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The 109th Ordinary General Meeting of Shareholders
Other Items Disclosed on the Internet
(Items Omitted in Documents Delivered to Shareholders)

Notes to Consolidated Financial Statements
Notes to Non-consolidated Financial Statements
(January 1, 2023 - December 31, 2023)

JUKI CORPORATION

Notes to Consolidated Financial Statements

1. Notes on the Basis for the Preparation of Consolidated Financial Statements, etc.

(1) Scope of consolidation

1) Number of consolidated subsidiaries: 27
Names of major consolidated subsidiaries:
JUKI AUTOMATION SYSTEMS CORPORATION, JUKI INDUSTRIAL EQUIPMENT TECHNOLOGY CORPORATION, JUKI SINGAPORE PTE. LTD., JUKI (CHINA) CO., LTD., JUKI (SHANGHAI) INDUSTRIAL CO., LTD., and 22 other subsidiaries.

2) Names of major non-consolidated subsidiaries:
Six non-consolidated subsidiaries, including JUKI MACHINERY VIETNAM CO., LTD., are excluded from the scope of consolidation because their exclusion does not preclude reasonable judgment on the Group's financial situation and management results as a whole.

(2) Application of equity method

Number of associates accounted for using the equity method: 2
Company name: AIMECHATEC, Ltd., ESSEGI AUTOMATION S.r.l.
The six non-consolidated subsidiaries and NISSEN Co., Ltd. and two other associates are excluded from the scope of application of the equity method because their exclusion does not preclude reasonable judgment on the Group's financial situation and management results as a whole.

(3) Accounting periods of consolidated subsidiaries

The year-end balance sheet dates for all consolidated subsidiaries, other than JUKI INDIA PVT. LTD. whose balance sheet date is March 31, are the same as the consolidated balance sheet date. The financial statements of JUKI INDIA PVT. LTD. prepared on the basis of a provisional closing of accounts as of the consolidated balance sheet date are used in preparing the consolidated financial statements.

(4) Accounting policies

1) Standards and methods for valuation of important assets

A. Securities

Available-for-sale securities other than shares that do not have a market value
Stated based on the market price, etc. on the consolidated balance sheet date
(Unrealized gains and losses are excluded from income and reported in a separate component of net assets. The cost of sales is calculated using the moving-average method.)

Available-for-sale securities that have no market value
Stated at cost using the moving-average method

B. Derivatives
Stated mainly at market

C. Inventories
Stated at the lower of cost or market

Merchandise and finished goods and work in process	Mainly by the average method or first-in first-out method
Raw materials and supplies	Mainly by the average method or last cost method

2) Depreciation & amortization method for important depreciable assets

A. Property, plant, and equipment (excluding leased assets)

The declining-balance method is applied for the Company and its domestic consolidated subsidiaries. However, the straight-line method is applied for buildings acquired on and after April 1, 1998 (excluding any facilities attached to buildings) and facilities attached to buildings and structures acquired on and after April 1, 2016. Overseas consolidated subsidiaries are mainly subject to the straight-line method.

The main economic useful lives are as follows:

Buildings and structures	10 - 50 years
Machinery, equipment, and vehicles	3 - 17 years
Tools, furniture, and fixtures	2 - 20 years

B. Intangible assets (excluding leased assets) and long-term prepaid expenses

The Company and its domestic consolidated subsidiaries use the straight-line method. Software bundled with a device sold is amortized every fiscal year at no less than an amount equally divided over the effective period (three years), and software used in-house is amortized using the straight-line method over a useful life of five years. Overseas consolidated subsidiaries are subject to the straight-line method.

C. Leased assets

Leased assets pertaining to finance leases without ownership transfer of the leased assets to the lessee

The straight-line method is applied on the assumptions that the useful life equals the lease term and the residual value is zero.

3) Standards for recognition of important reserves

A. Allowance for doubtful accounts

For loss caused by uncollectible debt to the Company and its domestic consolidated subsidiaries, an allowance for doubtful accounts is provided based on the historical write-off rate for ordinary receivables and the estimated amount of irrecoverable debt based on the recoverability of individual cases for specified receivables such as debt with a possibility of default. For overseas consolidated subsidiaries, the estimated write-off amount is provided.

B. Provision for bonuses

A provision for bonuses is provided based on the estimated future payment of bonuses to employees.

C. Provision for retirement benefits for directors (and other officers)

Seven consolidated subsidiaries provide the provision in an amount that would be required by the internal rule if all the eligible Directors retired at the balance sheet date.

