

(Translation)

Consolidated Financial Results
for the 2nd quarter of fiscal year ending March 31, 2022
(April 1, 2021 through September 30, 2021)
[Japanese GAAP]

November 5, 2021

Company name: **JANOME Corporation** 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: Corporate Officer, General Manager of Accounting
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Filing date of financial statements for the quarter: November 10, 2021
Payment date of cash dividends: November 29, 2021
Supplementary materials prepared for quarterly financial results: Yes
Financial information meeting held for quarterly financial results: None

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

1. Consolidated results (April 1, 2021 through September 30, 2021)

(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 half year ended September 30, 2021	21,224	(0.1)	1,809	(23.6)	1,795	(25.1)	1,167	(42.1)
September 30, 2020	21,248	22.8	2,366	646.0	2,398	788.9	2,015	—

Note: Comprehensive income:

September 30, 2021 1,109 million yen (Δ 52.0 %)
September 30, 2020 2,310 million yen (- %)

	Net income per share - basic	Net income per share - diluted
	yen	yen
First half year ended September 30, 2021	60.38	--
September 30, 2020	104.25	--

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
First half year ended September 30, 2021	52,728	30,891	56.9
March 31, 2021	53,674	30,316	54.7

Ref: Equity 29,988 million yen at the end of September 2021, and 29,359 million yen at the end of March 2021

2. Cash dividends

	Annual cash dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
March 31, 2021	yen --	yen 0.00	yen --	yen 25.00	yen 25.00
March 31, 2022	--	15.00			
March 31, 2022 (Forecast)			yen --	yen 25.00	yen 40.00

Note1: Revisions to the forecast of cash dividends in the current quarter: None

2: Dividend for the first half of the fiscal year ending March 31, 2022: 100th anniversary commemorative dividend 15.00 yen

3. Forecast of consolidated results for fiscal year ending March 31, 2022

(April 1, 2021 through March 31, 2022)

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 1,2021 through March 31, 2022)	43,000	(1.9)	4,000	(18.9)	3,900	(22.5)	2,500	(36.6)

	Net Income per share - basic
	yen
Full year (April 1,2021 through March 31, 2022)	129.32

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

* Notes

(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: Yes

(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 September 2021

19,521,444 shares at the end of March 2021

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

190,067 shares at the end of September 2021

190,056 shares at the end of March 2021

(iii) Average number of public shares during fiscal period

19,331,379 shares at the end of September 2021

19,331,443 shares at the end of September 2020

* 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 2nd quarter of the fiscal year ending March 31, 2022

(1) Explanation of financial results

During the six-month period ended September 30, 2021, there were signs of an easing of global coronavirus-related restrictions along with the rollout of vaccinations, and economic recovery progressed. At the same time, the virus continues to spread in many emerging countries, including in Southeast Asia, and so the situation requires continued caution.

Under these circumstances, the Janome Group continued to implement robust virus control measures to ensure the safety of our employees as well as the continued stability of our business. We also worked to sustain the demand for sewing machines, which has grown during the pandemic, and to further expand sales.

As a result, in the second quarter of the fiscal year ending March 31, 2022, sales were 21,224 million yen (down 23 million yen compared to the corresponding period of the previous fiscal year), operating income was 1,809 million yen (down 557 million yen), ordinary income was 1,795 million yen (down 603 million yen), and profit attributable to owners of parent was 1,167 million yen (down 848 million yen).

The performance by segment is outlined below.

<Household equipment>

In the overseas sewing machine market, sales were generally strong across a wide range of regions, including North America, Europe and Oceania—where sales of mid- and high-end models increased—as well as the Middle East and Russia, despite high raw material prices and the impact of logistics problems resulting from a global shortage of containers.

In the domestic sewing machine market, we strove to stimulate demand in order to establish a sewing machine user base while further expanding the number of users, who have increased as a result of stay-at-home demand during the pandemic. Our measures have included working continuously to disseminate information via social media, and implementing consumer-participation projects to commemorate the 100th anniversary of our founding. Although these various initiatives have been well received, sales were weak due to a significant fallback from the strong performance of the previous period.

As a result, total sales of sewing machines (overseas and Japan combined) amounted to 860,000 units (up 2,000 units from the corresponding period of the previous fiscal year), and in the household equipment business overall, while sales were 17,104 million yen (down 535 million yen), operating income was 1,796 million yen (down 705 million yen).

<Industrial equipment>

In the industrial equipment business, the reduced appetite for capital investment seen during the coronavirus pandemic has shown signs of bottoming out, and with market conditions turning positive, we have promoted a combination of online and in-person sales activities according to the local infection situation, such as resuming in-person participation in exhibitions in North America.

