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JANOME

Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

November 8, 2024

Company name: JANOME Corporation

Listing: Tokyo

Securities code: 6445

URL: <https://www.janome.co.jp>

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President

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Scheduled date to file semi-annual securities report: November 11, 2024

Scheduled date to commence dividend payments: November 25, 2024

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2024	17,981	2.5	910	225.5	745	90.0	776	-
Six months ended September 30, 2023	17,542	(10.8)	279	(57.7)	392	(66.9)	31	-

(Note) Comprehensive income: Six months ended September 30, 2024: ¥ 395 million [(71.1)%]
Six months ended September 30, 2023: ¥ 1,367 million [248.9%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	42.34	-
Six months ended September 30, 2023	1.62	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	50,215	34,925	67.8
As of March 31, 2024	50,821	34,996	67.3

(Reference) Equity: As of September 30, 2024: ¥ 34,064 million
As of March 31, 2024: ¥ 34,203 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	0.00	-	25.00	25.00
Fiscal year ending March 31, 2025	-	15.00			
Fiscal year ending March 31, 2025 (Forecast)			-	25.00	40.00

(Note) Revision to the forecast for dividends announced most recently: None

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending March 31, 2025 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	40,000	9.7	2,500	45.6	2,400	36.1	1,500	32.6	81.81

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included:	-	(Company name:)
Excluded:	-	(Company name:)

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(4) Number of issued shares (common shares)

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

September 30, 2024:	19,521,444 shares
March 31, 2024:	19,521,444 shares

2) Number of treasury shares at the end of the period:

September 30, 2024:	1,186,639 shares
March 31, 2024:	1,186,639 shares

3) Average number of outstanding shares during the period:

Six months ended September 30, 2024:	18,334,805 shares
Six months ended September 30, 2023:	19,216,117 shares

(Note)The number of treasury shares excluded from the calculation of the number of treasury shares at the end of the period and average number of shares includes 236,100 Company shares held as Stock Benefit Trsut for Directors and Corporate Auditors.

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(1) Explanation of financial results

During the six-month period ended September 30, 2024, the global economy showed unstable movements, including a slowdown in the pickup of employment, despite the resilience of the U.S. economy. Given the environment where the European economy continued to experience low growth and China saw uncertainty about the future, the economy remained stagnant, with sluggish growth in capital investment and a slowdown in household consumption amid a weak employment situation.

Japanese economy continued a gradual recovery trend with corporate earnings remaining strong amid an improving employment and income environment.

In this business environment, the Janome Group focused on efforts to expand sales channels and provide products that meet the needs of our users.

As a result, in the second quarter of the fiscal year ending March 31, 2025, sales were 17,981 million yen (up 438 million yen compared to the corresponding period of the previous fiscal year), operating profit was 910 million yen (up 630 million yen), ordinary profit was 745 million yen (up 352 million yen), and profit attributable to owners of parent was 776 million yen (up 745 million yen).

The performance by segment is outlined below.

<Household equipment>

In the overseas markets, sales were sluggish due to the slump in consumer spending in developed countries such as those in North America and Europe; however, sales in Asia, mainly in India, were strong due to efforts to expand sales channels further and other activities.

In Japan, we worked to stimulate pent-up demand by actively participating in events and workshops and also enhance our support system for sales agents. In sales to schools, we continued to strengthen our support system. In particular, we held “online sewing machine workshops” to train teachers at elementary and middle schools with a particular focus on those in remote areas.

As a result, in the household equipment business overall, sales were 14,224 million yen (up 1,177 million yen compared to the corresponding period of the previous fiscal year), operating profit was 931 million yen (operating loss 54 million yen in the corresponding period of the previous fiscal year).

<Industrial equipment>

In the industrial equipment business, we aimed to improve our earning structure by offering customized products that meet the needs of customers and strengthening high-value-added technical services. Particularly, in die casting, we enhanced our sales to customers in a wider range of industries including conveying equipment and measuring instruments. However, the business environment remains challenging due to the impact of delays in capital investment projects on a global scale and a decline in demand for die-cast products for industrial robot manufacturers.

