

(Translation)

Consolidated Financial Results
for the 3rd quarter of the fiscal year ending March 31, 2018
(April 1, 2017 through December 31, 2017)
[Japanese GAAP]

February 7, 2018

Company name: **JANOME SEWING MACHINE CO., LTD.** Tokyo Stock Exchange in Japan
Securities code: 6445 [URL http://www.janome.co.jp](http://www.janome.co.jp)
Representative: Name: Michio Ohba Title: President
Contact person: Name: Katsuhiko Nakatsubo Title: General Manager, Accounting
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Filing date of financial statements for the quarter : February 9, 2018

Payment date of cash dividends: ----

Supplementary materials prepared for quarterly financial results : None

Financial information meeting held for quarterly financial results: None

(Amounts less than one million yen are rounded down.)

1. Consolidated results (April 1, 2017 through December 31, 2017)

(1) Consolidated financial results

Percentages represent the percentage of change from the previous fiscal year.

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First nine months ended December 31, 2017	30,903	6.8	1,570	(13.4)	1,675	1.2	1,122	21.2
December 31, 2016	28,948	(11.7)	1,814	(0.7)	1,655	(18.3)	926	(22.9)

Note: Comprehensive income

December 31, 2017 1,769 million yen (up 27.2%)

December 31, 2016 1,390 million yen (up 89.2%)

	Net income per share - basic	Net income per share - diluted
First nine months ended	yen	yen
December 31, 2017	58.06	--
December 31, 2016	47.91	--

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Equity
	Million yen	Million yen	%	Million yen
December 31, 2017	52,580	25,488	46.8	24,600
March 31, 2017	52,052	23,941	44.4	23,098

2. Cash dividends

	Annual cash dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
Fiscal year ended	yen	yen	yen	yen	yen
March 31, 2018	--	0.00	--	10.00	10.00
March 31, 2019	--	0.00	--		
March 31, 2019 (Forecast)				10.00	10.00

Note: Revisions to the forecast of cash dividends in the current quarter: None

3. Forecast of consolidated results for the fiscal year ending March 31, 2018

(April 1, 2017 through March 31, 2018)

Percentages represent the percentage of change from the previous fiscal year.

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Full year (April 1,2017 through March 31, 2018)	40,000	2.9	2,700	9.0	2,600	21.6	1,800	12.0

	Net Income per share - basic
Full year (April 1,2017 through March 31, 2018)	93.11

Note: Revisions to the forecast of financial in the current quarter: None

4. Others

(1) Changes in significant subsidiaries during the current fiscal year : None

Note: This refers to a presence/absence of changes in specified subsidiaries accompanying changes in scope of consolidation during the current quarter.

(2) Application of particular accounts procedures to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting principles, procedures and presentations, etc.

(i) Changes due to amendments in accounting principles: None

(ii) Any changes other than the aforementioned: None

(iii) Changes in accounting estimate: None

(iv) Restatement: None

(4) Number of shares issued and outstanding (common stock)

(i) Number of shares issued and outstanding at the end of fiscal period (including treasury stock)

19,521,444 shares at the end of December 2017

19,521,444 shares at the end of March 2017

(ii) Number of treasury stock shares at the end of fiscal period

189,766 shares at the end of December 2017

189,721 shares at the end of March 2017

(iii) Average number of public shares during fiscal period

19,331,714 shares at the end of December 2017

19,331,730 shares at the end of December 2016

Statement Relating to Execution Status of Audit Procedures

This quarterly financial report is exempt from audit procedures.

Explanation regarding the appropriate use of result forecasts, and other special items

The forward-looking statements stated in this report include expectations based on assumption, forecast and projection by our management available as of the date of their announcement. It is possible that actual results may differ materially from these expectations due to various factors.

1. Qualitative Information Concerning Financial Results for the 3rd quarter of the fiscal year ending March 31, 2018

(1) Explanation of financial results

During the nine-month period ended December 31, 2017, there was modest growth in the global economy, focused on developed countries. However, concerns for the future outlook persisted, due to geopolitical risk including conditions in the Middle East and on the Korean Peninsula, as well as a slowdown in the Chinese economy.

In Japan, the economy continued to recover, supported by expansion of the global economy, but this was not enough to dispel cost-consciousness among consumers resulting from unease about the future.

In the light of these conditions, the Janome Group conducted proactive marketing activities based on our medium-term business plan, tailored to the characteristics of each market, while also working to streamline operations and enhance productivity.

As a result, during the nine-month period ended December 31, 2017, sales were 30,903 million yen (up 1,955 million yen compared to the corresponding period of the previous fiscal year), operating income was 1,570 million yen (down 243 million yen), ordinary income was 1,675 million yen (up 19 million yen), and profit attributable to owners of parent was 1,122 million yen (up 196 million yen).

