current assets	34,240	34,308
Total assets	110,230	129,114

(million yen)

	As of December 31, 2020	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,124	13,917
Electronically recorded obligations - operating	3,004	5,913
Short-term borrowings	34,053	38,287
Lease obligations	108	84
Accounts payable - other	811	1,103
Accrued expenses	2,755	4,154
Income taxes payable	337	806
Provision for bonuses	29	34
Notes payable - facilities	76	68
Forward exchange contracts	—	798
Other	1,651	1,950
Total current liabilities	49,952	67,120
Non-current liabilities		
Long-term borrowings	21,989	19,386
Lease obligations	227	188
Provision for retirement benefits for directors (and other officers)	63	36
Retirement benefit liability	5,253	5,273
Other	1,375	1,436
Total non-current liabilities	28,909	26,322
Total liabilities	78,861	93,442
Net assets		
Shareholders' equity		
Share capital	18,044	18,044
Capital surplus	1,990	1,990
Retained earnings	15,073	16,642
Treasury shares	(607)	(607)
Total shareholders' equity	34,501	36,070
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	478	496
Foreign currency translation adjustment	(4,063)	(1,484)
Remeasurements of defined benefit plans	116	163
Total accumulated other comprehensive income	(3,468)	(824)
Non-controlling interests	335	426
Total net assets	31,368	35,672
Total liabilities and net assets	110,230	129,114

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

Consolidated statement of income

(million yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net sales	70,401	101,292
Cost of sales	55,090	73,281
Gross profit	15,310	28,011
Selling, general and administrative expenses	19,780	24,143
Operating profit (loss)	(4,469)	3,868
Non-operating income		
Interest income	40	55
Dividend income	127	134
Commission income	158	195
Reversal of allowance for doubtful accounts	60	64
Subsidy income	1,301	226
Income from recycling	39	117
Other	248	324
Total non-operating income	1,976	1,117
Non-operating expenses		
Interest expenses	837	655
Share of loss of entities accounted for using equity method	77	3
Foreign exchange losses	453	765
Other	94	122
Total non-operating expenses	1,464	1,546
Ordinary profit (loss)	(3,957)	3,439
Extraordinary income		
Gain on sale of non-current assets	34	18
Gain on sale of investment securities	23	—
Total extraordinary income	57	18
Extraordinary losses		
Loss on sale and retirement of non-current assets	176	29
Loss on valuation of investment securities	147	—
Extra retirement payments	243	—
Loss on COVID-19	—	82
Total extraordinary losses	567	112
Profit (loss) before income taxes	(4,466)	3,345
Income taxes - current	571	1,362
Income taxes - deferred	(257)	(264)
Total income taxes	313	1,098
Profit (loss)	(4,780)	2,247
Profit (loss) attributable to non-controlling interests	(91)	92
Profit (loss) attributable to owners of parent	(4,688)	2,154

Consolidated statement of comprehensive income

(million yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Profit (loss)	(4,780)	2,247
Other comprehensive income		
Valuation difference on available-for-sale securities	10	17
Foreign currency translation adjustment	(628)	2,579
Remeasurements of defined benefit plans, net of tax	77	45
Total other comprehensive income	(541)	2,642
Comprehensive income	(5,321)	4,890
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(5,227)	4,798
Comprehensive income attributable to non-controlling interests	(93)	91

(3) Consolidated statement of changes in equity

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					-
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						-
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

Fiscal year ended December 31, 2021

(million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,044	1,990	15,073	(607)	34,501
Changes during period					
Dividends of surplus			(585)		(585)
Profit (loss) attributable to owners of parent			2,154		2,154
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					-
Capital increase of consolidated subsidiaries					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,568	(0)	1,568
Balance at end of period	18,044	1,990	16,642	(607)	36,070

	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	478	(4,063)	116	(3,468)	335	31,368
Changes during period						
Dividends of surplus						(585)
Profit (loss) attributable to owners of parent						2,154
Purchase of treasury shares						(0)
Disposal of treasury shares						-
Capital increase of consolidated subsidiaries						-
Net changes in items other than shareholders' equity	17	2,579	47	2,644	91	2,735
Total changes during period	17	2,579	47	2,644	91	4,303
Balance at end of period	496	(1,484)	163	(824)	426	35,672

