

(Translation)

Consolidated Financial Results
for the 2nd quarter of fiscal year ending March 31, 2023
(April 1, 2022 through September 30, 2022)
[Japanese GAAP]

November 11, 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: November 11, 2022
Payment date of cash dividends: ----
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, 2022 through September 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 half year ended September 30, 2022	19,675	(7.3)	661	(63.4)	1,186	(33.9)	(816)	—
September 30, 2021	21,224	(0.1)	1,809	(23.6)	1,795	(25.1)	1,167	(42.1)

Note: Comprehensive income:

September 30, 2022 391 million yen (Δ 64.7 %)
September 30, 2021 1,109 million yen (Δ 52.0%)

	Net income per share - basic	Net income per share - diluted
First half year ended	yen	yen
September 30, 2022	(42.23)	--
September 30, 2021	60.38	--

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
First half year ended	Million yen	Million yen	%
September 30, 2022	52,950	33,299	61.3
March 31, 2022	54,572	33,428	59.5

Ref: Equity 32,435 million yen at the end of September 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	--	0.00			
March 31, 2023 (Forecast)			--	25.00	25.00

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, 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)	41,000	(4.5)	3,000	(18.0)	3,300	(13.7)	600	(76.5)

	Net Income per share - basic
	yen
Full year (April 1,2022 through March 31, 2023)	31.04

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: 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 September 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 September 2022

190,067 shares at the end of March 2022

(iii) Average number of public shares during fiscal period

19,331,377 shares at the end of September 2022

19,331,379 shares at the end of September 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 2nd quarter of the fiscal year ending March 31, 2023

(1) Explanation of financial results

During the six-month period ended September 30, 2022, the global economy showed a moderate recovery trend as countries learned to coexist with coronavirus and lifestyle restrictions were eased, boosting consumer spending. However, there continues to be a sharp rise in the cost of natural resources and raw materials resulting from the Russia–Ukraine situation, and with ongoing monetary tightening to curb inflation in various countries, there are concerns surrounding the heightened risk of an economic downturn and a stalling of the economic recovery.

Against this backdrop, the Janome Group continues to face challenging conditions, as the rising cost of raw materials associated with rising energy prices and prolonged difficulties in procuring parts continue to impact on our product supply system. In addition, we recorded Loss on business restructuring following our withdrawal from the door-to-door sales business in Japan.

As a result, in the second quarter of the fiscal year ending March 31, 2023, sales were 19,675 million yen (down 1,549 million yen compared to the corresponding period of the previous fiscal year), operating income was 661 million yen (down 1,147 million yen), ordinary income was 1,186 million yen (down 609 million yen), and loss attributable to owners of parent was 816 million yen (profit attributable to owners of parent was 1,167 million yen in the corresponding period of the previous fiscal year).

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 six-month period ended September 30, 2022 is based on the new segments.

<Household equipment>

In the overseas sewing machine market, we steadily grew sales following the launch of our new flagship model the Continental M17 the current fiscal year, which was well received in North America, Europe, Oceania and other markets. In the domestic sewing machine market, we are working to continuously stimulate demand, including exhibiting at the first major exhibition in three years, disseminating information via social media, and holding workshops for people of all ages.

However, sales of low- and mid-range models stagnated across a wide range of regions due to a combination of the economic impact of the situation in Russia and Ukraine, and the effect of a fallback from the stay-at-home demand seen during the coronavirus pandemic in Japan and overseas.

As a result, total sales of sewing machines (overseas and Japan combined) amounted to 460,000 units (down 400,000 units from the corresponding period of the previous fiscal year), and in the household equipment business overall, while sales were 15,332 million yen (down 1,960 million yen), operating income was 630 million yen (down 1,157 million yen).

<Industrial equipment>

In the industrial equipment business, demand for both desktop robots and electro-press machines (servo presses) is on the rise, as capital investment is being promoted particularly in the manufacturing sector. However, production conditions remain challenging, with delays in the delivery of electronic components, including semiconductors, and rising manufacturing costs due to soaring raw material prices.

In the die-casting business, performance has been strong thanks to continued orders from industrial robot manufacturers, particularly in the automotive sector.

As a result, in the industrial equipment segment overall, sales were 3,131 million yen (up 468 million yen compared to the corresponding period of the previous fiscal year), and operating loss was 111 million yen (operating loss was 150 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 the outsourcing of systems operation/management, 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.

However, due to factors including the effect of recording sales from major projects in the previous year, sales totalled 1,107 million yen (down 51 million yen compared to the corresponding period of the previous fiscal year), while operating income was 135 million yen (down 39 million yen).

