

(Translation)

Consolidated Financial Results
for the 2nd quarter of fiscal year ending March 31, 2024
(April 1, 2023 through September 30, 2023)
[Japanese GAAP]

November 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
Contact person: Name: Yukiyasu Miyazaki Title: General Manager of Accounting Department
Phone: +81 42 661 3071

Filing date of financial statements for the quarter: November 13, 2023
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, 2023 through September 30, 2023)

(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, 2023	17,542	(10.8)	279	(57.7)	392	(66.9)	31	-
September 30, 2022	19,675	(7.3)	661	(63.4)	1,186	(33.9)	(816)	-

Note: Comprehensive income:

September 30, 2023 1,367 million yen [248.9%]
September 30, 2022 391 million yen [(64.7)%]

	Net income per share - basic	Net income per share - diluted
	yen	yen
First half year ended September 30, 2023	1.62	-
September 30, 2022	(42.23)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
First half year ended September 30, 2023	52,877	33,789	62.4
March 31, 2023	51,118	33,364	63.8

Ref: Equity 33,007 million yen at the end of September 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
	yen	yen	yen	yen	yen
March 31, 2023	-	0.00	-	25.00	25.00
March 31, 2024	-	0.00	-	-	-
March 31, 2024 (Forecast)	-	-	-	25.00	25.00

Note: Revisions to the forecast of cash dividends in the current quarter: None

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 income		Ordinary income		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)	78.06

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) Total number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2023:19,521,444 shares

March 31, 2023:19,521,444 shares

(ii) Total number of treasury shares at the end of the period:

September 30, 2023:807,737 shares

March 31, 2023:190,154 shares

(iii) Average number of shares during the period (cumulative from the beginning of the fiscal year):

Six months ended September 30, 2023:19,216,117 shares

Six months ended September 30, 2022:19,331,377 shares

* 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, 2024

(1) Explanation of financial results

During the six-month period ended September 30, 2023, the US economy was generally firm, with consumption remaining stable. In Japan, there was also a recovery in economic conditions led by domestic demand, against a backdrop of solid capital investment and signs of a recovery in consumption of services resulting from the normalization of economic activity. However, in Europe the lingering effects of high energy prices have damaged economic activity, and economic growth in developed countries has remained relatively low. In China, meanwhile, economic conditions remained difficult and there were no signs of a recovery despite the lifting of the zero-Covid policy. The global economy therefore remained unstable overall.

In the light of these conditions, the Janome Group worked to generate consumer confidence and stimulate market demand through measures such as the launch of new products, and to improve productivity by reducing costs.

However, market conditions are challenging, in the second quarter of the fiscal year ending March 31, 2024, net sales were 17,542 million yen (down 2,132 million yen compared to the corresponding period of the previous fiscal year), operating profit was 279 million yen (down 381 million yen), ordinary profit was 392 million yen (down 793 million yen), and profit attributable to owners of parent was 31 million yen (loss attributable to owners of parent was 816 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, we launched activities to introduce and sell new products in developed countries including in North America and Europe, focusing our efforts on the sale of high-value-added products. However, sales of popular low- and mid-end products were not as strong as expected. On the other hand, sales to India remained firm and contributed to the overall volume.

In Japan, we endeavored to expand sales by communicating the fun of making things through workshops and events, including at the pilot store Bobinage, through information dissemination via social networking services, and classroom support by the school sales department. Despite focusing on high-profile initiatives, such as the launch of the stylish color design model SEWLA, conditions remained challenging.

As a result, in the household equipment business overall, net sales were 13,046 million yen (down 2,285 million yen), operating loss was 54 million yen (operating profit was 630 million yen in the corresponding period of the previous fiscal year).

<Industrial equipment>

In the industrial equipment business, amid a recovery trend in earnings, including increased orders from the EV-related sector, we established new sales offices in Japan and acquired operations to enhance our product lineup. However, in the mainstay Chinese market, demand for industrial equipment products from production sites was muted due to stagnation in capital investment conditions along with slowing economic growth. The die-casting business was also impacted by factors including production adjustments among customers.

As a result, in the industrial equipment segment overall, net sales were 2,929 million yen (down 201 million yen compared to the corresponding period of the previous fiscal year), and operating profit was 5 million yen (operating loss was 111 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 win new customers as well as maintain and improve productivity through robust quality control, and performance remained strong.

As a result, sales totalled 1,462 million yen (up 355 million yen compared to the corresponding period of the previous fiscal year), while operating profit was 265 million yen (up 130 million yen).

