

Highlights of Consolidated Results for the Three Months and the First Quarter of Fiscal Year ending March 31, 2022

	Millions of yen (except for per share amounts)				
	Three months ended Jun. 30, 2020		Three months ended Jun. 30, 2021	Change	
Revenue	Y	133,186	Y	174,013	30.7 %
Business segment profit		8,622		26,168	203.5 %
Operating profit		9,263		26,461	185.7 %
Profit before income taxes		9,461		26,734	182.6 %
Profit for the period		6,630		18,771	183.1 %
Profit for the period attributable to owners of the parent company		6,617		18,618	181.3 %
Comprehensive income for the period		8,978		21,106	135.1 %
Basic earnings per share for the period (yen)		25.47		71.62	
Diluted earnings per share for the period (yen)		25.39		71.42	

(Note) Business segment profit is calculated by subtracting cost of sales and selling, general and administrative expenses from revenue.

	As of Mar. 31, 2021		As of Jun. 30, 2021	
	Y		Y	
Total assets	Y	743,896	Y	759,230
Total equity		499,707		512,125
Equity attributable to owners of the parent company		483,050		495,422
Equity attributable to owners of the parent company ratio		64.9 %		65.3 %
Equity attributable to owners of the parent company per share (yen)		1,858.28		1,905.80

Highlights of Consolidated Forecast for Fiscal Year ending March 31, 2022

	Millions of yen (except for per share amounts)				
	Year ended Mar. 31, 2021		[Forecast]		
	Year ended Mar. 31, 2021		Year ended Mar. 31, 2022	Change	
Revenue	Y	631,812	Y	695,000	10.0 %
Business segment profit		78,076		68,000	-12.9 %
Operating profit		42,731		67,500	58.0 %
Profit before income taxes		42,944		67,500	57.2 %
Profit for the period		24,659		46,000	86.5 %
Profit for the period attributable to owners of the parent company		24,520		46,000	87.6 %
Basic earnings per share for the period (yen)		94.36		176.95	
Dividends per common share (yen)		60.00		60.00	

(Note) Business segment profit is calculated by subtracting cost of sales and selling, general and administrative expenses from revenue.

Notes:

- The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).
- Amounts less than 1 million yen have been rounded down.
- Operating results for the three months ended Jun. 30, 2021 are based on the following currency exchange rates:
Actual average rates for the three months ended Jun. 30, 2021: US\$=110.00 yen, EURO=131.78 yen
Forecasts for the year ending Mar. 31, 2022 are based on the following currency exchange rates:
Assumed average rates for the year ending Mar. 31, 2022: US\$=108.81 yen, EURO=127.59 yen
- Number of shares outstanding (including treasury stock): 262,220 thousands as of Mar. 31, 2021, 262,220 thousands as of Jun. 30, 2021
Number of treasury stock outstanding: 2,276 thousands as of Mar. 31, 2021, 2,265 thousands as of June. 30, 2021
Number of weighted average shares:
259,848 thousands during the three months ended June 30, 2020, 259,951 thousands during the three months ended June 30, 2021
- Changes in Accounting Policies: Amendment to IFRS 16 Leases
The Brother Group early applied the practical expedient in paragraph 46A from the first quarter of the year ending March 31, 2021. Furthermore, with the renewal of Section 46B (b), the Brother Group early applied the renewed standards from the first quarter of the year ending March 31, 2022.
- Impact of COVID-19
Regarding the impact of COVID-19, it is impossible to predict when it will end and how it will affect future cash-flow. Although the global GDP forecast is on a recovery trend, the degree of recovery will vary depending on the country/region. Due to these differences and other reasons, the uncertainty over the Group's future business activities continues.
The Group has made estimates and judgements involving estimations that the current situation will affect its consolidated financial performance for the year ending Mar. 31, 2022. The Group's consolidated financial statements for the year ending Mar. 31, 2022 and onwards (particularly, impairment losses of property, plant and equipment, right-of-use assets, intangible assets, including goodwill, and investment property) may be significantly affected depending on the actual outcome.

