

Fiscal Year 2022 (ending March 31, 2023)

Third Quarter Financial Results

Brother Industries, Ltd.

February 7, 2023

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 Q3 (Oct.-Dec.)

Revenue increased due mainly to positive FX effects

Profit decreased substantially due to factors such as the lower gross profit caused by decreased sales of consumables in the P&S business, and an increase in SG&A, and parts and materials costs

◆ **Sales revenue** **216.8 billion yen/ +17.5% (year-on-year)**

- ✓ The positive FX effects resulting from the weaker yen contributed greatly to the increase in revenue

◆ **Business segment profit** **16.0 billion yen/ -31.8% (year-on-year)**

- ✓ In the P&S business, despite effects from price adjustments, profit decreased substantially due to the lower gross profit caused by the change in the sales ratio of hardware and consumables, and decreased sales of consumables
- ✓ Factors such as an increase in SG&A, and parts and materials costs put pressure on profit

Forecast for FY2022

The forecasts for both sales revenue and business segment profit have been revised downward in response to lower-than-expected results in the third quarter and revised plans for the fourth quarter mainly in the P&S business

Results for FY2022 Q3 (Oct.-Dec.)

Consolidated Results for FY2022 Q3

Revenue increased due mainly to positive FX effects
Profit decreased substantially due to factors such as the lower gross profit caused by decreased sales of consumables in the P&S business, and an increase in SG&A, and parts and materials costs

(100 Millions of Yen)

	21Q3	22Q3	Change (w/o FX)	Rate of Change (w/o FX)
Sales revenue	1,845	2,168	324 (78)	17.5% (4.2%)
Business Segment Profit	235	160	-75 (-68)	-31.8% (-29.0%)
Business Segment Profit Ratio	12.8%	7.4%		
Other income/expense	13	55	42	
Operating Profit	248	215	-33	-13.3%
Operating Profit Ratio	13.5%	9.9%		
Income before Tax	252	219	-33	-13.0%
Net Income attribute to parent company	174	127	-47	-27.1%
USD	113.60	141.16	27.56	
EUR	130.39	143.74	13.35	

Results for FY2022 Q3 by Business Segment

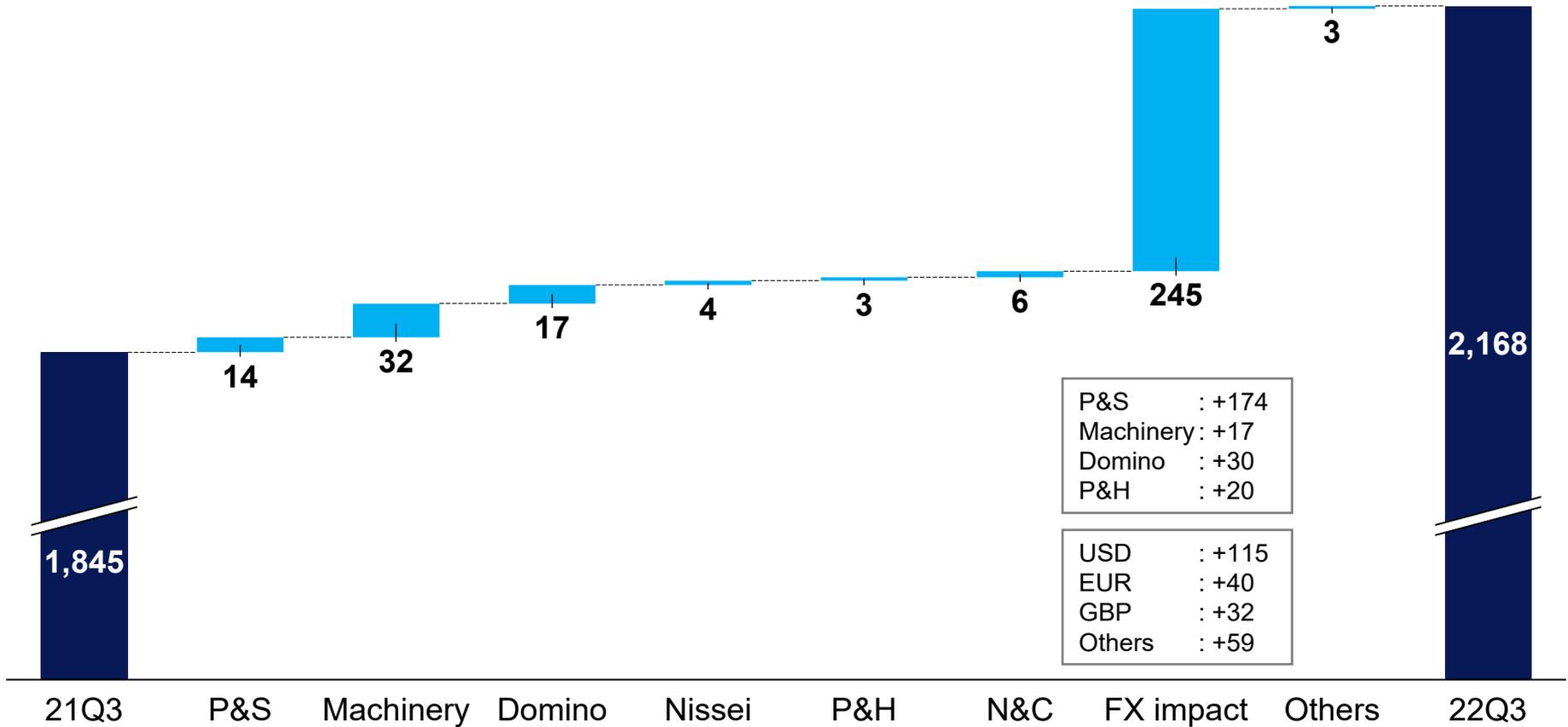
(100 Millions of Yen)

	Sales revenue			Business segment profit			Operating profit		
	21Q3	22Q3	Change	21Q3	22Q3	Change	21Q3	22Q3	Change
P&S	1,149	1,337	188	178	91	-87	179	102	-77
Machinery	208	257	49	28	28	0	28	26	-2
Domino	207	255	48	8	11	3	8	3	-5
Nissei	54	61	7	4	7	3	4	7	2
P&H	113	137	24	15	21	6	16	21	5
N&C	85	91	6	0	2	1	12	1	-11
Other	28	31	3	2	2	0	2	55	54
Total	1,845	2,168	324	235	160	-75	248	215	-33

* "Other" includes elimination amounts from inter-segment transactions.

