

(Translation)

Consolidated Financial Results
for the 1st quarter of fiscal year ending March 31, 2022
(April 1, 2021 through June 30, 2021)
[Japanese GAAP]

August 6, 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
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Filing date of financial statements for the quarter: August 11, 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, 2021 through June 30, 2021)

(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, 2021	10,439	(0.7)	760	(31.5)	785	(28.9)	495	(44.4)
June 30, 2020	10,513	29.2	1,110	--	1,105	--	892	--

Note: Comprehensive income:

June 30, 2021 550 million yen (Δ 55.7 %)
June 30, 2020 1,242 million yen (- %)

	Net income per share - basic	Net income per share - diluted
First three months ended	yen	yen
June 30, 2021	25.65	--
June 30, 2020	46.14	--

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
June 30, 2021	52,876	30,332	55.6
March 31, 2021	53,674	30,316	54.7

Ref: Equity 29,415 million yen at the end of June 2021, and 29,359 million yen at the end of March 2021

2. Cash dividends

	Annual cash dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
March 31, 2021	yen	yen	yen	yen	yen
March 31, 2022	--	0.00	--	25.00	25.00
March 31, 2022 (Forecast)		15.00	--	25.00	40.00

3. Forecast of consolidated results for fiscal year ending March 31, 2022

(April 1, 2021 through March 31, 2022)

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, 2021 through March 31, 2022)	43,000	(1.9)	4,000	(18.9)	3,900	(22.5)	2,500	(36.6)

	Net Income per share - basic
	yen
Full year (April 1, 2021 through March 31, 2022)	129.32

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: Yes

(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 2021

19,521,444 shares at the end of March 2021

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

190,067 shares at the end of June 2021

190,056 shares at the end of March 2021

(iii) Average number of public shares during fiscal period

19,331,380 shares ended June 30, 2021

19,331,445 shares ended June 30, 2020

*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, 2022

(1) Explanation of financial results

During the three-month period ended June 30, 2021, as the rollout of COVID-19 vaccinations continued, restrictions were eased in many countries in preparation for the return to full economic activity. At the same time, the outlook remained uncertain owing to factors including concerns about another surge in COVID-19 infections due to virus variants and intensification of the confrontation between the US and China.

Under these circumstances, the Janome Group continued to implement robust infection control measures and worked to ensure that demand for sewing machines, which had grown as a result of the pandemic, would continue and lead to a growth trajectory.

As a result, in the first quarter of the fiscal year ending March 31, 2022, sales were 10,439 million yen (down 74 million yen compared to the corresponding period of the previous fiscal year), operating income was 760 million yen (down 350 million yen), ordinary income was 785 million yen (down 319 million yen), and profit attributable to owners of parent was 495 million yen (down 396 million yen).

The performance by segment is outlined below.

<Household equipment>

In the overseas sewing machine market, shipments were affected by a shortage of containers for sea transport, but in general we maintained our previous strong performance. In the domestic sewing machine market, performance was generally solid, particularly through online sales, as we worked to sustain the demand that had grown in the previous fiscal year.

As a result, total sales of sewing machines (overseas and Japan combined) amounted to 440,000 units (up 20,000 units from the corresponding period of the previous fiscal year), and in the household equipment business overall, while sales were 8,389 million yen (down 165 million yen), operating income was 707 million yen (down 453 million yen).

<Industrial equipment>

In the industrial equipment business, sales of desktop robots and servo presses are now showing signs of bottoming out, as the trend among companies to rein in capital expenditures during the coronavirus pandemic is gradually dissipating. However, these developments did not reverse the significant drop in demand, and conditions remained challenging.

As a result, in the industrial equipment segment overall, sales were 1,268 million yen (up 5 million yen compared to the corresponding period of the previous fiscal year), and operating loss was 54 million yen (operating loss was 87 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 631 million yen (up 106 million yen compared to the corresponding period of the previous fiscal year), while operating income was 109 million yen (up 78 million yen).

(2) Explanation of financial position

As of June 30, 2021, total assets on a consolidated basis were 52,876 million yen (down 797 million yen from the previous fiscal year ended March 31, 2021).

Current assets were 26,248 million yen (down 767 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.

Fixed assets were 26,627 million yen (down 30 million yen from the previous fiscal year ended March 31, 2021) due to factors including depreciation.