(2) Explanation of financial position

As of September 30, 2022, total assets on a consolidated basis were 52,950 million yen (down 1,621 million yen from the previous fiscal year ended March 31, 2022).

Current assets were 27,245 million yen (down 525 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 and Notes and accounts receivable-trade.

Fixed assets were 25,705 million yen (down 1,095 million yen from the previous fiscal year ended March 31, 2022) due to factors including a decrease in Land and Depreciation of tangible and intangible assets.

Current liabilities were 11,679 million yen (down 1,217 million yen from the previous fiscal year) due to factors including a decrease in Income taxes payable and Short-term borrowings, while fixed liabilities were 7,971 million yen (down 275 million yen from the previous fiscal year) due to factors including a decrease in Deferred tax liabilities for land revaluation.

Net assets were 33,299 million yen (down 128 million yen from the previous fiscal year) due to factors including a decrease in Retained earnings and an increase in Foreign currency translation adjustment.

[Overview of cash flow position]

Cash and cash equivalents on a consolidated basis as of September 30, 2022, decreased by 404 million yen from the previous fiscal year ended March 31, 2022, to 6,632 million yen (decrease of 583 million yen compared to the corresponding period of the previous fiscal year).

Net cash generated by operating activities amounted to an inflow of 697 million yen (as compared to an outflow of 928 million yen in the corresponding period of the previous fiscal year), due to 1,359 million yen in Income taxes paid and a decrease of 767 million yen in Trade receivables.

Net cash generated by investing activities amounted to an outflow of 70 million yen (as compared to an inflow of 304 million yen in the corresponding period of the previous fiscal year), due to factors including Purchase of property, plant and equipment of 249 million yen and Proceeds from withdrawal of time deposits of 188 million yen.

Net cash used for financing activities amounted to an outflow of 1,073 million yen (as compared to an outflow of 1,963 million yen in the corresponding period of the previous fiscal year), due to factors including 481 million yen in Dividends paid and a decrease in short-term borrowings of 466 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, 2022	Current First Half as of September 30, 2022
ASSETS		
Current assets		
Cash and deposits	7,509	6,809
Notes and accounts receivable-trade	7,654	6,955
Merchandise and finished goods	7,685	8,820
Work in process	641	512
Raw materials and supplies	3,959	3,835
Other	620	628
Allowance for doubtful accounts	(300)	(315)
Total current assets	27,771	27,245
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	5,344	5,097
Land	13,863	13,013
Other tangible fixed assets (net)	2,386	2,331
Total tangible fixed assets	21,593	20,442
Intangible fixed assets		
Other intangible fixed assets	684	638
Total intangible fixed assets	684	638
Investments and other assets	4,523	4,624
Total fixed assets	26,800	25,705
TOTAL ASSETS	54,572	52,950

Currency unit: million yen

	Previous Fiscal Year ended March 31, 2022	Current First Half as of September 30, 2022
LIABILITIES		
Current liabilities		
Notes and accounts payable	2,492	2,032
Short-term borrowings	5,862	5,393
Income taxes payable	1,266	724
Provision for bonuses	618	703
Other current liabilities	2,656	2,825
Total current liabilities	12,897	11,679
Fixed liabilities		
Deferred tax liabilities for land revaluation	3,352	3,126
Net defined benefit liability	4,172	4,188
Other fixed liabilities	721	656
Total fixed liabilities	8,247	7,971
TOTAL LIABILITIES	21,144	19,651
NET ASSETS		
Shareholders' equity		
Share capital	11,372	11,372
Retained earnings	13,447	11,689
Treasury shares	(325)	(325)
Total shareholders' equity	24,495	22,737
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	89	94
Revaluation reserve for land	6,562	7,021
Foreign currency translation adjustment	1,460	2,695
Remeasurements of defined benefit plans	(133)	(113)
Total accumulated other comprehensive income	7,980	9,697
Non-controlling interests	952	864
TOTAL NET ASSETS	33,428	33,299
TOTAL LIABILITIES AND NET ASSETS	54,572	52,950

