

(Reference Translation)



February 9, 2024

**Summary of Financial Information and Business Results
for the Fiscal Year 2023 Ended December 31, 2023
on a Consolidated Basis
<under Japanese GAAP>**

Company name: **JUKI Corporation**
Listing: Tokyo Stock Exchange
Securities code: 6440
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Scheduled date of Ordinary General Meeting of Shareholders: March 25, 2024
Scheduled date to commence dividend payments: March 26, 2024
Scheduled date to file the securities report: March 26, 2024
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 2023 ended December 31, 2023
(January 1, 2023 to December 31, 2023)**

(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, 2023	94,750	(19.3)	(2,699)	–	(3,684)	–	(7,035)	–
December 31, 2022	117,454	16.0	2,858	(26.1)	1,163	(66.2)	(78)	–

Note: Comprehensive income Fiscal year ended December 31, 2023 (4,631) million yen [–%]
Fiscal year ended December 31, 2022 2,272 million yen [(53.5)%]

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, 2023	(238.54)	–	(20.6)	(2.6)	(2.8)
December 31, 2022	(2.66)	–	(0.2)	0.8	2.4

Reference: Share of profit (loss) of entities accounted for using equity method
Fiscal year ended December 31, 2023 191 million yen
Fiscal year ended December 31, 2022 50 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, 2023	139,304	32,370	22.7	1,069.34
December 31, 2022	145,169	37,482	25.3	1,250.84

Reference: Equity As of December 31, 2023 31,597 million yen

As of December 31, 2022 36,738 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, 2023	2,254	(2,751)	2,456	7,168
December 31, 2022	(14,641)	(4,930)	17,485	4,910

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, 2022	–	0.00	–	20.00	20.00	587	–	1.6
Fiscal year ended December 31, 2023	–	0.00	–	15.00	15.00	443	–	1.3
Fiscal year ending December 31, 2024 (forecast)	–	0.00	–	20.00	20.00		69.4	

3. Consolidated earnings forecasts for the fiscal year 2024 ending December 31, 2024 (January 1, 2024 to December 31, 2024)

(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, 2024	113,000	19.3	3,900	–	2,500	–	850	–	28.82

* 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

New: - companies (company name), Excluded: - companies (company name)

- (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: Yes
- 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, 2023	29,874,179 shares
As of December 31, 2022	29,874,179 shares

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

As of December 31, 2023	325,926 shares
As of December 31, 2022	503,016 shares

- c. Average number of shares during the period

Fiscal year ended December 31, 2023	29,493,844 shares
Fiscal year ended December 31, 2022	29,347,666 shares

Reference: Summary of non-consolidated performance

**Non-consolidated performance for the fiscal year 2023 ended December 31, 2023
(January 1, 2023 to December 31, 2023)**

(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, 2023	35,991	(41.5)	(5,076)	–	(3,734)	–	(5,393)	–
December 31, 2022	61,565	24.4	(767)	–	2,017	173.3	1,856	315.8

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	yen	yen
December 31, 2023	(182.87)	–
December 31, 2022	63.24	–

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
December 31, 2023	100,887	23,451	23.2	793.68
December 31, 2022	105,175	29,181	27.7	993.56

Reference: Equity As of December 31, 2023 23,451 million yen
As of December 31, 2022 29,181 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, 2023, in the business environment surrounding the Company, the acceleration of a technological revolution in the form of AI/IoT/5G/VR, etc., and business developments due to changes in the market and customer base looking ahead to the post-pandemic period have created the need to build a new business model/management base in response to the new-normal environment. In addition, in response to the “sustainable development goals (SDGs),” society as a whole is further accelerating efforts to realize a sustainable society from a long-term perspective.

Meanwhile, although supply chain fragmentation and logistical disruptions are easing, economic activities were constrained by factors such as high resource prices due to the prolonged conflict in Russia and Ukraine and continuing tensions between the US and China, soaring costs due mainly to global inflation, delayed recovery of the Chinese economy, curtailment of investment activities, and foreign currency shortages in emerging countries.

Under this business environment in the fiscal year ended December 31, 2023, the Company strove to expand sales, but capital investment in sewing factories and electronic component manufacturing contract factories was cautious, especially in China and Southeast Asian countries, the largest markets, with delays in the materialization of capital investment, and postponement of purchases due to foreign currency shortages in emerging countries in South Asia and other regions. As a result, net sales decreased to 94,750 million yen (down 19.3% year-on-year).

