

(Translation)

Consolidated Financial Results
for the 1st quarter of fiscal year ending March 31, 2024
(April 1, 2023 through June 30, 2023)
[Japanese GAAP]

August 9, 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
Contact person: Name: Hiroyuki Kobayashi Title: Managing Officer, Divisional General Manager of Management Planning
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Filing date of financial statements for the quarter: August 10, 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, 2023 through June 30, 2023)

(1) Consolidated financial results

Percentages represent the percentage of change from the previous fiscal year.

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First three months ended June 30, 2023	7,653	(27.0)	(180)	--	(119)	--	(138)	--
June 30, 2022	10,477	0.4	543	(28.6)	842	7.3	559	12.7

Note: Comprehensive income:

June 30, 2023 1,042 million yen (△34.5%)
June 30, 2022 1,590 million yen (189.0%)

	Net income per share - basic	Net income per share - diluted
First three months ended	yen	yen
June 30, 2023	(7.14)	--
June 30, 2022	28.92	--

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
June 30, 2023	52,608	33,888	63.1
March 31, 2023	51,118	33,364	63.8

Ref: Equity 33,172 million yen at the end of June 2023, and 32,616 million yen at the end of March 2023

2. Cash dividends

	Annual cash dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
March 31, 2023	yen	yen	yen	yen	yen
March 31, 2024	--	0.00	--	25.00	25.00
March 31, 2024 (Forecast)		0.00	--	25.00	25.00

3. Forecast of consolidated results for fiscal year ending March 31, 2024

(April 1, 2023 through March 31, 2024)

Percentages represent the percentage of change from the previous fiscal year.

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Full year (April 1, 2023 through March 31, 2024)	40,000	3.7	2,500	17.9	2,500	4.1	1,500	--

	Net Income per share - basic
	yen
Full year (April 1, 2023 through March 31, 2024)	77.59

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 2023

19,521,444 shares at the end of March 2023

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

190,230 shares at the end of June 2023

190,154 shares at the end of March 2023

(iii) Average number of public shares during fiscal period

19,331,271 shares ended June 30, 2023

19,331,377 shares ended June 30, 2022

*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, 2024

(1) Explanation of financial results

During the three-month period ended June 30, 2023, the economy remained sluggish due to monetary tightening and high prices globally. In Japan, the reclassification of COVID-19 to Class 5 under the Infectious Diseases Act encouraged normalization of the economy and there were signs of a recovery in business conditions, but rising prices continued to put pressure on household budgets.

In this context, the Janome Group has worked to strengthen its production system so as to respond to sudden increases or decreases in orders, while keeping a close eye on market trends. Although to some extent anticipated, the overall business environment remained challenging due to ongoing component shortages, reduced appetite for capital investment in key markets, and the continued suspension of shipments to Russia.

As a result, in the first quarter of the fiscal year ending March 31, 2024, sales were 7,653 million yen (down 2,824 million yen compared to the corresponding period of the previous fiscal year), operating loss was 180 million yen (operating profit was 543 million yen in the corresponding period of the previous fiscal year), ordinary loss was 119 million yen (ordinary profit was 842 million yen in the corresponding period of the previous fiscal year), and loss attributable to owners of parent was 138 million yen (profit attributable to owners of parent was 559 million yen in the corresponding period of the previous fiscal year).

The performance by segment is outlined below.

<Household equipment>

In the household equipment business, our focus was on sales of high-value-added products. However, in the North American market, sales of household sewing machines were flat, and the anticipated results were also not achieved in other markets including Europe and Australia.

In Japan, despite aggressive efforts to stimulate demand through measures including the opening of the pilot store Bobinage Kobe Motomachi, which conveys the joy of sewing machines and sewing culture, participation in exhibitions, and the holding of workshops, sales remained weak, partly due to the downward pressure high prices put on household purchasing power.

As a result, in the household equipment business overall, sales were 5,549 million yen (down 2,855 million yen), operating loss was 276 million yen (operating profit was 563 million yen in the corresponding period of the previous fiscal year).

<Industrial equipment>

In the industrial equipment business, production is being affected by longer component delivery times and rising manufacturing costs due to soaring raw material prices. Against this backdrop, in China capital investment remains lackluster. In other regions, however, capital investment increased, and overall the situation was firm. In the die-casting business, sales were weak due to the impact of production adjustments among customers.

As a result, in the industrial equipment segment overall, sales were 1,441 million yen (down 71 million yen compared to the corresponding period of the previous fiscal year), and operating loss was 14 million yen (operating loss was 76 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 accelerating digital transformation (DX) initiatives among companies, in the mainstay software development business we promoted the design and development of systems that accurately meet customer needs, while striving to maintain and improve productivity through robust quality control, and worked hard to provide services to the satisfaction of our customers.

As a result, sales totalled 610 million yen (up 103 million yen compared to the corresponding period of the previous fiscal year), while operating profit was 79 million yen (up 26 million yen).

(2) Explanation of financial position

As of June 30, 2023, total assets on a consolidated basis were 52,608 million yen (up 1,489 million yen from the previous fiscal year ended March 31, 2023).

Current assets were 26,820 million yen (up 1,109 million yen from the previous fiscal year) due to factors including an increase in Merchandise and finished goods and a decrease in Notes and accounts receivable-trade.