Revenue increased, due mainly to positive FX effects

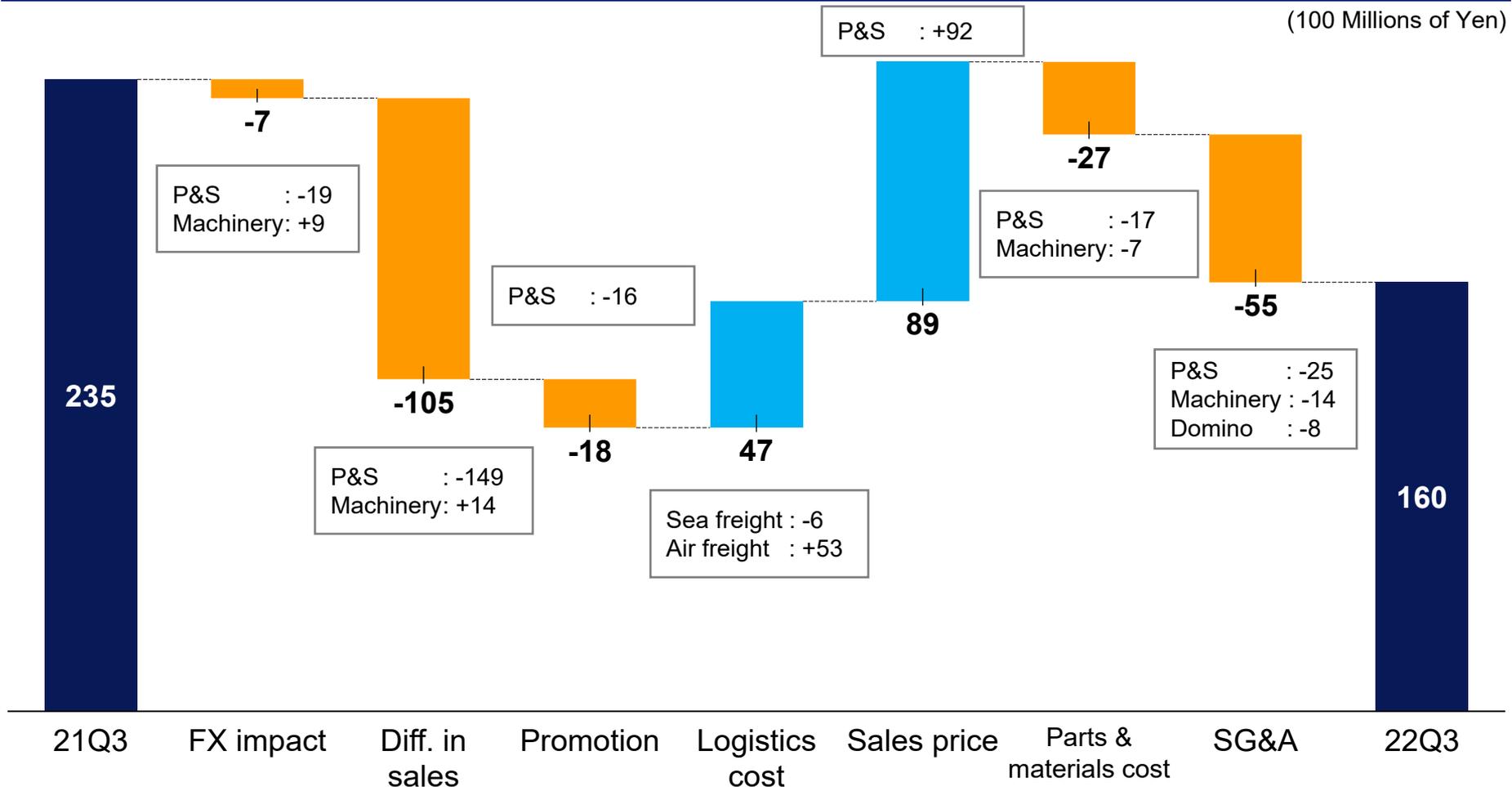
(100 Millions of Yen)



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

Main Factors for Changes in Business Segment Profit

Despite effects from price adjustments mainly in the P&S business, profit decreased substantially due to factors such as the lower gross profit caused by the lower consumables to hardware ratio and decreased sales of consumables mainly in the P&S business, as well as an increase in SG&A, and parts and materials costs



Results for FY2022 Q3 YTD (Apr.-Dec.)

Consolidated Results for FY2022 Q3 YTD

Revenue increased, due mainly to firm performance of the P&S business, in addition to positive FX effects
Despite effects from price adjustments in the P&S business, business segment profit decreased substantially due mainly to the lower gross profit caused by decreased sales of consumables in the P&S business, as well as a significant increase in parts and materials costs, and an increase in SG&A

(100 Millions of Yen)

	FY21 Q3 YTD	FY22 Q3 YTD	Change (w/o FX)	Rate of Change (w/o FX)
Sales revenue	5,350	6,135	785 (124)	14.7% (2.3%)
Business Segment Profit	729	520	-210 (-259)	-28.7% (-35.5%)
Business Segment Profit Ratio	13.6%	8.5%		
Other income/expense	31	70	39	
Operating Profit	760	590	-170	-22.4%
Operating Profit Ratio	14.2%	9.6%		
Income before Tax	768	601	-166	-21.7%
Net Income attribute to parent company	543	430	-113	-20.8%
USD	111.38	135.40	24.02	
EUR	130.85	140.42	9.57	

Results for FY2022 Q3 YTD by Business Segment



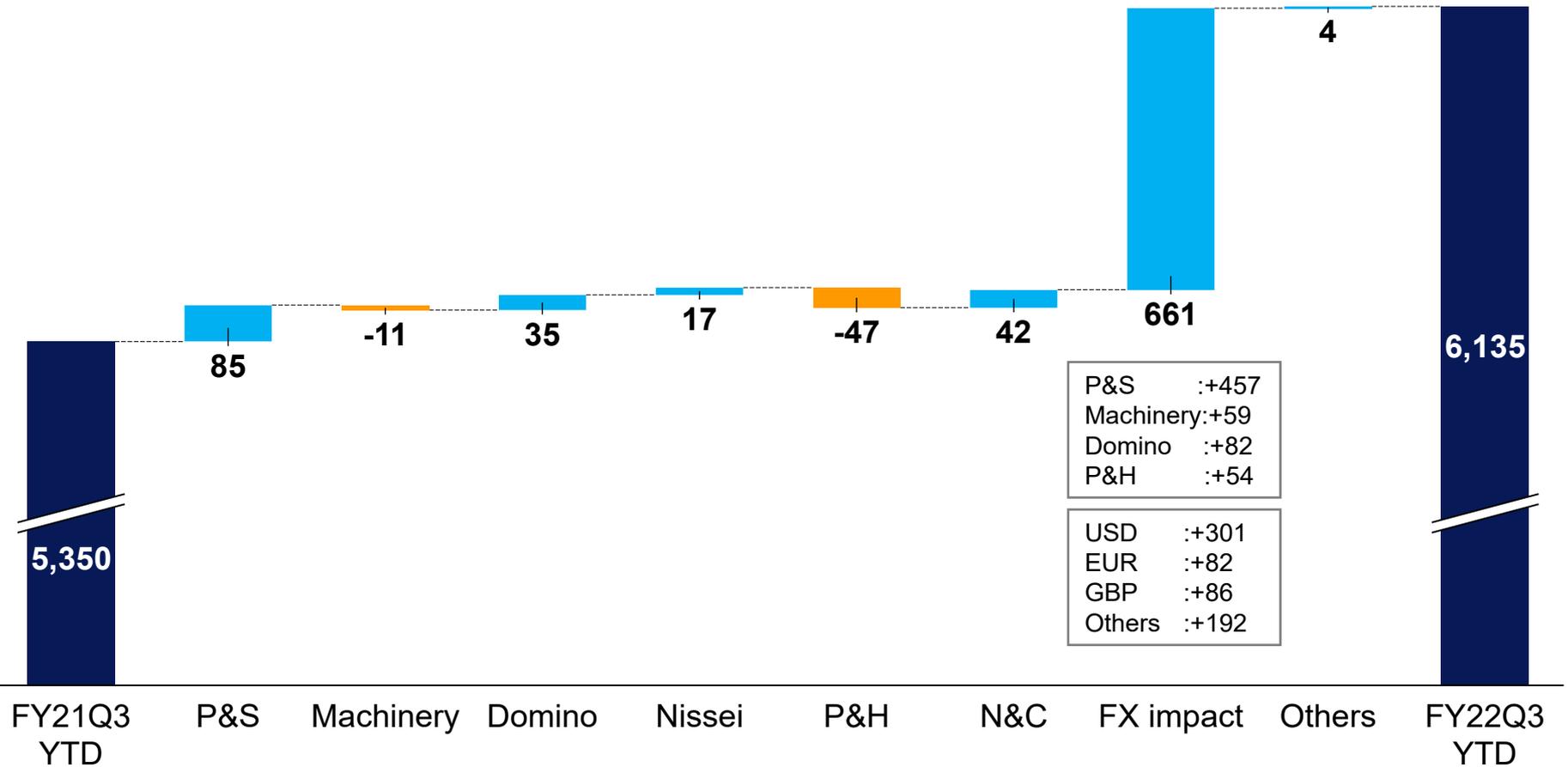
(100 Millions of Yen)

	Sales revenue			Business segment profit			Operating profit		
	FY21 Q3 YTD	FY22 Q3 YTD	Change	FY21 Q3 YTD	FY22 Q3 YTD	Change	FY21 Q3 YTD	FY22 Q3 YTD	Change
P&S	3,201	3,742	542	501	320	-181	506	326	-180
Machinery	683	731	48	106	80	-25	106	85	-21
Domino	626	743	117	52	41	-11	51	40	-10
Nissei	154	180	25	14	19	5	15	19	5
P&H	389	395	7	73	48	-25	74	49	-25
N&C	218	260	42	-19	5	25	3	10	7
Other	79	83	4	4	7	3	6	61	55
Total	5,350	6,135	785	729	520	-210	760	590	-170

* "Other" includes elimination amounts from inter-segment transactions.