Consolidated Statement of Financial Position

Millions of yen

	As of Mar. 31, 2021	As of Jun. 30, 2021
Assets		
Current assets		
Cash and cash equivalents	Y 191,002	Y 193,805
Trade and other receivables	93,055	95,889
Other financial assets	8,391	7,888
Inventories	120,186	129,768
Other current assets	16,070	16,156
Subtotal	428,705	443,508
Non-current assets classified as held for sale	45	-
Total current assets	428,751	443,508
Non-current assets		
Property, plant and equipment	107,742	107,531
Right-of-use assets	20,835	20,823
Investment property	8,248	8,148
Goodwill and intangible assets	118,196	117,649
Investments accounted for using the equity method	1,772	1,769
Other financial assets	36,042	35,772
Deferred tax assets	14,842	16,194
Other non-current assets	7,464	7,831
Total non-current assets	315,145	315,721
Total assets	Y 743,896	Y 759,230
Equity and liabilities		
Liabilities		
Current liabilities		
Trade and other payables	Y 54,589	Y 61,149
Bonds and borrowings	19,167	18,971
Other financial liabilities	9,887	10,275
Income taxes payable	6,779	7,942
Provisions	4,015	3,841
Contract liabilities	5,636	5,401
Other current liabilities	51,412	46,581
Total current liabilities	151,489	154,163
Non-current liabilities		
Bonds and borrowings	38,290	38,497
Other financial liabilities	23,295	22,002
Retirement benefits liabilities	19,316	19,479
Provisions	2,848	2,925
Deferred tax liabilities	6,394	7,673
Contract liabilities	1,506	1,304
Other non-current liabilities	1,047	1,058
Total non-current liabilities	92,700	92,941
Total liabilities	244,189	247,105
Equity		
Capital stock	19,209	19,209
Capital surplus	17,652	17,636
Retained earnings	509,662	518,949
Treasury stock	(2,477)	(2,448)
Other components of equity	(60,998)	(57,925)
Equity attributable to owners of the parent company	483,050	495,422
Non-controlling interests	16,657	16,702
Total equity	499,707	512,125
Total equity and liabilities	Y 743,896	Y 759,230

Consolidated Statement of Income

	Millions of yen			
	Three months ended		Three months ended	
	Jun. 30,		Jun. 30,	
	2020		2021	
Revenue	Y	133,186	Y	174,013
Cost of sales		(77,048)		(96,256)
Gross profit		56,138		77,756
Selling, general and administrative expenses		(47,516)		(51,587)
Other income		1,211		969
Other expenses		(570)		(677)
Operating profit		9,263		26,461
Finance income		621		455
Finance expenses		(471)		(244)
Share of profit/(loss) of investments accounted for using the equity method		48		62
Profit before income taxes		9,461		26,734
Income tax expenses		(2,831)		(7,963)
Profit for the period		6,630		18,771
Profit for the period attributable to:				
Owners of the parent company		6,617		18,618
Non-controlling interests		12		152
Profit for the period	Y	6,630	Y	18,771
Earnings per share:		Yen		Yen
Basic earnings per share	Y	25.47	Y	71.62
Diluted earnings per share		25.39		71.42

Consolidated Statement of Comprehensive Income

	Millions of yen	
	Three months ended Jun. 30, 2020	Three months ended Jun. 30, 2021
Profit for the period	Y 6,630	Y 18,771
Other comprehensive income, net of income tax		
Items that will not be reclassified subsequently to profit or loss		
Gains/(Losses) on investments in equity instruments designated as FVTOCI	1,405	(745)
Total of items that will not be reclassified subsequently to profit or loss	<u>1,405</u>	<u>(745)</u>
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	941	3,080
Total of items that may be reclassified subsequently to profit or loss	<u>941</u>	<u>3,080</u>
Other comprehensive income for the period, net of income tax	<u>2,347</u>	<u>2,334</u>
Comprehensive income for the period	<u><u>8,978</u></u>	<u><u>21,106</u></u>
Comprehensive income for the period attributable to:		
Owners of the parent company	8,939	20,948
Non-controlling interests	<u>38</u>	<u>157</u>
Comprehensive income for the period	<u><u>Y 8,978</u></u>	<u><u>Y 21,106</u></u>

