

(Translation)

Consolidated Financial Results
for the 1st quarter of fiscal year ending March 31, 2023
(April 1, 2022 through June 30, 2022)
[Japanese GAAP]

August 5, 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
Contact person: Name: Hiroyuki Kobayashi Title: Corporate Officer, General Manager of Accounting
Phone: +81 42 661 3071

Filing date of financial statements for the quarter: August 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, 2022 through June 30, 2022)

(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, 2022	10,477	0.4	543	(28.6)	842	7.3	559	12.7
June 30, 2021	10,439	(0.7)	760	(31.5)	785	(28.9)	495	(44.4)

Note: Comprehensive income:

June 30, 2022 1,590 million yen (189.0 %)
June 30, 2021 550 million yen (Δ55.7%)

	Net income per share - basic	Net income per share - diluted
First three months ended	yen	yen
June 30, 2022	28.92	--
June 30, 2021	25.65	--

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
June 30, 2022	55,584	34,497	60.4
March 31, 2022	54,572	33,428	59.5

Ref: Equity 33,570 million yen at the end of June 2022, and 32,475 million yen at the end of March 2022

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, 2022	--	15.00	--	25.00	40.00
March 31, 2023	--				
March 31, 2023 (Forecast)		0.00	--	25.00	25.00

3. Forecast of consolidated results for fiscal year ending March 31, 2023

(April 1, 2022 through March 31, 2023)

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, 2022 through March 31, 2023)	42,000	(2.1)	4,000	9.3	3,900	2.0	2,600	2.0

	Net Income per share - basic
Full year (April 1, 2022 through March 31, 2023)	134.50

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 2022

19,521,444 shares at the end of March 2022

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

190,067 shares at the end of June 2022

190,067 shares at the end of March 2022

(iii) Average number of public shares during fiscal period

19,331,377 shares ended June 30, 2022

19,331,380 shares ended June 30, 2021

*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, 2023

(1) Explanation of financial results

During the three-month period ended June 30, 2022, business conditions showed a recovery trend as various countries took steps to normalize economic activity in the wake of the coronavirus pandemic. On the other hand, resource and raw material prices continue to rise due to the pandemic and the Russia-Ukraine situation, and Japan has also seen a series of price rises for food, household goods and utilities, accelerating cost-push inflation and increasing the risk of a downturn in the economy.

Under these conditions, the Janome Group has formulated a new medium-term management plan "Reborn 2024", aimed at achieving sustainable growth, and we have stepped up our business activities in line with this plan. The business environment proved challenging, including ongoing supply constraints against a backdrop of component shortages and disruption to distribution networks, and the unavoidable suspension of shipments to Russia. However, performance remained firm overall, due to various measures and also the effect of the weak yen.

As a result, in the first quarter of the fiscal year ending March 31, 2023, sales were 10,477 million yen (up 38 million yen compared to the corresponding period of the previous fiscal year), operating income was 543 million yen (down 217 million yen), ordinary income was 842 million yen (up 57 million yen), and profit attributable to owners of parent was 559 million yen (up 63 million yen).

The performance by segment is outlined below.

As shown in the segment information, a change has been made to the reporting segments, and the comparison/analysis for the three-month period ended June 30, 2022 is based on the new segments.

<Household equipment>

In the household equipment business, we steadily increased sales in the North America and Oceania markets, focused on the new Continental M17 – our first flagship model for the overseas market in nine years. In addition, business in the key India market performed well, to a certain extent offsetting the impact of the disruption of shipments to Russia.

On the other hand, sales in the European market were sluggish, partly due to the economic impact of the Russia-Ukraine situation. Furthermore, the overseas market as a whole continued to be impacted by global disruption to distribution networks.

In the Japanese market, despite proactive efforts to stimulate demand through exhibitions and workshops, conditions remained sluggish due to a fallback in demand for sewing machines, which had been strong during the pandemic.

