

Fiscal Year 2022 (ending March 31, 2023)

First Quarter Financial Results

Brother Industries, Ltd.

August 5, 2022

Information on this report, other than historical facts, refers to future prospects and performance, and has been prepared by our Management on the basis of information available at the time of the announcement. This covers various risks, including, but not limited to, economic conditions, customer demand, foreign currency exchange rates, tax rules, regulation and other factors. As a result, actual future performance may differ from any forecasts contained on this report.

Results for FY2022 Q1 (Apr.–Jun.)

Revenue increased, due mainly to firm performance of the P&S business, in addition to positive FX effects

Business segment profit decreased despite effects from price responses, mainly in the P&S business, due to an increase in SG&A in addition to a significant increase in parts and materials costs and logistics costs

◆ Sales revenue **199.7 billion yen/ +14.8% (year-on-year)**

- ✓ The P&S business recorded a substantial increase in revenue due to firm performance of hardware and consumables, in addition to positive FX effects
- ✓ Revenue in the Machinery business decreased overall despite firm demand for capital investment in industrial sewing machines among apparel manufacturers as machine tools were affected by production restrictions resulting from supply shortages of parts and materials

◆ Business segment profit **24.8 billion yen/ -5.3% (year-on-year)**

Forecast for FY2022

There have been no changes to the previous forecasts (announced on May 11, 2022), including the FX assumption and segment breakdown

Results for FY2022 Q1 (Apr.-Jun.)

Consolidated Results for FY2022 Q1

Revenue increased, due mainly to firm performance of the P&S business, in addition to positive FX effects

Business segment profit decreased despite effects from price responses, mainly in the P&S business, due to an increase in SG&A in addition to a surge in parts and materials costs and logistics costs

(100 Millions of Yen)

	21Q1	22Q1	Change	Rate of Change (w/o FX)
Sales Revenue	1,740	1,997	257	14.8%
Business Segment Profit	262	248	-14	-5.3%
Business Segment Profit Ratio	15.0%	12.4%		(4.8%)
Other income/expense	3	2	-1	
Operating Profit	265	250	-14	-5.5%
Operating Profit Ratio	15.2%	12.5%		
Income before Tax	267	253	-14	-5.4%
Net Income*	186	174	-12	-6.6%
USD	110.00	129.04	19.04	
EUR	131.78	138.24	6.46	

*: Net income attributable to owners of the parent company

Results for FY2022 Q1 by Business Segment

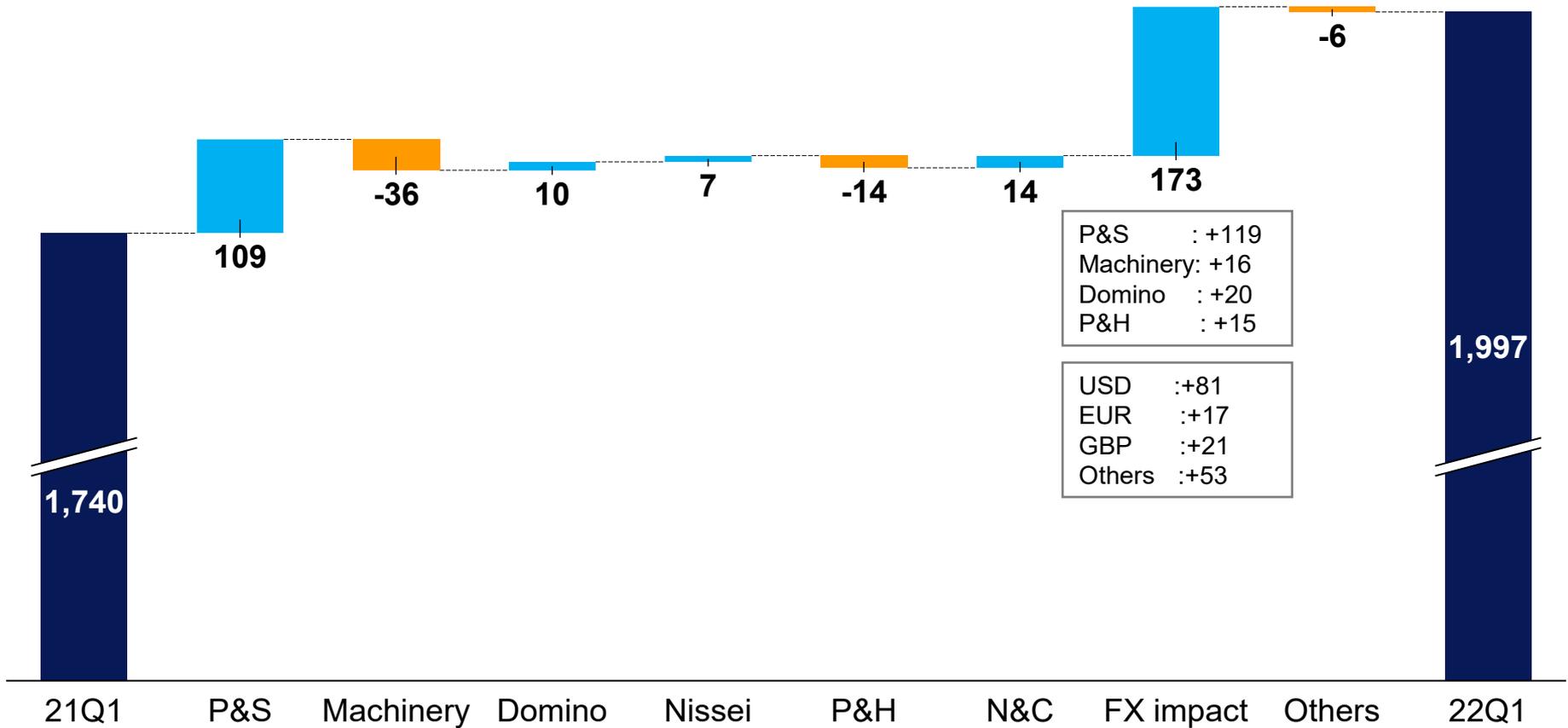
(100 Millions of Yen)

	Sales Revenue			Business Segment Profit			Operating Profit		
	21Q1	22Q1	change	21Q1	22Q1	change	21Q1	22Q1	change
P&S	991	1,218	228	164	179	15	163	169	6
Machinery	254	234	-19	47	21	-26	46	24	-22
Domino	207	237	30	21	16	-4	21	20	-1
Nissei	50	60	10	5	6	1	5	7	1
P&H	141	142	1	31	20	-11	31	20	-11
N&C	70	84	15	-8	3	11	-3	7	10
Other	28	22	-6	2	3	1	2	3	1
Total	1,740	1,997	257	262	248	-14	265	250	-14

*Not including elimination amount by inter-segment transaction.