Additionally, the Company had strategically accumulated inventories to secure parts in response to the global disruption of parts supply and logistics starting in the second half of 2021 after COVID-19, but the subsequent slowdown in capital investment demand due to the delayed economic recovery in China and Southeast Asian countries caused delays in their inventory turnover.

Therefore, from 2023, from the viewpoint of improving financial soundness, we have made thorough production adjustments and reductions. As a result, inventories decreased by 5,505 million yen compared to the previous fiscal year-end, although profits in production were negative due to lower capacity utilization rates at factories.

As mentioned above, in response to the severe business environment and the future changes in the new-normal global situation, we are promoting cost structural reforms, including reductions in logistics costs, personnel reductions at sales offices, thorough control of ordinary expenses, furloughs at Japanese and overseas factories, and reductions in production costs. We also have initiated factory reorganization in China, integration of sales companies in each region, and other measures to build a lean and highly efficient business structure for the future.

In terms of profits, a larger than expected decline in sales, thorough production adjustments, and an increase in various costs due to the yen depreciation, including overseas material costs and expenses, resulted in an operating loss of 2,699 million yen (versus an operating profit of 2,858 million yen in the same period of the previous fiscal year); and an ordinary loss of 3,684 million yen (versus an ordinary profit of 1,163 million yen in the same period of the previous fiscal year). In addition, extraordinary losses were recorded as a result of special severance payments due to cost structural reforms and impairment losses on non-current assets in anticipation of factory reorganization, etc., and deferred tax assets were partially reversed after reviewing the recoverability of deferred tax assets. This resulted in a loss attributable to owners of parent of 7,035 million yen (versus a loss attributable to owners of parent of 78 million yen in the same period of the previous year).

b. Overview of each business segment

i) Sewing Machinery and Systems Business

Sales of industrial sewing machines decreased significantly due to delays in the materialization of capital investment in sewing factories, mainly in China and Southeast Asian countries, and postponement of purchases due to the impact of foreign currency shortages in emerging countries in South Asia and other regions, resulting in overall sales of 58,204 million yen (down 27.2% year-on-year) for the Sewing Machinery and Systems Business.

In terms of profits, we are reaping the benefits of our cost structural reforms, in addition to normalizing semiconductor costs and reducing logistics, sales, and production costs. However, a more significant decline in sales beyond initial expectations and lower capacity utilization rates at factories resulted in a segment loss (ordinary loss) of 3,300 million yen, compared with a profit of 119 million yen in the same period of the previous fiscal year.

ii) Industrial Equipment and Systems Business

Sales of electronics assembly & systems increased year-on-year in Europe and the U.S. due to firm capital investment demand, but growth was sluggish, especially in China, due to weak capital investment demand from electronic component manufacturing contract factories, resulting in year-on-year drop in overall sales. However, sales were firm in the Group Businesses such as contract manufacturing, mainly in Japan, partly due to a rise in demand for capital investment as customers moved to deal with supply chain fragmentation. As a result, net sales for the Industrial Equipment and Systems Business as a whole were 36,231 million yen (down 2.7% year-on-year).

In terms of profits, segment profit (ordinary profit) was 392 million yen (down 79.8% year-on-year), due mainly to lower sales in China in electronics assembly & systems, lower capacity utilization rates at factories, and higher overseas costs resulting from the yen depreciation.

c. Forecasts for the next fiscal year

In regard to the business environment surrounding our company for the next fiscal year, while the first half is conservatively expected to see delays in capital investment due to a delay in the recovery of demand in China and Southeast Asian countries and foreign currency shortages in emerging countries in South Asia and other regions, the Company anticipates increased demand for capital investment in the growing economies such as west of India, Central and South America, Eastern Europe, Africa, and other regions. In addition, in response to the new-normal environment and through the use of new technologies, we believe that there is a growing movement towards new business opportunities.

On the other hand, the Company expects to continue to recognize expenses related to cost structural reforms, such as reorganization through consolidation of group companies, as in the previous fiscal year.

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 130 yen to 1 U.S. dollar.

