

Financial Results for Fiscal Year 2019

(ended March 31, 2020)

Brother Industries, Ltd.

May 11, 2020

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 FY2019

FY2019 Results

- ✓ **Sales revenue and income were down mainly due to slumping demand for industrial equipment**
 - Sales of communications and printing equipment consumables were firm globally. Profit increased as effects of COVID-19 infections pushed up demand due to increased working from home and restrained SG&A expenses.
 - Demand for industrial sewing machines was sluggish, mainly in China and other parts of Asia.
 - Demand for industrial equipment to the automotive, general and IT industries was also sluggish.
 - In the N&C business, sales of new online karaoke machine models were firm, but demand in the Karaoke Club Business was down sharply due to effects from COVID-19 infections.
 - In the Domino business, global sales of consumables were firm.

Consolidated Results for FY2019

Under a harsh business environment, sales revenue and profit for FY2019 were down.
In the Q4, profit was up due to temporary factors caused by effects from COVID-19.

(100 Millions of Yen)

	FY18	FY19	Change	Rate of Change (w/o FX)		18Q4	19Q4	Change	Rate of Change (w/o FX)
Sales Revenue	6,840	6,373	-467	-6.8% (-3.7%)		1,622	1,524	-98	-6.0% (-3.5%)
BSP*	720	669	-50	-7.0%		116	124	9	7.7%
BSP Ratio	10.5%	10.5%				7.1%	8.2%		
Other income/expense	0	4	4			-13	-5	8	
Operating Profit	719	673	-46	-6.4%		103	119	17	16.1%
OP Ratio	10.5%	10.6%				6.3%	7.8%		
Income before Tax	723	670	-52	-7.2%		102	114	11	11.2%
Net Income	539	496	-43	-8.0%		74	80	6	8.2%
USD	110.69	109.10				110.46	109.22		
EUR	128.43	121.14				125.70	120.68		

*BSP : Business Segment Profit

Results for FY2019 by Business Segment



(100 Millions of Yen)

		FY18	FY19	change	18Q4	19Q4	change
Printing & Solutions	Sales Revenue	4,030	3,907	-123	957	935	-22
	Business Segment Profit	522	571	49	88	113	25
	Operating Profit	529	571	42	90	109	19
Personal & Home	Sales Revenue	454	409	-46	100	94	-6
	Business Segment Profit	40	31	-9	7	8	1
	Operating Profit	40	32	-9	7	7	0
Machinery	Sales Revenue	1,041	748	-293	224	169	-55
	Business Segment Profit	98	7	-91	10	-9	-19
	Operating Profit	99	6	-93	10	-10	-20
Network & Contents	Sales Revenue	479	491	12	123	114	-8
	Business Segment Profit	18	21	3	5	1	-4
	Operating Profit	16	19	3	4	-1	-5
Domino business	Sales Revenue	712	675	-37	187	168	-19
	Business Segment Profit	39	38	-2	9	11	2
	Operating Profit	29	39	11	-5	13	18
Other	Sales Revenue	122	142	20	32	44	11
	Business Segment Profit	4	4	0	-3	1	4
	Operating Profit	8	9	2	-1	2	3
Total	Sales Revenue	6,840	6,373	-467	1,622	1,524	-98
	Business Segment Profit	720	669	-50	116	124	9
	Operating Profit	719	673	-46	103	119	17

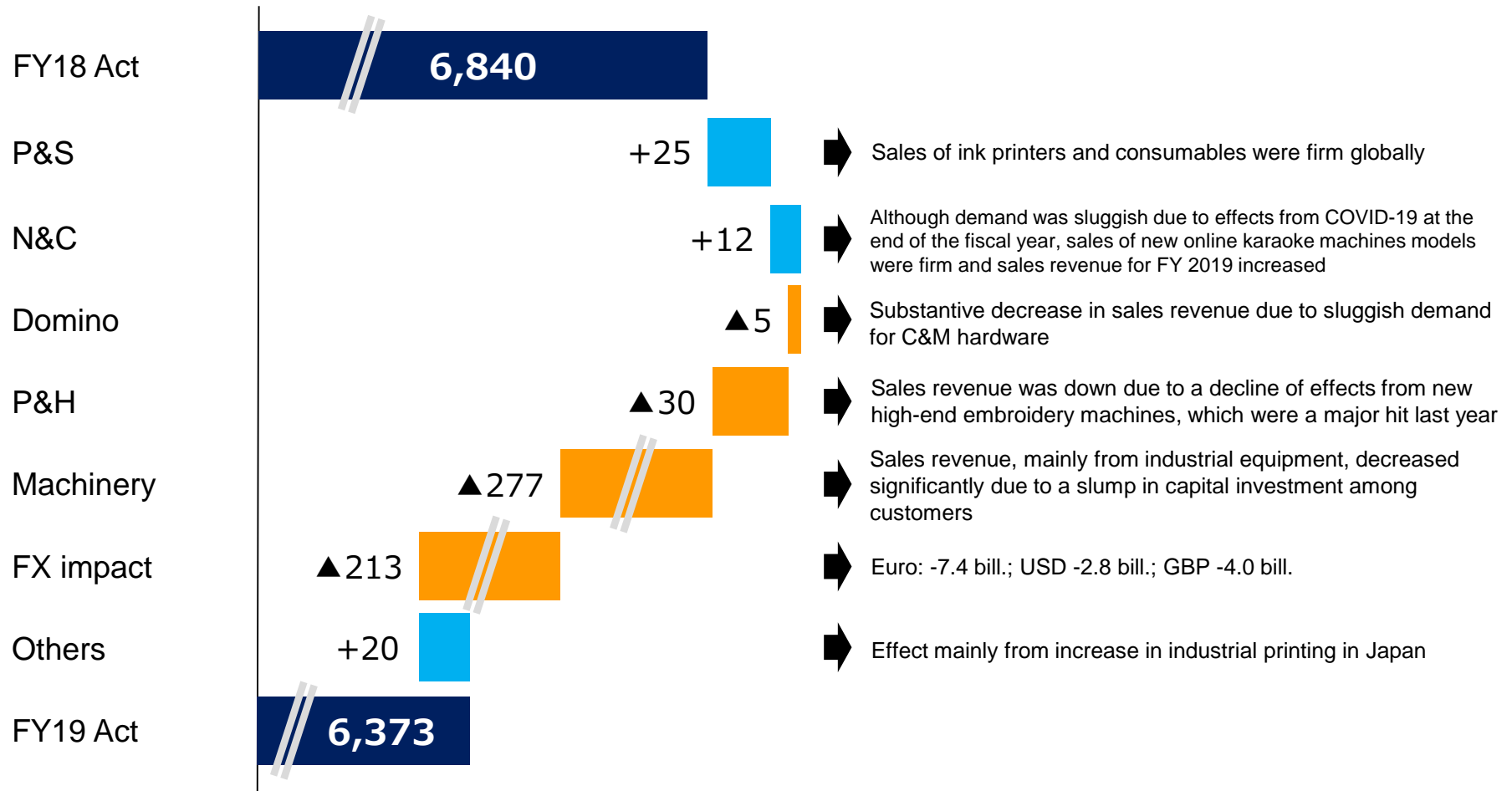
*Not including elimination amount by inter-segment transaction.