Revenue increased, due mainly to positive FX effects

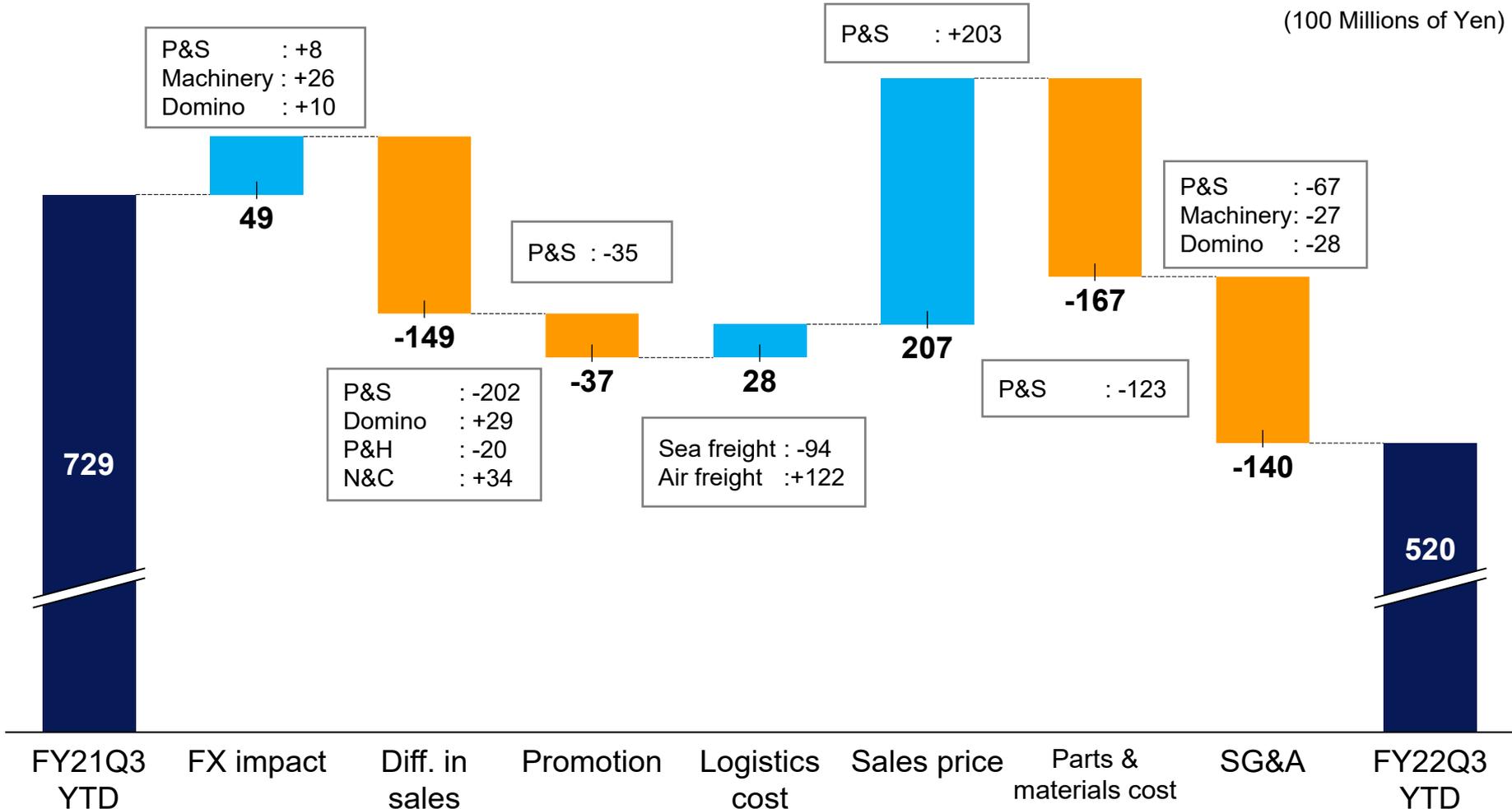
(100 Millions of Yen)



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

Main Factors for Changes in Business Segment Profit

Despite effects from price adjustments and positive FX effects, profit decreased due to lower gross profit caused by the lower consumables to hardware ratio and decreased sales of consumables mainly in the P&S business, as well as a significant increase in parts and materials costs, and an increase in SG&A



Forecast for FY2022

Forecast for FY2022

The forecasts for both sales revenue and business segment profit have been revised downward in response to lower-than-expected results in the third quarter and revised plans for the fourth quarter mainly in the P&S business

(100 Millions of Yen)

	Previous Forecast	FY22 Forecast	Change (w/o FX)	Rate of Change (w/o FX)	FY21 Actual	Change (w/o FX)	Rate of Change (w/o FX)
Sales revenue	8,400	8,250	-150 (-206)	-1.8% (-2.5%)	7,109	1,141 (346)	16.0% (4.9%)
Business Segment Profit	700	650	-50 (-62)	-7.1% (-8.9%)	846	-196 (-228)	-23.1% (-26.9%)
Business Segment Profit Ratio	8.3%	7.9%			11.9%		
Other income/expense	30	80	50		9	71	
Operating Profit	730	730	0	0.0%	855	-125	-14.6%
Operating Profit Ratio	8.7%	8.8%			12.0%		
Income before Tax	730	730	0	0.0%	864	-134	-15.5%
Net Income							
attribute to parent company	510	510	0	0.0%	610	-100	-16.4%
USD	134.92	135.13	0.21		112.86	22.27	
EUR	137.61	139.67	2.06		131.01	8.66	

Forecast for FY2022 by Business Segment

(100 Millions of Yen)

	Sales revenue			Business Segment Profit			Operating Profit		
	Previous Forecast	FY22 Forecast	Change	Previous Forecast	FY22 Forecast	Change	Previous Forecast	FY22 Forecast	Change
P&S	5,132	4,993	-139	430	370	-60	430	376	-54
Machinery	1,053	1,053	0	135	135	0	136	136	0
Domino	966	988	22	43	47	4	42	47	5
Nissei	234	234	1	18	18	0	16	17	1
P&H	517	508	-9	60	60	0	60	61	1
N&C	361	352	-9	4	1	-3	4	4	0
Other	137	122	-15	10	19	9	42	89	47
Total	8,400	8,250	-150	700	650	-50	730	730	0

