

(Translation)

Consolidated Financial Results
for the 3rd quarter of the fiscal year ending March 31, 2022
(April 1, 2021 through December 31, 2021)
[Japanese GAAP]

February 4, 2022

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
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Filing date of financial statements for the quarter: February 9, 2022
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, 2021 through December 31, 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	%
Nine months ended December 31, 2021	32,363	(0.9)	2,776	(27.1)	2,719	(28.3)	1,862	(37.9)
December 31, 2020	32,645	23.8	3,809	577.3	3,793	715.9	3,000	—

Note: Comprehensive income

December 31, 2021 2,221 million yen (down 37.6%)
December 31, 2020 3,558 million yen (--%)

	Net income per share - basic	Net income per share - diluted
Nine months ended	yen	yen
December 31, 2021	96.36	--
December 31, 2020	155.21	--

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
December 31, 2021	54,003	31,712	57.0
March 31, 2021	53,674	30,316	54.7

Ref: Equity 30,805 million yen at the end of December 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
	yen	yen	yen	yen	yen
March 31, 2021	--	0.00	--	25.00	25.00
March 31, 2022	--	15.00	--		
March 31, 2022 (Forecast)				25.00	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 the 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)	42,000	(4.2)	3,600	(27.0)	3,500	(30.5)	2,300	(41.7)

	Net Income per share - basic
Full year (April 1, 2021 through March 31, 2022)	118.98

Note: Revisions to the forecast of financial results in the current quarter: Yes

* 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 December 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 December 2021

190,056 shares at the end of March 2021

(iii) Average number of public shares during fiscal period

19,331,378 shares at the end of December 2021

19,331,443 shares at the end of December 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 3rd quarter of the fiscal year ending March 31, 2022

(1) Explanation of financial results

During the nine-month period ended December 31, 2021, the continued rollout of COVID-19 vaccinations led to growing resumption of economic activity in Japan and overseas. However, there was still a strong sense of uncertainty about the future outlook, including the rapid spread of a new coronavirus variant particularly in Europe and the United States, which was said to be highly infectious, and growing concerns about a sixth wave of infections in Japan.

Under these circumstances, Janome Group has worked to further strengthen sales of sewing machines across a wider range of customers and to realize a recovery in the industrial equipment business at the earliest opportunity, while continuing to take robust infection prevention measures. However, a sharp rise in component and raw materials prices, as well as difficulties in procuring parts, have had a significant impact on profits.

As a result, during the nine-month period ended December 31, 2021, sales were 32,363 million yen (down 281 million yen compared to the corresponding period of the previous fiscal year), operating income was 2,776 million yen (down 1,032 million yen), ordinary income was 2,719 million yen (down 1,073 million yen), and profit attributable to owners of parent was 1,862 million yen (down 1,137 million yen).

The performance by segment is outlined below.

<Household equipment>

In the household equipment business, although the pandemic continued to exert an impact, including logistics delays due to a shortage of container ships and difficulties in procuring parts, it has also re-focused attention on the appeal of sewing machines, with expansion particularly of medium- and high-end models in the overseas sewing machine markets of North America, Europe, and Oceania. Sales volumes also grew in the Middle East, Russia, and Asia, exceeding the previous year's level, and consequently sales were strong overall.

In the domestic sewing machine market, we continued to hold workshops and other types of sewing-related events, which have been well received, in order to further stimulate the market.

As a result, total sales of sewing machines (overseas and Japan combined) amounted to 1,230,000 units (down 130,000 units from the corresponding period of the previous fiscal year), and in the household equipment business overall, while sales were 26,134 million yen (down 1,064 million yen), operating income was 2,656 million yen (down 1,274 million yen).

<Industrial equipment>

In the industrial equipment business, capital investment conditions improved as economic activity resumed, and inquiries for both desktop robots and servo presses increased and began to recover. On the production side, however, the impact of difficulties in procuring parts remains a cause for concern.

In the die-casting business, orders increased in line with a recovery in the industrial robot market, particularly in the automotive sector, and performance was solid.

As a result, in the industrial equipment segment overall, sales were 4,096 million yen (up 732 million yen compared to the corresponding period of the previous fiscal year), and operating loss was 123 million yen (operating loss was 292 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 system operations / management contracts, sales totalled 1,665 million yen (up 82 million yen compared to the corresponding period of the previous fiscal year), while operating income was 245 million yen (up 84 million yen) .

(2) Explanation of financial position

As of December 31, 2021, total assets on a consolidated basis were 54,003 million yen (up 329 million yen from the previous fiscal year ended March 31, 2021).

Current assets were 27,306 million yen (up 290 million yen from the previous fiscal year) due to factors including an increase in Merchandise and finished goods and a decrease in Cash and deposits.

Fixed assets were 26,696 million yen (up 38 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 14,157 million yen (down 1,039 million yen from the previous fiscal year) due to factors including a decrease in Short-term loans payable, while fixed liabilities were 8,132 million yen (down 27 million yen from the previous fiscal year) due to factors including a decrease in long-term lease liability.

