

(Translation)

Consolidated Financial Results
for the 1st quarter of fiscal year ending March 31, 2021
(April 1, 2020 through June 30, 2020)
[Japanese GAAP]

August 7, 2020

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
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Filing date of financial statements for the quarter: August 7, 2020
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 June 30, 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	%
First three months ended June 30, 2020	10,513	29.2	1,110	--	1,105	--	892	--
June 30, 2019	8,136	(15.3)	46	(64.9)	96	(69.9)	71	(57.7)

Note: Comprehensive income:

June 30, 2020 1,242 million yen (- %)
June 30, 2019 -227 million yen (- %)

	Net income per share - basic	Net income per share - diluted
First three months ended June 30, 2020	46.14	--
June 30, 2019	3.71	--

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
June 30, 2020	50,098	26,299	50.8
March 31, 2020	49,360	25,381	49.7

Ref. Equity 25,469 million yen at the end of June 2020, and 24,550 million yen at the end of March 2020

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	yen	yen	yen
March 31, 2021	--	0.00	--	15.00	15.00
March 31, 2021 (Forecast)		0.00	--	15.00	15.00

3. Forecast of consolidated results for 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)	39,000	9.8	2,000	72.6	1,800	71.5	1,200	182.9

	Net Income per share - basic
Full year (April 1, 2020 through March 31, 2021)	62.08

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 2020

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

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

190,000 shares at the end of June 2020

189,999 shares at the end of March 2020

(iii) Average number of public shares during fiscal period

19,331,445 shares ended June 30, 2020

19,331,570 shares ended June 30, 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 1st quarter of the fiscal year ending March 31, 2021

(1) Explanation of financial results

During the three-month period ended June 30, 2020, economic conditions worsened sharply both in Japan and overseas due to the global COVID-19 pandemic. On the other hand, economic activity has gradually resumed in some countries and regions where the number of cases has peaked and there has been a phased lifting of regulations including restrictions on going out and temporary business closures. Nonetheless, the outlook remains uncertain due to the risk of a second or third wave.

Under these circumstances, the Janome Group has worked to establish a system that ensures employee safety and stable business continuity, implementing measures to prevent infection including home-based working and staggered working hours. Additionally, the Group quickly addressed growth in demand for sewing machines resulting from people spending more time at home during the pandemic, including strengthening our production structure and ensuring component procurement through supply chain diversification.

As a result, in the first quarter of the fiscal year ending March 31, 2021, sales were 10,513 million yen (up 2,377 million yen compared to the corresponding period of the previous fiscal year), operating income was 1,110 million yen (up 1,063 million yen), ordinary income was 1,105 million yen (up 1,008 million yen), and profit attributable to owners of parent was 892 million yen (up 820 million yen).

The performance by segment is outlined below.

<Household equipment>

In the household equipment business, sales volume is recovering in the North American market due to solid consumer spending, but activity remained weak in the European market, where the economic recovery lacks momentum, and in emerging markets affected by US economic sanctions. Conditions also remained difficult in Japan.

As a result, total sales of sewing machines (overseas and Japan combined) amounted to 420,000 units (up 120,000 units from the corresponding period of the previous fiscal year), and in the household equipment business overall, while sales were 8,555 million yen (up 2,531 million yen), operating income was 1,161 million yen (up 1,017 million yen).

<Industrial equipment>

In the industrial equipment business, the deterioration in market conditions resulting from US-China trade friction was further exacerbated by COVID-19. Sales of desktop robots and servo presses remained weak as companies held off from resuming capital expenditure in the precision equipment and automotive markets, which are key markets for Janome Group.

As a result, in the industrial equipment segment overall, sales were 1,263 million yen (down 202 million yen compared to the corresponding period of the previous fiscal year), and operating loss was 87 million yen (operating loss was 120 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 525 million yen (up 52 million yen compared to the corresponding period of the previous fiscal year), while operating income was 30 million yen (down 0 million yen) .

(2) Explanation of financial position

As of June 30, 2020, total assets on a consolidated basis were 50,098 million yen (up 738 million yen from the previous fiscal year ended March 31, 2020).

Current assets were 23,015 million yen (up 937 million yen from the previous fiscal year) due to factors including an increase in Cash and deposits.

Fixed assets were 27,082 million yen (down 199 million yen from the previous fiscal year ended March 31, 2020) due to factors including depreciation.

Current liabilities were 15,389 million yen (down 169 million yen from the previous fiscal year) due to factors including an increase in Short-term loans payable, while fixed liabilities were 8,409 million yen (down 10 million yen from the previous fiscal year) due to factors including a decrease in long-term lease liability.

Net assets were 26,299 million yen (up 918 million yen from the previous fiscal year) due to factors including the recording of Profit attributable owners of parent, and an increase in Foreign currency translations adjustments.