4) Standards for recording revenue and expenses

The Company recognizes revenue by applying the following five steps with respect to a customer contract. Consideration for performance obligation is generally received within one year and does not include significant financial elements.

Step 1: Identify the customer contract.
Step 2: Identify the performance obligations under the contract.
Step 3: Calculate the transaction price.
Step 4: Allocate the transaction price to performance obligations under the contract.
Step 5: Recognize revenue when a company has fulfilled (or as it fulfills) the performance obligations.

In the Sewing Machinery and Systems Business, the Company engages mainly in the manufacture and sales of industrial sewing machines and household sewing machines. In the Industrial Equipment and Systems Business, we mainly engage in the manufacture and sales of mounters, inspection equipment, printing equipment, and others. In sales of these products, because control over these products is transferred to the customer and the performance obligation is fulfilled at the time such products are delivered to the customer or at the time the customer accepts these products, the Company recognizes revenue at the aforementioned point in time.

The Company applies the alternative treatment stipulated in Paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition, and recognizes revenue, in domestic

sales of products, at the time of shipment in cases where the period between shipment and transfer of control over those products to the customer is normal.
In export sales, the Company recognizes revenue when risk-bearing based on trade conditions set out in Incoterms and others is transferred to the customer.

5) Method of amortization of goodwill and amortization period
Goodwill is amortized using the straight-line method over a period of seven years.

6) Method of accounting for retirement benefits
A. Method of attributing expected retirement benefits to periods
In calculating the retirement benefit obligations, the benefit formula basis is used to attribute the expected retirement benefits to the period up to the end of the current fiscal year.

B. Method of recognizing actuarial gains and losses and past service cost
Actuarial gains and losses are amortized on a straight-line basis over a period equal to or less than the average remaining service period for employees at the time of each fiscal year in which such gains and losses are realized (10 years). The amortization of net gains and losses starts from the fiscal year immediately following the year in which such gains and losses are realized.
Past service cost is expensed wholly in the fiscal year in which it is realized.

C. Application of simplified accounting method by small-size enterprises
In calculating the retirement benefit liability (net defined benefit liability) and retirement benefit expenses, certain consolidated subsidiaries apply a simplified accounting method in which retirement benefit obligations are determined based on the amount of retirement benefits required to pay if all eligible employees retired voluntarily at the balance sheet date.

7) Standards for translation of important assets or liabilities in foreign currencies into yen
Monetary assets and liabilities in foreign currencies are translated into yen based on the spot exchange rate in the foreign exchange market on the consolidated balance sheet date, and the foreign exchange gains and losses from the translations are recognized in the income statement. Assets and liabilities of overseas consolidated subsidiaries are translated into yen based on the spot exchange rate in the foreign exchange market on the consolidated balance sheet date, while revenue and expenses are translated into yen based on the average exchange rate for the fiscal term. The differences resulting from these translations are included in “Foreign currency translation adjustment” and “Non-controlling interests” under net assets.

8) Accounting for important hedging activities
A. Method
Deferred hedge accounting is applied.
Designation is applied to forward exchange contracts that qualify for designation, and designated exceptional accounting is applied to interest rate swaps that qualify for exceptional accounting.

B. Means for hedging and hedged item

Means for hedging	Hedged item
Interest rate swaps	Long-term borrowings
Forward exchange contracts	Foreign currency receivables (including forecast transactions)

C. Hedging policy
Based on internal rules, hedging is limited to transactions (including forecast transactions) in the scope of practical purposes under the management of the Company’s department in charge of finance and is undertaken to avoid future risks from fluctuations in interest rates and foreign exchange rates.

D. Method for assessing the effectiveness of hedges
At the start of hedging, the Company assesses the effectiveness of offset in interest rate or foreign exchange rate fluctuation. Then, during the period of hedging, the Company uses the predetermined assessment method to assess whether the high effectiveness of offset is maintained at every fiscal year-end. For forward exchange contracts, assessment of the effectiveness of hedges is omitted as important terms regarding hedged items and means for hedging are the same, and changes in the cash flow from foreign exchange rate fluctuations are expected to be completely offset. Assessment of the effectiveness of interest rate swaps subject to designated exceptional accounting is also omitted.

2. Changes in Presentation

(Consolidated Balance Sheet)

In the fiscal year ended December 31, 2023, "software in progress" which was previously included in the "software" category of "intangible assets" increased its importance. Thus, it is presented as a separate item.

