

(Translation)

Consolidated Financial Results
for the 1st quarter of fiscal year ending March 31, 2020
(April 1, 2019 through June 30, 2019)
[Japanese GAAP]

August 2, 2019

Company name: **JANOME SEWING MACHINE CO., LTD.** Tokyo Stock Exchange in Japan
Securities code: 6445 [URL https://www.janome.co.jp](https://www.janome.co.jp)
Representative: Name: Makoto Saito Title: President
Contact person: Name: Hiroyuki Kobayashi Title: Cooperate Officer, General Manager of Account
Phone: +81 42 661 3071

Filing date of financial statements for the first quarter year: August 8, 2019

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, 2019 through June 30, 2019)

(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 three months ended June 30, 2019	8,136	(15.3)	46	(64.9)	96	(69.9)	71	(57.7)
June 30, 2018	9,600	1.2	133	(61.1)	321	(27.7)	169	(50.4)

Note: Comprehensive income was

- 227 million yen (- %) ended June 30, 2019

150 million yen (-68.6%) ended June 30, 2018

	Net income per share - basic	Net income per share - diluted
First three months ended June 30, 2019	3.71	--
June 30, 2018	8.77	--

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
June 30, 2019	50,110	25,323	48.9
March 31, 2019	50,657	25,873	49.4

Ref. Equity 24,500 million yen at the end of June 2019, and 25,020 million yen at the end of March 2019

2. Cash dividends

	Annual cash dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
Fiscal year ended March 31, 2019	yen	yen	yen	yen	yen
March 31, 2020	--	0.00	--	15.00	15.00
March 31, 2020 (Forecast)		0.00	--	15.00	15.00

3. Forecast of consolidated results for fiscal year ending March 31, 2020

(April 1, 2019 through March 31, 2020)

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 1,2019 through March 31, 2020)	40,000	4.8	2,000	73.8	1,900	39.8	1,300	47.7

	Net Income per share - basic yen
Full year (April 1,2019 through March 31, 2020)	67.25

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 June 2019

19,521,444 shares at the end of March 2019

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

189,922 shares at the end of June 2019

189,826 shares at the end of March 2019

(iii) Average number of public shares during fiscal period

19,331,570 shares ended June 30, 2019

19,331,625 shares ended June 30, 2018

*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 1st quarter of the fiscal year ending March 31, 2020

(1) Explanation of financial results

During the three-month period ended June 30, 2019, there was a continued modest recovery in the global economy. However, uncertainty about the future outlook persisted, including the impact of prolonged trade friction between the US and China.

In Japan, the economy continued to grow, but concerns for a possible slowdown increased owing to factors including uncertainty about the global economy.

In the light of these conditions, the Janome Group has drawn up its new medium-term business plans "JANOME 2021 Navigation for the Future," ending in March 2022, and the entire Group is united in its efforts to achieve the targets set out in these plans.

However, the Group is faced with a challenging business environment, and in the first quarter, sales were 8,136 million yen (down 1,464 million yen compared to the corresponding period of the previous fiscal year), operating income was 46 million yen (down 86 million yen), ordinary income was 96 million yen (down 224 million yen), and profit attributable to owners of parent was 71 million yen (down 97 million yen).

The performance by segment is outlined below.

<Household equipment>

In the household equipment business, sales volume is recovering in the North American market due to solid consumer spending, but activity remained weak in the European market, where the economic recovery lacks momentum, and in emerging markets affected by US economic sanctions. Conditions also remained difficult in Japan.

As a result, total sales of sewing machines (overseas and Japan combined) amounted to 300,000 units (down 70,000 units from the corresponding period of the previous fiscal year), and in the household equipment business overall, sales were 6,023 million yen (down 949 million yen). However, operating income was 144 million yen, an increase of 110 million yen compared to the corresponding period of the previous fiscal year, as the Group focused on sales of high value-added mid- and high-end sewing machines.

<Industrial equipment>

In the industrial equipment business, sales of desktop robots weakened due to a slowdown in the Chinese economy against the backdrop of US-China trade friction, and also due to diminished appetite for capital expenditure in Japan. In the servo press business, while conditions were generally firm, sales to certain automotive component companies were weaker. In the die-casting business, conditions remained difficult due to the impact of production adjustments among customers.