2. Consolidated Financial Statements

Consolidated Balance Sheets

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

Currency unit: million yen

	Previous Fiscal Year ended Mar 31, 2020	Current First Quarter as of June 30, 2020
ASSETS		
Current assets		
Cash and deposits	6,886	8,466
Notes and accounts receivable-trade	6,650	6,579
Merchandise and finished goods	4,934	4,294
Work in process	594	720
Raw materials and supplies	2,727	2,720
Other	506	463
Allowance for doubtful accounts	(221)	(228)
Total current assets	22,078	23,015
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	5,818	5,775
Land	14,374	14,358
Other tangible fixed assets (net)	2,502	2,402
Total tangible fixed assets	22,696	22,537
Intangible fixed assets		
Other intangible fixed assets	849	820
Total intangible fixed assets	849	820
Investments and other assets	3,735	3,725
Total fixed assets	27,281	27,082
TOTAL ASSETS	49,360	50,098

	Currency unit: million yen	
	Previous Fiscal Year ended Mar 31, 2020	Current First Quarter as of June 30, 2020
LIABILITIES		
Current liabilities		
Notes and accounts payable	2,084	2,263
Short-term loans payable	10,575	9,740
Income taxes payable	243	155
Provision for bonuses	508	287
Other current liabilities	2,147	2,941
Total current liabilities	15,559	15,389
Fixed liabilities		
Deferred income taxes for revaluation	3,420	3,414
Net defined benefit liability	4,052	4,079
Other fixed liabilities	946	915
Total fixed liabilities	8,419	8,409
TOTAL LIABILITIES	23,979	23,798
NET ASSETS		
Shareholders' equity		
Common stock	11,372	11,372
Retained earnings	7,967	8,583
Treasury stock, at cost	(325)	(325)
Total shareholders' equity	19,015	19,630
Other comprehensive income		
Valuation difference in other marketable securities	54	89
Land revaluation difference	6,630	6,617
Foreign currency translation adjustments	(927)	(669)
Remeasurements of defined benefit plans	(222)	(198)
Total other comprehensive income	5,534	5,837
Non-controlling interest	831	831
TOTAL NET ASSETS	25,381	26,299
TOTAL LIABILITIES AND NET ASSETS	49,360	50,098

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 Three Months April 1, 2019 through June 30, 2019	Current Three Months April 1, 2020 through June 30, 2020
Net sales	8,136	10,513
Cost of sales	4,769	6,006
Gross profit	3,366	4,506
Selling, general and administrative expenses	3,319	3,395
Operating income	46	1,110
Non-operating income		
Interest income	6	2
Dividend income	36	25
Other	39	29
Total non-operating income	82	57
Non-operating expenses		
Interest expenses	23	19
Foreign exchange losses	0	36
Other	8	6
Total non-operating expenses	32	63
Ordinary income	96	1,105
Extraordinary profits		
Gain on sales of fixed assets	0	0
Total extraordinary profits	0	0
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	0	29
Total extraordinary losses	0	29
Income before income taxes and minority interests	96	1,076
Income tax, resident tax and business tax	82	145
Income tax adjustment	(45)	22
Total taxes	37	167
Net income	59	908
Profit (loss) attributable to non-controlling interest	(12)	16
Profit attributable to owners of parent	71	892

Consolidated statements of comprehensive income

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

Currency unit: million yen

	Previous Three Months April 1, 2019 through June 30, 2019	Current Three Months April 1, 2020 through June 30, 2020
Net income	59	908
Other comprehensive income		
Valuation difference on available-for-sale securities	(6)	34
Foreign currency translation adjustment	(314)	274
Remeasurements of defined benefit plans	33	24
Total other comprehensive income	(286)	333
Comprehensive income	(227)	1,242
Comprehensive income attributable to:		
owners of parent	(230)	1,208
non-controlling interest	3	33

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, 2019 through June 30, 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	IT	Total		
Net sales						
Net sales to external customers	6,023	1,466	473	7,963	172	8,136
Intersegment sales or transfers	8	135	115	259	87	347
Total	6,032	1,601	588	8,222	260	8,483
Segment profit or loss	144	(120)	30	54	(14)	40

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	54
Other net loss	(14)
Elimination of intersegment transactions	6
Operating income in quarterly consolidated statements of income	46

II . Current Three Months (April 1, 2020 through June 30, 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	IT	Total		
Net sales						
Net sales to external customers	8,555	1,263	525	10,345	168	10,513
Intersegment sales or transfers	8	155	105	269	88	358
Total	8,564	1,419	631	10,614	257	10,871
Segment profit or loss	1,161	(87)	30	1,104	5	1,109

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	1,104
Other net profit	5
Elimination of intersegment transactions	0
Operating income in quarterly consolidated statements of income	1,110