Consolidated Statement of Changes in Equity

Three months ended Jun. 30, 2020

	Equity attributable to owners of the parent company				Other components of equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translating foreign operations
Balance as of Apr. 1, 2020	19,209	17,632	491,803	(2,597)	(97,526)
Profit for the period	-	-	6,617	-	-
Other comprehensive income	-	-	-	-	943
Total comprehensive income for the period	-	-	6,617	-	943
Acquisition of treasury stock	-	-	-	(1)	-
Disposal of treasury stock	-	(20)	(8)	29	-
Dividends paid	-	-	(7,805)	-	-
Reclassification to retained earnings	-	-	1,378	-	-
Total transactions with owners	-	(20)	(6,435)	27	-
Balance as of Jun. 30, 2020	19,209	17,611	491,985	(2,569)	(96,583)

	Equity attributable to owners of the parent company		Total	Non-controlling interests	Total equity
	Gains/(Losses) on investments in equity instruments designated as FVTOCI	Total			
Balance as of Apr. 1, 2020	-	(97,526)	428,520	16,650	445,171
Profit for the period	-	-	6,617	12	6,630
Other comprehensive income	1,378	2,322	2,322	25	2,347
Total comprehensive income for the period	1,378	2,322	8,939	38	8,978
Acquisition of treasury stock	-	-	(1)	-	(1)
Disposal of treasury stock	-	-	0	-	0
Dividends paid	-	-	(7,805)	(134)	(7,939)
Reclassification to retained earnings	(1,378)	(1,378)	-	-	-
Total transactions with owners	(1,378)	(1,378)	(7,806)	(134)	(7,940)
Balance as of Jun. 30, 2020	-	(96,583)	429,653	16,555	446,208

Three months ended Jun. 30, 2021

	Equity attributable to owners of the parent company				Other components of equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translating foreign operations
Balance as of Apr. 1, 2021	19,209	17,652	509,662	(2,477)	(60,998)
Profit for the period	-	-	18,618	-	-
Other comprehensive income	-	-	-	-	3,073
Total comprehensive income for the period	-	-	18,618	-	3,073
Acquisition of treasury stock	-	-	-	(2)	-
Disposal of treasury stock	-	(16)	-	32	-
Dividends paid	-	-	(8,589)	-	-
Reclassification to retained earnings	-	-	(743)	-	-
Total transactions with owners	-	(16)	(9,332)	29	-
Balance as of Jun. 30, 2021	19,209	17,636	518,949	(2,448)	(57,925)

	Equity attributable to owners of the parent company		Total	Non-controlling interests	Total equity
	Gains/(Losses) on investments in equity instruments designated as FVTOCI	Total			
Balance as of Apr. 1, 2021	-	(60,998)	483,050	16,657	499,707
Profit for the period	-	-	18,618	152	18,771
Other comprehensive income	(743)	2,330	2,330	4	2,334
Total comprehensive income for the period	(743)	2,330	20,948	157	21,106
Acquisition of treasury stock	-	-	(2)	-	(2)
Disposal of treasury stock	-	-	15	-	15
Dividends paid	-	-	(8,589)	(112)	(8,701)
Reclassification to retained earnings	743	743	-	-	-
Total transactions with owners	743	743	(8,576)	(112)	(8,688)
Balance as of Jun. 30, 2021	-	(57,925)	495,422	16,702	512,125

