

(Translation)

Consolidated Financial Results
for the 3rd quarter of the fiscal year ending March 31, 2024
(April 1, 2023 through December 31, 2023)
[Japanese GAAP]

February 9, 2024

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, 2024

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 December 31, 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	%
Nine months ended December 31, 2023	26,876	(6.7)	877	(17.8)	702	(45.3)	164	-
December 31, 2022	28,818	(11.0)	1,068	(61.5)	1,283	(52.8)	(1,073)	-

Note: Comprehensive income For the nine months ended December 31, 2023: ¥ 1,171 million yen [—%]

For the nine months ended December 31, 2022: ¥ -598 million yen [—%]

	Net profit per share - basic	Net profit per share - diluted
Nine months ended December 31, 2023	yen 8.67	yen -
December 31, 2022	(55.55)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of December 31, 2023	Million yen 50,831	Million yen 33,318	% 64.0
March 31, 2023	51,118	33,364	63.8

Reference: Equity

As of December 31, 2023: ¥ 32,543 million

As of March 31, 2023: ¥ 32,616 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	0.00	-	25.00	25.00
Fiscal year ending March 31, 2024	-	0.00	-		
Fiscal year ending March 31, 2024 (Forecast)				25.00	25.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated results for the 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		Net profit per share - basic
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Full fiscal year (April 1, 2023 through March 31, 2024)	36,000	(6.7)	1,500	(29.3)	1,200	(50.0)	500	—	26.37

Note: Revisions to the forecast of financial results most recently announced: 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) Total number of issued shares (common shares)

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

As of December 31, 2023	19,521,444	shares
As of March 31, 2023	19,521,444	shares

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

As of December 31, 2023	1,186,589	shares
As of March 31, 2023	190,154	shares

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

Nine months ended December 31, 2023	18,959,583	shares
Nine months ended December 31, 2022	19,331,354	shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* 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, 2024

(1) Explanation of financial results

During the nine-month period ended December 31, 2023, although business conditions were firm in the United States, the global economy saw persistent concerns including the impact of monetary tightening worldwide, uncertainty about the outlook for the Chinese economy, as well as rising prices and the situation in the Middle East. In Japan, the economy recovered moderately and showed signs of picking up, particularly in software investment.

Against this backdrop, the Janome Group launched new household sewing machine products and strove to stimulate demand through showcasing our products at various exhibitions, including industrial equipment products. In addition, the entire Group has made concerted efforts to implement the measures drawn up as part of the medium-term management plan.

However, the business environment surrounding our group is severe, during the nine-month period ended December 31, 2023, net sales were 26,876 million yen (down 1,941 million yen compared to the corresponding period of the previous fiscal year), operating profit was 877 million yen (down 190 million yen), ordinary profit was 702 million yen (down 580 million yen), and profit attributable to owners of parent was 164 million yen (loss attributable to owners of parent was 1,073 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 the new HORIZON Memory Craft 9480 QC PROFESSIONAL and CONTINENTAL M8 PROFESSIONAL models for the overseas market. These were very well received for functions that appeal to the growing number of sewing machine quilting enthusiasts (automatic sewing speed adjustment according to fabric movement). However, the sewing machine market continues to face a challenging environment due to the effects of the policy of monetary tightening in the US, the protracted Russia–Ukraine conflict, and heightened geopolitical risks resulting from tensions in the Middle East.

In Japan, the design-conscious SEWLA model, launched in the second quarter, has been well received, including coverage in the mass media. We are also actively engaged in activities aimed at expanding the base of sewing users, including launching online sewing machine workshops for teachers in elementary and middle schools across the country. However, this did not result in an increased inclination to purchase, and therefore sales did not grow as much as we had hoped.

As a result, in the household equipment business overall, while net sales were 20,234 million yen (down 1,990 million yen), operating profit was 434 million yen (down 518 million yen).

<Industrial equipment>

In the industrial equipment business, capital investment demand showed a recovery trend in some regions along with an easing of product supply restrictions resulting from component shortages. In Japan, we are working to expand our sales channels, including joint participation with Janome Diecasting Co.,Ltd. and partner companies at the largest robot exhibition, while inquiries for industrial equipment products are increasing, particularly from the EV-related sector, but also from the medical-related sector and other industries.

The result of price pass-through negotiations for industrial equipment products contributed to an improved profit margin, but conditions remained challenging overall, mainly due to a delayed recovery in demand in China, the largest market.

As a result, in the industrial equipment segment overall, net sales were 4,366 million yen (down 363 million yen compared to the corresponding period of the previous fiscal year), and operating loss was 49 million yen (operating loss was 127 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, sales fared well thanks to stable orders, including large projects, against a backdrop of increased demand resulting from the spread of digital transformation (DX). Additionally, we strove to improve productivity through robust quality control, and to provide services to the satisfaction of our customers.

As a result, net sales totalled 2,119 million yen (up 412 million yen compared to the corresponding period of the previous fiscal year), while operating profit was 396 million yen (up 150 million yen).

(2) Explanation of financial position

As of December 31, 2023, total assets on a consolidated basis were 50,831 million yen (down 286 million yen from the previous fiscal year ended March 31, 2023).

Current assets were 25,905 million yen (up 194 million yen from the previous fiscal year) due to factors including an increase in Raw materials and supplies and a decrease in Merchandise and finished goods.

Non-current assets were 24,926 million yen (down 481 million yen from the previous fiscal year ended March 31, 2023) due to factors including a decrease in Deferred tax assets and an increase in Investment securities.

Current liabilities were 9,734 million yen (down 74 million yen from the previous fiscal year) due to factors including a decrease in Accounts payable - other and an increase in Short-term borrowings, while Non-current liabilities were 7,778 million yen (down 165 million yen from the previous fiscal year) due to factors including a decrease in Retirement benefit liability.

