

(Translation)

Consolidated Financial Results
for the 3rd quarter of the fiscal year ending March 31, 2021
(April 1, 2020 through December 31, 2020)
[Japanese GAAP]

February 5, 2021

Company name: **JANOME SEWING MACHINE CO., LTD.** 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: Corporate Officer, General Manager of Accounting
Phone: +81 42 661 3071

Filing date of financial statements for the quarter: February 10, 2021
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, 2020 through December 31, 2020)

(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, 2020	32,645	23.8	3,809	577.3	3,793	715.9	3,000	--
December 31, 2019	26,362	(10.1)	562	(42.6)	464	(59.2)	150	(78.0)

Note: Comprehensive income

December 31, 2020 3,558 million yen (--%)
December 31, 2019 293 million yen (down 54.1%)

	Net income per share - basic	Net income per share - diluted
	yen	yen
Nine months ended December 31, 2020	155.21	--
December 31, 2019	7.77	--

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Equity
	Million yen	Million yen	%	Million yen
December 31, 2020	51,983	28,616	53.3	27,718
March 31, 2020	49,360	25,381	49.7	24,550

2. Cash dividends

	Annual cash dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
March 31, 2020	yen --	yen 0.00	yen --	yen 15.00	yen 15.00
March 31, 2021	--	0.00	--		
March 31, 2021 (Forecast)				25.00	25.00

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

3. Forecast of consolidated results for the fiscal year ending March 31, 2021

(April 1, 2020 through March 31, 2021)

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, 2020 through March 31, 2021)	43,000	21.1	4,800	314.3	4,700	347.8	3,600	748.8

	Net Income per share - basic
Full year (April 1, 2020 through March 31, 2021)	186.23

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 2020

19,521,444 shares at the end of March 2020

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

190,003 shares at the end of December 2020

189,999 shares at the end of March 2020

(iii) Average number of public shares during fiscal period

19,331,443 shares at the end of December 2020

19,331,523 shares at the end of December 2019

* 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, 2021

(1) Explanation of financial results

During the nine-month period ended December 31, 2020, there were no signs of an end to the COVID-19 pandemic, with business conditions continuing to stagnate in countries around the world. Particularly in Europe and the US, where the pandemic has been severe, lockdowns and other strict measures were again imposed, while in Japan, various measures were enacted to help restore economic activity. However, with patient numbers increasing daily, concerns about a third wave of infections emerged, and economic activity was again affected by self-restraint measures.

Under these circumstances, the Janome Group continued working to ensure the safety of our employees while implementing robust infection prevention measures, and also responded quickly to increased demand for sewing machines resulting from stay-at-home consumption.

As a result, during the nine-month period ended December 31, 2020, sales were 32,645 million yen (up 6,282 million yen compared to the corresponding period of the previous fiscal year), operating income was 3,809 million yen (up 3,247 million yen), ordinary income was 3,793 million yen (up 3,328 million yen), and profit attributable to owners of parent was 3,000 million yen (up 2,850 million yen).

The performance by segment is outlined below.

<Household equipment>

In the household equipment business, mid- and high-end models gained an increased share of sales in the key North American and European markets, with sales of high added-value products also achieving growth amid strong demand for sewing machines resulting from stay-at-home consumption both in Japan and overseas. In Japan, the Group focused on further stimulating demand by aggressively launching new products, including 100th anniversary models, and maintained a strong performance. In addition, in order to promptly deliver products to customers who require sewing machines, at our overseas production bases in Taiwan and Thailand we worked to bolster the production structure, including expanding production facilities. In this way, the whole Group made concerted efforts to flexibly respond to customer needs.

As a result, total sales of sewing machines (overseas and Japan combined) amounted to 1,360,000 units (up 380,000 units from the corresponding period of the previous fiscal year), and in the household equipment business overall, while sales were 27,199 million yen (up 7,357 million yen), operating income was 3,930 million yen (up 3,320 million yen).

<Industrial equipment>

In the industrial equipment business, we have continued to carry out vigorous marketing activities despite the COVID-19 pandemic, including business negotiations using online systems and participation in exhibitions held under thorough infection control measures. However, although there were signs of a turnaround, mainly in the automotive sector, the trend among companies to hold off from making new capital investments persisted, and conditions remained challenging for sales of desktop robots and servo presses, as well as in the die-casting business.

As a result, in the industrial equipment segment overall, sales were 3,363 million yen (down 1,008 million yen compared to the corresponding period of the previous fiscal year), and operating loss was 292 million yen (operating loss was 247 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 system operations / management contracts, sales totalled 1,582 million yen (down 45 million yen compared to the corresponding period of the previous fiscal year), while operating income was 161 million yen (down 26 million yen) .

(2) Explanation of financial position

As of December 31, 2020, total assets on a consolidated basis were 51,983 million yen (up 2,623 million yen from the previous fiscal year ended March 31, 2020).

Current assets were 25,549 million yen (up 3,471 million yen from the previous fiscal year) due to factors including an increase in Cash and deposits.

Fixed assets were 26,433 million yen (down 847 million yen from the previous fiscal year ended March 31, 2020) due to factors including a depreciation of tangible and intangible assets.

Current liabilities were 15,065 million yen (down 493 million yen from the previous fiscal year) due to factors including a decrease in Short-term loans payable, while fixed liabilities were 8,302 million yen (down 117 million yen from the previous fiscal year) due to factors including a decrease in long-term lease liability.

Net assets were 28,616 million yen (up 3,235 million yen from the previous fiscal year) due to factors including an increase in Retained earnings.