Non-current assets were 25,787 million yen (up 379 million yen from the previous fiscal year) due to factors including an increase in Investment securities and a decrease in Deferred tax assets.

Current liabilities were 10,808 million yen (up 998 million yen from the previous fiscal year) due to factors including an increase in Short-term borrowings and Notes and accounts payable - trade, while Non-current liabilities were 7,910 million yen (down 34 million yen from the previous fiscal year) due to factors including a decrease in Retirement benefit liability.

Net assets were 33,888 million yen (up 524 million yen from the previous fiscal year) due to factors including an increase in Foreign currency translation adjustment and 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, 2023	Current First Quarter as of June 30, 2023
ASSETS		
Current assets		
Cash and deposits	7,336	7,127
Notes and accounts receivable-trade	6,571	6,007
Merchandise and finished goods	6,482	7,675
Work in process	834	976
Raw materials and supplies	3,933	4,263
Other	849	1,098
Allowance for doubtful accounts	(296)	(328)
Total current assets	25,710	26,820
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,977	5,000
Land	12,921	12,887
Other, net	2,703	2,772
Total property, plant and equipment	20,602	20,661
Intangible assets		
Other	644	632
Total intangible assets	644	632
Investments and other assets	4,160	4,493
Total non-current assets	25,407	25,787
TOTAL ASSETS	51,118	52,608

Currency unit: million yen

	Previous Fiscal Year ended March 31, 2023	Current First Quarter as of June 30, 2023
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	1,836	2,360
Short-term borrowings	3,984	4,639
Income taxes payable	136	37
Provision for bonuses	567	317
Other	3,285	3,454
Total current liabilities	9,809	10,808
Non-current liabilities		
Deferred income taxes for revaluation	3,107	3,107
Retirement benefit liability	3,836	3,805
Other	1,001	998
Total non-current liabilities	7,944	7,910
TOTAL LIABILITIES	17,754	18,719
NET ASSETS		
Shareholders' equity		
Share capital	11,372	11,372
Capital surplus	0	0
Retained earnings	12,156	11,535
Treasury shares	(325)	(325)
Total shareholders' equity	23,204	22,582
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	136	183
Revaluation reserve for land	6,977	6,977
Foreign currency translation adjustment	2,159	3,290
Remeasurements of defined benefit plans	139	138
Total accumulated other comprehensive income	9,412	10,589
Non-controlling interests	747	716
TOTAL NET ASSETS	33,364	33,888
TOTAL LIABILITIES AND NET ASSETS	51,118	52,608

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, 2022 through June 30, 2022	Current Three Months April 1, 2023 through June 30, 2023
Net sales	10,477	7,653
Cost of sales	6,352	4,809
Gross profit	4,124	2,843
Selling, general and administrative expenses	3,581	3,024
Operating profit (loss)	543	(180)
Non-operating income		
Interest income	0	6
Dividend income	60	54
Foreign exchange gains	229	113
Other	43	38
Total non-operating income	334	212
Non-operating expenses		
Interest expenses	20	21
Loss on business restructuring	--	114
Other	15	15
Total non-operating expenses	35	150
Ordinary profit (loss)	842	(119)
Extraordinary income		
Gain on sale of investment securities	--	3
Gain on sale of non-current assets	--	0
Total extraordinary income	--	3
Extraordinary losses		
Loss on sale and retirement of non-current assets	5	18
Total extraordinary losses	5	18
Profit (loss) before income taxes	836	(134)
Income taxes - current	244	(9)
Income taxes - deferred	63	21
Total income taxes	307	12
Profit (loss)	528	(146)
Loss attributable to non-controlling interests	(30)	(8)
Profit (loss) attributable to owners of parent	559	(138)

Consolidated statements of comprehensive income

JANOME CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES

Currency unit: million yen

	Previous Three Months April 1, 2022 through June 30, 2022	Current Three Months April 1, 2023 through June 30, 2023
Profit (loss)	528	(146)
Other comprehensive income		
Valuation difference on available-for-sale securities	(6)	46
Foreign currency translation adjustment	1,061	1,143
Remeasurements of defined benefit plans	6	(0)
Total other comprehensive income	1,061	1,188
Comprehensive income	1,590	1,042
Comprehensive income attributable to:		
owners of parent	1,578	1,038
non-controlling interests	12	3

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, 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.

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 profit in quarterly consolidated statements of income	543

II. Current Three Months (April 1, 2023 through June 30, 2023)

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	826	904	610	2,341	--	2,341
North America	1,707	58	--	1,766	--	1,766
Europe	1,810	153	--	1,963	--	1,963
Other regions	1,204	325	--	1,529	--	1,529
Revenue from Contracts with Customers	5,549	1,441	610	7,601	--	7,601
Other revenue	--	--	--	--	52	52
Net sales to external customers	5,549	1,441	610	7,601	52	7,653
Intersegment sales or transfers	0	151	122	273	23	297
Total	5,549	1,592	732	7,875	75	7,950
Segment profit or loss	(276)	(14)	79	(211)	28	(182)

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	(211)
Other net profit	28
Elimination of intersegment transactions	1
Operating loss in quarterly consolidated statements of income	(180)