Revenue increased, due mainly to firm performance of the P&S business, in addition to positive FX effects

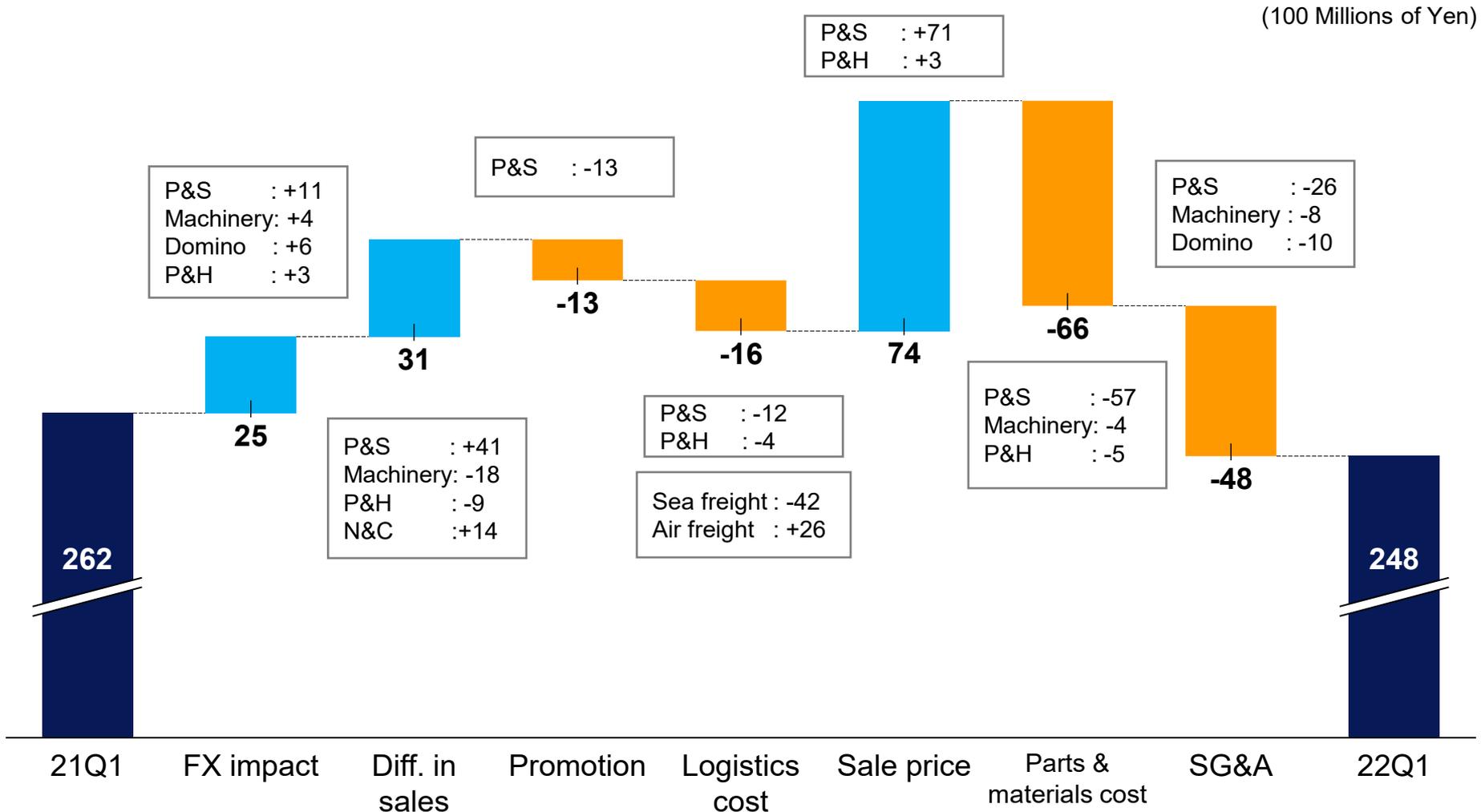
(100 Millions of Yen)



* Amounts of change are on a results basis excluding foreign exchange effects

Main Factors for Changes in Business Segment Profit

Profit decreased due to an increase in SG&A in addition to a surge in parts and materials costs and logistics costs despite effects from price responses and sales increase mainly in the P&S business as well as positive FX effects



Forecast for FY2022

There have been no changes to the previous forecasts, including the FX assumption and segment breakdown

(100 Millions of Yen)

	FY21 Actual	FY22 Forecast	Change	Rate of Change (w/o FX)
Sales Revenue	7,109	7,750	641	9.0% (4.5%)
Business Segment Profit	846	730	-116	-13.7%
Business Segment Profit Ratio	11.9%	9.4%		
Other income/expense	9	0	-9	
Operating Profit	855	730	-125	-14.6%
Operating Profit Ratio	12.0%	9.4%		
Income before Tax	864	730	-134	-15.5%
Net Income	610	510	-100	-16.4%
USD	112.86	122.00	9.14	
EUR	131.01	133.00	1.99	

Forecast for FY2022 by Business Segment

(100 Millions of Yen)

	Sales Revenue			Business Segment Profit			Operating Profit		
	FY21 Actual	FY22 Forecast	Change	FY21 Actual	FY22 Forecast	Change	FY21 Actual	FY22 Forecast	Change
P&S	4,242	4,553	311	598	485	-113	594	485	-109
Machinery	905	1,070	165	126	135	9	126	136	10
Domino	847	900	53	52	43	-9	43	42	-1
Nissei	207	220	13	14	18	4	13	16	3
P&H	500	513	13	81	60	-21	82	60	-22
N&C	296	369	73	-27	4	31	-6	4	10
Others	111	125	14	4	-15	-19	3	-13	-16
Total	7,109	7,750	641	846	730	-116	855	730	-125