Under these circumstances, while the decline in sales of desktop robots and servo presses appears to have eased, this did not translate into a full-fledged recovery due to a number of outstanding concerns. These include increasingly severe production cuts in the mainstay automotive market due to the spread of COVID-19 in Southeast Asia, and uncertainties surrounding the Chinese economy.

As a result, in the industrial equipment segment overall, sales were 2,662 million yen (up 431 million yen compared to the corresponding period of the previous fiscal year), and operating loss was 150 million yen (operating loss was 213 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 totalled 1,159 million yen (up 102 million yen compared to the corresponding period of the previous fiscal year), while operating income was 174 million yen (up 97 million yen), as margins improved along with productivity enhancements.

(2) Explanation of financial position

As of September 30, 2021, total assets on a consolidated basis were 52,728 million yen (down 945 million yen from the previous fiscal year ended March 31, 2021).

Current assets were 25,870 million yen (down 1,145 million yen from the previous fiscal year) due to factors including a decrease in Cash and deposits.

Fixed assets were 26,858 million yen (up 199 million yen from the previous fiscal year ended March 31, 2021) due to factors including an increase in deferred tax assets and a depreciation of tangible and intangible assets.

Current liabilities were 13,743 million yen (down 1,454 million yen from the previous fiscal year) due to factors including a decrease in Short-term loans payable, while fixed liabilities were 8,094 million yen (down 65 million yen from the previous fiscal year) due to factors including a decrease in long-term lease liability.

Net assets were 30,891 million yen (up 574 million yen from the 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 September 30, 2021, decreased by 2,769 million yen from the previous fiscal year ended March 31, 2021, to 7,215 million yen (decrease of 1,936 million yen compared to the corresponding period of the previous fiscal year).

Net cash generated by operating activities amounted to an outflow of 928 million yen (as compared to an inflow of 4,950 million yen in the corresponding period of the previous fiscal year), due to 1,794 million yen in quarterly income before income taxes and minority interests, an increase of 2,286 million yen in inventories, an increase of 780 million yen in Income taxes paid.

Net cash generated by investing activities amounted to an inflow of 304 million yen (as compared to an outflow of 385 million yen in the corresponding period of the previous fiscal year), due to factors including proceeds from withdrawal of time deposits of 843 million yen, and purchase of property, plant and equipment of 478 million yen.

Net cash used for financing activities amounted to an outflow of 1,963 million yen (as compared to an outflow of 1,972 million yen in the corresponding period of the previous fiscal year), due to factors including a decrease in short-term borrowings of 1,358 million yen.

2. Consolidated Financial Statements

Consolidated Balance Sheets

JANOME CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES

	Currency unit: million yen	
	Previous Fiscal Year ended March 31, 2021	Current First Half as of September 30, 2021
ASSETS		
Current assets		
Cash and deposits	10,901	7,330
Notes and accounts receivable-trade	6,865	7,029
Merchandise and finished goods	5,598	7,179
Work in process	644	768
Raw materials and supplies	2,744	3,276
Other	538	563
Allowance for doubtful accounts	(277)	(276)
Total current assets	27,016	25,870
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	5,546	5,440
Land	13,961	13,951
Other tangible fixed assets (net)	2,292	2,355
Total tangible fixed assets	21,800	21,748
Intangible fixed assets		
Other intangible fixed assets	758	712
Total intangible fixed assets	758	712
Investments and other assets	4,098	4,397
Total fixed assets	26,658	26,858
TOTAL ASSETS	53,674	52,728

Currency unit: million yen

	Previous Fiscal Year ended March 31, 2021	Current First Half as of September 30, 2021
LIABILITIES		
Current liabilities		
Notes and accounts payable	2,862	3,000
Short-term loans payable	7,858	6,547
Income taxes payable	817	853
Provision for bonuses	629	691
Other current liabilities	3,029	2,651
Total current liabilities	15,197	13,743
Fixed liabilities		
Deferred income taxes for revaluation	3,387	3,387
Net defined benefit liability	4,002	4,037
Other fixed liabilities	769	669
Total fixed liabilities	8,159	8,094
TOTAL LIABILITIES	23,357	21,837
NET ASSETS		
Shareholders' equity		
Common stock	11,372	11,372
Retained earnings	11,611	12,275
Treasury stock, at cost	(325)	(325)
Total shareholders' equity	22,658	23,322
Other comprehensive income		
Valuation difference in other marketable securities	117	120
Land revaluation difference	6,643	6,643
Foreign currency translation adjustments	154	86
Remeasurements of defined benefit plans	(215)	(183)
Total other comprehensive income	6,700	6,666
Non-controlling interests	957	902
TOTAL NET ASSETS	30,316	30,891
TOTAL LIABILITIES AND NET ASSETS	53,674	52,728