3. Notes on Changes in Accounting Policies

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company began applying the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31; June 17, 2021) from the beginning of the fiscal year under review and has decided to apply the new accounting policy set forth in the Implementation Guidance on Accounting Standard for Fair Value Measurement going forward in accordance with the transitional treatment stipulated in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. There is no impact on the consolidated financial statements.

4. Notes on Significant Accounting Estimates

Impairment loss on fixed assets

(1) Amount recorded on Consolidated Financial Statements for the fiscal year under review

Property, plant, and equipment	22,505 million yen
Intangible assets	3,107 million yen
Impairment loss	369 million yen

(2) Information on the details of significant accounting estimates for recognized items

1) Calculation method

The Company Group sets a business unit and each company as a grouping unit for the Company and its consolidated subsidiaries, respectively, and determines whether there is any sign of impairment for each asset group. When we find a sign of impairment, we estimate future cash flow generated with the asset group and compare it with the book value to judge if it is necessary to recognize an impairment loss.

In the fiscal year ended December 31, 2023, within some asset groups of the Sewing Machinery and Systems Business and others, signs of impairment were identified in a Chinese sales subsidiary, manufacturing subsidiary and others that had been successively generating operating losses. Therefore, impairment losses were recorded in some asset groups of the Sewing Machinery and Systems Business.

2) Major assumptions

The undiscounted future cash flows are estimated based on the Medium-Term Management Plan, etc., which factors in significant accounting estimates involving significant judgments and uncertainties such as a certain assumption about a recovery in demand.

3) Impact on the consolidated financial statements for the following fiscal year

The estimates may be affected by changes of uncertain economic conditions. If future business performance, etc., deviates from the estimates, it may affect the valuation of fixed assets and significantly impact the consolidated financial statements for the following fiscal year.

5. Notes to Consolidated Balance Sheet

(1) Assets offered as collateral and collateralized loans

(Assets offered as collateral)

Buildings and structures	2,654 million yen
Machinery, equipment, and vehicles	431 million yen
Land	2,379 million yen
Intangible assets	156 million yen
Investment securities	1,843 million yen
Total	7,464 million yen
of which assets offered as foundation mortgage	4,399 million yen

(Collateralized loans)

Short-term borrowings	36,364 million yen
Long-term borrowings	14,412 million yen
Total	50,777 million yen
of which loans collateralized as foundation mortgage	49,625 million yen

(2) Accumulated depreciation of property, plant, and equipment 51,321 million yen

The accumulated impairment loss is included in the accumulated depreciation.

6. Notes to Consolidated Statement of Changes in Equity

(1) Type and total number of issued shares as of this fiscal year-end

Common shares 29,874,179 shares

(2) Treasury shares

Type of stock	Balance at beginning of period	Increase	Decrease	Balance at end of period
Common shares (shares)	503,016	447	177,537	325,926

(Summary of reasons for change)

Detail of the increase in number are as follows:

Increase due to the purchase of shares of less than one unit 447 shares

Details of the decrease in number are as follows:

Decrease due to allotment to Directors, etc. as restricted stock-based remuneration 177,537 shares

(3) Dividends

1) Dividends paid

Resolution	Type of stock	Source of dividend	Total dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on March 28, 2023	Common shares	Retained earnings	587	20.00	December 31, 2022	March 29, 2023

2) Dividends whose record date is during this fiscal year but whose effective date is after the end of this fiscal year

The following dividend for common shares will be proposed for approval at the Ordinary General Meeting of Shareholders to be held on March 25, 2024.

Proposal for Resolution	Type of stock	Source of dividend	Total dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on March 25, 2024	Common shares	Retained earnings	443	15	December 31, 2023	March 26, 2024

7. Notes on Financial Instruments

(1) Status of financial instruments

The Group procures necessary funds mainly by borrowing from financial institutions based on the capital investment plan. A temporary surplus fund is invested in financial assets that are highly secure.

For customer credit risk concerning trade receivables (notes and accounts receivable - trade), write-off risk is kept lower by the division in charge according to the credit control rules. Investment securities are mainly stocks and the market value of listed stocks is checked quarterly.

Borrowed money is used for working funds (mainly short-term) and capital investment funds (long-term). Interest-swap contracts are used against the interest fluctuation risk of some long-term borrowings to fix the amount of interest expenses. Derivative transactions (related to foreign exchange and interest rate) are conducted only in the scope of practical purposes according to the internal control rules.