The performance by segment is outlined below.

<Household equipment>

In overseas sewing machine markets, Janome Group worked to increase sales, focused on new products launched during the second quarter. In the domestic sewing machine market, meanwhile, the Group worked to energize the market and stimulate demand by taking part in various exhibitions and holding sewing classes.

However, growth from Christmas sales in North America and Europe was weaker than anticipated, and as a result, total sales of sewing machines (overseas and Japan combined) amounted to 1,190,000 units (down 40,000 units from the corresponding period of the previous fiscal year). In the household equipment segment overall, sales were 23,111 million yen (up 587 million yen) and operating income was 911 million yen (down 481 million yen).

<Industrial equipment>

In the desk-top robot and electro-press machine business, against a backdrop of growing demand for robots along with factory automation and labor savings, Janome Group increased its product lineup and worked to raise the visibility of the Janome brand by taking part in exhibitions. As a result of these initiatives, sales grew both in Japan and overseas, with desk-top robot sales volume in particular reaching a record high.

In the die-casting-related business, Janome Group rapidly supplied products in line with the requirements of industrial equipment-related firms.

As a result, in the industrial equipment segment overall, sales were 5,331 million yen (up 1,006 million yen compared to the corresponding period of the previous fiscal year), and operating income was 490 million yen (up 188 million yen).

<Other>

In other business segments including IT software development, data processing, and 24-Hour Clean Bath system installation and maintenance, as well as real estate leasing income, net sales were 2,461 million yen (up 361 million yen compared to the corresponding period of the previous fiscal year), with operating profit of 140 million yen (up 61 million yen).

(2) Explanation of financial position

As of December 31, 2017, total assets on a consolidated basis were 52,580 million yen (up 528 million yen from the end of previous fiscal year ended March 31, 2017).

Current assets were 24,613 million yen (up 852 million yen from the end of previous fiscal year) due to factors including an increase in notes and accounts receivable, and a decrease in merchandise and finished goods. Fixed assets totalled 27,966 million yen (down 324 million yen), due to factors including a depreciation of tangible and intangible assets.

Current liabilities were 18,426 million yen (down 698 million yen from the end of previous fiscal year) due to factors including a decrease in the short-term borrowing, while fixed liabilities were 8,665 million yen (down 320 million yen) due to factors including a decrease in liability for a retirement benefits.

Net assets were 25,488 million yen (up 1,546 million yen from the end of previous fiscal year) due to factors including an increase in retained earnings.

[Overview of cash flow position]

Cash and cash equivalents on a consolidated basis as of December 31, 2017, decreased by 194 million yen from the end of previous fiscal year ended March 31, 2017, to 6,469 million yen (a decrease of 209 million yen compared to the corresponding period of the previous fiscal year).

Net cash generated by operating activities amounted to an inflow of 1,645 million yen (as compared to an inflow of 1,143 million yen in the corresponding period of the previous fiscal year), due to factors including 1,685 million yen in quarterly income before income taxes, an increase of 955 million yen in notes and accounts receivable, and a decrease of 263 million yen in inventories.

Net cash generated by investing activities amounted to an outflow of 514 million yen (as compared to an outflow of 363 million yen in the corresponding period of the previous fiscal year), due to expenditures of 442 million yen to purchase tangible fixed assets including equipment and molds, etc.

Net cash used for financing activities amounted to an outflow of 1,387 million yen (as compared to an outflow of 188 million yen in the corresponding period of the previous fiscal year), due to factors including a decrease in short-term borrowings of 639 million yen and an outflow from repayment of long-term debts of 442 million yen.

2. Consolidated Financial Statements

Consolidated Balance Sheets

JANOME SEWING MACHINE CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES

Currency unit: million yen

	Previous Fiscal Year ended Mar 31, 2017	Current Third Quarter as of December 31, 2017
ASSETS		
Current assets		
Cash and deposits	7,195	6,982
Notes and accounts receivable-trade	6,772	7,853
Merchandise and finished goods	5,849	5,290
Work in process	568	724
Raw materials and supplies	2,511	2,887
Other	1,028	1,065
Allowance for doubtful accounts	(165)	(189)
Total current assets	23,761	24,613
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	6,403	6,230
Land	14,557	14,531
Other tangible fixed assets (net)	2,325	2,478
Total tangible fixed assets	23,286	23,239
Intangible fixed assets		
Other intangible fixed assets	1,308	1,139
Total intangible fixed assets	1,308	1,139
Investments and other assets	3,696	3,587
Total fixed assets	28,291	27,966
TOTAL ASSETS	52,052	52,580
LIABILITIES		
Current liabilities		
Notes and accounts payable	2,781	3,132
Short-term loans payable	13,332	12,256
Income taxes payable	215	154
Provision for bonuses	499	352
Other current liabilities	2,294	2,530
Total current liabilities	19,124	18,426
Fixed liabilities		
Deferred income taxes for revaluation	3,442	3,434
Net defined benefit liability	4,799	4,450
Other fixed liabilities	744	780
Total fixed liabilities	8,985	8,665
TOTAL LIABILITIES	28,110	27,092