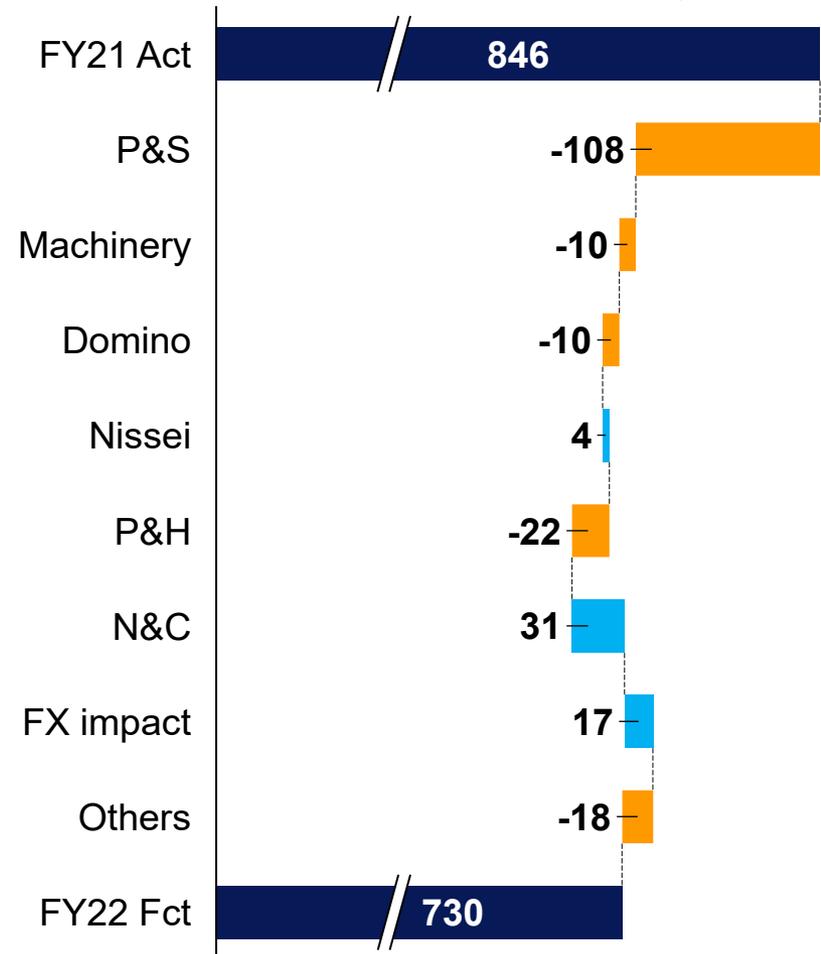
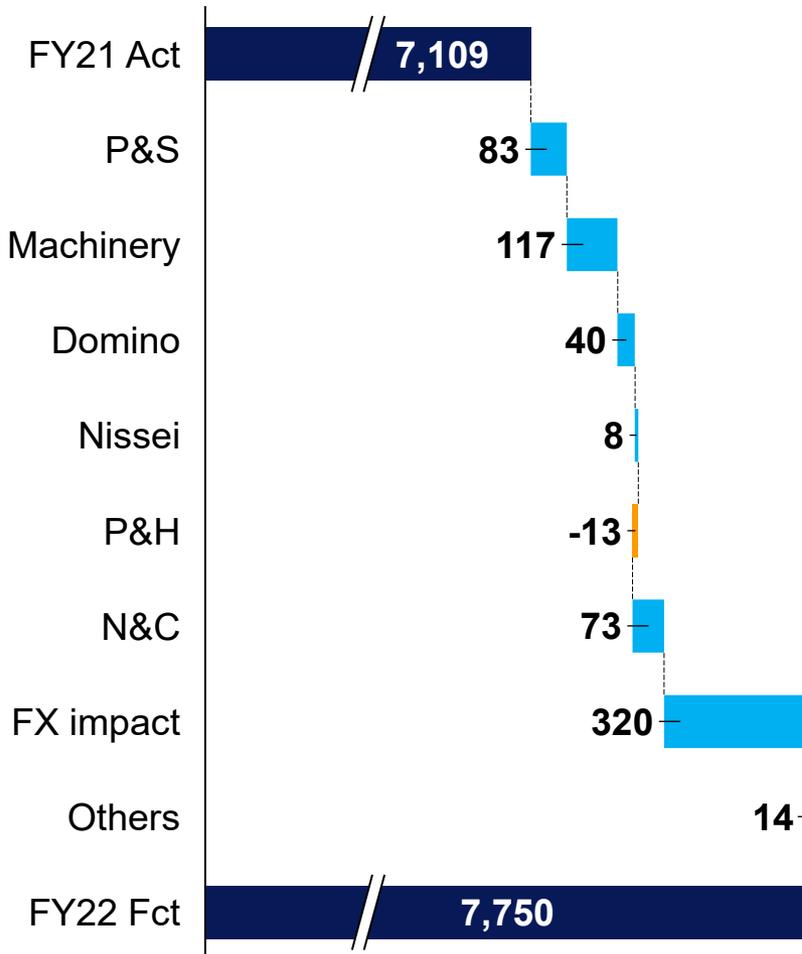
*Not including elimination amount by inter-segment transaction.

Changes in Sales Revenue / Business Segment Profit

Changes in Sales Revenue

Changes in Business Segment Profit

(100 Millions of Yen)



* Amounts of change are on a results basis excluding foreign exchange effects

Financial Position

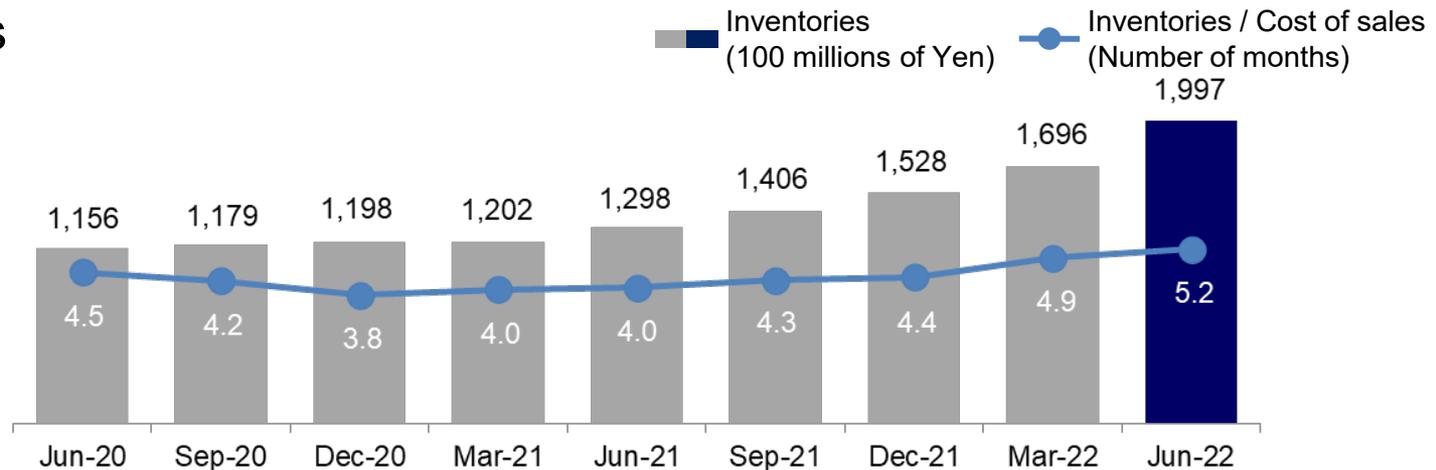
(100 Millions of Yen)