Consolidated earnings forecasts for the fiscal year ending December 31, 2024

Million yen

Item	Fiscal year ending December 31, 2024
Net sales	113,000
Operating profit	3,900
Ordinary profit	2,500
Profit attributable to owners of parent	850

(2) Overview of financial position

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

Total assets as of December 31, 2023 were 139,304 million yen, a decrease of 5,865 million yen from the previous fiscal year-end. This was mainly due to decreases in inventories, accounts receivable - trade, and deferred tax assets. Liabilities were 106,933 million yen, a decrease of 754 million yen compared to the previous fiscal year-end. This primarily reflected a decrease in accounts payable - trade. Net assets were 32,370 million yen, a decrease of 5,111 million yen compared to the previous fiscal year-end. This was mainly due to a decrease in retained earnings.

Net cash provided by operating activities totaled 2,254 million yen (14,641 million yen used in the previous year). This mainly reflected decreases in trade receivables and inventories.

Net cash used in investing activities was 2,751 million yen (4,930 million yen used in the previous fiscal year). This was mainly due to expenditures for the acquisition of property, plant and equipment and new investment securities.

Net cash provided by financing activities was 2,456 million yen (17,485 million yen provided by the previous fiscal year). This was mainly the result of an increase in borrowings.

As a result, cash and cash equivalents were 7,168 million yen, an increase of 2,257 million yen compared to the previous fiscal year-end.

(Reference) Transition of cash flow indicators

	FY2019 ended December 31, 2019	FY2020 ended December 31, 2020	FY2021 ended December 31, 2021	FY2022 ended December 31, 2022	FY2023 ended December 31, 2023
Equity ratio (%)	32.3	28.2	27.3	25.3	22.7
Market value-based equity ratio (%)	22.5	14.0	19.2	12.5	9.8
Ratio of interest-bearing debt to cash flows (years)	17.6	6.8	–	–	37.3
Interest-coverage ratio (times)	3.8	10.2	–	–	1.5

(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 proactive capital investment, development investment, and information systems investment in order to build a stable business base for the future.

Although we recorded a net loss for the current fiscal year, we expect business performance to recover in the next fiscal year. And, based on the above policy, we plan to pay a year-end dividend of 15 yen per share, a decrease of 5 yen from the 20 yen ordinary dividend of the previous fiscal year, from the viewpoint of stable dividends.

Concerning dividend payment for the next fiscal year, the Company is forecasting a year-end dividend of 20.00 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, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	4,931	7,199
Notes and accounts receivable - trade, and contract assets	37,537	36,169
Merchandise and finished goods	43,364	40,456
Work in process	4,912	4,085
Raw materials and supplies	14,153	12,382
Other	3,151	2,984
Allowance for doubtful accounts	(373)	(498)
Total current assets	107,677	102,779
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,516	10,136
Machinery, equipment, and vehicles, net	3,521	3,354
Tools, furniture, and fixtures, net	1,335	1,237
Land	6,317	6,317
Leased assets, net	509	498
Construction in progress	168	85
Other	1,157	875
Total property, plant and equipment	23,525	22,505
Intangible assets		
Software	1,105	991
Software in progress	252	1,160
Other	959	955
Total Intangible assets	2,316	3,107
Investments and other assets		
Investment securities	5,867	6,340
Long-term loans receivable	76	46
Long-term prepaid expenses	80	49
Deferred tax assets	3,350	1,694
Retirement benefit asset	1,154	1,535
Other	1,425	1,743
Allowance for doubtful accounts	(306)	(499)
Total investments and other assets	11,649	10,911
Total non-current assets	37,492	36,524
Total assets	145,169	139,304

(million yen)

	As of December 31, 2022	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,145	6,075
Electronically recorded obligations - operating	4,113	2,735
Short-term borrowings	58,807	63,321
Lease liabilities	108	105
Accounts payable - other	1,396	1,463
Accrued expenses	4,285	3,545
Income taxes payable	547	481
Contract liabilities	883	791
Provision for bonuses	38	8
Notes payable - facilities	148	77
Forward exchange contracts	891	598
Other	1,423	1,651
Total current liabilities	81,791	80,854
Non-current liabilities		
Long-term borrowings	18,851	19,123
Lease liabilities	414	406
Provision for retirement benefits for directors (and other officers)	39	47
Retirement benefit liability	5,113	5,034
Other	1,477	1,466
Total non-current liabilities	25,896	26,079
Total liabilities	107,687	106,933
Net assets		
Shareholders' equity		
Share capital	18,044	18,044
Capital surplus	1,972	1,894
Retained earnings	15,816	8,193
Treasury shares	(527)	(341)
Total shareholders' equity	35,306	27,791
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	482	627
Foreign currency translation adjustment	1,048	3,066
Remeasurements of defined benefit plans	(99)	112
Total accumulated other comprehensive income	1,431	3,805
Non-controlling interests	743	773
Total net assets	37,482	32,370
Total liabilities and net assets	145,169	139,304