Consolidated Statement of Cash Flows

Millions of yen

	Three months ended Jun. 30, 2020		Three months ended Jun. 30, 2021	
Cash flows from operating activities				
Profit before income taxes	Y	9,461	Y	26,734
Depreciation and amortization		9,679		9,482
Finance expenses/(income)		(149)		(210)
Share of loss/(profit) of investments accounted for using the equity method		(48)		(62)
Losses/(gains) on sale and disposal of fixed assets		0		202
Decrease/(increase) in trade and other receivables		10,428		(2,355)
Decrease/(increase) in inventories		2,309		(8,790)
Increase/(decrease) in trade and other payables		(5,715)		8,326
Decrease/(increase) in retirement benefit assets		(130)		(130)
Increase/(decrease) in retirement benefit liabilities		215		14
Other		(5,296)		(3,838)
Subtotal		20,755		29,371
Interest received		180		271
Dividends received		183		189
Interest paid		(142)		(176)
Income taxes paid		(2,590)		(8,455)
Net cash provided by operating activities	Y	18,386	Y	21,200
Cash flows from investing activities				
Purchases of property, plant and equipment		(5,941)		(6,623)
Proceeds from sales of property, plant and equipment		264		350
Purchases of intangible assets		(1,258)		(1,460)
Purchases of investments in equity instruments		(51)		(201)
Purchase of investments in debt instruments		(1,533)		(1,891)
Proceeds from sales or redemption of investments in debt instruments		2,899		1,092
Other		(140)		21
Net cash provided by (used in) investing activities	Y	(5,762)	Y	(8,713)
Cash flows from financing activities				
Proceeds from short-term borrowings		9,987		-
Proceeds from long-term borrowings		200		200
Repayment of long-term borrowings		(200)		(200)
Redemption of bonds		(140)		-
Repayment of lease obligations		(1,684)		(2,472)
Dividends paid		(7,805)		(8,589)
Dividends paid to non-controlling interests		(134)		(112)
Other		(0)		(1)
Net cash provided by (used in) financing activities	Y	221	Y	(11,174)
Effect of exchange rate changes on cash and cash equivalents		1,757		1,490
Net increase/(decrease) in cash and cash equivalents		14,604		2,802
Cash and cash equivalents at the beginning of the period		168,422		191,002
Cash and cash equivalents at the end of the period	Y	183,026	Y	193,805

Segment Information

Three months ended Jun. 30, 2020

	Millions of yen						Total	Reconciliations	Consolidated
	Reportable segments								
	Printing & Solutions	Personal & Home	Machinery	Network & Contents	Domino	Others			
Revenue									
Customers	82,919	10,861	15,048	6,158	15,376	2,820	133,186	-	133,186
Intersegment	-	-	-	-	132	2,070	2,203	(2,203)	-
Total	82,919	10,861	15,048	6,158	15,508	4,891	135,389	(2,203)	133,186
Business segment profit/(loss)	9,357	1,384	(149)	(2,264)	358	(22)	8,664	(41)	8,622
Other income and expenses	735	(1)	(220)	(1)	(123)	252	641	-	641
Operating profit/(loss)	10,092	1,383	(369)	(2,266)	235	230	9,305	(41)	9,263
Finance income and expenses									149
Share of profit/(loss) of investments accounted for using the equity method									48
Profit before income taxes									9,461

Three months ended Jun. 30, 2021

	Millions of yen						Total	Reconciliations	Consolidated
	Reportable segments								
	Printing & Solutions	Personal & Home	Machinery	Network & Contents	Domino	Others			
Revenue									
Customers	99,063	14,111	30,401	6,952	19,969	3,514	174,013	-	174,013
Intersegment	-	-	-	-	116	2,311	2,428	(2,428)	-
Total	99,063	14,111	30,401	6,952	20,086	5,825	176,441	(2,428)	174,013
Business segment profit/(loss)	16,405	3,112	5,167	(770)	2,069	185	26,169	(0)	26,168
Other income and expenses	(70)	(40)	(47)	429	12	9	292	-	292
Operating profit/(loss)	16,335	3,072	5,120	(341)	2,081	194	26,462	(0)	26,461
Finance income and expenses									210
Share of profit/(loss) of investments accounted for using the equity method									62
Profit before income taxes									26,734

Notes:

1) Main products in each business segment are as follows:

Printing & Solutions	Printers, All-in-Ones, Labeling Systems, Label Printers, Scanners, etc.
Personal & Home	Home Sewing Machines, Home Cutting Machines, etc.
Machinery	Industrial Sewing Machines, Garment Printers, Machine Tools, Reducers, Gears, etc.
Network & Contents	Online Karaoke Systems, Management of Karaoke Clubs, Content Services, etc.
Domino	Coding & Marking Equipment, Digital Printing Equipment, etc.
Others	Real Estate, etc.

2) Business segment profit is calculated by subtracting cost of sales and selling, general and administrative expenses from revenue.