	End of Mar-2022	End of Jun-2022	Change
Current assets	4,767	5,035	268
Cash&Cash equivalents	1,679	1,464	-215
Inventories	1,696	1,997	301
Non-current assets	3,344	3,481	137
Total liabilities	2,499	2,561	61
Interest-bearing debt	408	451	42
Shareholders' equity*	5,611	5,955	343
Total assets	8,111	8,516	405

	End of Mar-2022	End of Jun-2022	Change
Net cash	1,271	1,013	-258
Shareholders' equity ratio	69.2%	69.9%	0.7%
ROE	11.7%	-	-

*Equity attributable to owners of the parent company

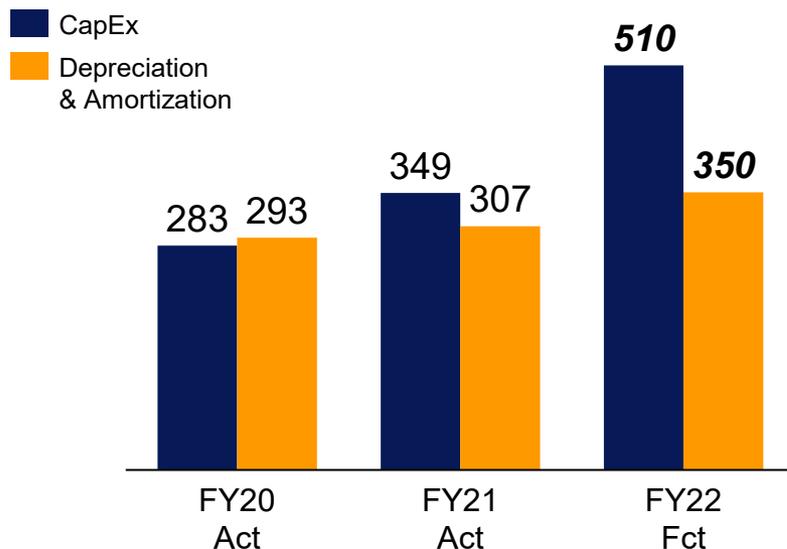
Inventories



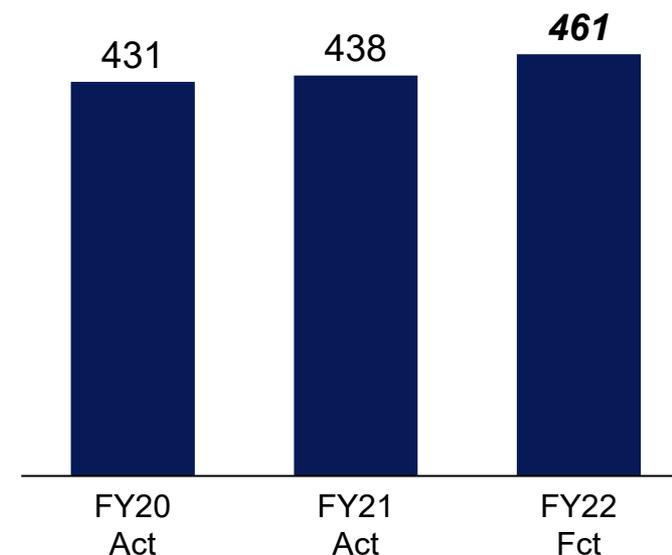
Capital Expenditure/ Depreciation and Amortization/ R&D Expenses

(100 Millions of Yen)

Capital Expenditure/Depreciation & Amortization



R&D Expenses



Breakdown by business (CapEx)

	FY20	FY21	FY22
Industrial area	52	68	113
Consumer area & Others	231	281	397
Total	283	349	510

Breakdown by business (R&D)

	FY20	FY21	FY22
Industrial area	91	103	129
Consumer area & Others	340	335	332
Total	431	438	461

* The industrial area combines the Machinery, Domino, and Nissei businesses

Business Segment Information

Printing & Solutions Sales Revenue & Profit

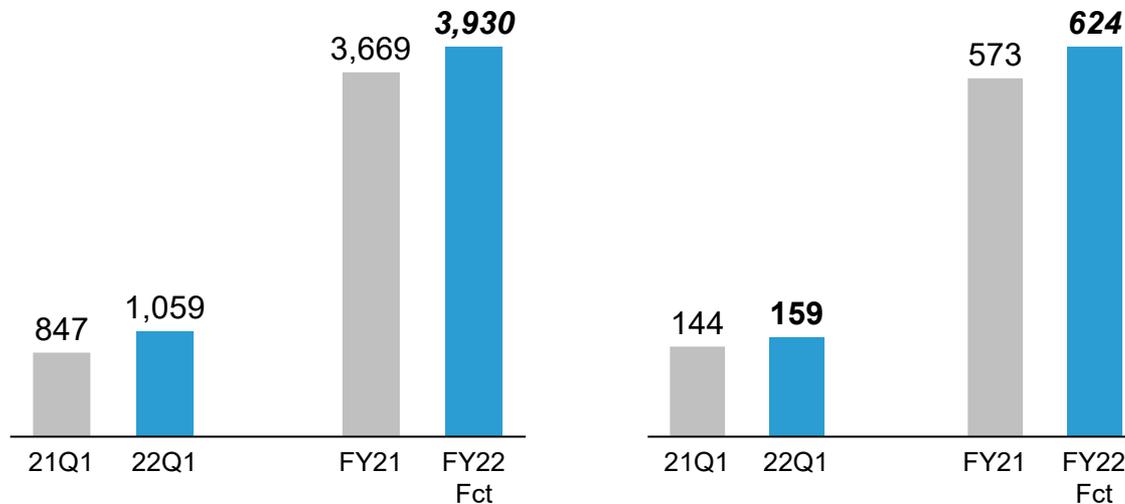
(100 Millions of Yen)

	21Q1	22Q1	Change	Change w/o FX
Sales Revenue	991	1,218	23.0%	11.0%
Communications & Printing Equipment	847	1,059	25.0%	13.0%
Labeling	144	159	10.8%	-0.7%
Business Segment Profit	164	179	9.0%	-
Operating Profit	163	169	3.6%	-