As a result, in the industrial equipment segment overall, sales were 2,398 million yen (down 530 million yen compared to the corresponding period of the previous fiscal year), and operating loss was 271 million yen (operating profit was 5 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 undertaking of contracted system operation/management, the Janome Group continued to strive to improve productivity through robust quality control in efforts to provide services to the satisfaction of our customers and secured stable orders received. However, sales and profits decreased year on year because of the absence of orders for large projects we won in the same period a year ago.

As a result, sales totalled 1,256 million yen (down 205 million yen compared to the corresponding period of the previous fiscal year), while operating profit was 191 million yen (down 73 million yen).

(2) Explanation of financial position

As of September 30, 2024, total assets on a consolidated basis were 50,215 million yen (down 606 million yen from the previous fiscal year ended March 31, 2024).

Current assets were 26,204 million yen (down 365 million yen from the previous fiscal year) due to factors including a decrease in Cash and deposits and an increase in Merchandise and finished goods.

Non-current assets were 24,010 million yen (down 240 million yen from the previous fiscal year) due to factors including a decrease in Land and an increase in Deferred tax assets.

Current liabilities were 8,101 million yen (down 274 million yen from the previous fiscal year) due to factors including a decrease in Short-term borrowings, while Non-current liabilities were 7,188 million yen (down 260 million yen from the previous fiscal year) due to factors including a decrease in Deferred tax liabilities for land revaluation.

Net assets were 34,925 million yen (down 71 million yen from the previous fiscal year) due to factors including an increase in Retained earnings and a decrease in Foreign currency translation adjustment and Revaluation reserve for land.

[Overview of cash flow position]

Cash and cash equivalents on a consolidated basis as of September 30, 2024, decreased by 640 million yen from the previous fiscal year ended March 31, 2024, to 6,817 million yen (increase of 443 million yen compared to the corresponding period of the previous fiscal year).

Net cash provided by (used in) operating activities amounted to an inflow of 334 million yen (as compared to an outflow of 941 million yen in the corresponding period of the previous fiscal year), due to an increase of 824 million yen in Inventories and 301 million yen in Trade Payables.

Net cash provided by (used in) investing activities amounted to an outflow of 148 million yen (as compared to an outflow of 718 million yen in the corresponding period of the previous fiscal year), due to factors including Purchase of property, plant and equipment of 405 million yen, Purchase of shares of subsidiaries and associates of 111 million yen and Proceeds from sale of property, plant and equipment of 390 million yen.

Net cash provided by (used in) financing activities amounted to an outflow of 1,045 million yen (as compared to an inflow of 414 million yen in the corresponding period of the previous fiscal year), due to factors including a decrease in short-term borrowings of 438 million yen and 456 million yen in Dividends paid.

(3) Explanation of Consolidated Financial result Forecast and Other Forward-Looking Statements

There is no change from the consolidated earnings forecast for the fiscal year ending March 31, 2025, which was announced on May 10, 2024.

Semi-annual Consolidated Financial Statements
Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	7,510	6,870
Notes and accounts receivable - trade	7,262	7,118
Merchandise and finished goods	6,317	6,546
Work in process	758	863
Raw materials and supplies	4,336	4,473
Other	710	645
Allowance for doubtful accounts	(325)	(312)
Total current assets	26,570	26,204
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,817	4,663
Land	11,927	11,577
Other, net	2,586	2,604
Total property, plant and equipment	19,331	18,845
Intangible assets		
Other	626	660
Total intangible assets	626	660
Investments and other assets	4,293	4,503
Total non-current assets	24,250	24,010
Total assets	50,821	50,215

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,005	2,178
Short-term borrowings	3,149	2,671
Income taxes payable	206	354
Provision for bonuses	612	688
Other	2,401	2,208
Total current liabilities	8,375	8,101
Non-current liabilities		
Deferred tax liabilities for land revaluation	2,917	2,833
Retirement benefit liability	3,568	3,538
Other	962	817
Total non-current liabilities	7,449	7,188
Total liabilities	15,825	15,290
Net assets		
Shareholders' equity		
Share capital	11,372	11,372
Capital surplus	0	0
Retained earnings	13,234	13,734
Treasury shares	(1,025)	(1,017)
Total shareholders' equity	23,581	24,089
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	109	68
Revaluation reserve for land	6,548	6,357
Foreign currency translation adjustment	3,717	3,321
Remeasurements of defined benefit plans	246	226
Total accumulated other comprehensive income	10,621	9,974
Non-controlling interests	793	860
Total net assets	34,996	34,925
Total liabilities and net assets	50,821	50,215