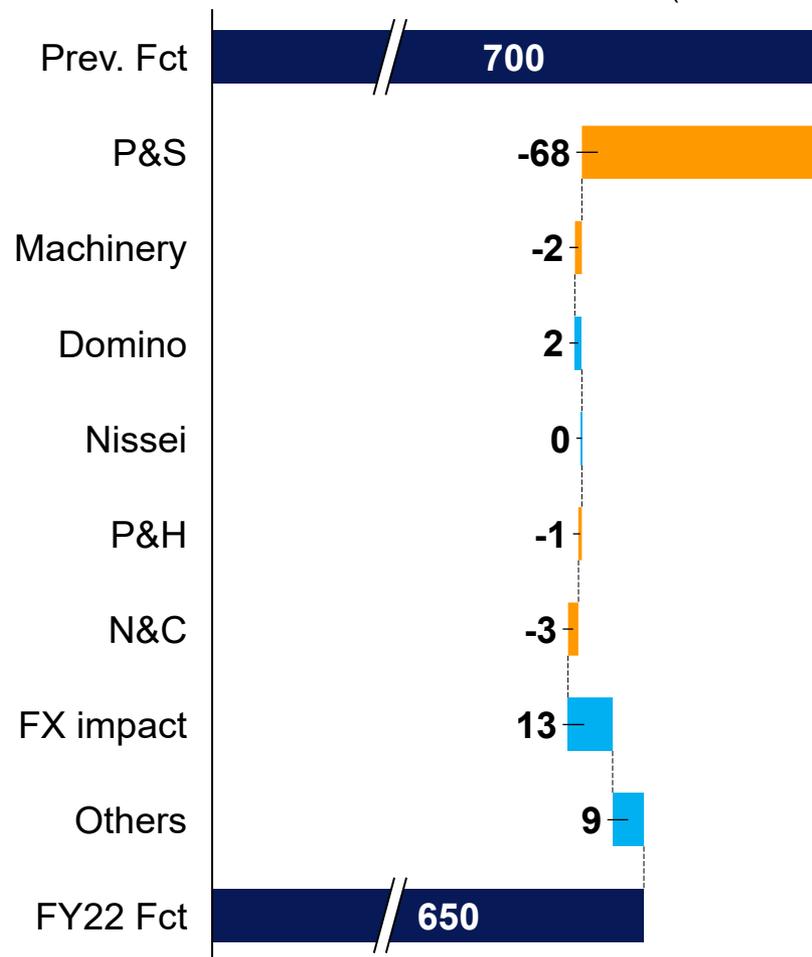
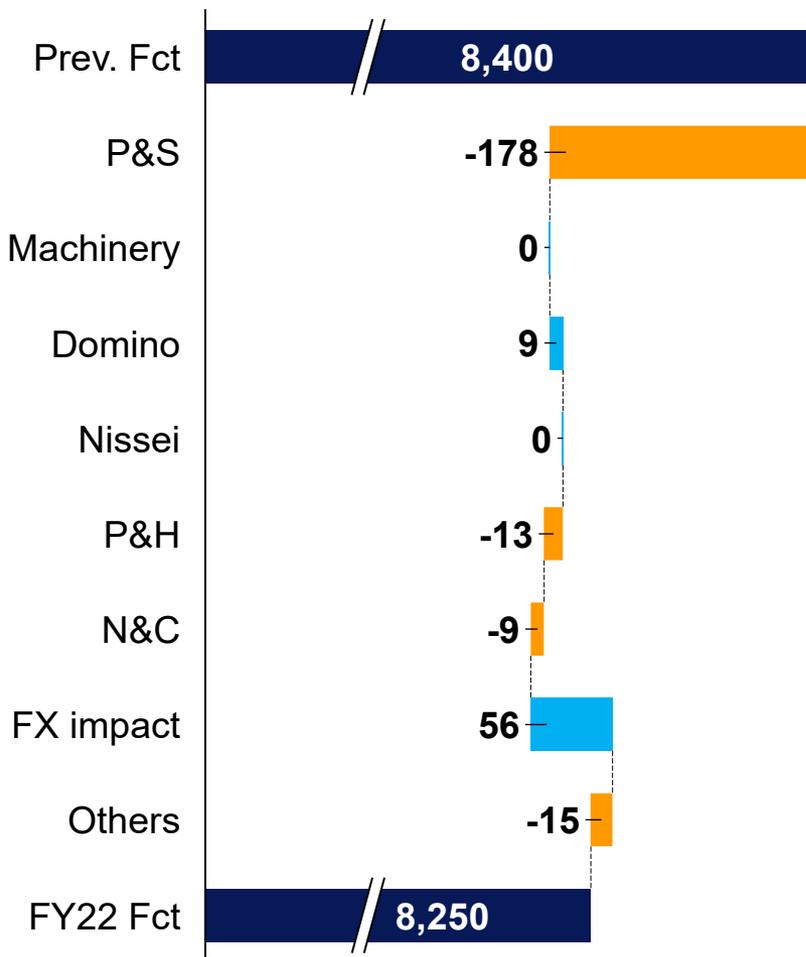
* "Other" includes elimination amounts from inter-segment transactions.

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

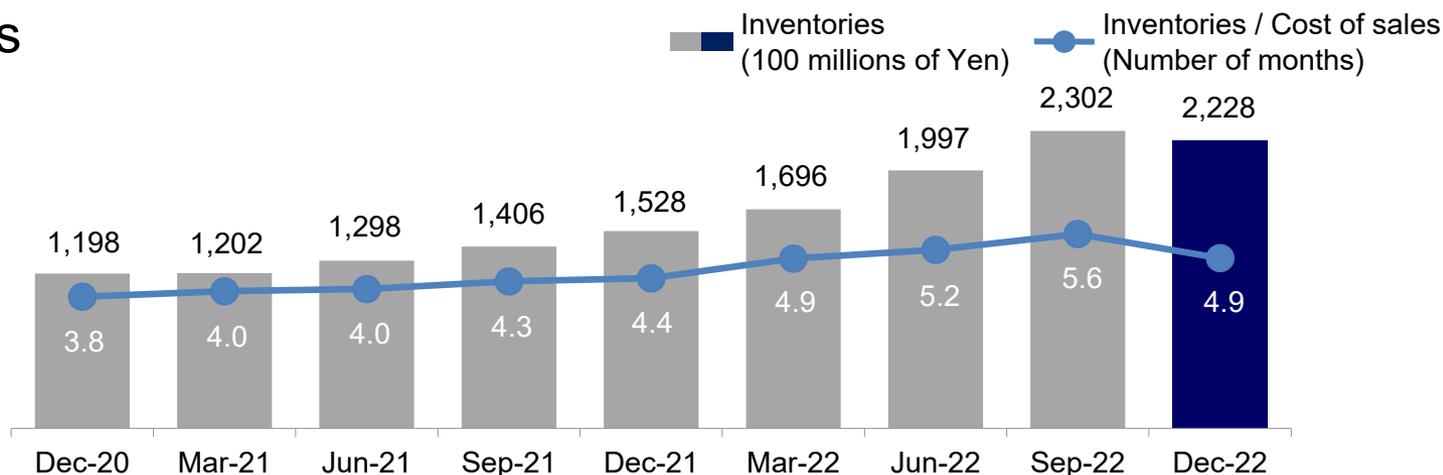
(100 Millions of Yen)

	End of Mar. 22	End of Dec. 22	Change
Current assets	4,767	5,027	260
Cash&Cash equivalents	1,679	1,077	-602
Inventories	1,696	2,228	532
Non-current assets	3,344	3,405	61
Total liabilities	2,499	2,533	34
Interest-bearing debt	408	432	23
Shareholders' equity*	5,611	5,899	287
Total assets	8,111	8,432	321

*Equity attributable to owners of the parent company

	End of Mar. 22	End of Dec. 22	Change
Net cash	1,271	646	-625
Shareholders' equity ratio	69.2%	70.0%	0.8%
ROE	11.7%	-	-