Net assets were 31,712 million yen (up 1,396 million yen from the previous fiscal year) due to factors including an increase in Retained earnings.

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 Third Quarter as of December 31, 2021
ASSETS		
Current assets		
Cash and deposits	10,901	6,848
Notes and accounts receivable-trade	6,865	7,687
Securities	--	299
Merchandise and finished goods	5,598	7,550
Work in process	644	806
Raw materials and supplies	2,744	3,863
Other	538	537
Allowance for doubtful accounts	(277)	(285)
Total current assets	27,016	27,306
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	5,546	5,424
Land	13,961	13,948
Other tangible fixed assets (net)	2,292	2,301
Total tangible fixed assets	21,800	21,675
Intangible fixed assets		
Other intangible fixed assets	758	693
Total intangible fixed assets	758	693
Investments and other assets	4,098	4,328
Total fixed assets	26,658	26,696
TOTAL ASSETS	53,674	54,003

Currency unit: million yen

	Previous Fiscal Year ended March 31, 2021	Current Third Quarter as of December 31, 2021
LIABILITIES		
Current liabilities		
Notes and accounts payable	2,862	2,949
Short-term loans payable	7,858	7,032
Income taxes payable	817	792
Provision for bonuses	629	421
Other current liabilities	3,029	2,961
Total current liabilities	15,197	14,157
Fixed liabilities		
Deferred income taxes for revaluation	3,387	3,379
Net defined benefit liability	4,002	4,100
Other fixed liabilities	769	653
Total fixed liabilities	8,159	8,132
TOTAL LIABILITIES	23,357	22,290
NET ASSETS		
Shareholders' equity		
Common stock	11,372	11,372
Retained earnings	11,611	12,700
Treasury stock, at cost	(325)	(325)
Total shareholders' equity	22,658	23,747
Other comprehensive income		
Valuation difference in other marketable securities	117	95
Land revaluation difference	6,643	6,623
Foreign currency translation adjustments	154	508
Remeasurements of defined benefit plans	(215)	(169)
Total other comprehensive income	6,700	7,057
Non-controlling interests	957	907
TOTAL NET ASSETS	30,316	31,712
TOTAL LIABILITIES AND NET ASSETS	53,674	54,003

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 Nine Months April 1, 2020 through December 31, 2020	Current Nine Months April 1, 2021 through December 31, 2021
Net sales	32,645	32,363
Cost of sales	18,721	19,304
Gross profit	13,923	13,059
Selling, general and administrative expenses	10,114	10,282
Operating income	3,809	2,776
Non-operating income		
Interest income	5	2
Dividend income	31	40
Other	106	86
Total non-operating income	144	129
Non-operating expenses		
Interest expenses	59	51
Foreign exchange losses	71	81
Other	29	53
Total non-operating expenses	160	186
Ordinary income	3,793	2,719
Extraordinary profits		
Gain on sales of investment securities	--	49
Gain on sales of fixed assets	87	4
Total extraordinary profits	87	53
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	59	9
Impairment loss	87	33
Total extraordinary losses	147	43
Income before income taxes	3,733	2,729
Income tax, resident tax and business tax	688	1,140
Income tax adjustment	(49)	(290)
Total taxes	639	849
Profit	3,094	1,880
Profit attributable to non-controlling interests	94	17
Profit attributable to owners of parent	3,000	1,862

Consolidated statements of comprehensive income

JANOME CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES

Currency unit: million yen

	Previous Nine Months April 1, 2020 through December 31, 2020	Current Nine Months April 1, 2021 through December 31, 2021
Profit	3,094	1,880
Other comprehensive income		
Valuation difference on available-for-sale securities	38	(22)
Foreign currency translation adjustment	345	318
Remeasurements of defined benefit plans	80	45
Total other comprehensive income	464	340
Comprehensive income	3,558	2,221
Comprehensive income attributable to:		
owners of parent	3,458	2,239
non-controlling interests	100	(18)

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 nine months (April 1, 2020 through December 31, 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	IT	Total		
Net sales						
Net sales to external customers	27,199	3,363	1,582	32,145	499	32,645
Intersegment sales or transfers	23	559	319	902	283	1,185
Total	27,223	3,923	1,901	33,047	783	33,831
Segment profit / (loss)	3,930	(292)	161	3,798	8	3,807

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	3,798
Other net profit	8
Elimination of intersegment transactions	2
Operating income in quarterly consolidated statements	3,809

II . Current nine months (April 1, 2021 through December 31, 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	IT	Total		
Net sales						
Net sales to external customers	26,134	4,096	1,665	31,895	467	32,363
Intersegment sales or transfers	3	709	337	1,050	206	1,256
Total	26,138	4,805	2,002	32,946	673	33,620
Segment profit / (loss)	2,656	(123)	245	2,778	(3)	2,774

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	2,778
Other net loss	(3)
Elimination of intersegment transactions	1
Operating income in quarterly consolidated statements	2,776