2. Consolidated Financial Statements

Consolidated Balance Sheets

JANOME SEWING MACHINE CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES

Currency unit: million yen

	Previous Fiscal Year ended March 31, 2020	Current Third Quarter as of December 31, 2020
ASSETS		
Current assets		
Cash and deposits	6,886	10,014
Notes and accounts receivable-trade	6,650	6,888
Securities	--	299
Merchandise and finished goods	4,934	4,476
Work in process	594	771
Raw materials and supplies	2,727	2,805
Other	506	537
Allowance for doubtful accounts	(221)	(243)
Total current assets	22,078	25,549
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	5,818	5,566
Land	14,374	13,973
Other tangible fixed assets (net)	2,502	2,300
Total tangible fixed assets	22,696	21,839
Intangible fixed assets		
Other intangible fixed assets	849	793
Total intangible fixed assets	849	793
Investments and other assets	3,735	3,800
Total fixed assets	27,281	26,433
TOTAL ASSETS	49,360	51,983

Currency unit: million yen

	Previous Fiscal Year ended March 31, 2020	Current Third Quarter as of December 31, 2020
LIABILITIES		
Current liabilities		
Notes and accounts payable	2,084	2,780
Short-term loans payable	10,575	8,243
Income taxes payable	243	406
Provision for bonuses	508	414
Other current liabilities	2,147	3,220
Total current liabilities	15,559	15,065
Fixed liabilities		
Deferred income taxes for revaluation	3,420	3,392
Net defined benefit liability	4,052	4,097
Other fixed liabilities	946	812
Total fixed liabilities	8,419	8,302
TOTAL LIABILITIES	23,979	23,367
NET ASSETS		
Shareholders' equity		
Common stock	11,372	11,372
Retained earnings	7,967	10,655
Treasury stock, at cost	(325)	(325)
Total shareholders' equity	19,015	21,702
Other comprehensive income		
Valuation difference in other marketable securities	54	92
Land revaluation difference	6,630	6,653
Foreign currency translation adjustments	(927)	(588)
Remeasurements of defined benefit plans	(222)	(142)
Total other comprehensive income	5,534	6,015
Non-controlling interests	831	898
TOTAL NET ASSETS	25,381	28,616
TOTAL LIABILITIES AND NET ASSETS	49,360	51,983

Note: Amounts less than one million yen are rounded down.

Consolidated Statement of Income

JANOME SEWING MACHINE CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES

Currency unit: million yen

	Previous Nine Months April 1, 2019 through December 31, 2019	Current Nine Months April 1, 2020 through December 31, 2020
Net sales	26,362	32,645
Cost of sales	15,841	18,721
Gross profit	10,521	13,923
Selling, general and administrative expenses	9,958	10,114
Operating income	562	3,809
Non-operating income		
Interest income	16	5
Dividend income	42	31
Other	91	106
Total non-operating income	149	144
Non-operating expenses		
Interest expenses	75	59
Financing expenses	53	5
Foreign exchange losses	98	71
Other	19	23
Total non-operating expenses	247	160
Ordinary income	464	3,793
Extraordinary profits		
Gain on sales of fixed assets	2	87
Total extraordinary profits	2	87
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	5	59
Impairment loss	--	87
Total extraordinary losses	5	147
Income before income taxes	461	3,733
Income tax, resident tax and business tax	258	688
Income tax adjustment	53	(49)
Total taxes	311	639
Profit	150	3,094
Profit attributable to non-controlling interests	0	94
Profit attributable to owners of parent	150	3,000

Consolidated statements of comprehensive income

JANOME SEWING MACHINE CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES

Currency unit: million yen

	Previous Nine Months April 1, 2019 through December 31, 2019	Current Nine Months April 1, 2020 through December 31, 2020
Profit	150	3,094
Other comprehensive income		
Valuation difference on available-for-sale securities	27	38
Foreign currency translation adjustment	31	345
Remeasurements of defined benefit plans	83	80
Total other comprehensive income	142	464
Comprehensive income	293	3,558
Comprehensive income attributable to:		
owners of parent	249	3,458
non-controlling interests	43	100

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, 2019 through December 31, 2019)

1. Information on net sales and operating income/(loss) by reportable segment

Currency unit: million yen

	Reportable segment				Other*	Total
	Household equipment	Industrial equipment	I T	Total		
Net sales						
Net sales to external customers	19,841	4,371	1,627	25,841	521	26,362
Intersegment sales or transfers	25	421	331	778	277	1,055
Total	19,866	4,793	1,959	26,619	798	27,417
Segment profit	609	(247)	187	549	(10)	538

Note*: "Other" is not categorized in the reportable business segment and includes real estate, etc.

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	549
Other net loss	(10)
Elimination of intersegment transactions	23
Operating income in quarterly consolidated statements	562

II . Current nine months (April 1, 2020 through December 31, 2020)

1. Information on net sales and operating income/(loss) by reportable segment

Currency unit: million yen

	Reportable segment				Other*	Total
	Household equipment	Industrial equipment	I T	Total		
Net sales						
Net sales to external customers	27,199	3,363	1,582	32,145	499	32,645
Intersegment sales or transfers	23	559	319	902	283	1,185
Total	27,223	3,923	1,901	33,047	783	33,831
Segment profit / (loss)	3,930	(292)	161	3,798	8	3,807

Note*: "Other" is not categorized in the reportable business segment and includes real estate, etc.

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	3,798
Other net profit	8
Elimination of intersegment transactions	2
Operating income in quarterly consolidated statements	3,809