

(Translation)

Consolidated Financial Results
for the 3rd quarter of the fiscal year ending March 31, 2023
(April 1, 2022 through December 31, 2022)
[Japanese GAAP]

February 10, 2023

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 13, 2023
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 December 31, 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	%
Nine months ended December 31, 2022	28,818	(11.0)	1,068	(61.5)	1,283	(52.8)	(1,073)	—
December 31, 2021	32,363	(0.9)	2,776	(27.1)	2,719	(28.3)	1,862	(37.9)

Note: Comprehensive income

December 31, 2022 -598 million yen (—%)
December 31, 2021 2,221 million yen (down 37.6%)

	Net income per share - basic	Net income per share - diluted
Nine months ended	yen	yen
December 31, 2022	(55.55)	--
December 31, 2021	96.36	--

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
December 31, 2022	50,553	32,309	62.3
March 31, 2022	54,572	33,428	59.5

Ref: Equity 31,483 million yen at the end of December 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 the 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)	38,000	(11.5)	2,000	(45.3)	2,000	(47.7)	(900)	—

	Net Income per share - basic
	yen
Full year (April 1, 2022 through March 31, 2023)	(46.56)

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: 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 December 2022

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

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

190,143 shares at the end of December 2022

190,067 shares at the end of March 2022

(iii) Average number of public shares during fiscal period

19,331,354 shares at the end of December 2022

19,331,378 shares at the end of December 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 3rd quarter of the fiscal year ending March 31, 2023

(1) Explanation of financial results

During the nine-month period ended December 31, 2022, the global economy continued to slow due to factors including global monetary tightening in response to inflationary pressures, disruptions resulting from China's zero-Covid policy, and energy and resource shortages caused by Russia's prolonged invasion of Ukraine. In Japan, under a policy of "living with coronavirus," although prices continue to rise, consumer spending is slowly picking up, particularly in the travel and food service industries, in part due to the effects of various policies. However, there remains concern about the growing risk of a slump in overseas business conditions putting downward pressure on the Japanese economy.

Against this backdrop, the Janome Group has resumed its initiatives flexibly, including participating in exhibitions, while continuing to utilize new formats such as Web conferencing and taking measures to prevent infection. However, the situation remains challenging, owing to changes in domestic and international consumption trends, as well as the significant impact of soaring raw material and other prices, and the prolonged difficulty in procuring parts.

As a result, during the nine-month period ended December 31, 2022, sales were 28,818 million yen (down 3,545 million yen compared to the corresponding period of the previous fiscal year), operating profit was 1,068 million yen (down 1,708 million yen), ordinary profit was 1,283 million yen (down 1,436 million yen), and loss attributable to owners of parent was 1,073 million yen (profit attributable to owners of parent was 1,862 million yen in the corresponding period of the previous fiscal year).

The performance by segment is outlined below.

A change has been made to the reporting segments, and the comparison/analysis for the nine-month period ended December 31, 2022 is based on the new segments.

<Household equipment>

In the household equipment business, high-value-added products such as the flagship Continental M17 model, which was launched in the first quarter, have been well received, particularly in the North American market. In Asia too, sales of sewing machines were solid. However, the Russia-Ukraine situation has had a major impact, and sales in other regions, including Europe and Japan, have also generally been weak due to factors including sluggish consumer spending and a cooling of stay-at-home demand.

As a result, total sales of sewing machines (overseas and Japan combined) amounted to 670,000 units (down 560,000 units from the corresponding period of the previous fiscal year), and in the household equipment business overall, while sales were 22,225 million yen (down 4,212 million yen), operating income was 953 million yen (down 1,701 million yen).

<Industrial equipment>

In the industrial equipment business, there has been an increase in inquiries from customers as the market for desktop robots and electro-press machines (servo presses) recovers, particularly in the EV sector, and orders continue to recover. On the supply side, however, the impact on production of difficulties in procuring certain parts has not been resolved, and the environment remains challenging.

In the die-casting business, orders from industrial robot manufacturers increased, particularly in the automotive sector, and performance was solid.

As a result, in the industrial equipment segment overall, sales were 4,730 million yen (up 634 million yen compared to the corresponding period of the previous fiscal year), and operating loss was 127 million yen (operating loss was 123 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, and worked hard to provide services to the satisfaction of our customers.

As a result, sales totalled 1,706 million yen (up 41 million yen compared to the corresponding period of the previous fiscal year), while operating income was 246 million yen (up 0 million yen).

(2) Explanation of financial position

As of December 31, 2022, total assets on a consolidated basis were 50,553 million yen (down 4,019 million yen from the previous fiscal year ended March 31, 2022).

Current assets were 25,526 million yen (down 2,245 million yen from the previous fiscal year) due to factors including a decrease in Notes and accounts receivable - trade and a decrease in Cash and deposits.

Non-current assets were 25,026 million yen (down 1,773 million yen from the previous fiscal year ended March 31, 2022) due to factors including a decrease in Land and a depreciation of property, plant and equipment and intangible assets.

Current liabilities were 10,307 million yen (down 2,589 million yen from the previous fiscal year) due to factors including a decrease in Income taxes payable and a decrease in Notes and accounts payable - trade, while Non-current liabilities were 7,936 million yen (down 310 million yen from the previous fiscal year) due to factors including a decrease in Deferred tax liabilities for land revaluation.