Net assets were 33,318 million yen (down 46 million yen from the previous fiscal year) due to factors including Purchase of treasury shares and a decrease in Retained earnings and 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, 2023	Current Third Quarter as of December 31, 2023
ASSETS		
Current assets		
Cash and deposits	7,336	7,506
Notes and accounts receivable - trade	6,571	6,401
Merchandise and finished goods	6,482	6,310
Work in process	834	883
Raw materials and supplies	3,933	4,334
Other	849	797
Allowance for doubtful accounts	(296)	(330)
Total current assets	25,710	25,905
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	4,977	4,856
Land	12,921	12,854
Other (net)	2,703	2,618
Total property, plant and equipment	20,602	20,329
Intangible assets		
Other	644	604
Total intangible assets	644	604
Investments and other assets	4,160	3,992
Total non-current assets	25,407	24,926
TOTAL ASSETS	51,118	50,831

Currency unit: million yen

	Previous Fiscal Year ended March 31, 2023	Current Third Quarter as of December 31, 2023
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	1,836	1,722
Short-term borrowings	3,984	5,111
Income taxes payable	136	48
Provision for bonuses	567	353
Other	3,285	2,499
Total current liabilities	9,809	9,734
Non-current liabilities		
Deferred tax liabilities for land revaluation	3,107	3,090
Retirement benefit liability	3,836	3,646
Other	1,001	1,041
Total non-current liabilities	7,944	7,778
TOTAL LIABILITIES	17,754	17,513
NET ASSETS		
Shareholders' equity		
Share capital	11,372	11,372
Capital surplus	0	0
Retained earnings	12,156	11,875
Treasury shares	(325)	(1,025)
Total shareholders' equity	23,204	22,222
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	136	63
Revaluation reserve for land	6,977	6,940
Foreign currency translation adjustment	2,159	3,182
Remeasurements of defined benefit plans	139	134
Total accumulated other comprehensive income	9,412	10,321
Non-controlling interests	747	774
TOTAL NET ASSETS	33,364	33,318
TOTAL LIABILITIES AND NET ASSETS	51,118	50,831

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, 2022 through December 31, 2022	Current Nine Months April 1, 2023 through December 31, 2023
Net sales	28,818	26,876
Cost of sales	17,412	16,662
Gross profit	11,405	10,214
Selling, general and administrative expenses	10,336	9,336
Operating profit	1,068	877
Non-operating income		
Interest income	4	20
Dividend income	66	63
Foreign exchange gains	179	-
Other	106	140
Total non-operating income	356	224
Non-operating expenses		
Interest expenses	56	86
Foreign exchange losses	-	4
Financing expenses	53	12
Restructuring expenses	-	236
Other	31	60
Total non-operating expenses	141	399
Ordinary profit	1,283	702
Extraordinary income		
Gain on sales of investment securities	0	134
Gain on sale of non-current assets	5	1
Total extraordinary income	5	135
Extraordinary losses		
Loss on business restructuring	1,623	-
Extra retirement payments	-	56
Loss on sale and retirement of non-current assets	93	18
Impairment loss	8	48
Total extraordinary losses	1,725	122
Profit (loss) before income taxes	(437)	715
Income taxes - current	712	134
Income taxes - deferred	44	378
Total income taxes	757	513
Profit (loss)	(1,194)	201
Profit (loss) attributable to non-controlling interests	(120)	37
Profit (loss) attributable to owners of parent	(1,073)	164

Consolidated statements of comprehensive income

JANOME CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES

Currency unit: million yen

	Previous Nine Months April 1, 2022 through December 31, 2022	Current Nine Months April 1, 2023 through December 31, 2023
Profit (loss)	(1,194)	201
Other comprehensive income		
Valuation difference on available-for-sale securities	39	(73)
Foreign currency translation adjustment	520	1,047
Remeasurements of defined benefit plans	36	(4)
Total other comprehensive income	596	969
Comprehensive income	(598)	1,171
Comprehensive income attributable to:		
owners of parent	(508)	1,110
non-controlling interests	(89)	61

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 996,300 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 700 million yen during the nine-month period ended December 31, 2023, resulting in 1,025 million yen in treasury stock at the end of the third quarter of the current fiscal year.

Consolidated Segment Information

I . Previous nine months (April 1, 2022 through December 31, 2022)

1. Information on net sales and operating profit/(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 profit in quarterly consolidated statements of profit 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 profit in quarterly consolidated statements of profit	1,068

II . Current nine months (April 1, 2023 through December 31, 2023)

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

Currency unit: million yen

	Reportable segment				Other*	Total
	Household equipment	Industrial equipment	I T	Total		
Net sales						
Japan	2,502	2,875	2,119	7,497	-	7,497
North America	7,102	229	-	7,331	-	7,331
Europe	6,212	376	-	6,588	-	6,588
Other regions	4,417	884	-	5,302	-	5,302
Revenue from Contracts with Customers	20,234	4,366	2,119	26,720	-	26,720
Other revenue	-	-	-	-	156	156
Net sales to external customers	20,234	4,366	2,119	26,720	156	26,876
Intersegment sales or transfers	1	437	376	816	70	886
Total	20,236	4,804	2,496	27,537	226	27,763
Segment profit or loss	434	(49)	396	781	91	873

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 profit in quarterly consolidated statements of profit and major factors in the difference (adjustment of difference)

Currency unit: million yen

Profit	Amount
Reportable segment total	781
Other net profit	91
Elimination of intersegment transactions	4
Operating profit in quarterly consolidated statements of profit	877