As a result, in the industrial equipment segment overall, sales were 1,466 million yen (down 378 million yen compared to the corresponding period of the previous fiscal year), and operating loss was 120 million yen (operating income was 81 million yen in the corresponding period of the previous fiscal year).

< IT >

In the IT business, which includes IT software development, information processing services, and outsourcing of systems operation/management, sales totaled 473 million yen (down 132 million yen compared to the corresponding period of the previous fiscal year), while operating income was 30 million yen (up 5 million yen).

(2) Explanation of financial position

As of June 30, 2019, total assets on a consolidated basis were 50,110 million yen (down 547 million yen from the previous fiscal year ended March 31, 2019).

Current assets were 22,302 million yen (down 387 million yen from the previous fiscal year) due to factors including a decrease in notes and accounts receivable-trade.

Fixed assets were 27,807 million yen (down 160 million yen from the previous fiscal year ended March 31, 2019) due to factors including depreciation.

Current liabilities were 16,407 million yen (up 44 million yen from the previous fiscal year) due to factors including an increase in short term borrowing, while fixed liabilities were 8,379 million yen (down 40 million yen from the previous fiscal year) due to factors including a decrease in liability for retirement benefits.

Net assets were 25,323 million yen (down 550 million yen from the previous fiscal year) due to factors including a decrease in foreign currency translations adjustment account.

[Overview of cash flow position]

Cash and cash equivalents on a consolidated basis as of June 30, 2019 increased by 220 million yen from the previous fiscal year ended March 31, 2019, to 6,311 million yen (decrease of 4 million yen compared to the corresponding period of the previous fiscal year).

Net cash generated by operating activities amounted to an inflow of 42 million yen (as compared to an inflow of 939 million yen in the corresponding period of the previous fiscal year), due to factors including 96 million yen in quarterly income before income taxes and minority interests, 333 million yen in depreciation, and a decrease of 664 million yen in notes and accounts receivable.

Net cash generated by investing activities amounted to an outflow of 133 million yen (as compared to an outflow of 351 million yen in the corresponding period of the previous fiscal year) due to purchase of tangible fixed assets of 182 million yen.

Net cash used for financing activities resulted in an increase in funds of 382 million yen (as compared to an outflow of 353 million yen in the corresponding period of the previous fiscal year), due to factors including an increase in short-term borrowings of 693 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, 2019	Current First Quarter as of June 30, 2019
ASSETS		
Current assets		
Cash and deposits	6,715	6,767
Notes and accounts receivable-trade	6,827	6,068
Merchandise and finished goods	5,391	5,342
Work in process	589	716
Raw materials and supplies	2,841	2,971
Other	606	705
Allowance for doubtful accounts	(282)	(269)
Total current assets	22,689	22,302
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	5,874	5,782
Land	14,440	14,429
Other tangible fixed assets (net)	2,739	2,729
Total tangible fixed assets	23,053	22,942
Intangible fixed assets		
Other intangible fixed assets	1,071	1,015
Total intangible fixed assets	1,071	1,015
Investments and other assets	3,842	3,849
Total fixed assets	27,967	27,807
TOTAL ASSETS	50,657	50,110

Currency unit: million yen

	Previous Fiscal Year ended Mar 31, 2019	Current First Quarter as of June 30, 2019
LIABILITIES		
Current liabilities		
Notes and accounts payable	2,727	2,235
Short-term loans payable	10,344	10,972
Income taxes payable	264	189
Provision for bonuses	506	262
Other current liabilities	2,520	2,746
Total current liabilities	16,363	16,407
Fixed liabilities		
Deferred income taxes for revaluation	3,433	3,433
Net defined benefit liability	4,032	4,007
Other fixed liabilities	954	938
Total fixed liabilities	8,420	8,379
TOTAL LIABILITIES	24,783	24,786
NET ASSETS		
Shareholders' equity		
Common stock	11,372	11,372
Retained earnings	7,803	7,585
Treasury stock, at cost	(325)	(325)
Total shareholders' equity	18,851	18,633
Other comprehensive income		
Valuation difference in other marketable securities	114	107
Land revaluation difference	6,660	6,660
Foreign currency translation adjustments	(358)	(688)
Remeasurements of defined benefit plans	(246)	(212)
Total other comprehensive income	6,169	5,867
Non-controlling interest	852	823
TOTAL NET ASSETS	25,873	25,323
TOTAL LIABILITIES AND NET ASSETS	50,657	50,110