Net assets were 32,309 million yen (down 1,118 million yen from the previous fiscal year) due to factors including a decrease 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, 2022	Current Third Quarter as of December 31, 2022
ASSETS		
Current assets		
Cash and deposits	7,509	7,160
Notes and accounts receivable - trade	7,654	5,919
Merchandise and finished goods	7,685	7,373
Work in process	641	834
Raw materials and supplies	3,959	3,769
Other	620	771
Allowance for doubtful accounts	(300)	(303)
Total current assets	<u>27,771</u>	<u>25,526</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	5,344	4,987
Land	13,863	12,891
Other (net)	2,386	2,239
Total property, plant and equipment	<u>21,593</u>	<u>20,117</u>
Intangible assets		
Other	684	643
Total intangible assets	<u>684</u>	<u>643</u>
Investments and other assets	4,523	4,265
Total non-current assets	<u>26,800</u>	<u>25,026</u>
TOTAL ASSETS	<u>54,572</u>	<u>50,553</u>

Currency unit: million yen

	Previous Fiscal Year ended March 31, 2022	Current Third Quarter as of December 31, 2022
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	2,492	1,779
Short-term borrowings	5,862	5,195
Income taxes payable	1,266	69
Provision for bonuses	618	315
Other	2,656	2,947
Total current liabilities	12,897	10,307
Non-current liabilities		
Deferred tax liabilities for land revaluation	3,352	3,102
Retirement benefit liability	4,172	4,166
Other	721	668
Total non-current liabilities	8,247	7,936
TOTAL LIABILITIES	21,144	18,243
NET ASSETS		
Shareholders' equity		
Share capital	11,372	11,372
Retained earnings	13,447	11,487
Treasury shares	(325)	(325)
Total shareholders' equity	24,495	22,534
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	89	129
Revaluation reserve for land	6,562	6,966
Foreign currency translation adjustment	1,460	1,950
Remeasurements of defined benefit plans	(133)	(96)
Total accumulated other comprehensive income	7,980	8,948
Non-controlling interests	952	825
TOTAL NET ASSETS	33,428	32,309
TOTAL LIABILITIES AND NET ASSETS	54,572	50,553

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, 2021 through December 31, 2021	Current Nine Months April 1, 2022 through December 31, 2022
Net sales	32,363	28,818
Cost of sales	19,304	17,412
Gross profit	13,059	11,405
Selling, general and administrative expenses	10,282	10,336
Operating profit	2,776	1,068
Non-operating income		
Interest income	2	4
Dividend income	40	66
Foreign exchange gains	—	179
Other	86	106
Total non-operating income	129	356
Non-operating expenses		
Interest expenses	51	56
Foreign exchange losses	81	—
Financing expenses	10	53
Other	43	31
Total non-operating expenses	186	141
Ordinary profit	2,719	1,283
Extraordinary income		
Gain on sales of investment securities	49	0
Gain on sale of non-current assets	4	5
Total extraordinary income	53	5
Extraordinary losses		
Loss on business restructuring	—	1,623
Loss on sale and retirement of non-current assets	9	93
Impairment loss	33	8
Total extraordinary losses	43	1,725
Profit (loss) before income taxes	2,729	(437)
Income taxes - current	1,140	712
Income taxes - deferred	(290)	44
Total income taxes	849	757
Profit (loss)	1,880	(1,194)
Profit (loss) attributable to non-controlling interests	17	(120)
Profit (loss) attributable to owners of parent	1,862	(1,073)

Consolidated statements of comprehensive income

JANOME CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES

Currency unit: million yen

	Previous Nine Months April 1, 2021 through December 31, 2021	Current Nine Months April 1, 2022 through December 31, 2022
Profit (loss)	1,880	(1,194)
Other comprehensive income		
Valuation difference on available-for-sale securities	(22)	39
Foreign currency translation adjustment	318	520
Remeasurements of defined benefit plans	45	36
Total other comprehensive income	340	596
Comprehensive income	2,221	(598)
Comprehensive income attributable to:		
owners of parent	2,239	(508)
non-controlling interests	(18)	(89)

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, 2021 through December 31, 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	4,324	2,748	1,665	8,738	--	8,738
North America	7,213	190	--	7,404	--	7,404
Europe	8,646	281	--	8,927	--	8,927
Other regions	6,253	875	--	7,128	--	7,128
Revenue from Contracts with Customers	26,438	4,096	1,665	32,199	--	32,199
Other revenue	--	--	--	--	164	164
Net sales to external customers	26,438	4,096	1,665	32,199	164	32,363
Intersegment sales or transfers	1	709	337	1,048	70	1,118
Total	26,439	4,805	2,002	33,247	235	33,482
Segment profit or loss	2,654	(123)	245	2,777	(2)	2,774

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	2,777
Other net loss	(2)
Elimination of intersegment transactions	2
Operating income in quarterly consolidated statements of income	2,776

II. Current nine months (April 1, 2022 through December 31, 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	3,475	3,135	1,706	8,317	--	8,317
North America	8,144	283	--	8,428	--	8,428
Europe	4,320	247	--	4,568	--	4,568
Other regions	6,284	1,063	--	7,347	--	7,347
Revenue from Contracts with Customers	22,225	4,730	1,706	28,661	--	28,661
Other revenue	--	--	--	--	156	156
Net sales to external customers	22,225	4,730	1,706	28,661	156	28,818
Intersegment sales or transfers	--	326	379	706	70	776
Total	22,225	5,056	2,086	29,368	226	29,594
Segment profit or loss	953	(127)	246	1,071	1	1,073

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	1,071
Other net profit	1
Elimination of intersegment transactions	(4)
Operating income in quarterly consolidated statements of income	1,068