2) Explanation of financial position

As of September 30, 2023, total assets on a consolidated basis were 52,877 million yen (up 1,758 million yen from the previous fiscal year ended March 31, 2023).

Current assets were 27,350 million yen (up 1,639 million yen from the previous fiscal year) due to factors including an increase in Notes and accounts receivable - trade and Merchandise and finished goods and a decrease in Cash and deposits.

Non-current assets were 25,526 million yen (up 119 million yen from the previous fiscal year ended March 31, 2023) due to factors including an increase in Investment securities and a decrease in Deferred tax assets.

Current liabilities were 11,350 million yen (up 1,541 million yen from the previous fiscal year) due to factors including an increase in Short-term borrowings, while non-current liabilities were 7,737 million yen (down 207 million yen from the previous fiscal year) due to factors including a decrease in Retirement benefit liability.

Net assets were 33,789 million yen (up 424 million yen from the previous fiscal year) due to factors including an increase in Foreign currency translation adjustment and Purchase of treasury shares and decrease in Retained earnings.

[Overview of cash flow position]

Cash and cash equivalents on a consolidated basis as of September 30, 2023, decreased by 891 million yen from the previous fiscal year ended March 31, 2023, to 6,374 million yen (decrease of 258 million yen compared to the corresponding period of the previous fiscal year).

Net cash provided by (used in) operating activities amounted to an outflow of 941 million yen (as compared to an inflow of 697 million yen in the corresponding period of the previous fiscal year), due to Payments for business restructuring of 839 million yen and an increase in Trade receivables of 674 million yen.

Net cash provided by (used in) investing activities amounted to an outflow of 718 million yen (as compared to an outflow of 70 million yen in the corresponding period of the previous fiscal year), due to factors including Purchase of shares of subsidiaries and associates of 331 million yen and Payments into time deposits of 237 million yen and Purchase of property, plant and equipment of 188 million yen.

Net cash provided by (used in) financing activities amounted to an inflow of 414 million yen (as compared to an outflow of 1,073 million yen in the corresponding period of the previous fiscal year), due to factors including an increase in short-term borrowings of 1,415 million yen and 481 million yen in Dividends paid and Purchase of treasury shares of 425 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, 2023	Current First Half as of September 30, 2023
ASSETS		
Current assets		
Cash and deposits	7,336	6,666
Notes and accounts receivable-trade	6,571	7,562
Merchandise and finished goods	6,482	7,471
Work in process	834	812
Raw materials and supplies	3,933	4,339
Other	849	829
Allowance for doubtful accounts	(296)	(332)
Total current assets	25,710	27,350
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,977	4,916
Land	12,921	12,872
Other	2,703	2,811
Total property, plant and equipment	20,602	20,600
Intangible assets		
Other	644	622
Total intangible assets	644	622
Investments and other assets	4,160	4,304
Total non-current assets	25,407	25,526
TOTAL ASSETS	51,118	52,877

Currency unit: million yen

	Previous Fiscal Year ended March 31, 2023	Current First Half as of September 30, 2023
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	1,836	2,315
Short-term borrowings	3,984	5,555
Income taxes payable	136	144
Provision for bonuses	567	677
Other	3,285	2,658
Total current liabilities	9,809	11,350
Non-current liabilities		
Deferred tax liabilities for land revaluation	3,107	3,090
Retirement benefit liability	3,836	3,619
Other	1,001	1,027
Total non-current liabilities	7,944	7,737
TOTAL LIABILITIES	17,754	19,087
NET ASSETS		
Shareholders' equity		
Share capital	11,372	11,372
Capital surplus	0	0
Retained earnings	12,156	11,741
Treasury shares	(325)	(750)
Total shareholders' equity	23,204	22,364
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	136	166
Revaluation reserve for land	6,977	6,940
Foreign currency translation adjustment	2,159	3,399
Remeasurements of defined benefit plans	139	136
Total accumulated other comprehensive income	9,412	10,643
Non-controlling interests	747	781
TOTAL NET ASSETS	33,364	33,789
TOTAL LIABILITIES AND NET ASSETS	51,118	52,877