Semi-annual Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	17,542	17,981
Cost of sales	11,075	10,640
Gross profit	6,467	7,341
Selling, general and administrative expenses	6,187	6,430
Operating profit	279	910
Non-operating income		
Interest income	11	20
Dividend income	63	68
Foreign exchange gains	242	-
Other	112	61
Total non-operating income	429	150
Non-operating expenses		
Interest expenses	54	23
Financing expenses	11	13
Restructuring expenses	216	-
Foreign exchange losses	-	240
Other	33	38
Total non-operating expenses	316	316
Ordinary profit	392	745
Extraordinary income		
Gain on sale of investment securities	3	2
Gain on sale of non-current assets	1	30
Total extraordinary income	4	32
Extraordinary losses		
Impairment losses	26	5
Loss on sale and retirement of non-current assets	18	6
Total extraordinary losses	44	12
Profit before income taxes	352	765
Income taxes - current	134	270
Income taxes - deferred	133	(310)
Total income taxes	268	(40)
Profit	83	805
Profit attributable to non-controlling interests	52	29
Profit attributable to owners of parent	31	776

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	83	805
Other comprehensive income		
Valuation difference on available-for-sale securities	30	(40)
Foreign currency translation adjustment	1,255	(349)
Remeasurements of defined benefit plans, net of tax	(2)	(20)
Total other comprehensive income	1,283	(410)
Comprehensive income	1,367	395
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,298	319
Comprehensive income attributable to non-controlling interests	68	75

Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	352	765
Depreciation	524	498
Loss on business restructuring	216	-
Impairment losses	26	5
Increase (decrease) in retirement benefit liability	(250)	(35)
Interest and dividend income	(74)	(89)
Interest expenses	54	23
Decrease (increase) in trade receivables	(674)	10
Decrease (increase) in inventories	(396)	(824)
Increase (decrease) in trade payables	331	301
Other, net	(232)	(188)
Subtotal	(122)	465
Interest and dividends received	66	91
Interest paid	(54)	(23)
Income taxes refund (paid)	8	(200)
Payments for business restructuring	(839)	-
Net cash provided by (used in) operating activities	(941)	334
Cash flows from investing activities		
Payments into time deposits	(237)	(0)
Proceeds from withdrawal of time deposits	10	-
Purchase of securities	(0)	(0)
Proceeds from sale of securities	10	9
Purchase of property, plant and equipment	(188)	(405)
Proceeds from sale of property, plant and equipment	99	390
Purchase of shares of subsidiaries and associates	(331)	(111)
Other, net	(81)	(30)
Net cash provided by (used in) investing activities	(718)	(148)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,415	(438)
Purchase of treasury shares	(425)	-
Dividends paid	(481)	(456)
Other, net	(94)	(150)
Net cash provided by (used in) financing activities	414	(1,045)
Effect of exchange rate change on cash and cash equivalents	354	218
Net increase (decrease) in cash and cash equivalents	(891)	(640)
Cash and cash equivalents at beginning of period	7,265	7,457
Cash and cash equivalents at end of period	6,374	6,817

Notes of Consolidated Financial Statements

(Notes regarding going concern assumptions)

None.

(Notes on significant changes in the amount of shareholders' equity)

None.

(Additional Information)

Performance-Based Stock Compensation Plan for Directors and Officers

Based on a resolution at the 98th Annual General Meeting of Shareholders held on June 21, 2024, JANOME Corporation (the "Company") introduced a performance-based stock compensation plan "Stock Benefit Trust for Directors and Corporate Auditors" (the "Plan") for Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members), Corporate Officers and Professional Fellows (excluding non-residents of Japan; collectively, "Directors and Officers" unless otherwise specified). The purpose of introducing the Plan is to raise motivation to contribute to improving performance and increasing corporate value over the medium-to-long term by further clarifying the link between the compensation of Directors and Officers and the performance and stock value of the Company and by having Directors and Officers share not only the benefit of higher stock prices but also the risk of lower stock prices with the Company's shareholders.