As a result, total sales of sewing machines (overseas and Japan combined) amounted to 250,000 units (down 190,000 units from the corresponding period of the previous fiscal year), and in the household equipment business overall, while sales were 8,405 million yen (down 78 million yen), operating income was 563 million yen (down 138 million yen).

<Industrial equipment>

In the industrial equipment business, orders for both desktop robots and servo presses continued to increase amid a recovering market environment, with companies becoming more willing to make capital expenditures. However, the production and supply system continued to face difficulties in securing parts to meet orders, with production volumes

declining and manufacturing costs rising due to soaring raw material prices. As a result, production conditions remained challenging.

In the die-casting business, there were brisk inquiries from industrial robot manufacturers, particularly in the automotive sector, contributing to the Group's overall performance.

As a result, in the industrial equipment segment overall, sales were 1,513 million yen (up 244 million yen compared to the corresponding period of the previous fiscal year), and operating loss was 76 million yen (operating loss was 54 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, Amid an increase in the number of companies engaged in digital transformation (DX) initiatives, in the mainstay software development business we strove to maintain and improve productivity through effective communication and quality control in remote environments, and to provide services that satisfy our customers. However, due to factors including the effect of recording sales from major projects in the previous year, sales totalled 507 million yen (down 124 million yen compared to the corresponding period of the previous fiscal year), while operating income was 52 million yen (down 56 million yen).

(2) Explanation of financial position

As of June 30, 2022, total assets on a consolidated basis were 55,584 million yen (up 1,012 million yen from the previous fiscal year ended March 31, 2022).

Current assets were 28,791 million yen (up 1,019 million yen from the previous fiscal year) due to factors including an increase in Merchandise and finished goods and Notes and accounts receivable-trade.

Fixed assets were 26,793 million yen (down 7 million yen from the previous fiscal year ended March 31, 2022) due to factors including depreciation and a decrease in Deferred tax assets.

Current liabilities were 12,814 million yen (down 83 million yen from the previous fiscal year) due to factors including a decrease in Income taxes payable and an increase in Accrued expenses, while fixed liabilities were 8,272 million yen (up 25 million yen from the previous fiscal year) due to factors including an increase in Net defined benefit liability and a decrease in Long-term lease liability.

Net assets were 34,497 million yen (up 1,069 million yen from the previous fiscal year) due to factors including an increase in Foreign currency translation adjustment.

2. Consolidated Financial Statements

Consolidated Balance Sheets

JANOME CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES

Currency unit: million yen

	Previous Fiscal Year ended March 31, 2022	Current First Quarter as of June 30, 2022
ASSETS		
Current assets		
Cash and deposits	7,509	7,502
Notes and accounts receivable-trade	7,654	7,922
Merchandise and finished goods	7,685	8,321
Work in process	641	805
Raw materials and supplies	3,959	4,037
Other	620	512
Allowance for doubtful accounts	(300)	(310)
Total current assets	27,771	28,791
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	5,344	5,359
Land	13,863	13,905
Other tangible fixed assets (net)	2,386	2,380
Total tangible fixed assets	21,593	21,645
Intangible fixed assets		
Other intangible fixed assets	684	659
Total intangible fixed assets	684	659
Investments and other assets	4,523	4,488
Total fixed assets	26,800	26,793
TOTAL ASSETS	54,572	55,584

Currency unit: million yen

	Previous Fiscal Year ended March 31, 2022	Current First Quarter as of June 30, 2022
LIABILITIES		
Current liabilities		
Notes and accounts payable	2,492	2,587
Short-term loans payable	5,862	6,161
Income taxes payable	1,266	321
Provision for bonuses	618	358
Other current liabilities	2,656	3,384
Total current liabilities	12,897	12,814
Fixed liabilities		
Deferred income taxes for revaluation	3,352	3,352
Net defined benefit liability	4,172	4,229
Other fixed liabilities	721	690
Total fixed liabilities	8,247	8,272
TOTAL LIABILITIES	21,144	21,086
NET ASSETS		
Shareholders' equity		
Common stock	11,372	11,372
Retained earnings	13,447	13,523
Treasury stock, at cost	(325)	(325)
Total shareholders' equity	24,495	24,570
Other comprehensive income		
Valuation difference in other marketable securities	89	83
Land revaluation difference	6,562	6,562
Foreign currency translation adjustments	1,460	2,480
Remeasurements of defined benefit plans	(133)	(127)
Total other comprehensive income	7,980	8,999
Non-controlling interest	952	927
TOTAL NET ASSETS	33,428	34,497
TOTAL LIABILITIES AND NET ASSETS	54,572	55,584