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 Three Months April 1, 2018 through June 30, 2018	Current Three Months April 1, 2019 through June 30, 2019
Net sales	9,600	8,136
Cost of sales	5,963	4,769
Gross profit	3,636	3,366
Selling, general and administrative expenses	3,502	3,319
Operating income	133	46
Non-operating income		
Interest income	6	6
Dividend income	35	36
Exchange gains	117	--
Other	56	39
Total non-operating income	216	82
Non-operating expenses		
Interest expenses	20	23
Other	8	9
Total non-operating expenses	28	32
Ordinary income	321	96
Extraordinary profits		
Gain on sales of fixed assets	24	0
Total extraordinary profits	24	0
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	3	0
Total extraordinary losses	3	0
Income before income taxes and minority interests	341	96
Income tax, resident tax and business tax	117	82
Income tax adjustment	49	(45)
Total taxes	167	37
Net income	174	59
Profit (loss) attributable to non-controlling interest	4	(12)
Profit attributable to owners of parent	169	71

Consolidated statements of comprehensive income

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

Currency unit: million yen

	Previous Three Months April 1, 2018 through June 30, 2018	Current Three Months April 1, 2019 through June 30, 2019
Net income	174	59
Other comprehensive income		
Valuation difference on available-for-sale securities	31	(6)
Foreign currency translation adjustment	(96)	(314)
Remeasurements of defined benefit plans	41	33
Total other comprehensive income	(23)	(286)
Comprehensive income	150	(227)
Comprehensive income attributable to:		
owners of parent	163	(230)
non-controlling interest	(12)	3

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 Three Months April 1, 2018 through June 30, 2018	Current Three Months April 1, 2019 through June 30, 2019
Cash flows from operating activities		
Net income before income taxes and minority interests	341	96
Depreciation	343	333
Increase/ (decrease) of employees retirement benefits	(21)	(31)
Interest and dividend income	(42)	(43)
Interest expenses	20	23
(Increase)/ decrease in accounts receivable	218	664
(Increase)/ decrease in inventories	(16)	(390)
Increase/ (decrease) in accounts payable	153	(450)
Others	134	(19)
Sub total	1,131	182
Interest and dividend received	37	46
Interest paid	(20)	(23)
Income taxes paid	(209)	(162)
Net cash generated by operating activities	939	42
Cash flows from investing activities		
Payments into time deposits	(97)	(26)
Proceeds from withdrawal of time deposits	31	156
Purchase of property, plant and equipment	(270)	(182)
Proceeds from sales of property, plant and equipment	44	1
Purchase of intangible assets	(55)	(84)
Others	(4)	1
Net cash generated by investing activities	(351)	(133)
Cash flows from financing activities		
Net increase/(decrease) in short-term borrowings	(133)	693
Cash dividends paid	(157)	(238)
Others	(62)	(72)
Net cash used for financing activities	(353)	382
Effect of exchange rate changes on cash and cash equivalents	(36)	(70)
Increase/(decrease) in cash and cash equivalents	197	220
Cash and cash equivalents at beginning of period	6,118	6,091
Cash and cash equivalents at end of period	6,316	6,311

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 three months (April 1, 2018 through June 30, 2018)

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

Currency unit: million yen

	Reportable segment				Other*	Total
	Household equipment	Industrial equipment	IT	Total		
Net sales						
Net sales to external customers	6,973	1,844	605	9,423	176	9,600
Intersegment sales or transfers	8	197	107	313	89	403
Total	6,982	2,041	712	9,737	266	10,003
Segment profit	33	81	25	140	(16)	124

Note*: "Other" is not categorized in the reportable business segment and includes 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	140
Other net loss	(16)
Elimination of intersegment transactions	9
Operating income in quarterly consolidated statements	133

II. Current Three Months (April 1, 2019 through June 30, 2019)

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

Currency unit: million yen

	Reportable segment				Other*	Total
	Household equipment	Industrial equipment	IT	Total		
Net sales						
Net sales to external customers	6,023	1,466	473	7,963	172	8,136
Intersegment sales or transfers	8	135	115	259	87	347
Total	6,032	1,601	588	8,222	260	8,483
Segment profit or loss	144	(120)	30	54	(14)	40

Note: "Other" is not categorized in the reportable business segment and includes 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	54
Other net loss	(14)
Elimination of intersegment transactions	6
Operating income in quarterly consolidated statements	46