(1) Outline of the Plan

Under the Plan, as compensation for Directors and Officers, a trust to be established by the Company through monetary contribution (the "Trust") will acquire Company share. Company shares equivalent to the number of points granted to Directors and Officers, and money equivalent to the market value of Company share will be delivered to Directors and Officers through the Trust in accordance with a share benefit regulation (the "Share Benefit Regulation") established by the Board of Directors of the Company.

In principle, Directors and Officers shall receive Company share, etc. upon their retirement.

(2) Shares in the Company remaining at the trust

The shares in the Company remaining at the trust are recorded as the treasury shares in net assets with the book value (excluding associated costs) at the trust. The book value and number of these treasury shares at the end of the fiscal year were 195 million yen and 236,100 shares, respectively.

Consolidated Segment Information

1. Previous three months (April 1, 2023 through Sep 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	I T	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 loss in quarterly consolidated statements of income	279

2. Current Three Months (April 1, 2024 through Sep 30, 2024)

(2). 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	I T	Total		
Net sales						
Japan	1,505	1,539	1,256	4,301	-	4,301
North America	4,655	127	-	4,783	-	4,783
Europe	4,438	182	-	4,621	-	4,621
Other regions	3,625	548	-	4,174	-	4,174
Revenue from Contracts with Customers	14,224	2,398	1,256	17,880	-	17,880
Other revenue	-	-	-	-	100	100
Net sales to external customers	14,224	2,398	1,256	17,880	100	17,981
Intersegment sales or transfers	2	382	274	659	45	704
Total	14,226	2,781	1,531	18,539	146	18,685
Segment profit or loss	931	(271)	191	851	56	908

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	851
Other net profit	56
Elimination of intersegment transactions	2
Operating profit in quarterly consolidated statements of income	910

(Significant Events After Reporting Period)

1. Cancellation of Treasury shares

JANOME Corporation (the “Company”) hereby announces that it has resolved, at a meeting of the Board of Directors held on November 8, 2024, to cancel the treasury shares held by the Company pursuant to the provisions of Article 178 of the Companies Act as noted below.

- | | |
|--|---|
| (1) Type of shares to be cancelled: | Common shares of the Company |
| (2) Total number of shares to be cancelled: | 950,539 shares
(Percentage of total shares issued before the cancellation: 4.9%) |
| (3) Scheduled date of cancellation: | November 29, 2024 |
| (4) Total number of shares issued after the cancellation | 18,570,905 shares |

2. Acquisition of own shares and cancellation of treasury shares

JANOME Corporation (the “Company”) hereby announces that it has resolved, at a meeting of the Board of Directors held on November 8, 2024, the matters on own shares under Article 156 of the Companies Act, as applied by replacing terms pursuant to Article 165, Paragraph 3 of the same act, and cancellation of treasury shares under Article 178 of the Companies Act as noted below.

(1) Reason for acquisition of own shares

To improve shareholder return and capital efficiency

(2) Details of acquisition

- | | |
|--|--|
| ① Type of shares to be acquired: | Common shares of the Company |
| ② Total number of shares to be acquired: | 650,000 shares (maximum)
(Percentage of total number of shares issued
(excluding treasury shares): 3.5%) |
| ③ Total value of shares to be acquired: | 500,000,000 yen (maximum) |
| ④ Acquisition period: | November 11, 2024 to March 15, 2025 |
| ⑤ Method of acquisition of shares | Open market purchase through the Tokyo Stock Exchange |

(3) Details of cancellation of treasury shares

- | | |
|---|--|
| ① Type of shares to be cancelled: | Common shares of the Company |
| ② Total number of shares to be cancelled: | All of the shares acquired as stated in Item 2 above |
| ③ Scheduled date of cancellation: | March 31, 2025 |