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 Three Months April 1, 2021 through June 30, 2021	Current Three Months April 1, 2022 through June 30, 2022
Net sales	10,439	10,477
Cost of sales	6,228	6,352
Gross profit	4,210	4,124
Selling, general and administrative expenses	3,449	3,581
Operating income	760	543
Non-operating income		
Interest income	1	0
Dividend income	33	60
Foreign exchange gains	--	229
Other	35	43
Total non-operating income	71	334
Non-operating expenses		
Interest expenses	17	20
Foreign exchange losses	12	--
Other	16	15
Total non-operating expenses	46	35
Ordinary income	785	842
Extraordinary profits		
Gain on sales of fixed assets	0	--
Total extraordinary profits	0	--
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	1	5
Total extraordinary losses	1	5
Income before income taxes and minority interests	784	836
Income tax, resident tax and business tax	283	244
Income tax adjustment	(15)	63
Total taxes	267	307
Net income	516	528
Profit(loss) attributable to non-controlling interest	21	(30)
Profit attributable to owners of parent	495	559

Consolidated statements of comprehensive income

JANOME CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES

Currency unit: million yen

	Previous Three Months April 1, 2021 through June 30, 2021	Current Three Months April 1, 2022 through June 30, 2022
Net income	516	528
Other comprehensive income		
Valuation difference on available-for-sale securities	(9)	(6)
Foreign currency translation adjustment	27	1,061
Remeasurements of defined benefit plans	15	6
Total other comprehensive income	33	1,061
Comprehensive income	550	1,590
Comprehensive income attributable to:		
owners of parent	559	1,578
non-controlling interest	(9)	12

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, 2021 through June 30, 2021)

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

Currency unit: million yen

	Reportable segment				Other*	Total
	Household equipment	Industrial equipment	IT	Total		
Net sales						
Japan	1,517	813	631	2,963	--	2,963
North America	1,977	59	--	2,036	--	2,036
Europe	2,759	104	--	2,864	--	2,864
Other regions	2,228	291	--	2,520	--	2,520
Revenue from Contracts with Customers	8,483	1,268	631	10,384	--	10,384
Other revenue	--	--	--	--	55	55
Net sales to external customers	8,483	1,268	631	10,384	55	10,439
Intersegment sales or transfers	0	257	110	369	23	392
Total	8,484	1,526	742	10,753	78	10,831
Segment profit or loss	702	(54)	109	757	2	759

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	757
Other net profit	2
Elimination of intersegment transactions	0
Operating income in quarterly consolidated statements of income	760

II. Current Three Months (April 1, 2022 through June 30, 2022)

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

Currency unit: million yen

	Reportable segment				Other*	Total
	Household equipment	Industrial equipment	IT	Total		
Net sales						
Japan	1,228	1,057	507	2,792	--	2,792
North America	3,146	88	--	3,235	--	3,235
Europe	1,334	69	--	1,403	--	1,403
Other regions	2,695	298	--	2,994	--	2,994
Revenue from Contracts with Customers	8,405	1,513	507	10,425	--	10,425
Other revenue	--	--	--	--	51	51
Net sales to external customers	8,405	1,513	507	10,425	51	10,477
Intersegment sales or transfers	--	166	115	281	23	304
Total	8,405	1,679	622	10,707	75	10,782
Segment profit or loss	563	(76)	52	539	1	541

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	539
Other net profit	1
Elimination of intersegment transactions	1
Operating income in quarterly consolidated statements of income	543