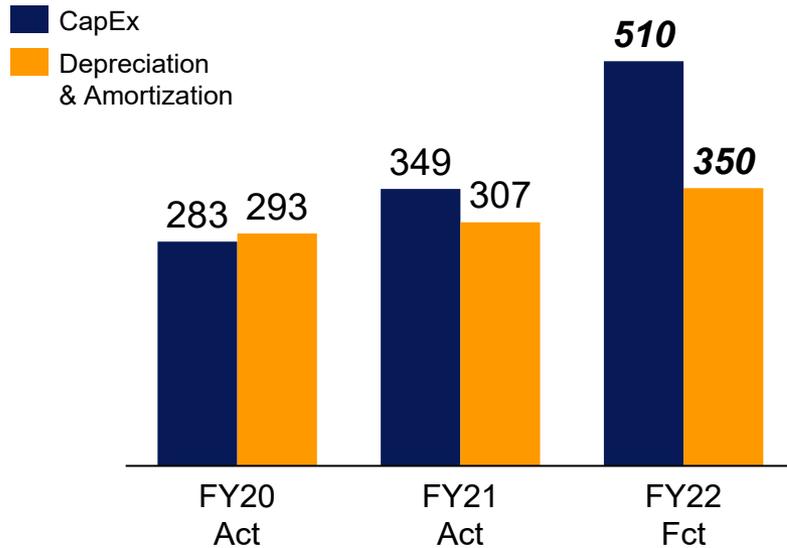
Inventories



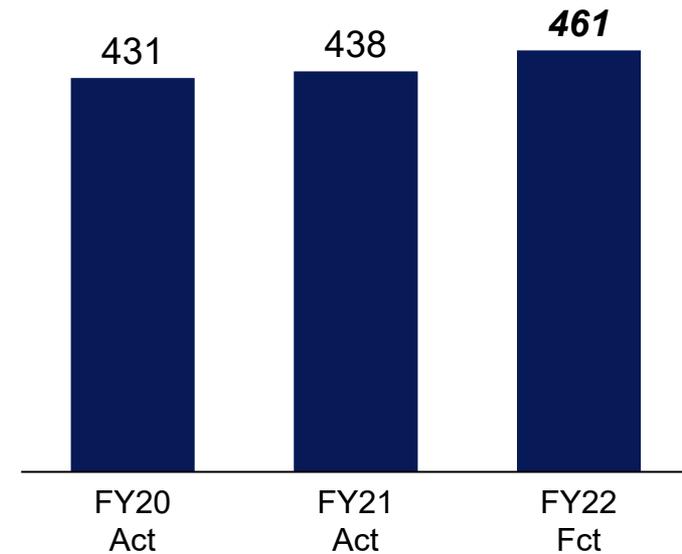
Capital Expenditure/ Depreciation and Amortization/ R&D Expenses

(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

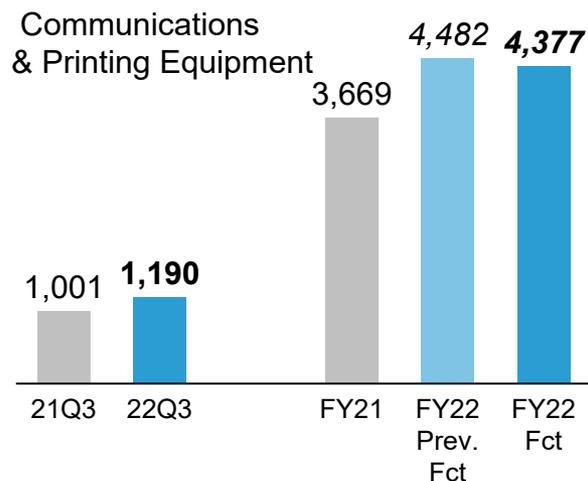
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(100 Millions of Yen)

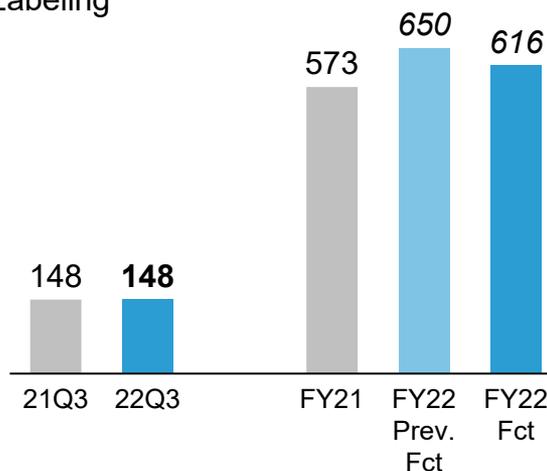
	21Q3	22Q3	Change	Change w/o FX
Sales Revenue	1,149	1,337	16.4%	1.2%
Communications & Printing Equipment	1,001	1,190	18.9%	3.3%
Americas	357	472	32.4%	8.1%
Europe	330	369	12.1%	1.3%
Asia & Others	176	217	23.6%	9.3%
Japan (includes OEM)	139	131	-5.9%	-11.5%
Labeling	148	148	-0.4%	-13.2%
Americas	65	64	-2.1%	-20.2%
Europe	46	49	6.7%	-3.2%
Asia & Others	24	23	-3.5%	-14.6%
Japan	13	11	-11.1%	-11.1%
Business Segment Profit	178	91	-49.0%	-
Operating Profit	179	102	-42.9%	-

	FY21	Previous Forecast	FY22 Forecast	Change vs LY	Change w/o FX
Sales Revenue	4,242	5,132	4,993	17.7%	4.6%
Communications & Printing Equipment	3,669	4,482	4,377	19.3%	6.0%
Americas	1,307	1,800	1,741	33.2%	12.2%
Europe	1,210	1,335	1,332	10.1%	2.4%
Asia & Others	698	860	839	20.3%	7.0%
Japan (includes OEM)	455	486	465	2.2%	-3.7%
Labeling	573	650	616	7.4%	-4.6%
Americas	260	321	289	11.3%	-6.4%
Europe	173	181	182	5.2%	-1.8%
Asia & Others	91	102	99	8.2%	-3.8%
Japan	49	47	46	-6.4%	-6.4%
Business Segment Profit	598	430	370	-38.1%	-
Operating Profit	594	430	376	-36.7%	-

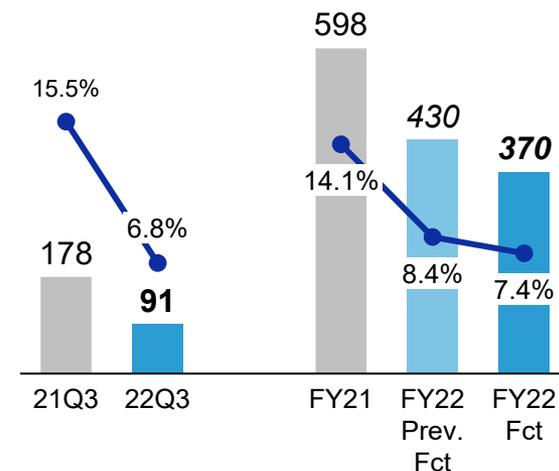
<Sales Revenue>



Labeling



<Business Segment Profit> Profit ratio



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

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	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%	45%	42%	-	15%	-8%
Consumable	-18%	1%	0%	-1%	21%	15%	14%	16%	18%	-8%	0%	-	-5%	16%
Sales revenue growth rate (LC/YoY)														
Hardware	11%	22%	21%	18%	-16%	-9%	-15%	-13%	25%	23%	21%	-	18%	-13%
Consumable	-15%	2%	2%	-3%	12%	9%	6%	9%	7%	-20%	-13%	-	-4%	9%
IJP														
Sales revenue growth rate (JPY/YoY)														
Hardware	-37%	-49%	-12%	-3%	90%	95%	17%	15%	18%	32%	46%	-	-25%	45%
Consumable	-23%	-1%	9%	-6%	11%	-6%	-3%	2%	19%	-2%	8%	-	-5%	0%
Sales revenue growth rate (LC/YoY)														
Hardware	-33%	-48%	-9%	-3%	79%	87%	11%	10%	8%	16%	30%	-	-23%	38%
Consumable	-20%	-1%	10%	-8%	5%	-10%	-7%	-2%	11%	-12%	-2%	-	-5%	-4%
Consumable Ratio														
	55%	57%	55%	56%	56%	57%	58%	59%	53%	47%	49%	-	55%	57%
Growth rate of Hardware (Units/YoY)														
LBP	12%	10%	6%	0%	-28%	-16%	-20%	-16%	14%	9%	3%	-	7%	-20%
IJP	-39%	-57%	-24%	-25%	65%	101%	1%	7%	8%	16%	42%	-	-36%	34%

Machinery Sales Revenue & Profit

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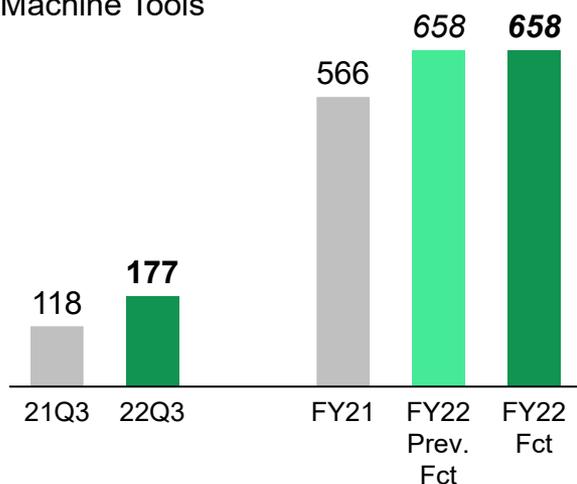
(100 Millions of Yen)