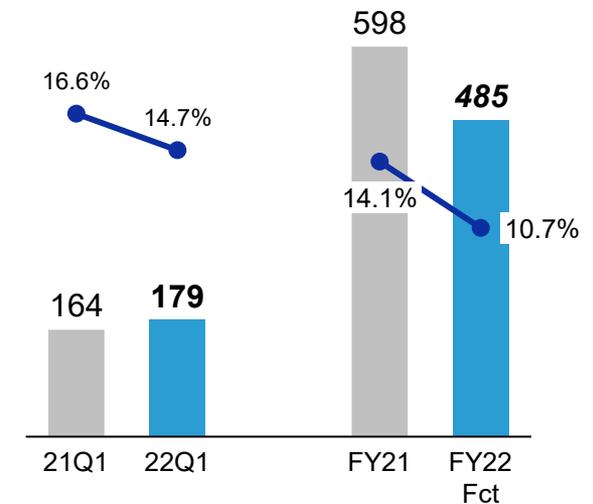
	FY21	FY22 Forecast	Change vs LY	Change w/o FX
Sales Revenue	4,242	4,553	7.3%	2.0%
Communications & Printing Equipment	3,669	3,930	7.1%	1.8%
Labeling	573	624	8.7%	3.2%
Business Segment Profit	598	485	-18.8%	-
Operating Profit	594	485	-18.4%	-

<Sales Revenue>
Communications
& Printing Equipment

Labeling



<Business Segment Profit> ● Profit Ratio



Sales Revenue Growth Rate / Consumable Ratio / Growth Rate of Hardware



	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	22Q1	22Q2	22Q3	22Q4	FY20	FY21
LBP														
Sales revenue growth rate (JPY/YoY)														
Hardware	6%	19%	18%	18%	-10%	-4%	-9%	-8%	41%	-	-	-	15%	-8%
Consumable	-18%	1%	0%	-1%	21%	15%	14%	16%	18%	-	-	-	-5%	16%
Sales revenue growth rate (LC/YoY)														
Hardware	11%	22%	21%	18%	-16%	-9%	-15%	-13%	28%	-	-	-	18%	-13%
Consumable	-15%	2%	2%	-3%	12%	9%	6%	9%	7%	-	-	-	-4%	9%
IJP														
Sales revenue growth rate (JPY/YoY)														
Hardware	-37%	-49%	-12%	-3%	90%	95%	17%	15%	18%	-	-	-	-25%	45%
Consumable	-23%	-1%	9%	-6%	11%	-6%	-3%	2%	19%	-	-	-	-5%	0%
Sales revenue growth rate (LC/YoY)														
Hardware	-33%	-48%	-9%	-3%	79%	87%	11%	10%	8%	-	-	-	-23%	38%
Consumable	-20%	-1%	10%	-8%	5%	-10%	-7%	-2%	11%	-	-	-	-5%	-4%
Cosumable Ratio	55%	57%	55%	56%	56%	57%	58%	59%	53%	-	-	-	55%	57%
Growth rate of Hardware (Units/YoY)														
LBP	12%	10%	6%	0%	-28%	-16%	-20%	-16%	14%	-	-	-	7%	-20%
IJP	-39%	-57%	-24%	-25%	65%	101%	1%	7%	8%	-	-	-	-36%	34%

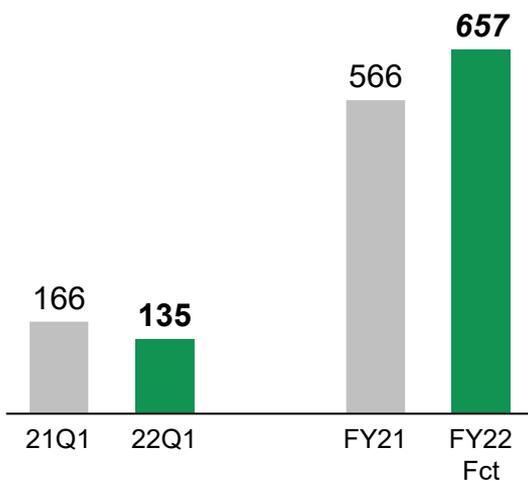
Machinery Sales Revenue & Profit

(100 Millions of Yen)

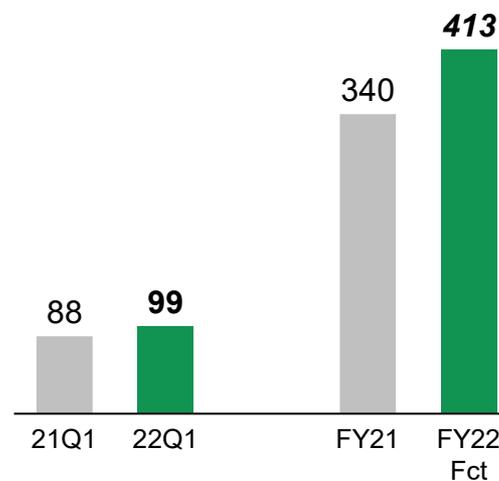
	21Q1	22Q1	Change	Change w/o FX
Sales Revenue	254	234	-7.6%	-14.2%
Machine Tools	166	135	-18.3%	-21.5%
Industrial Sewing Machines	88	99	12.5%	-0.3%
Business Segment Profit	47	21	-55.4%	-
Operating Profit	46	24	-47.2%	-

	FY21	FY22 Forecast	Change vs LY	Change w/o FX
Sales Revenue	905	1,070	18.1%	12.9%
Machine Tools	566	657	16.1%	12.1%
Industrial Sewing Machines	340	413	21.5%	14.2%
Business Segment Profit	126	135	7.3%	-
Operating Profit	126	136	8.1%	-