Currency unit: million yen

	Previous Fiscal Year ended Mar 31, 2017	Current Third Quarter as of December 31, 2017
NET ASSETS		
Shareholders' equity		
Common stock	11,372	11,372
Retained earnings	6,158	7,105
Treasury stock, at cost	(325)	(325)
Total shareholders' equity	17,206	18,152
Other comprehensive income		
Valuation difference in other marketable securities	146	193
Land revaluation difference	6,420	6,403
Foreign currency translation adjustments	(205)	219
Remeasurements of defined benefit plans	(469)	(368)
Total other comprehensive income	5,892	6,447
Non-controlling interests	842	887
TOTAL NET ASSETS	23,941	25,488
TOTAL LIABILITIES AND NET ASSETS	52,052	52,580

Note: Amounts less than one million yen are rounded down.

Consolidated Statement of Income

JANOME SEWING MACHINE CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES

Currency unit: million yen

	Previous Nine Months April 1, 2016 through December 31, 2016	Current Nine Months April 1, 2017 through December 31, 2017
Net sales	28,948	30,903
Cost of sales	16,366	18,701
Gross profit	12,582	12,202
Selling, general and administrative expenses	10,768	10,632
Operating income	1,814	1,570
Non-operating income		
Interest income	16	15
Dividend income	31	44
Exchange gains	--	71
Other	83	79
Total non-operating income	132	211
Non-operating expenses		
Interest expenses	108	77
Foreign exchange losses	98	--
Other	84	27
Total non-operating expenses	290	105
Ordinary income	1,655	1,675
Extraordinary profits		
Gain on sales of fixed assets	0	32
Total extraordinary profits	0	32
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	4	22
Loss on valuation of investment securities	6	--
Total extraordinary losses	10	22
Income before income taxes	1,646	1,685
Income tax, resident tax and business tax	391	331
Income tax adjustment	250	207
Total taxes	642	539
Profit	1,004	1,146
Profit attributable to non-controlling interests	77	24
Profit attributable to owners of parent	926	1,122

Consolidated statements of comprehensive income

JANOME SEWING MACHINE CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES

Currency unit: million yen

	Previous Nine Months April 1, 2016 through December 31, 2016	Current Nine Months April 1, 2017 through December 31, 2017
Profit	1,004	1,146
Other comprehensive income		
Valuation difference on available-for-sale securities	50	47
Foreign currency translation adjustment	190	475
Remeasurements of defined benefit plans	145	101
Total other comprehensive income	386	623
Comprehensive income	1,390	1,769
Comprehensive income attributable to:		
owners of parent	1,297	1,694
non-controlling interests	93	74

Note: Amounts less than one million yen are rounded down.

Consolidated Statement of Cash Flows

JANOME SEWING MACHINE CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES

Currency unit: million yen

	Previous Nine Months April 1, 2016 through December 31, 2016	Current Nine Months April 1, 2017 through December 31, 2017
Cash flows from operating activities		
Income before income taxes	1,646	1,685
Depreciation	1,051	1,022
Goodwill amortization	72	--
Increase/ (decrease) of employees retirement benefits	(89)	(352)
Interest and dividend income	(48)	(59)
Interest expenses	108	77
(Increase)/ decrease in accounts receivable	(217)	(955)
(Increase)/ decrease in inventories	(846)	263
Increase/ (decrease) in accounts payable	49	347
Others	104	(50)
Sub total	1,828	1,979
Interest and dividend received	52	66
Interest paid	(101)	(76)
Income taxes paid	(636)	(324)
Net cash generated by operating activities	1,143	1,645
Cash flows from investing activities		
Payments into time deposits	(4)	(76)
Proceeds from withdrawal of time deposits	--	60
Purchase of property, plant and equipment	(300)	(442)
Proceeds from sales of property, plant and equipment	2	88
Others	(61)	(144)
Net cash generated by investing activities	(363)	(514)
Cash flows from financing activities		
Net increase/(decrease) in short-term borrowings	688	(639)
Outflow from repayment of long-term debts	(787)	(442)
Cash dividends paid	--	(190)
Others	(90)	(115)
Net cash used for financing activities	(188)	(1,387)
Effect of exchange rate changes on cash and cash equivalents	27	62
Increase/(decrease) in cash and cash equivalents	619	(194)
Cash and cash equivalents at beginning of period	6,059	6,663
Cash and cash equivalents at end of period	6,678	6,469

Note: Amounts less than one million yen are rounded down.