(2) Fair value of financial instruments

The amounts posted on the consolidated balance sheet, fair values, and differences thereof as of December 31, 2023 (consolidated balance sheet date for this fiscal year) are as follows:
Securities that have no market value are not included.
Descriptions of "cash and deposits," "notes and accounts receivable – trade," "notes and accounts payable – trade," and "short-term borrowings" are omitted, because these items are cash, or their fair values are equivalent to book values as they are settled over the short term.

(million yen)

	Consolidated balance sheet amount (*1)	Fair value (*1)	Difference
(1) Investment securities Available-for-sale securities	2,301	2,301	–
(2) Long-term borrowings (*2)	[30,009]	[30,057]	(48)
(3) Derivative transactions of which hedge accounting is not applied	[598]	[598]	–

(*1) Amounts for which the net total is payable are shown in [ ].
(*2) Current portion of long-term borrowings, an item included in short-term borrowings in the consolidated balance sheet, is included in long-term borrowings here.

Note 1: Method for calculating the fair value of financial instruments

(1) Investment securities
The going share price on the exchange is used as the fair value.

(2) Long-term borrowings
The fair value of long-term borrowings is calculated by discounting the sum of principal and interest by an interest rate assumed in cases where similar borrowing is to be newly conducted. The

fair value of long-term borrowings with variable interest rates to which special treatment of interest rate swaps is applied (see (3) below) is calculated by discounting the sum of principal and interest, which is treated in combination with the said interest rate swaps, at a reasonably estimated rate applied to a similar new borrowing.

(3) Derivative transactions

The fair value of derivative transactions is calculated based on the prices submitted by financial institutions.

The fair value of interest rate swaps to which special treatment is applied is included in the fair value of the hedged long-term borrowings, because these transactions are treated in combination with the said long-term borrowings.

Note 2: Securities that have no market value (4,038 million yen included in the consolidated balance sheet) are not included in "(1) Investment securities, Available-for-sale securities."

(3) Matters on breakdown by fair value level of financial instruments

The Company categorizes the fair value of financial instruments according to the observability and significance of inputs for fair value measurement into the following three levels.

Level 1 fair value: Fair value measured using observable inputs for fair value measurement, which are quoted prices in active markets for identical assets or liabilities

Level 2 fair value: Fair value measured using observable inputs for fair value measurement other than the inputs in Level 1

Level 3 fair value: Fair value measured using unobservable inputs for fair value measurement

In cases where multiple inputs that have a material impact on fair value measurement are used, the fair value measurement is categorized at the level with the lowest priority among the levels to which such inputs belong.

1) Financial assets and financial liabilities recorded on the consolidated balance sheet using their fair values

(million yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities Available-for-sale securities Shares	2,301	–	–	2,301
Derivative transactions Currency-related	–	(598)	–	(598)
Total assets	2,301	(598)	–	1,701

2) Financial assets and financial liabilities not recorded on the consolidated balance sheet using their fair values

(million yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
Long-term borrowings	–	(30,057)	–	(30,057)
Total liabilities	–	(30,057)	–	(30,057)

Note: Explanation of the valuation methods and inputs used for fair value measurement

Investment securities

Listed shares are valued using quoted prices. Because listed shares are traded on active markets, their fair value is categorized as Level 1 fair value.

Derivative transactions

The fair value of exchange contracts is measured based on the discounted present value method using exchange rates and other observable inputs and is categorized as Level 2 fair value.

Long-term borrowings

Long-term borrowings are valued using the discounted method of taking the total amount of principal and interest and discounting it by the rate assumed for an equivalent new loan, and their fair value is categorized as Level 2 fair value. Long-term borrowings with variable interest rates that are subject to the special provisions for interest-rate swaps are valued by taking the total amount of principal and interest treated as one along with the relevant interest-rate swap and discounting it by a reasonably estimated rate assumed to be applied for an equivalent loan, and their fair value is categorized as Level 2 fair value.

8. Notes on Revenue Recognition

(1) Breakdown of revenue generated from customer contracts

(million yen)

	Japan	Asia	China	The Americas	Europe	Others	Total
Sewing Machinery & Systems Business Unit	6,098	20,702	12,354	8,807	9,215	1,025	58,204
Industrial Equipment & Systems Business Unit	11,488	5,314	7,610	7,438	4,089	289	36,231
Other business	314	–	–	–	–	–	314
Total	17,901	26,017	19,964	16,246	13,304	1,315	94,750

Note: Net sales are based on the location of customer and categorized under country or region.