(4) Consolidated statement of cash flows

(million yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	(4,466)	3,345
Depreciation	3,162	2,945
Increase (decrease) in allowance for doubtful accounts	143	(273)
Increase (decrease) in provision for bonuses	2	2
Increase (decrease) in retirement benefit liability	108	39
Decrease (increase) in retirement benefit asset	(195)	(161)
Interest and dividend income	(167)	(189)
Interest expenses	837	655
Foreign exchange losses (gains)	4	(4)
Loss (gain) on sale and retirement of property, plant and equipment and intangible assets	141	11
Decrease (increase) in trade receivables	6,334	(8,666)
Decrease (increase) in inventories	3,762	(11,756)
Increase (decrease) in trade payables	162	9,020
Increase (decrease) in notes discounted	(12)	–
Other, net	(7)	(193)
Subtotal	9,810	(5,226)
Interest and dividends received	167	189
Interest paid	(839)	(655)
Income taxes refund (paid)	(629)	(897)
Net cash provided by (used in) operating activities	8,509	(6,589)
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(2,586)	(1,028)
Proceeds from sale of property, plant and equipment and intangible assets	158	37
Purchase of investment securities	(200)	(1)
Proceeds from collection of loans receivable	8	36
Other, net	(78)	99
Net cash provided by (used in) investing activities	(2,698)	(856)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,020)	2,763
Proceeds from long-term borrowings	15,849	7,520
Repayments of long-term borrowings	(9,028)	(9,474)
Purchase of treasury shares	(0)	(0)
Dividends paid	(730)	(584)
Other, net	(1,036)	(593)
Net cash provided by (used in) financing activities	2,034	(369)
Effect of exchange rate change on cash and cash equivalents	(1)	561
Net increase (decrease) in cash and cash equivalents	7,844	(7,254)
Cash and cash equivalents at beginning of period	5,976	13,820
Cash and cash equivalents at end of period	13,820	6,566

(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, 2021, the “income from recycling” 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 consolidated statement of income for the previous fiscal year has been reclassified.

As a result, in the consolidated statement of income for the previous fiscal year, the 288 million yen that had previously been presented as “other” in “non-operating income” has become “income from recycling” of 39 million yen and “other” of 248 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, 2022, 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, 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
Share of loss of entities accounted for using equity method	–	(77)	(77)	–	(77)	–	(77)
Investments in entities accounted for using equity method	–	1,268	1,268	–	1,268	–	1,268
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 has not been attributed to any reportable segment.
 - (4) The adjustment of 521 million yen for increase 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.

Fiscal year ended December 31, 2021 (January 1, 2021 to December 31, 2021)

(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	63,213	37,834	101,047	244	101,292	–	101,292
Inter-segment sales or transfers	834	136	971	471	1,442	(1,442)	–
Total	64,048	37,970	102,018	715	102,734	(1,442)	101,292
Segment profit	1,517	2,865	4,382	75	4,458	(1,018)	3,439
Segment assets	71,610	47,960	119,570	2,605	122,176	6,938	129,114
Other items							
Depreciation (Note 4)	1,396	949	2,345	17	2,363	582	2,946
Interest income	43	24	68	24	92	(39)	55
Interest expenses	463	223	686	–	686	(31)	655
Share of loss of entities accounted for using equity method	–	(3)	(3)	–	(3)	–	(3)
Investments in entities accounted for using equity method	–	1,303	1,303	–	1,303	–	1,303
Increase in property, plant and equipment and intangible assets (Note 4)	539	485	1,025	4	1,029	256	1,286

(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 1,018 million yen deducted from segment profit as adjustment are a deduction of 0 million yen in inter-segment eliminations and a deduction of 1,017 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 6,938 million yen for segment assets includes 11,620 million yen of corporate assets that cannot be allocated to any reportable segment, a deduction of 2,704 million yen in eliminations of inter-segment receivables, and a deduction of 1,924 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 582 million yen for depreciation is mainly an adjustment for depreciation related to the administrative functions of the Company that has not been attributed to any reportable segment.
 - (4) The adjustment of 256 million yen for increase 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.

[Related information]

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.

Fiscal year ended December 31, 2021 (January 1, 2021 to December 31, 2021)

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
15,804	31,128	27,581	14,144	11,305	1,328	101,292

(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
18,904	2,180	1,685	22,770

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, 2020 January 1, 2020 to December 31, 2020	Fiscal year ended December 31, 2021 January 1, 2021 to December 31, 2021
Net assets per share	1,059.32 yen	1,203.14 yen
Basic earnings (loss) per share	(160.04) yen	73.55 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, 2020 January 1, 2020 to December 31, 2020	Fiscal year ended December 31, 2021 January 1, 2021 to December 31, 2021
Profit (loss) attributable to owners of parent	(4,688) million yen	2,154 million yen
Amount not attributable to outstanding common shares	–	–
Profit (loss) attributable to owners of parent related to outstanding common shares	(4,688) million yen	2,154 million yen
Average number of outstanding common shares during the period	29,295,335 shares	29,295,043 shares

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

	As of December 31, 2020	As of December 31, 2021
Total net assets	31,368 million yen	35,672 million yen
Deduction (Non-controlling interests)	335 million yen	426 million yen
Net assets at the end of period, related to common shares	31,033 million yen	35,245 million yen
Number of common shares used for the calculation of net assets per share	29,295,289 shares	29,294,746 shares

(Material subsequent events)

No items to report.