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

Consolidated statement of income

(million yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Net sales	117,454	94,750
Cost of sales	85,182	70,990
Gross profit	32,271	23,760
Selling, general, and administrative expenses	29,413	26,459
Operating profit (loss)	2,858	(2,699)
Non-operating income		
Interest income	45	63
Dividend income	132	133
Commission income	158	134
Reversal of allowance for doubtful accounts	56	5
Share of profit of entities accounted for using equity method	50	191
Subsidy income	100	125
Income from recycling	146	143
Other	272	261
Total non-operating income	961	1,059
Non-operating expenses		
Interest expenses	1,102	1,481
Foreign exchange losses	1,409	443
Other	144	119
Total non-operating expenses	2,655	2,044
Ordinary profit (loss)	1,163	(3,684)
Extraordinary income		
Gain on sale of non-current assets	14	16
Gain on sale of investment securities	146	73
Total extraordinary income	161	90
Extraordinary losses		
Impairment losses	–	369
Loss on sale and retirement of non-current assets	24	40
Loss on valuation of investment securities	–	183
Business restructuring expenses	–	386
Loss on disaster	10	2
Loss on COVID-19	240	–
Total extraordinary losses	275	982
Profit (loss) before income taxes	1,049	(4,576)
Income taxes - current	1,184	774
Income taxes - deferred	(151)	1,655
Total income taxes	1,033	2,430
Profit (loss)	16	(7,006)
Profit attributable to non-controlling interests	94	28
Profit (loss) attributable to owners of parent	(78)	(7,035)

Consolidated statement of comprehensive income

(million yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Profit (loss)	16	(7,006)
Other comprehensive income		
Valuation difference on available-for-sale securities	(14)	145
Foreign currency translation adjustment	2,432	1,864
Remeasurements of defined benefit plans, net of tax	(263)	210
Share of other comprehensive income of entities accounted for using equity method	100	155
Total other comprehensive income	2,255	2,374
Comprehensive income	2,272	(4,631)
(Breakdown)		
Comprehensive income attributable to owners of parent	2,178	(4,662)
Comprehensive income attributable to non-controlling interests	94	30

(3) Consolidated statement of changes in equity

Fiscal year ended December 31, 2022

(million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,044	1,990	16,642	(607)	36,070
Cumulative effects of changes in accounting policies			(139)		(139)
Restated balance	18,044	1,990	16,503	(607)	35,930
Changes during period					
Dividends of surplus			(732)		(732)
Loss attributable to owners of parent			(78)		(78)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(17)		80	62
Change in scope of consolidation			124		124
Net changes in items other than shareholders' equity					-
Total changes during period	-	(17)	(686)	80	(623)
Balance at end of period	18,044	1,972	15,816	(527)	35,306

	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	496	(1,484)	163	(824)	426	35,672
Cumulative effects of changes in accounting policies						(139)
Restated balance	496	(1,484)	163	(824)	426	35,533
Changes during period						
Dividends of surplus						(732)
Loss attributable to owners of parent						(78)
Purchase of treasury shares						(0)
Disposal of treasury shares						62
Change in scope of consolidation						124
Net changes in items other than shareholders' equity	(14)	2,533	(262)	2,256	316	2,572
Total changes during period	(14)	2,533	(262)	2,256	316	1,948
Balance at end of period	482	1,048	(99)	1,431	743	37,482

Fiscal year ended December 31, 2023

(million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,044	1,972	15,816	(527)	35,306
Cumulative effects of changes in accounting policies					–
Restated balance	18,044	1,972	15,816	(527)	35,306
Changes during period					
Dividends of surplus			(587)		(587)
Loss attributable to owners of parent			(7,035)		(7,035)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(78)		186	108
Change in scope of consolidation					–
Net changes in items other than shareholders' equity					–
Total changes during period	–	(78)	(7,622)	185	(7,515)
Balance at end of period	18,044	1,894	8,193	(341)	27,791