	21Q3	22Q3	Change	Change w/o FX
Sales Revenue	208	257	23.3%	15.1%
Machine Tools	118	177	50.2%	45.7%
Americas	7	13	78.7%	-
Europe	9	12	29.4%	-
Asia & Others	81	123	52.3%	-
Japan	21	30	41.3%	-
Industrial Sewing Machines	90	80	-11.9%	-24.8%
Americas	28	28	0.2%	-19.1%
Europe	22	17	-23.3%	-30.3%
Asia & Others	38	31	-19.2%	-31.6%
Japan	2	4	67.8%	67.8%
Business Segment Profit	28	28	0.2%	-
Operating Profit	28	26	-6.9%	-

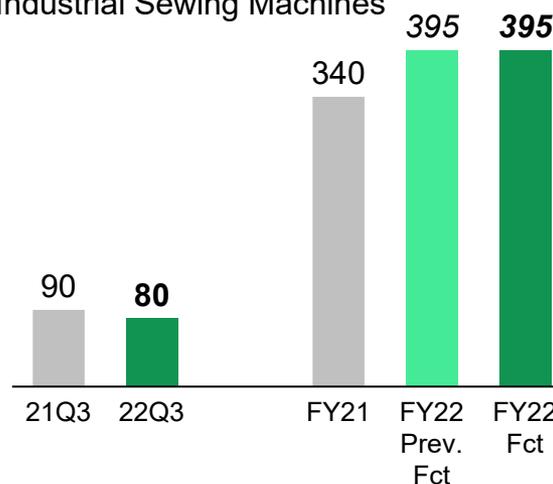
	FY21	Previous Forecast	FY22 Forecast	Change vs LY	Change w/o FX
Sales Revenue	905	1,053	1,053	16.3%	7.7%
Machine Tools	566	658	658	16.4%	11.4%
Americas	33	35	35	7.2%	-
Europe	34	35	35	2.8%	-
Asia & Others	408	444	444	8.7%	-
Japan	90	143	143	59.5%	-
Industrial Sewing Machines	340	395	395	16.1%	1.6%
Americas	94	115	115	22.6%	2.6%
Europe	72	80	80	10.4%	4.8%
Asia & Others	159	182	182	14.4%	-2.3%
Japan	15	18	18	21.3%	21.3%
Business Segment Profit	126	135	135	7.6%	-
Operating Profit	126	136	136	7.3%	-

<Sales Revenue>

Machine Tools

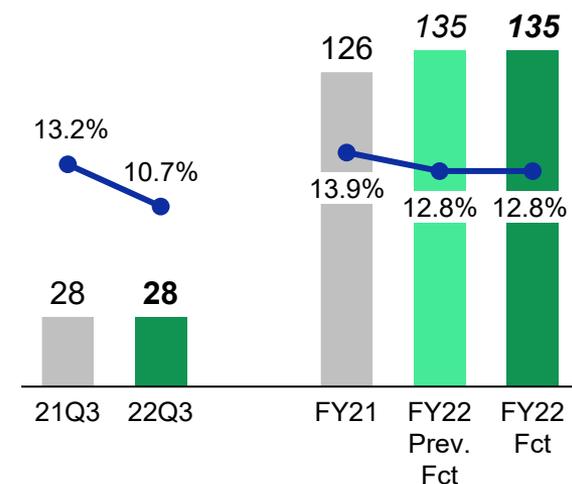


Industrial Sewing Machines



<Business Segment Profit>

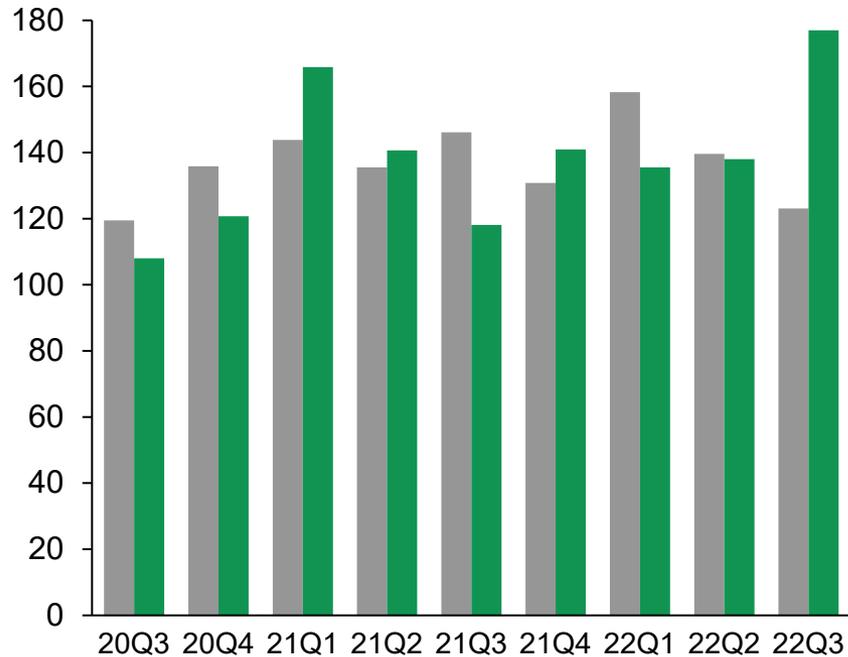
Profit ratio



Machinery (Machine Tools) Order Trends

Trends in order amount and sales revenue

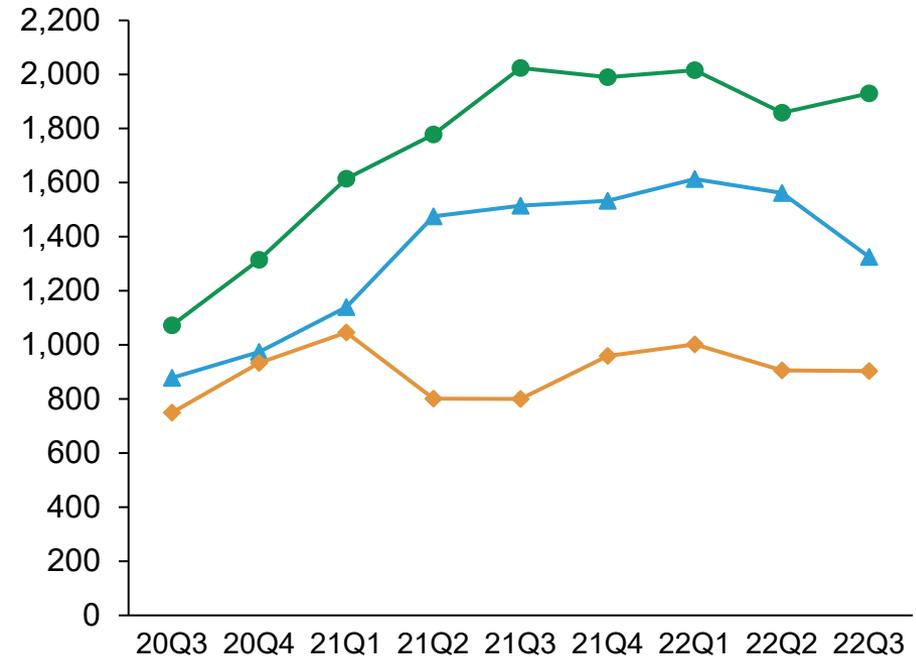
■ Order amount
■ Sales revenue



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

(100 Millions of Yen)
(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

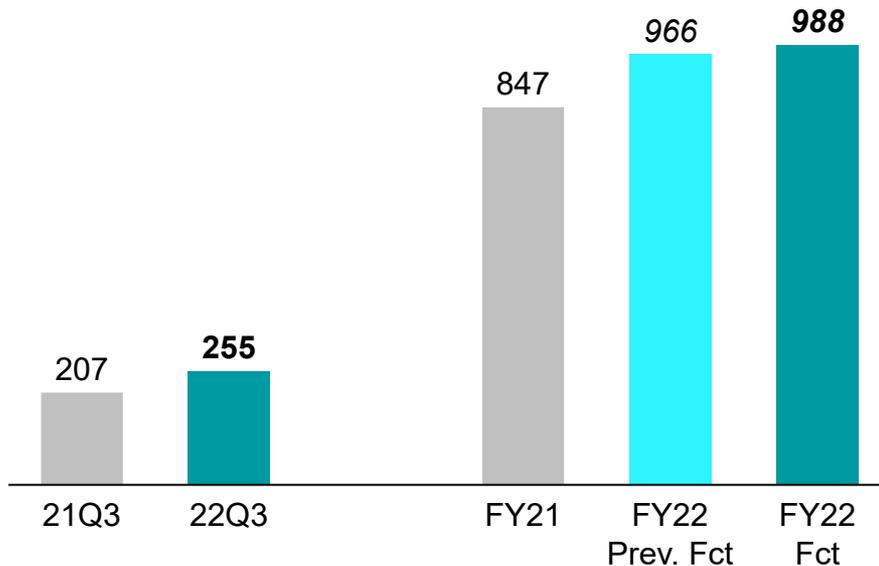
Domino Sales Revenue & Profit

(100 Millions of Yen)