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, 2021 through September 30, 2021	Current First Half April 1, 2022 through September 30, 2022
Net sales	21,224	19,675
Cost of sales	12,595	11,983
Gross profit	8,629	7,692
Selling, general and administrative expenses	6,820	7,030
Operating income	1,809	661
Non-operating income		
Interest income	1	1
Dividend income	39	65
Foreign exchange gains	--	492
Other	64	78
Total non-operating income	105	637
Non-operating expenses		
Interest expenses	33	38
Foreign exchange losses	47	--
Financing expenses	9	52
Other	27	21
Total non-operating expenses	119	113
Ordinary income	1,795	1,186
Extraordinary profits		
Gain on sales of fixed assets	3	2
Total extraordinary profits	3	2
Extraordinary losses		
Loss on business restructuring	--	1,513
Loss on sales and retirement of noncurrent assets	4	7
Total extraordinary losses	4	1,520
Profit (loss) before income taxes	1,794	(331)
Income tax, resident tax and business tax	833	850
Income tax adjustment	(253)	(281)
Total taxes	Deferred tax liabilities for 1	568
Profit (loss)	1,214	(899)
Profit (loss) attributable to non-controlling interests	47	(83)
Profit (loss) attributable to owners of parent	1,167	(816)

Consolidated statements of comprehensive income

JANOME CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES

Currency unit: million yen

	Current First Half April 1, 2021 through September 30, 2021	Current First Half April 1, 2022 through September 30, 2022
Profit (loss)	1,214	(899)
Other comprehensive income		
Valuation difference on available-for-sale securities	2	4
Foreign currency translation adjustment	(139)	1,267
Remeasurements of defined benefit plans	31	20
Total other comprehensive income	(105)	1,291
Comprehensive income	1,109	391
Comprehensive income attributable to:		
owners of parent	1,132	443
non-controlling interests	(23)	(51)

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, 2021 through September 30, 2021	Current First Half April 1, 2022 through September 30, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	1,794	(331)
Depreciation	516	576
Loss on business restructuring	--	1,513
Increase/ (decrease) of employees retirement benefits	(12)	(9)
Interest and dividend income	(41)	(66)
Interest expenses	33	38
(Increase)/ decrease in trade receivables	(181)	767
(Increase)/ decrease in inventories	(2,286)	162
Increase/ (decrease) in trade payables	196	(450)
Others	(178)	(174)
Sub total	(158)	2,026
Interest and dividend received	43	69
Interest paid	(33)	(38)
Income taxes paid	(780)	(1,359)
Net cash generated by operating activities	(928)	697
Cash flows from investing activities		
Payments into time deposits	(39)	(0)
Proceeds from withdrawal of time deposits	843	188
Purchase of investment securities	(299)	--
Proceeds from sales of investment securities	300	--
Purchase of property, plant and equipment	(478)	(249)
Proceeds from sales of property, plant and equipment	5	5
Others	(25)	(15)
Net cash generated by investing activities	304	(70)
Cash flows from financing activities		
Net increase/(decrease) in short-term borrowings	(1,358)	(466)
Dividends paid	(479)	(481)
Others	(124)	(125)
Net cash used for financing activities	(1,963)	(1,073)
Effect of exchange rate changes on cash and cash equivalents	(182)	42
Increase/(decrease) in cash and cash equivalents	(2,769)	(404)
Cash and cash equivalents at beginning of period	9,985	7,037
Cash and cash equivalents at end of period	7,215	6,632

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, 2021 through September 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	2,990	1,762	1,159	5,912	--	5,912
North America	4,300	117	--	4,418	--	4,418
Europe	5,618	199	--	5,817	--	5,817
Other regions	4,383	582	--	4,966	--	4,966
Revenue from Contracts with Customers	17,293	2,662	1,159	21,114	--	21,114
Other revenue	--	--	--	--	109	109
Net sales to external customers	17,293	2,662	1,159	21,114	109	21,224
Intersegment sales or transfers	1	479	221	702	46	749
Total	17,294	3,142	1,380	21,816	156	21,973
Segment profit or loss	1,787	(150)	174	1,811	(4)	1,807

Note*: "Other" is not categorized in the reportable business segment and includes real estate.

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	1,811
Other net loss	(4)
Elimination of intersegment transactions	1
Operating income in quarterly consolidated statements of income	1,809

II. Current first half (April 1, 2022 through September 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	Deferred tax liabilities for land revaluation					
Japan	2,475	2,070	1,107	5,652	--	5,652
North America	5,623	195	--	5,819	--	5,819
Europe	2,666	158	--	2,824	--	2,824
Other regions	4,567	707	--	5,274	--	5,274
Revenue from Contracts with Customers	15,332	3,131	1,107	19,571	--	19,571
Other revenue	--	--	--	--	103	103
Net sales to external customers	15,332	3,131	1,107	19,571	103	19,675
Intersegment sales or transfers	--	250	231	481	46	528
Total	15,332	3,381	1,338	20,053	150	20,204
Segment profit or loss	630	(111)	135	654	5	659

Note: "Other" is not categorized in the reportable business segment and includes real estate.

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	654
Other net profit	5
Elimination of intersegment transactions	1
Operating income in quarterly consolidated statements of income	661