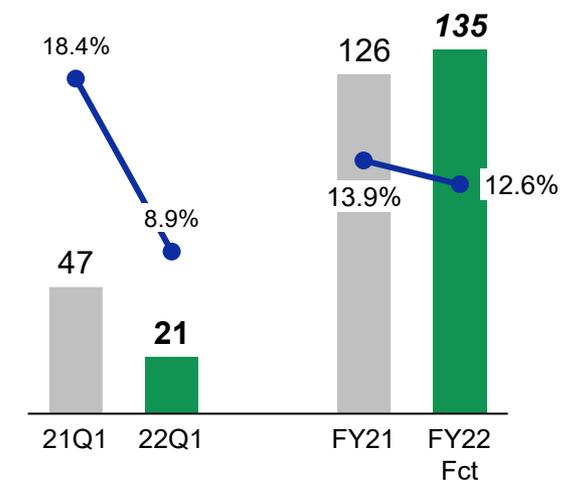
<Sales Revenue>
Machine Tools



Industrial Sewing Machines



<Business Segment Profit> Profit Ratio

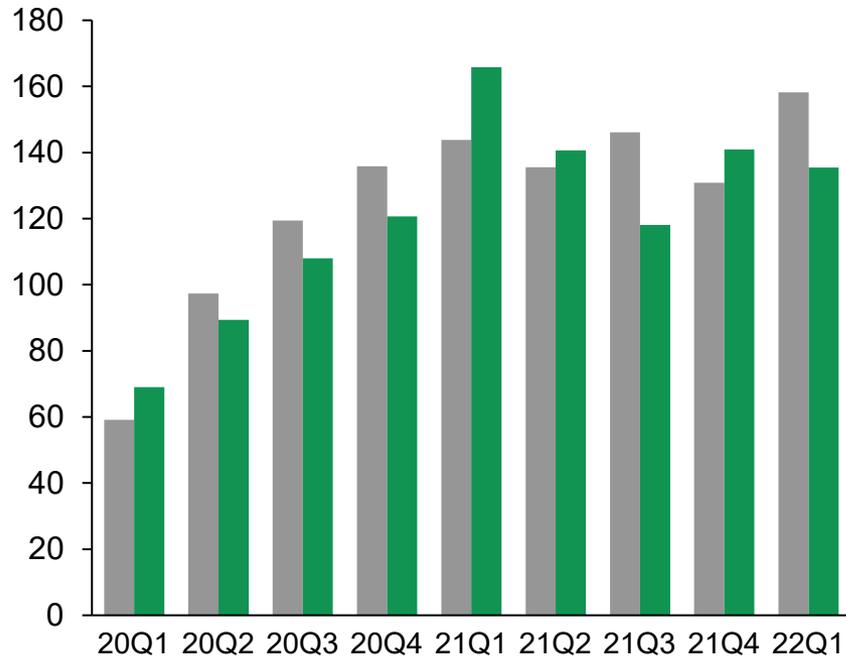


Machinery (Machine Tools) Order Trends

(100 Millions of Yen)

Trends in order amount and sales revenue

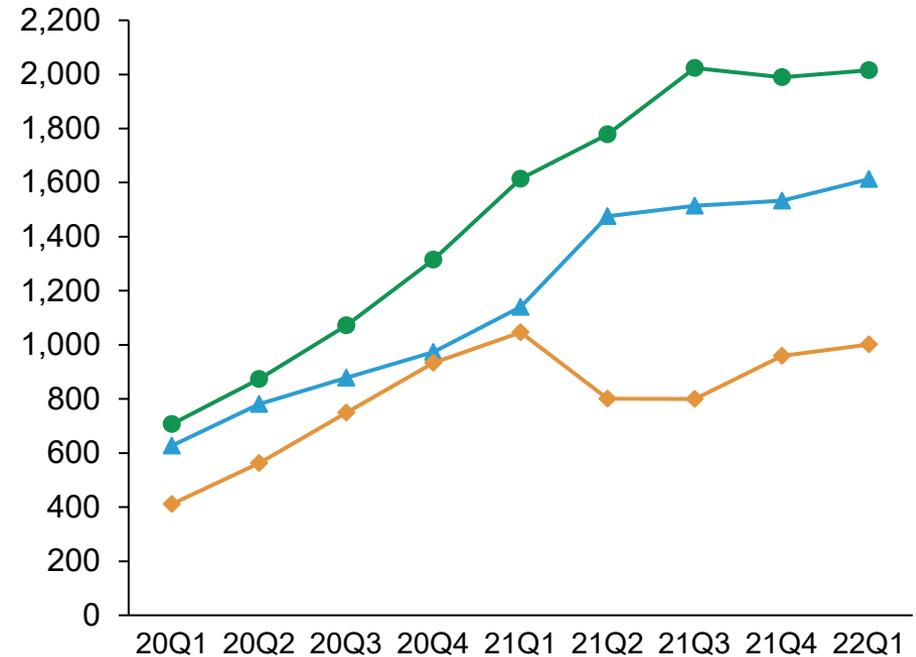
- Order amount
- Sales revenue



* Total amount of domestic and overseas orders for hardware products
Overseas orders are converted into yen using the exchange rate for each quarter

(Reference) Machine tool statistics of the Japan Machine Tool Builders' Association

- Domestic demand
- Demand from overseas except China
- China



* Source: Major machine tool statistics of the Japan Machine Tool Builders' Association

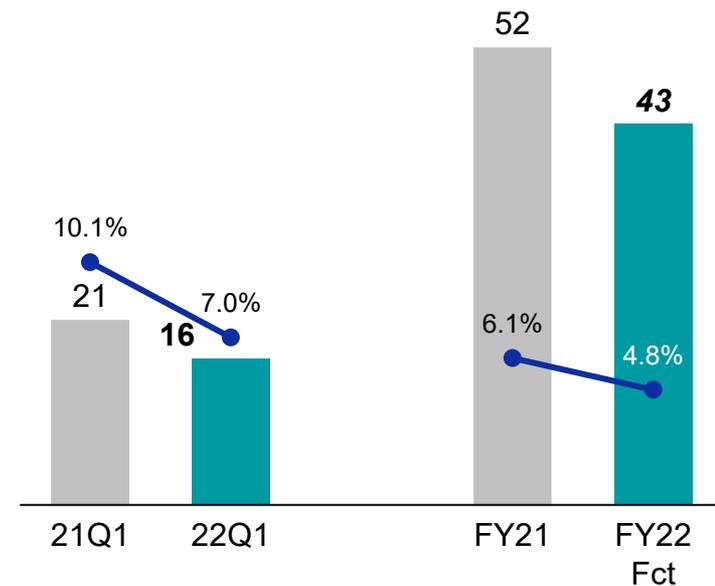
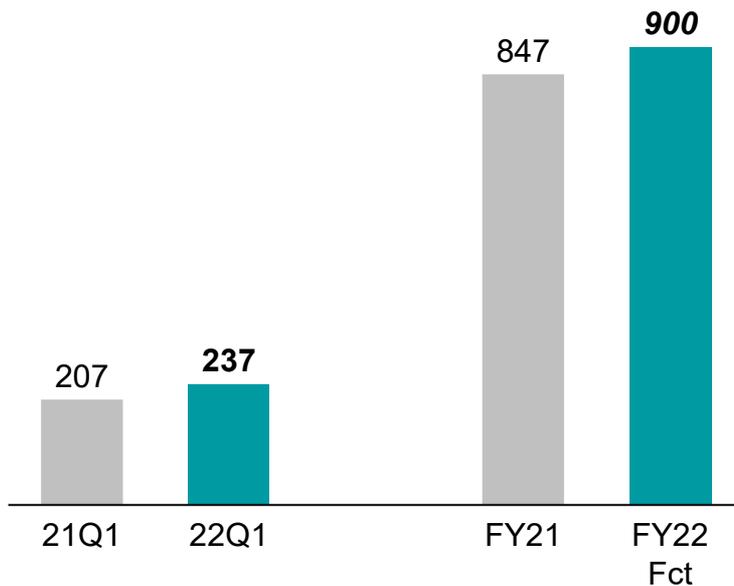
Domino Sales Revenue & Profit