	21Q3	22Q3	Change	Change w/o FX
Sales Revenue	207	255	22.9%	8.2%
Americas	47	63	35.4%	19.4%
Europe	92	108	17.4%	4.3%
Asia & Others	61	73	19.3%	1.7%
Japan	7	10	42.9%	42.9%
Business Segment Profit	8	11	35.1%	-
Operating Profit	8	3	-63.1%	-

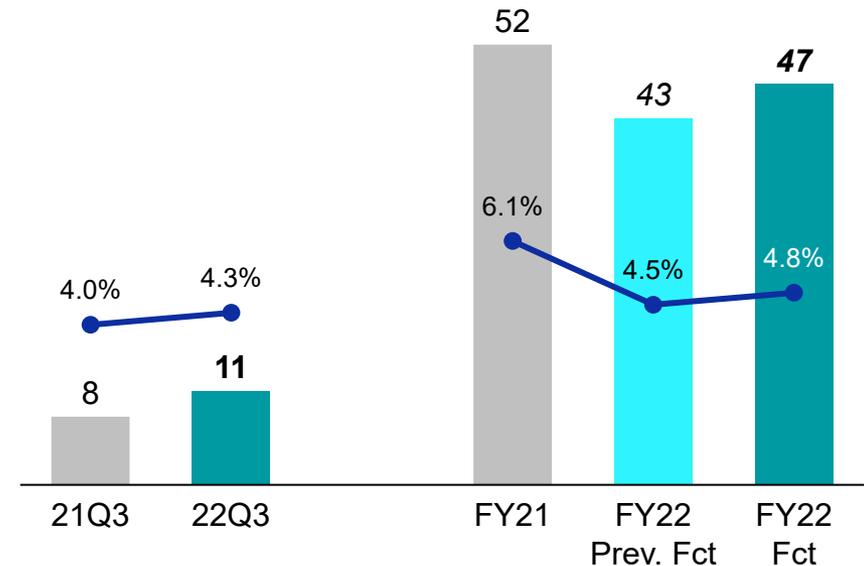
	FY21	Previous Forecast	FY22 Forecast	Change vs LY	Change w/o FX
Sales Revenue	847	966	988	16.6%	5.5%
Americas	202	233	238	17.7%	5.9%
Europe	379	416	428	12.9%	3.1%
Asia & Others	237	276	282	19.0%	4.8%
Japan	30	41	41	36.8%	36.8%
Business Segment Profit	52	43	47	-9.4%	-
Operating Profit	43	42	47	8.5%	-

<Sales Revenue>



<Business Segment Profit>

● Profit ratio



Nissei Sales Revenue & Profit

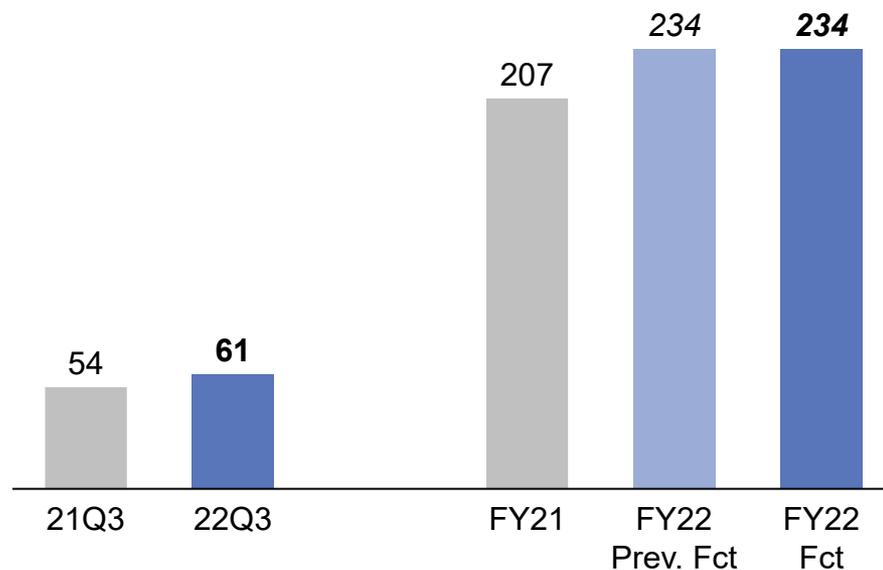
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(100 Millions of Yen)

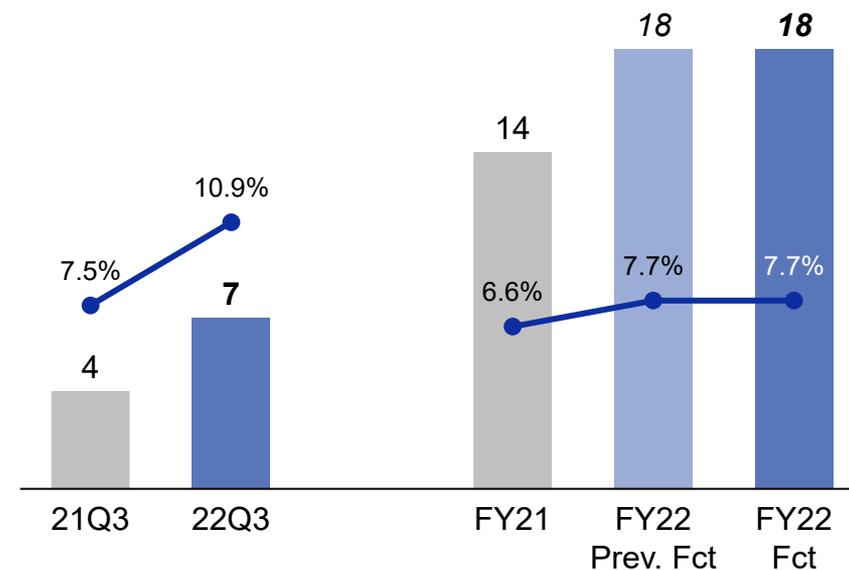
	21Q3	22Q3	Change	Change w/o FX
Sales Revenue	54	61	13.2%	7.6%
Americas	7	11	58.0%	26.9%
Europe	-	-	-	-
Asia & Others	8	10	24.8%	14.0%
Japan	39	40	2.8%	2.8%
Business Segment Profit	4	7	65.3%	-
Operating Profit	4	7	56.1%	-

	FY21	Previous Forecast	FY22 Forecast	Change vs LY	Change w/o FX
Sales Revenue	207	234	234	12.8%	8.3%
Americas	30	37	38	25.3%	3.9%
Europe	-	-	-	-	-
Asia & Others	28	35	36	28.5%	16.8%
Japan	149	162	160	7.5%	7.5%
Business Segment Profit	14	18	18	30.8%	-
Operating Profit	13	16	17	26.0%	-