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, 2022 through September 30, 2022	Current First Half April 1, 2023 through September 30, 2023
Net sales	19,675	17,542
Cost of sales	11,983	11,075
Gross profit	7,692	6,467
Selling, general and administrative expenses	7,030	6,187
Operating income	661	279
Non-operating income		
Interest income	1	11
Dividend income	65	63
Foreign exchange gains	492	242
Other	78	112
Total non-operating income	637	429
Non-operating expenses		
Interest expenses	38	54
Financing expenses	52	11
Restructuring loss	-	216
Other	21	33
Total non-operating expenses	113	316
Ordinary profit	1,186	392
Extraordinary income		
Gain on sales of investment securities	-	3
Gain on sale of non-current assets	2	1
Total extraordinary income	2	4
Extraordinary losses		
Impairment losses	-	26
Loss on business restructuring	1,513	-
Loss on sales and retirement of noncurrent assets	7	18
Total extraordinary losses	1,520	44
Profit (loss) before income taxes	(331)	352
Income taxes - current	850	134
Income taxes - deferred	(281)	133
Total taxes	568	268
Profit (loss)	(899)	83
Profit (loss) attributable to non-controlling interests	(83)	52
Profit (loss) attributable to owners of parent	(816)	31

Consolidated statements of comprehensive income

JANOME CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES

Currency unit: million yen

	Current First Half April 1, 2022 through September 30, 2022	Current First Half April 1, 2023 through September 30, 2023
Profit (loss)	(899)	83
Other comprehensive income		
Valuation difference on available-for-sale securities	4	30
Foreign currency translation adjustment	1,267	1,255
Remeasurements of defined benefit plans	20	(2)
Total other comprehensive income	1,291	1,283
Comprehensive income	391	1,367
Comprehensive income attributable to:		
owners of parent	443	1,298
non-controlling interests	(51)	68

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, 2022 through September 30, 2022	Current First Half April 1, 2023 through September 30, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	(331)	352
Depreciation	576	524
Loss on business restructuring	1,513	216
Impairment loss	-	26
Increase (decrease) in retirement benefit liability	(9)	(250)
Interest and dividend income	(66)	(74)
Interest expenses	38	54
Decrease (increase) in trade receivables	767	(674)
Decrease (increase) in inventories	162	(396)
Increase (decrease) in trade payables	(450)	331
Others	(174)	(232)
Sub total	2,026	(122)
Interest and dividend received	69	66
Interest paid	(38)	(54)
Income taxes refund (paid)	(1,359)	8
Payments for business restructuring	-	(839)
Net cash provided by (used in) operating activities	697	(941)
Cash flows from investing activities		
Payments into time deposits	(0)	(237)
Proceeds from withdrawal of time deposits	188	10
Purchase of securities	-	(0)
Proceeds from sale of securities	-	10
Purchase of property, plant and equipment	(249)	(188)
Proceeds from sales of property, plant and equipment	5	99
Purchase of shares of subsidiaries and associates	-	(331)
Others	(15)	(81)
Net cash provided by (used in) investing activities	(70)	(718)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(466)	1,415
Purchase of treasury shares	-	(425)
Dividends paid	(481)	(481)
Others	(125)	(94)
Net cash provided by (used in) financing activities	(1,073)	414
Effect of exchange rate change on cash and cash equivalents	42	354
Net increase (decrease) in cash and cash equivalents	(404)	(891)
Cash and cash equivalents at beginning of period	7,037	7,265
Cash and cash equivalents at end of period	6,632	6,374

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

Our company repurchased 617,500 shares of treasury stock in accordance with the resolution of the Board of Directors meeting held on August 9, 2023.

As a result of such acquisition of treasury stock and other factors, treasury stock increased by 425 million yen during the first half of the current fiscal year, resulting in 750 million yen in treasury stock at the end of the second quarter of the current fiscal year.

Consolidated Segment Information

I . Previous 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						
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

II . Current first half (April 1, 2023 through September 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	1,671	1,868	1,462	5,002	-	5,002
North America	4,177	149	-	4,326	-	4,326
Europe	4,015	292	-	4,307	-	4,307
Other regions	3,182	619	-	3,801	-	3,801
Revenue from Contracts with Customers	13,046	2,929	1,462	17,439	-	17,439
Other revenue	-	-	-	-	103	103
Net sales to external customers	13,046	2,929	1,462	17,439	103	17,542
Intersegment sales or transfers	1	350	246	598	46	645
Total	13,048	3,280	1,708	18,037	150	18,188
Segment profit or loss	(54)	5	265	216	60	276

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	216
Other net profit	60
Elimination of intersegment transactions	3
Operating income in quarterly consolidated statements of income	279