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

Consolidated Statement of Income

JANOME CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES

Currency unit: million yen

	Previous First Half April 1, 2020 through September 30, 2020	Current First Half April 1, 2021 through September 30, 2021
Net sales	21,248	21,224
Cost of sales	12,087	12,595
Gross profit	9,160	8,629
Selling, general and administrative expenses	6,793	6,820
Operating income	2,366	1,809
Non-operating income		
Interest income	3	1
Dividend income	30	39
Other	70	64
Total non-operating income	105	105
Non-operating expenses		
Interest expenses	41	33
Foreign exchange losses	8	47
Other	23	37
Total non-operating expenses	73	119
Ordinary income	2,398	1,795
Extraordinary profits		
Gain on sales of fixed assets	86	3
Total extraordinary profits	86	3
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	32	4
Total extraordinary losses	32	4
Income before income taxes	2,452	1,794
Income tax, resident tax and business tax	472	833
Income tax adjustment	(112)	(253)
Total taxes	359	579
Profit	2,092	1,214
Profit attributable to non-controlling interests	77	47
Profit attributable to owners of parent	2,015	1,167

Consolidated statements of comprehensive income

JANOME CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES

Currency unit: million yen

	Current First Half April 1, 2020 through September 30, 2020	Current First Half April 1, 2021 through September 30, 2021
Profit	2,092	1,214
Other comprehensive income		
Valuation difference on available-for-sale securities	40	2
Foreign currency translation adjustment	126	(139)
Remeasurements of defined benefit plans	51	31
Total other comprehensive income	217	(105)
Comprehensive income	2,310	1,109
Comprehensive income attributable to:		
owners of parent	2,252	1,132
non-controlling interests	57	(23)

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

Consolidated Statement of Cash Flows

JANOME CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES

Currency unit: million yen

	Previous First Half April 1, 2020 through September 30, 2020	Current First Half April 1, 2021 through September 30, 2021
Cash flows from operating activities		
Income before income taxes	2,452	1,794
Depreciation	571	516
Increase/ (decrease) of employees retirement benefits	(78)	(12)
Interest and dividend income	(34)	(41)
Interest expenses	41	33
(Increase)/ decrease in accounts receivable	595	(181)
(Increase)/ decrease in inventories	375	(2,286)
Increase/ (decrease) in accounts payable	440	196
Others	875	(178)
Sub total	5,238	(158)
Interest and dividend received	38	43
Interest paid	(41)	(33)
Income taxes paid	(284)	(780)
Net cash generated by operating activities	4,950	(928)
Cash flows from investing activities		
Payments into time deposits	(649)	(39)
Proceeds from withdrawal of time deposits	17	843
Purchase of investment securities	--	(299)
Proceeds from sales of investment securities	--	300
Purchase of property, plant and equipment	(163)	(478)
Proceeds from sales of property, plant and equipment	489	5
Others	(79)	(25)
Net cash generated by investing activities	(385)	304
Cash flows from financing activities		
Net increase/(decrease) in short-term borrowings	(1,559)	(1,358)
Cash dividends paid	(288)	(479)
Others	(123)	(124)
Net cash used for financing activities	(1,972)	(1,963)
Effect of exchange rate changes on cash and cash equivalents	72	(182)
Increase/(decrease) in cash and cash equivalents	2,665	(2,769)
Cash and cash equivalents at beginning of period	6,487	9,985
Cash and cash equivalents at end of period	9,152	7,215

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 half (April 1, 2020 through September 30, 2020)

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

Currency unit: million yen

	Reportable segment				Other*	Total
	Household equipment	Industrial equipment	I T	Total		
Net sales						
Net sales to external customers	17,640	2,230	1,056	20,927	320	21,248
Intersegment sales or transfers	14	328	209	552	177	729
Total	17,654	2,559	1,266	21,480	497	21,978
Segment profit or loss	2,502	(213)	77	2,366	(1)	2,365

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	2,366
Other net loss	(1)
Elimination of intersegment transactions	1
Operating income in quarterly consolidated statements	2,366

II. Current first half (April 1, 2021 through September 30, 2021)

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

Currency unit: million yen

	Reportable segment				Other*	Total
	Household equipment	Industrial equipment	I T	Total		
Net sales						
Net sales to external customers	17,104	2,662	1,159	20,925	298	21,224
Intersegment sales or transfers	2	479	221	703	139	842
Total	17,106	3,142	1,380	21,628	437	22,066
Segment profit or loss	1,796	(150)	174	1,820	(13)	1,807

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	1,820
Other net loss	(13)
Elimination of intersegment transactions	1
Operating income in quarterly consolidated statements	1,809