Current liabilities were 14,397 million yen (down 800 million yen from the previous fiscal year) due to factors including an decrease in Short-term loans payable, while fixed liabilities were 8,146 million yen (down 13 million yen from the previous fiscal year) due to factors including a decrease in long-term lease liability and an increase in Net defined benefit liability.

Net assets were 30,332 million yen (up 15 million yen from the previous fiscal year) due to factors including an increase in foreign currency translations adjustments, and a decrease in Non-controlling interest.

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, 2021	Current First Quarter as of June 30, 2021
ASSETS		
Current assets		
Cash and deposits	10,901	8,777
Notes and accounts receivable-trade	6,865	6,504
Securities	--	299
Merchandise and finished goods	5,598	6,613
Work in process	644	786
Raw materials and supplies	2,744	3,006
Other	538	548
Allowance for doubtful accounts	(277)	(288)
Total current assets	27,016	26,248
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	5,546	5,489
Land	13,961	13,962
Other tangible fixed assets (net)	2,292	2,307
Total tangible fixed assets	21,800	21,759
Intangible fixed assets		
Other intangible fixed assets	758	726
Total intangible fixed assets	758	726
Investments and other assets	4,098	4,141
Total fixed assets	26,658	26,627
TOTAL ASSETS	53,674	52,876

Currency unit: million yen

	Previous Fiscal Year ended March 31, 2021	Current First Quarter as of June 30, 2021
LIABILITIES		
Current liabilities		
Notes and accounts payable	2,862	3,233
Short-term loans payable	7,858	6,771
Income taxes payable	817	475
Provision for bonuses	629	336
Other current liabilities	3,029	3,580
Total current liabilities	15,197	14,397
Fixed liabilities		
Deferred income taxes for revaluation	3,387	3,387
Net defined benefit liability	4,002	4,039
Other fixed liabilities	769	719
Total fixed liabilities	8,159	8,146
TOTAL LIABILITIES	23,357	22,544
NET ASSETS		
Shareholders' equity		
Common stock	11,372	11,372
Retained earnings	11,611	11,603
Treasury stock, at cost	(325)	(325)
Total shareholders' equity	22,658	22,651
Other comprehensive income		
Valuation difference in other marketable securities	117	109
Land revaluation difference	6,643	6,643
Foreign currency translation adjustments	154	212
Remeasurements of defined benefit plans	(215)	(200)
Total other comprehensive income	6,700	6,764
Non-controlling interest	957	916
TOTAL NET ASSETS	30,316	30,332
TOTAL LIABILITIES AND NET ASSETS	53,674	52,876

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, 2020 through June 30, 2020	Current Three Months April 1, 2021 through June 30, 2021
Net sales	10,513	10,439
Cost of sales	6,006	6,228
Gross profit	4,506	4,210
Selling, general and administrative expenses	3,395	3,449
Operating income	1,110	760
Non-operating income		
Interest income	2	1
Dividend income	25	33
Other	29	35
Total non-operating income	57	71
Non-operating expenses		
Interest expenses	19	17
Foreign exchange losses	36	12
Other	6	16
Total non-operating expenses	63	46
Ordinary income	1,105	785
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	29	1
Total extraordinary losses	29	1
Income before income taxes and minority interests	1,076	784
Income tax, resident tax and business tax	145	283
Income tax adjustment	22	(15)
Total taxes	167	267
Net income	908	516
Profit attributable to non-controlling interest	16	21
Profit attributable to owners of parent	892	495

Consolidated statements of comprehensive income

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

Currency unit: million yen

	Previous Three Months April 1, 2020 through June 30, 2020	Current Three Months April 1, 2021 through June 30, 2021
Net income	908	516
Other comprehensive income		
Valuation difference on available-for-sale securities	34	(9)
Foreign currency translation adjustment	274	27
Remeasurements of defined benefit plans	24	15
Total other comprehensive income	333	33
Comprehensive income	1,242	550
Comprehensive income attributable to:		
owners of parent	1,208	559
non-controlling interest	33	(9)

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, 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

II . Current Three Months (April 1, 2021 through June 30, 2021)

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	8,389	1,268	631	10,290	148	10,439
Intersegment sales or transfers	1	257	110	370	71	441
Total	8,391	1,526	742	10,661	219	10,880
Segment profit or loss	707	(54)	109	762	(2)	759

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	762
Other net loss	(2)
Elimination of intersegment transactions	0
Operating income in quarterly consolidated statements of income	760