(2) Basic information for understanding revenue generated from customer contracts

Basic information for understanding revenue generated from customer contracts is as stated in "1. Notes on the Basis for the Preparation of Consolidated Financial Statements, etc. (4) Accounting policies 4) Standards for recording revenue and expenses."

(3) Information for understanding revenue amounts in the fiscal year under review and subsequent fiscal years

1) Balance of contract assets and contract liabilities

	Current consolidated fiscal year
Contract assets (beginning of period)	1,382 million yen
Contract assets (end of period)	1,293 million yen
Contract liabilities (beginning of period)	883 million yen
Contract liabilities (end of period)	791 million yen

2) Allocation of transaction prices to residual performance obligations

Since the JUKI Group has no significant transactions whose initial expected contract period exceeds one year, we apply a practical expedient and omit the description of information on residual performance obligations. In addition, there is no significant amount that is not included in transaction prices in consideration generated from customer contracts.

9. Notes on Per Share Information

(1) Net assets per share 1,069.34 yen
(2) Basic loss per share 238.54 yen

Notes to Non-consolidated Financial Statements

1. Notes on Significant Accounting Policies

(1) Standards and methods for valuation of assets

1) Securities

Shares of subsidiaries and associates

Stated at cost using the moving-average method

Available-for-sale securities with market quotations

Stated based on the market price, etc. on the balance sheet date

(Unrealized gains and losses are excluded from income and reported in a separate component of net assets. The cost of sales is calculated using the moving-average method.)

Available-for-sale securities without market quotations

Stated at cost using the moving-average method

2) Derivatives

Stated mainly at market

3) Inventories

Stated at the lower of cost or market

Merchandise and finished goods and work in process	Using the average method
Raw materials and supplies	Using the last cost method

(2) Depreciation & amortization method for non-current assets

1) Property, plant, and equipment (excluding leased assets)

The declining-balance method is applied. However, the straight-line method is applied for buildings acquired on and after April 1, 1998 (excluding any facilities attached to buildings) and facilities attached to buildings and structures acquired on and after April 1, 2016.

The main economic useful lives are as follows:

Buildings	10 - 50 years
Structures	10 - 50 years
Machinery, equipment, and vehicles	3 - 15 years
Tools, furniture, and fixtures	2 - 20 years

2) Intangible assets (excluding leased assets) and long-term prepaid expenses

The straight-line method is applied. Software bundled with a device sold is amortized every fiscal year at no less than an amount equally divided over the effective period (three years), and software used in-house is amortized using the straight-line method over a useful life of five years.

3) Leased assets

Leased assets pertaining to finance leases without ownership transfer of the leased assets to the lessee

The straight-line method is applied on the assumptions that the useful life equals the lease term and the residual value is zero.

(3) Standards for recognition of reserves

1) Allowance for doubtful accounts

For loss caused by uncollectible debt, an allowance for doubtful accounts is provided based on the historical write-off rate for ordinary receivables and the estimated amount of irrecoverable debt based on the recoverability of individual cases for specified receivables such as debt with a possibility of default.

2) Provision for retirement benefits

A provision for retirement benefits is provided based on the estimated retirement benefit obligation and plan assets as of this fiscal year-end.

A. Method of attributing expected retirement benefits to periods

In calculating the retirement benefit obligations, the benefit formula basis is used to attribute the expected retirement benefits to the period up to the end of the current fiscal year.

B. Method of recognizing actuarial gains and losses and past service cost

Actuarial gains and losses are amortized on a straight-line basis over a period equal to or less than the average remaining service period for employees at the time such gains and losses are realized (10 years). The amortization of net gains and losses starts from the fiscal year immediately following the year in which such gains and losses are realized.

Past service cost is expensed wholly in the fiscal year in which it is realized.

(4) Standards for recording revenue and expenses

The Company recognizes revenue by applying the following five steps with respect to a customer contract. Consideration for performance obligation is generally received within one year and does not include significant financial elements.

Step 1: Identify the customer contract.
Step 2: Identify the performance obligations under the contract.
Step 3: Calculate the transaction price.
Step 4: Allocate the transaction price to performance obligations under the contract.
Step 5: Recognize revenue when a company has fulfilled (or as it fulfills) the performance obligations.

In the Machinery and Systems Business, the Company engages mainly in the manufacture and sales of industrial sewing machines and household sewing machines. In sales of these products, because control over these products is transferred to the customer and the performance obligation is fulfilled at the time such products are delivered to the customer or at the time the customer accepts these products, the Company recognizes revenue at the aforementioned point in time.