<Sales Revenue>



<Business Segment Profit> Profit ratio



Personal & Home Sales Revenue & Profit

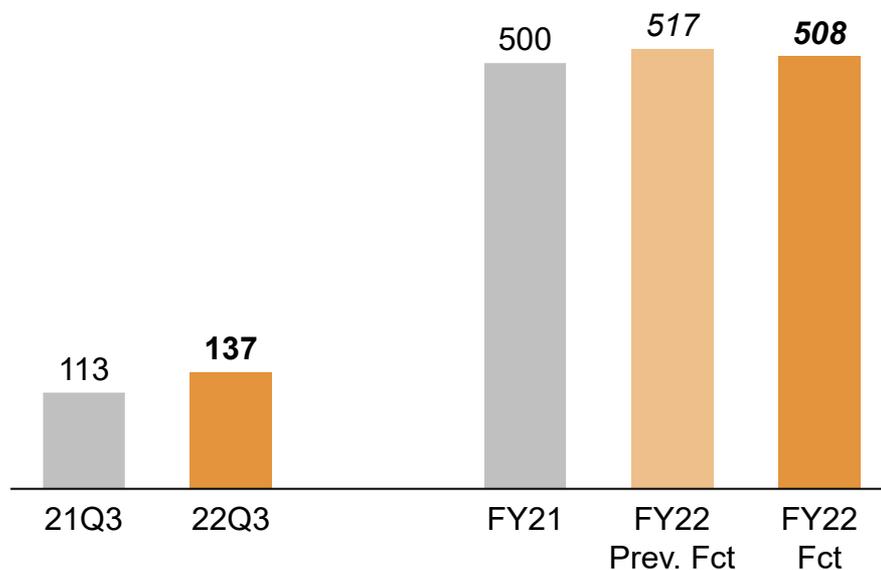
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(100 Millions of Yen)

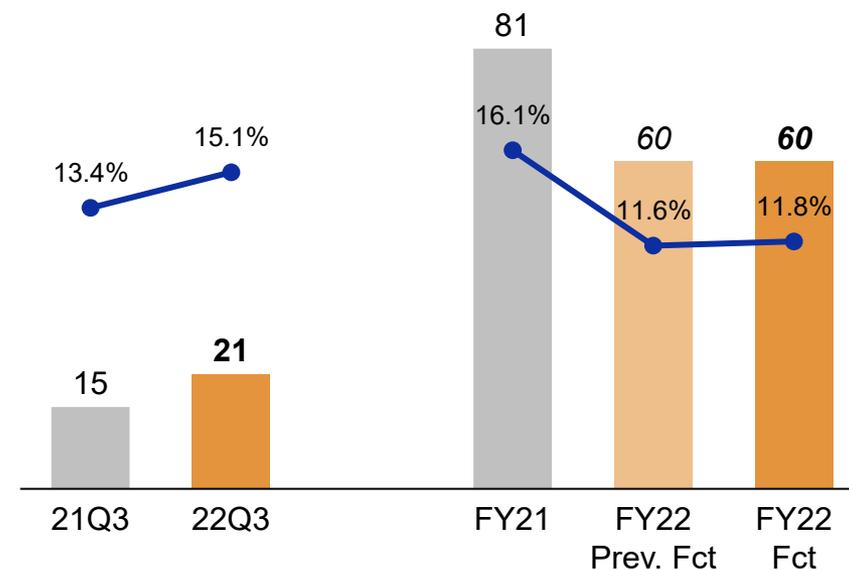
	21Q3	22Q3	Change	Change w/o FX
Sales Revenue	113	137	20.8%	2.8%
Americas	63	84	33.8%	8.5%
Europe	31	33	3.5%	-6.1%
Asia & Others	13	14	5.3%	-6.1%
Japan	6	6	9.3%	9.3%
Business Segment Profit	15	21	36.2%	-
Operating Profit	16	21	33.6%	-

	FY21	Previous Forecast	FY22 Forecast	Change vs LY	Change w/o FX
Sales Revenue	500	517	508	1.6%	-11.2%
Americas	277	325	317	14.5%	-4.3%
Europe	140	106	108	-22.8%	-27.8%
Asia & Others	52	55	53	3.2%	-6.8%
Japan	31	31	29	-5.7%	-5.7%
Business Segment Profit	81	60	60	-25.7%	-
Operating Profit	82	60	61	-25.7%	-

<Sales Revenue>



<Business Segment Profit> Profit ratio



Network & Contents Sales Revenue & Profit

(100 Millions of Yen)

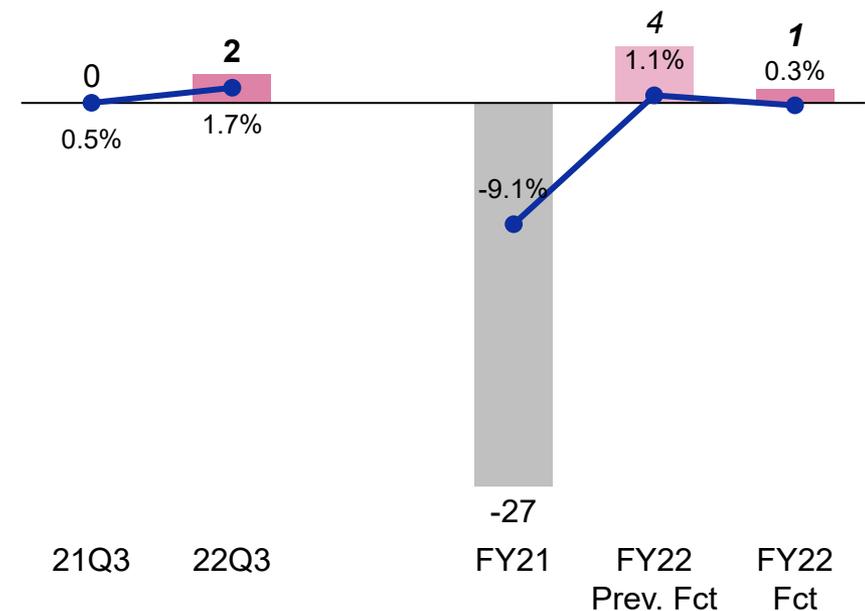
	21Q3	22Q3	Change
Sales Revenue	85	91	6.8%
Business Segment Profit	0	2	265.2%
Operating Profit	12	1	-91.1%

	FY21	Previous Forecast	FY22 Forecast	Change vs LY
Sales Revenue	296	361	352	19.1%
Business Segment Profit	-27	4	1	-
Operating Profit	-6	4	4	-

<Sales Revenue>



<Business Segment Profit> — Profit ratio



Topics

P&S Business | Completion of New Factory Building in Hoshizaki Manufacturing Facility in Japan

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A new factory building has been completed in the Hoshizaki Manufacturing Facility to further strengthen the inkjet production base



New factory building in Hoshizaki



Rooftop solar panels

Purpose: Production of inkjet heads and related parts

Investment amount: About 10 billion yen

Start of operation: January 2023

■ Materiality-related initiatives

- The building adopts the Brother Group's first **seismic isolation structure** as part of the **BCP responses**
- With the installation of **solar panels**, **CO₂ emissions** can be **reduced by about 60 tons annually**

Machinery Business (Machine Tools) | Construction of New Factory in India

A new factory will be constructed in India, where growth is expected particularly in the automobile and motorcycle markets, toward significant growth of the Machinery business



Image of completed factory

Purpose: Production of machine tools
Investment amount: About 2 billion yen
Planned completion: September 2024
Location: Suburbs of Bengaluru



Production facilities for machine tools

■ Materiality-related initiatives

- To deliver products to customers in India within **shorter lead-time**
- With the installation of **solar panels**, **CO₂ emissions** can be **reduced by about 600 tons annually**

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Reference: Brother's business areas

Business areas		Business segments		Area (Main products & service portfolio)				
Industrial area	Machinery/FA	Nissei		 Reducer Gear	 Machine tool	 Industrial Sewing Machine		
		Machinery	Industrial Equipment					
	Industrial Sewing Machines		Industrial Sewing Machines	 Garment printer	 Coding and marking equipment	 Digital printing equipment		
	Garment Printing	Domino						
Industrial Printing	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		 Home sewing machine	 Home cutting machine	 Online Karaoke system		
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