	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	482	1,048	(99)	1,431	743	37,482
Cumulative effects of changes in accounting policies						–
Restated balance	482	1,048	(99)	1,431	743	37,482
Changes during period						
Dividends of surplus						(587)
Loss attributable to owners of parent						(7,035)
Purchase of treasury shares						(0)
Disposal of treasury shares						108
Change in scope of consolidation						–
Net changes in items other than shareholders' equity	145	2,017	211	2,373	30	2,403
Total changes during period	145	2,017	211	2,373	30	(5,111)
Balance at end of period	627	3,066	112	3,805	773	32,370

(4) Consolidated statement of cash flows

(million yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	1,049	(4,576)
Depreciation	3,252	3,114
Impairment losses	–	369
Business restructuring expenses	–	386
Amortization of goodwill	7	14
Increase (decrease) in allowance for doubtful accounts	88	278
Increase (decrease) in provision for bonuses	(1)	(32)
Increase (decrease) in retirement benefit liability	(22)	(48)
Decrease (increase) in retirement benefit asset	(129)	(107)
Interest and dividend income	(178)	(197)
Interest expenses	1,102	1,481
Foreign exchange losses (gains)	(4)	(98)
Share of loss (profit) of entities accounted for using equity method	(50)	(191)
Loss (gain) on sale and retirement of property, plant and equipment and intangible assets	9	23
Decrease (increase) in trade receivables	(618)	3,610
Decrease (increase) in inventories	(6,304)	8,917
Increase (decrease) in trade payables	(7,293)	(4,728)
Other	(3,256)	(3,490)
Subtotal	(12,350)	4,725
Interest and dividends received	239	358
Interest paid	(1,101)	(1,479)
Income taxes refund (paid)	(1,429)	(963)
Payments for business restructuring expenses	–	(386)
Net cash provided by (used in) operating activities	(14,641)	2,254
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(2,221)	(2,579)
Proceeds from sale of property, plant and equipment and intangible assets	73	73
Purchase of investment securities	(1,995)	(572)
Proceeds from sale of investment securities	155	307
Proceeds from collection of loans receivable	43	0
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(992)	–
Other	6	19
Net cash provided by (used in) investing activities	(4,930)	(2,751)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	19,377	3,074
Proceeds from long-term borrowings	9,663	11,673
Repayments of long-term borrowings	(10,002)	(11,136)
Purchase of treasury shares	(0)	(0)
Dividends paid	(730)	(585)
Other	(822)	(569)
Net cash provided by (used in) financing activities	17,485	2,456
Effect of exchange rate change on cash and cash equivalents	405	297
Net increase (decrease) in cash and cash equivalents	(1,681)	2,257
Cash and cash equivalents at beginning of period	6,566	4,910
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	26	–
Cash and cash equivalents at end of period	4,910	7,168

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

No items to report.

(Changes in accounting policies)

(Application of Application Guidelines for the Accounting Standard for Fair Value Measurement)

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 31, June 17, 2021) from the beginning of the current fiscal year, and the new accounting policy specified by the Guidelines is applied prospectively in accordance with the transitional treatment specified in Section 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. This will not have an impact on consolidated financial statements.

(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, 2022 (January 1, 2022 to December 31, 2022)

(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	79,937	37,253	117,190	263	117,454	–	117,454
Inter-segment sales or transfers	900	137	1,038	537	1,575	(1,575)	–
Total	80,837	37,391	118,229	800	119,029	(1,575)	117,454
Segment profit	119	1,942	2,061	45	2,107	(943)	1,163
Segment assets	81,639	54,167	135,807	2,884	138,691	6,478	145,169
Other items							
Depreciation (Note 4)	1,647	1,016	2,664	19	2,683	568	3,252
Amortization of goodwill	7	–	7	–	7	–	7
Unamortized balance of goodwill	91	–	91	–	91	–	91
Interest income	41	11	53	46	99	(54)	45
Interest expenses	873	261	1,135	–	1,135	(32)	1,102
Share of profit of entities accounted for using equity method	–	50	50	–	50	–	50
Investments in entities accounted for using equity method	–	3,395	3,395	–	3,395	–	3,395
Increase in property, plant and equipment and intangible assets (Note 4)	1,306	1,324	2,630	8	2,638	593	3,232

- (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 943 million yen deducted from segment profit as adjustment are a deduction of 22 million yen in inter-segment eliminations and a deduction of 921 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 (gains) that have not been attributed to any reportable segment.
 - (2) The adjustment of 6,478 million yen for segment assets includes 10,897 million yen of corporate assets that cannot be allocated to any reportable segment, a deduction of 1,384 million yen in eliminations of inter-segment receivables, and a deduction of 3,009 million yen in eliminations of receivables owed to the administrative functions of the Company. The 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 568 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 593 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.

Fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)

(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	58,204	36,231	94,435	314	94,750	–	94,750
Inter-segment sales or transfers	818	84	903	499	1,402	(1,402)	–
Total	59,023	36,315	95,339	814	96,153	(1,402)	94,750
Segment profit (loss)	(3,300)	392	(2,907)	82	(2,825)	(858)	(3,684)
Segment assets	76,824	54,031	130,855	3,037	133,892	5,411	139,304
Other items							
Depreciation (Note 4)	1,446	1,106	2,553	19	2,572	541	3,114
Amortization of goodwill	14	–	14	–	14	–	14
Unamortized balance of goodwill	77	–	77	–	77	–	77
Interest income	58	5	63	137	200	(136)	63
Interest expenses	1,138	428	1,566	–	1,566	(84)	1,481
Share of profit of entities accounted for using equity method	–	191	191	–	191	–	191
Investments in entities accounted for using equity method	–	3,562	3,562	–	3,562	–	3,562
Increase in property, plant and equipment and intangible assets (Note 4)	1,021	747	1,769	12	1,782	1,242	3,024

(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 858 million yen deducted from segment profit (loss) as adjustment are a deduction of 58 million yen in inter-segment eliminations and a deduction of 799 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 (gains) that have not been attributed to any reportable segment.
- (2) The adjustment of 5,411 million yen for segment assets includes 10,738 million yen of corporate assets that cannot be allocated to any reportable segment, a deduction of 1,832 million yen in eliminations of inter-segment receivables, and a deduction of 3,408 million yen in eliminations of receivables owed to the administrative functions of the Company. The 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 541 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 1,242 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 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, 2022 (January 1, 2022 to December 31, 2022)

1. Information by product and service

Information by product and service is omitted because similar information is disclosed in the Segment information.

2. Information by region

(1) Net sales

(million yen)

Japan	Asia	China	Americas	Europe	Others	Total
16,985	47,452	22,378	16,890	12,029	1,716	117,454

(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
19,058	2,366	2,101	23,525

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, 2023 (January 1, 2023 to December 31, 2023)

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
17,901	26,017	19,964	16,246	13,304	1,315	94,750

(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
18,522	1,836	2,146	22,505

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]

Fiscal year ended December 31, 2022 (January 1, 2022 to December 31, 2022)

No items to report.

Fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)

	(million yen)				
	Sewing Machinery and Systems Business	Industrial Equipment and Systems Business	Other Businesses	Corporate and elimination	Total
Impairment losses	369	-	-	-	369

[Information on amortization and unamortized balance of goodwill by reportable segment]

Fiscal year ended December 31, 2022 (January 1, 2022 to December 31, 2022)

Information on amortization and unamortized balance of goodwill by reportable segment is omitted because similar information is disclosed in the Segment information.

Fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)

Information on amortization and unamortized balance of goodwill by reportable segment is omitted because similar information is disclosed in the Segment information.

[Information on gain on bargain purchase by reportable segment]

No items to report.

(Per share information)

	Fiscal year ended December 31, 2022 January 1, 2022 to December 31, 2022	Fiscal year ended December 31, 2023 January 1, 2023 to December 31, 2023
Net assets per share	1,250.84 yen	1,069.34 yen
Net loss per share	(2.66) yen	(238.54) 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, 2022 January 1, 2022 to December 31, 2022	Fiscal year ended December 31, 2023 January 1, 2023 to December 31, 2023
Loss attributable to owners of parent	(78) million yen	(7,035) million yen
Amount not attributable to outstanding common shares	-	-
Loss attributable to owners of parent related to outstanding common shares	(78) million yen	(7,035) million yen
Average number of outstanding common shares during the period	29,347,666 shares	29,493,844 shares

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

	As of December 31, 2022	As of December 31, 2023
Total net assets	37,482 million yen	32,370 million yen
Deduction	743 million yen	773 million yen
(Non-controlling interests)	743 million yen	773 million yen
Net assets at the end of period, related to common shares	36,738 million yen	31,597 million yen
Number of common shares used for the calculation of net assets per share	29,371,163 shares	29,548,253 shares

(Material subsequent events)

No items to report.