The Company applies the alternative treatment stipulated in Item 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition, and recognizes revenue, in domestic sales of products, at the time of shipment in cases where the period between shipment and transfer of control over those products to the customer is normal.

In export sales, the Company recognizes revenue when risk-bearing based on trade conditions set out in INCOTERMS and others is transferred to the customer.

(5) Other significant basic matters for the preparation of financial statements

1) Standards for translation of assets and liabilities in foreign currencies into yen

Monetary assets and liabilities in foreign currencies are translated into yen based on the spot exchange-rate in the foreign exchange market on the balance sheet date, and the foreign exchange gains and losses from the translations are recognized in the income statement.

2) Accounting for hedging activities

A. Method

Deferred hedge accounting is applied.

Designation is applied to forward exchange contracts that qualify for designation, and designated exceptional accounting is applied to interest rate swaps that qualify for exceptional accounting.

B. Means for hedging and hedged item

Means for hedging	Hedged item
Interest rate swaps	Long-term borrowings
Forward exchange contracts	Foreign currency receivables (including forecast transactions)

C. Hedging policy

Based on internal rules, hedging is limited to transactions (including forecast transactions) in the scope of practical purposes under the management of the department in charge of finance, and is undertaken to avoid future risks from fluctuations in interest rates and foreign exchange rates.

D. Method for assessing the effectiveness of hedges

At the start of hedging, the Company assesses the effectiveness of offset in interest rate or foreign exchange rate fluctuation. Then, during the period of hedging, the Company uses the predetermined assessment method to assess whether the high effectiveness of offset is maintained at every fiscal year-end. For forward exchange contracts, assessment of the effectiveness of hedges is omitted as important terms regarding hedged items and means for hedging are the same, and changes in the cash flow from foreign exchange rate fluctuations are expected to be completely offset. Assessment of the effectiveness of interest rate swaps subject to designated exceptional accounting is also omitted.

3) Method of accounting for retirement benefits

The accounting methods for unrecognized actuarial gains and losses relating to retirement benefits are different from the accounting methods in the consolidated financial statements.

2. Changes in Presentation

(Non-consolidated Balance Sheet)

In the fiscal year ended December 31, 2023, "software in progress" which was previously included in the "software" category of "intangible assets" increased its importance. Thus, it is presented as a separate item.

3. Notes on Changes in Accounting Policies

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company began applying the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31; June 17, 2021) from the beginning of the fiscal year under review and has decided to apply the new accounting policy set forth in the Implementation Guidance on Accounting Standard for Fair Value Measurement going forward in accordance with the transitional treatment stipulated in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. There is no impact on the non-consolidated financial statements.

4. Notes to Significant Accounting Estimates

Recoverability of deferred tax assets

(1) Amount recorded on Non-consolidated Financial Statements for the fiscal year under review

Deferred tax assets (net)	— million yen
Deferred tax liabilities (net)	119 million yen

(The gross amount before offsetting against deferred tax liabilities is — million yen.)

(2) Information on the details of the significant accounting estimates for identified items

1) Calculation method

Future taxable income is estimated based on deductible temporary difference and the carryforward of unused tax losses, and the recoverable amount of deferred tax assets is calculated within a scope deemed to have the effect of reducing future tax payable.

2) Major assumptions

An important assumption about the recoverability of deferred tax assets is the estimate of taxable income based on the Medium-Term Management Plan, etc., formulated based on a certain assumption about a recovery in demand etc.

3) Impact on Non-consolidated Financial Statements for the following fiscal year

The estimates may be affected by changes in uncertain economic conditions. When actual profit earned, a period in which taxable income incurs, and taxable income amounts differ from the estimates, it may significantly impact the amount of deferred tax assets in the non-consolidated financial statements for the following fiscal year.

5. Notes to Non-consolidated Balance Sheet

(1) Assets offered as collateral and collateralized loans

(Assets offered as collateral)

Buildings, net	237 million yen
Structures, net	9 million yen
Machinery and equipment, net	0 million yen
Land	637 million yen
Investment securities	1,843 million yen
Total	2,728 million yen
of which assets offered as foundation mortgage	885 million yen

(Collateralized loans)

Short-term borrowings	29,724 million yen
Long-term borrowings	12,309 million yen
Total	42,034 million yen
of which loans collateralized as foundation mortgage	40,034 million yen

(2) Accumulated depreciation of property, plant, and equipment 18,387 million yen

(3) Guarantee liability

The Company provides guarantees on borrowings from financial institutions by other companies.