(100 Millions of Yen)

	21Q1	22Q1	Change	Change w/o FX	FY21	FY22 Forecast	Change vs LY	Change w/o FX
Sales Revenue	207	237	14.5%	4.6%	847	900	6.2%	4.7%
Business Segment Profit	21	16	-21.0%	-	52	43	-16.7%	-
Operating Profit	21	20	-5.2%	-	43	42	-2.5%	-

<Sales Revenue>

<Business Segment Profit> ● Profit Ratio



Nissei Sales Revenue & Profit

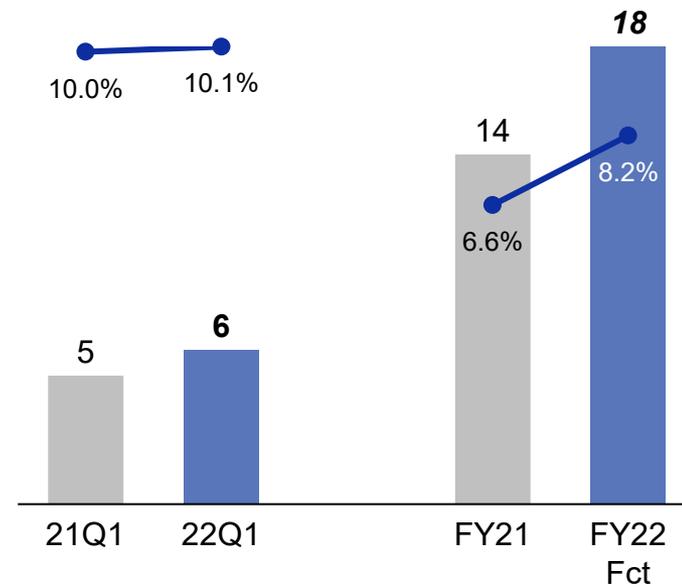
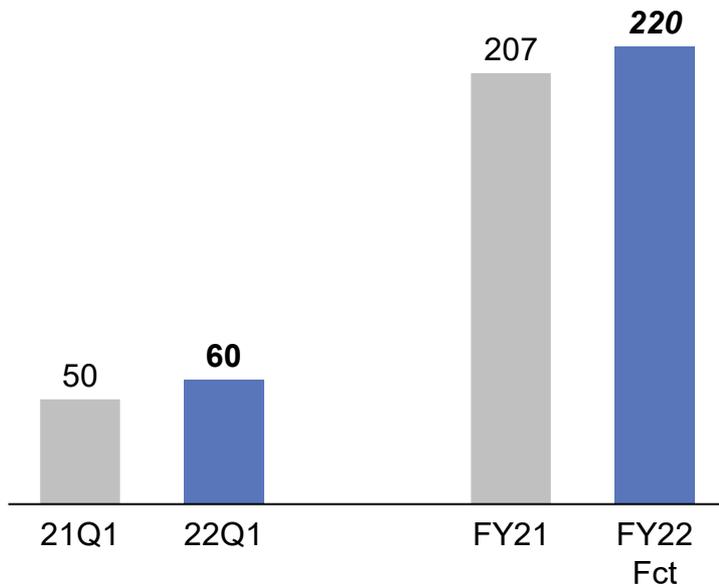
(100 Millions of Yen)

	21Q1	22Q1	Change	Change w/o FX	FY21	FY22 Forecast	Change vs LY	Change w/o FX
Sales Revenue	50	60	18.8%	14.4%	207	220	6.1%	3.8%
Business Segment Profit	5	6	20.2%	-	14	18	30.8%	-
Operating Profit	5	7	27.4%	-	13	16	18.6%	-

<Sales Revenue>

<Business Segment Profit>

● Profit Ratio



Personal & Home Sales Revenue & Profit

brother
at your side

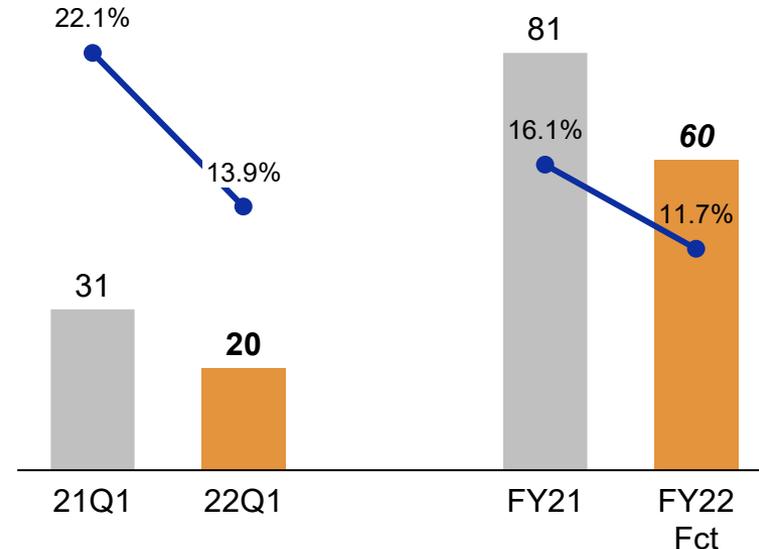
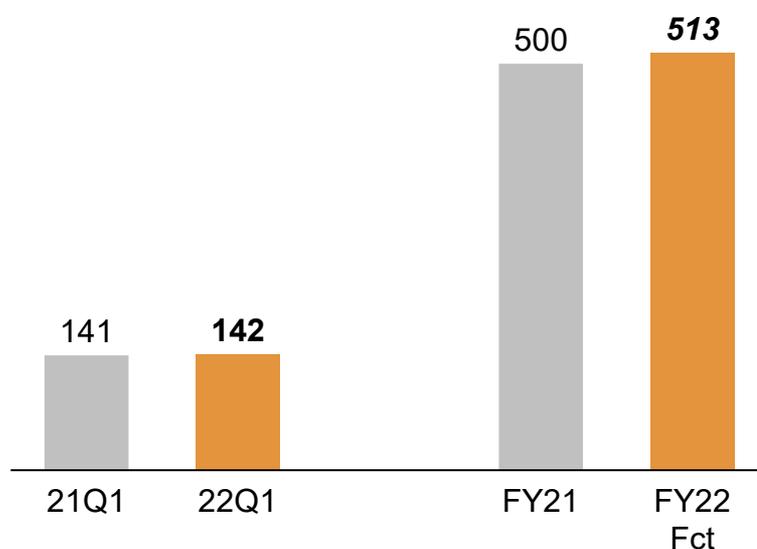
(100 Millions of Yen)