Notes of Consolidated Financial Statements

(Notes regarding going concern assumptions)

None.

(Notes on significant changes in the amount of shareholders' equity)

None.

(Consolidated Segment Information)

I . Previous first nine months (April 1, 2016 through December 31, 2016)

1. Information on net sales and operating income/(loss) by reportable segment

Currency unit: million yen

	Reportable segment			Other*	Total
	Household equipment	Industrial equipment	Total		
Net sales					
Net sales to external customers	22,523	4,325	26,848	2,099	28,948
Intersegment sales or transfers	31	525	557	634	1,191
Total	22,555	4,850	27,405	2,734	30,140
Segment profit	1,392	302	1,694	78	1,773

Note*: "Other" is not categorized in the reportable business segment and includes IT software/electronic data processing services and real estate, etc.

2. Difference between the sum of reportable segment profits and losses and operating income in quarterly consolidated statements of income and major factors in the difference (adjustment of difference)

Currency unit: million yen

Profit	Amount
Reportable segment total	1,694
Other net profit	78
Elimination of intersegment transactions	40
Operating income in quarterly consolidated statements	1,814

II . Current first nine months (April 1, 2017 through December 31, 2017)

1. Information on net sales and operating income/(loss) by reportable segment

Currency unit: million yen

	Reportable segment			Other*	Total
	Household equipment	Industrial equipment	Total		
Net sales					
Net sales to external customers	23,111	5,331	28,442	2,461	30,903
Intersegment sales or transfers	32	568	600	609	1,210
Total	23,143	5,899	29,043	3,070	32,114
Segment profit	911	490	1,401	140	1,541

Note*: "Other" is not categorized in the reportable business segment and includes IT software/electronic data processing services and real estate, etc.

2. Difference between the sum of reportable segment profits and losses and operating income in quarterly consolidated statements of income and major factors in the difference (adjustment of difference)

Currency unit: million yen

Profit	Amount
Reportable segment total	1,401
Other net profit	140
Elimination of intersegment transactions	28
Operating income in quarterly consolidated statements	1,570

3. Additional information

(1) Geographic segmentation

Previous first nine months (April 1, 2016 through December 31, 2016)

Currency unit: million yen

	Japan	North America	South East Asia	Other Regions	Total	Elimination / Corporate	Consolidated
Net sales							
(1) Net sales to external customers	18,337	5,123	335	5,152	28,948	--	28,948
(2) Intersegment sales or transfers	7,467	--	12,467	5	19,940	(19,940)	--
Total	25,804	5,123	12,802	5,158	48,888	(19,940)	28,948
Operating income	729	207	1,003	148	2,088	(274)	1,814

Current first nine months (April 1, 2017 through December 31, 2017)

Currency unit: million yen

	Japan	North America	South East Asia	Other Regions	Total	Elimination / Corporate	Consolidated
Net sales							
(1) Net sales to external customers	20,369	4,895	445	5,193	30,903	--	30,903
(2) Intersegment sales or transfers	5,515	--	11,710	0	17,226	(17,226)	--
Total	25,885	4,895	12,155	5,193	48,130	(17,226)	30,903
Operating income	864	168	322	166	1,521	48	1,570

Notes:

(1) Countries or regional analyses presented are based on geographic proximity.

(2) Major countries or regions are defined as follows:

- (i) North America U.S.A., Canada
- (ii) South East Asia R.O.C. (Taiwan), Thailand
- (iii) Other regions U.K., Netherlands, Switzerland, Australia, New Zealand, Chile, Brazil

(2) Overseas sales by region

Previous first nine months (April 1, 2016 through December 31, 2016)

Currency unit: million yen

	North America	Europe	Other Regions	Total
Net sales				
I Overseas sales	5,339	6,831	7,094	19,265
II Consolidated sales				28,948
III Ratio of overseas sales to consolidated sales	18.4%	23.6%	24.5%	66.6%

Current first nine months (April 1, 2017 through December 31, 2017)

Currency unit: million yen

	North America	Europe	Other Regions	Total
Net sales				
I Overseas sales	5,194	7,538	7,866	20,599
II Consolidated sales				30,903
III Ratio of overseas sales to consolidated sales	16.8%	24.4%	25.5%	66.7%

1. Overseas sales include sales by the Company and its subsidiaries in countries and regions outside Japan.

2. Countries or regional analyses.

(1) Countries or regional analyses presented are based on geographic proximity.

(2) Major countries or regions are as follows:

- (i) North America U.S.A., Canada
- (ii) Europe U.K., Netherlands, Germany, Switzerland, Russia
- (iii) Other regions South East Asia, Oceania, Middle East, Africa, Central/South America