JUKI SINGAPORE PTE. LTD.	7,812 million yen
JUKI (CHINA) CO., LTD.	3,527 million yen
JUKI (VIETNAM) CO., LTD.	2,379 million yen
JUKI CENTRAL EUROPE SP. ZO.O.	2,369 million yen
JUKI AMERICA INC.	425 million yen
JUKI (HONG KONG) LIMITED	188 million yen
Total	16,703 million yen

(4) Monetary receivables from and payables to subsidiaries and associates (excluding accounting items presented separately)

Short-term monetary receivables	41,453 million yen
Short-term monetary payables	17,109 million yen

6. Notes to Non-consolidated Statement of Income

Transactions with subsidiaries and associates (excluding accounting items presented separately)

Net sales	33,079 million yen
Purchase	33,867 million yen
Other operating transactions	2,637 million yen
Transactions other than operating transactions	2,689 million yen

7. Notes to Non-consolidated Statement of Changes in Equity

Type and number of treasury shares as of this fiscal year-end

Common shares 325,926 shares

8. Notes on Tax Effect Accounting

Major causes for accrual of deferred tax assets and deferred tax liabilities

	(million yen)
Deferred tax assets	
Enterprise tax payable	19
Provision for retirement benefits	777
Allowance for doubtful accounts	663
Impairment loss	64
Loss on valuation of inventories	104
Loss on valuation of shares of subsidiaries and associates	2,317
Loss on valuation of investments in capital of subsidiaries and associates	248
Loss brought forward	2,126
Other	1,100
Total	7,422
Valuation allowance	(7,422)
Total deferred tax assets	–
Offset to deferred tax liabilities	–
Net deferred tax assets	–
Deferred tax liabilities:	
Valuation difference on available-for-sale securities	119
Total deferred tax liabilities	119
Offset to deferred tax assets	–
Net deferred tax liabilities	119

9. Notes on Transactions with Related Parties

Subsidiaries and associates

Category	Company name	Ownership of voting rights, etc. (Ownership percentage)	Relationship with the related parties	Transaction details	Transaction amounts (million yen)	Receivables or payables on transactions	
						Account item	Fiscal year-end balance (million yen)
Subsidiaries	JUKI SINGAPORE PTE. LTD.	Direct ownership 100.0%	Sales and maintenance of the Company's products	Sales of products	10,141	Accounts receivable - trade	9,283
				Support for sales	1,213 (*1)	Accrued expenses	1,213
				Debt guarantee	7,812	–	–
	JUKI (CHINA) CO., LTD.	Direct ownership 100.0%	Sales and maintenance of the Company's products	Sales of products	2,720	Accounts receivable - trade	549
				Debt guarantee	3,527	–	–
	JUKI (SHANGHAI) INDUSTRIAL CO., LTD.	Direct ownership 22.7% Indirect ownership 77.3%	Manufacture of the Company's products	Purchase of products	4,745	Accounts payable - trade	277
				Technical advisory fee income, etc.	303	Accrued income	42
	JUKI TECHNO-SOLUTIONS CORPORATION	Direct ownership 80.0%	Manufacture of the Company's products	Borrowing of fund	763	Short-term borrowings	1,268
				Repayment of fund	1,022	–	–
				Payment of interest	10	–	–
	JUKI CENTRAL EUROPE SP. ZO.O.	Direct ownership 100.0%	Sales and maintenance of the Company's products	Sales of products	7,618	Accounts receivable - trade	2,999
				Debt guarantee	2,369	–	–
	SHANGHAI JUKI SEWING MACHINE CO., LTD.	Direct ownership 72.3% Indirect ownership 27.7%	Manufacture of the Company's products	Purchase of products	2,880	Accounts payable - trade	421
	JUKI INDIA PVT. LTD.	Direct ownership 94.6% Indirect ownership 5.4%	Sales and maintenance of the Company's products	Sales of products	1,868	Accounts receivable - trade	1,743
	JUKI SALES (JAPAN) CORPORATION	Direct ownership 100.0%	Sales and maintenance of the Company's products	Sales of products	3,684	Accounts receivable - trade	2,059
	JUKI AMERICA HOLDINGS, INC.	Direct ownership 100.0%	Other services, etc.	Borrowing of fund	2,761	Short-term borrowings	1,233
				Repayment of fund	3,297	–	–
				Payment of interest	55	–	–
	JUKI AUTOMATION SYSTEMS INC.	Indirect ownership 100.0%	Sales and maintenance of the Company's products	Sales of products	– (*2)	Accounts receivable - other	1,724