	21Q1	22Q1	Change	Change w/o FX	FY21	FY22 Forecast	Change vs LY	Change w/o FX
Sales Revenue	141	142	0.7%	-9.9%	500	513	2.6%	-2.6%
Business Segment Profit	31	20	-36.4%	-	81	60	-25.7%	-
Operating Profit	31	20	-35.1%	-	82	60	-26.9%	-

<Sales Revenue>

<Business Segment Profit>

● Profit Ratio

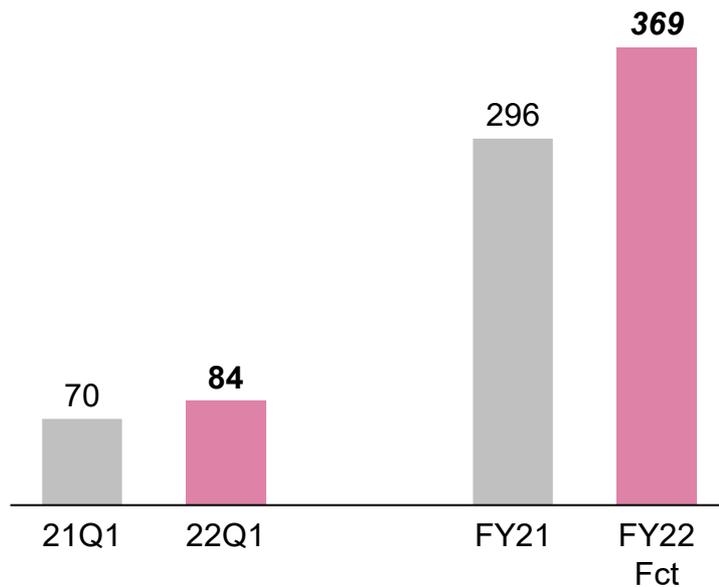


Network & Contents Sales Revenue & Profit

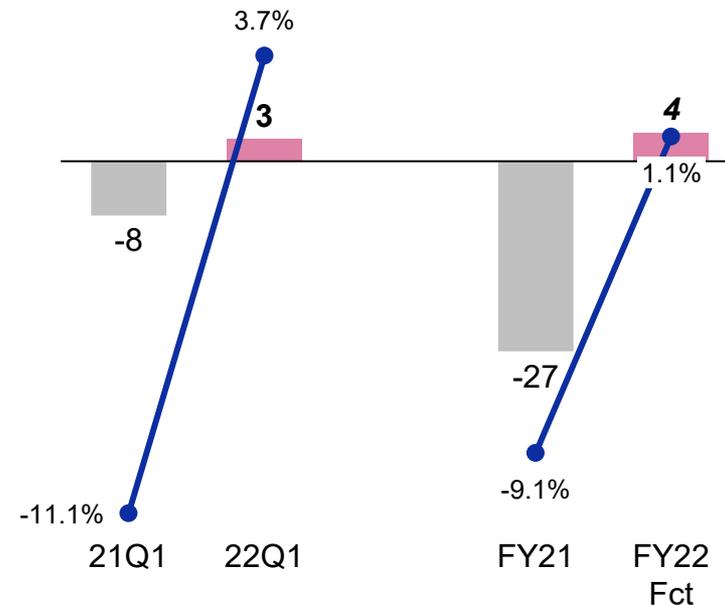
(100 Millions of Yen)

	21Q1	22Q1	Change	FY21	FY22 Forecast	Change vs LY
Sales Revenue	70	84	20.9%	296	369	24.8%
Business Segment Profit	-8	3	-	-27	4	-
Operating Profit	-3	7	-	-6	4	-

<Sales Revenue>



<Business Segment Profit> Profit Ratio



ESG Topics

BROTHER INDUSTRIES (SLOVAKIA) s.r.o. was certified carbon neutral, becoming the Brother Group's second manufacturing facility to receive such a certification after BROTHER INDUSTRIES (U.K.)



BROTHER INDUSTRIES (SLOVAKIA)

Main business: collection and recycling of used toner cartridges

■ Major efforts toward reducing CO₂ emissions

- Efforts to save energy in its factory and offices including the utilization of a **geothermal exchange system** for heating and air conditioning
- Efforts to create power by **installing solar panels**
- Purchase of **CO₂-free electricity** that does not emit CO₂ during power generation

The company's Scope 1 and Scope 2* CO₂ emissions have met carbon neutrality certification standards

* Scope 1...direct emissions from the activities of a company

Scope 2... indirect emissions generated when producing electricity, etc. used by the activities of a company

Scope 3... all indirect emissions not covered by Scope 1 or Scope 2

Included as a constituent of various ESG indexes for 2022

Included in “FTSE4Good Index Series”
and “FTSE Blossom Japan Index”
for the third consecutive year



FTSE4Good



FTSE Blossom
Japan

Included in “FTSE Blossom Japan Sector
Relative Index”



FTSE Blossom
Japan Sector
Relative Index

Included in “MSCI Japan Empowering
Women (WIN) Select Index”
for the fourth consecutive year

2022 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

Included in “SOMPO Sustainability Index”
for the 11th consecutive year

2022



Sompo Sustainability Index

brother
at your side

Reference: Brother's business areas

Business areas		Business segments		Area (Main products & service portfolio)						
Industrial area	Machinery/FA	Nissei		Machinery	Industrial Equipment		Reducer	Gear	Machine tool	Industrial Sewing Machine
		Industrial Sewing Machines	Industrial Sewing Machines							
	Industrial Printing		Domino		Garment printer	Coding and marking equipment	Digital printing equipment			
		Printing & Solutions	Labeling		Commercial & Industrial Labeling	Commercial & Industrial use label printer	Mobile printer	Labeling system	Printer	All-in-One
Home & Office Labeling										
Consumer area	Printing	Communications & Printing Equipment								
	Home & Culture	Personal & Home		Network & Contents	Home sewing machine	Home cutting machine	Online Karaoke system			