Category	Company name	Ownership of voting rights, etc. (Ownership percentage)	Relationship with the related parties	Transaction details	Transaction amounts (million yen)	Receivables or payables on transactions	
						Account item	Fiscal year-end balance (million yen)
	JUKI AUTOMATION SYSTEMS GMBH	Direct ownership 100.0%	Sales and maintenance of the Company's products	Sales of products	– (*2)	Accounts receivable - other	1,471
						Long-term accounts receivable from subsidiaries and associates - other	1,687
	JUKI AUTOMATION SYSTEMS CORPORATION	Direct ownership 91.8%	Sales and maintenance of the Company's products	Purchase of products	– (*2)	Accounts payable - other	13,359
				Provision of loan	3,550	Short-term loans receivable	7,746
				Recovery of funds	3,044	–	—
				Receipt of interest	85	–	—
				Trademark fee income, etc.	260	Accrued income	147
	JUKI INDUSTRIAL EQUIPMENT TECHNOLOGY CORPORATION	Direct ownership 100.0%	Manufacture of the Company's products	Receipt of collateral	(Note 3)	–	—
	TOKYO JUKI INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	Direct ownership 100.0%	Sales and maintenance of the Company's products	Sales of products	– (*2)	Accounts receivable - other	6,188
	JUKI AMERICA, INC.	Direct ownership 100.0%	Sales and maintenance of the Company's products	Sales of products	5,787	Accounts receivable - trade	2,783
	JUKI (VIETNAM) CO., LTD.	Direct ownership 100.0%	Manufacture of the Company's products	Purchase of products	6,276	Accounts payable - trade	381
				Provision of loan	3,201	Short-term loans receivable	2,411
				Recovery of funds	4,771	–	—
				Receipt of interest	208	–	—
				Debt guarantee	2,379	–	—
	JUKI SMT ASIA CO., LTD.	Direct ownership 100.0%	Sales and maintenance of the Company's products	Sales of products	– (*2)	Accounts receivable - other	152
						Long-term accounts receivable from subsidiaries and associates - other	1,301

Terms for transactions and policies to decide them:

(Notes)
1. Terms for sales and purchases are decided in consideration of factors such as market prices.
2. Loan rates are reasonably decided in consideration of market interest rates and the financial status of borrowers.
3. Real estate owned by JUKI INDUSTRIAL EQUIPMENT TECHNOLOGY CORPORATION has been received as collateral against the Company’s borrowings from financial institutions (revolving mortgage at a maximum 11,640 million yen). No fees connected with collateral pledging have been paid.
4. Technical advisory fee income etc. are decided in consideration of factors such as market prices.
5. Debt guarantee for JUKI SINGAPORE PTE. LTD., JUKI (CHINA) CO., LTD., JUKI CENTRAL EUROPE SP. ZO.O. and JUKI (VIETNAM) CO., LTD. is provided with regard to borrowing from banks. A fixed debt guarantee charge has been received.
6. 2,145million yen in allowance for doubtful accounts has been recorded regarding claims to long-term accounts receivable from subsidiaries and associates - other with a possibility of default above. In relation to this allowance, a total of 170 million yen of provision of allowance for doubtful accounts has been recorded in the current fiscal year.
7. Transaction amounts do not include consumption taxes. The fiscal year-end balance includes consumption taxes.

(*1) Sales support for JUKI SINGAPORE PTE. LTD. entails providing the subsidiary with support aimed at promoting sales and maintaining market competitiveness.

(*2) Because the Company has been carrying out sales transactions as the agent of JUKI AUTOMATION SYSTEMS CORPORATION in the Electronic Assembly Systems Business since August 1, 2013, the amounts in the non-consolidated statement of income are presented with the balance of the said sales transactions offset against the balance of purchase transactions.
The balance of sales to TOKYO JUKI INTERNATIONAL TRADING (SHANGHAI) CO., LTD. is 6,481 million yen, the balance of sales to JUKI AUTOMATION SYSTEMS INC. is 1,923 million yen, the balance of sales to JUKI AUTOMATION SYSTEMS GMBH is 1,760 million yen, the balance of sales to JUKI SMT ASIA CO., LTD. is 109 million yen, and the balance of purchases from JUKI AUTOMATION SYSTEMS CORPORATION is 13,542 million yen.

10. Notes on Per Share Information

(1) Net assets per share	793.68 yen
(2) Basic loss per share	182.87 yen