Main Factors for Changes in Sales Revenue FY19

(100 Millions of Yen)

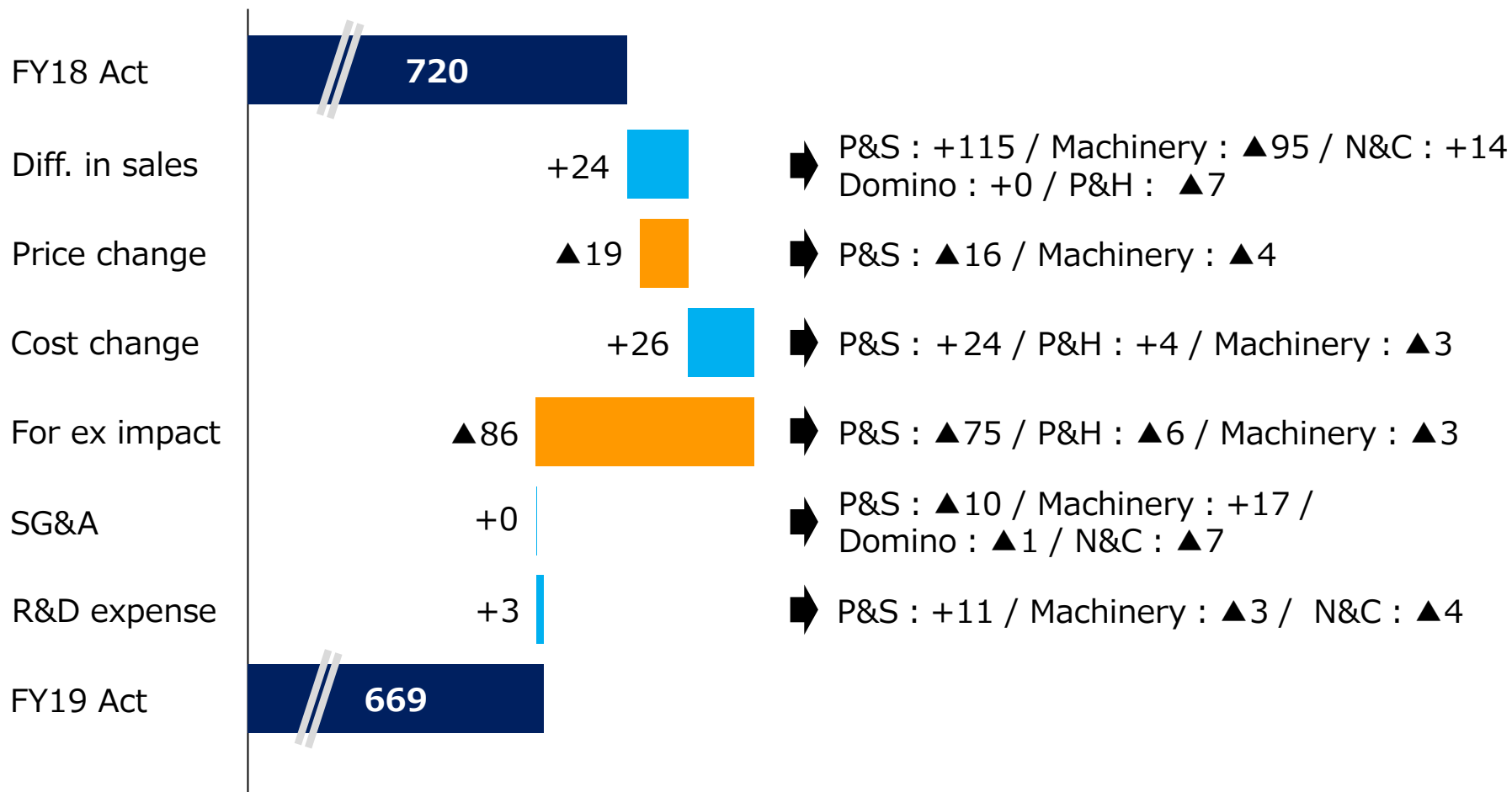
Sales revenue was down due to sluggish sales in the machinery business, particularly industrial equipment, and negative foreign exchange effects

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



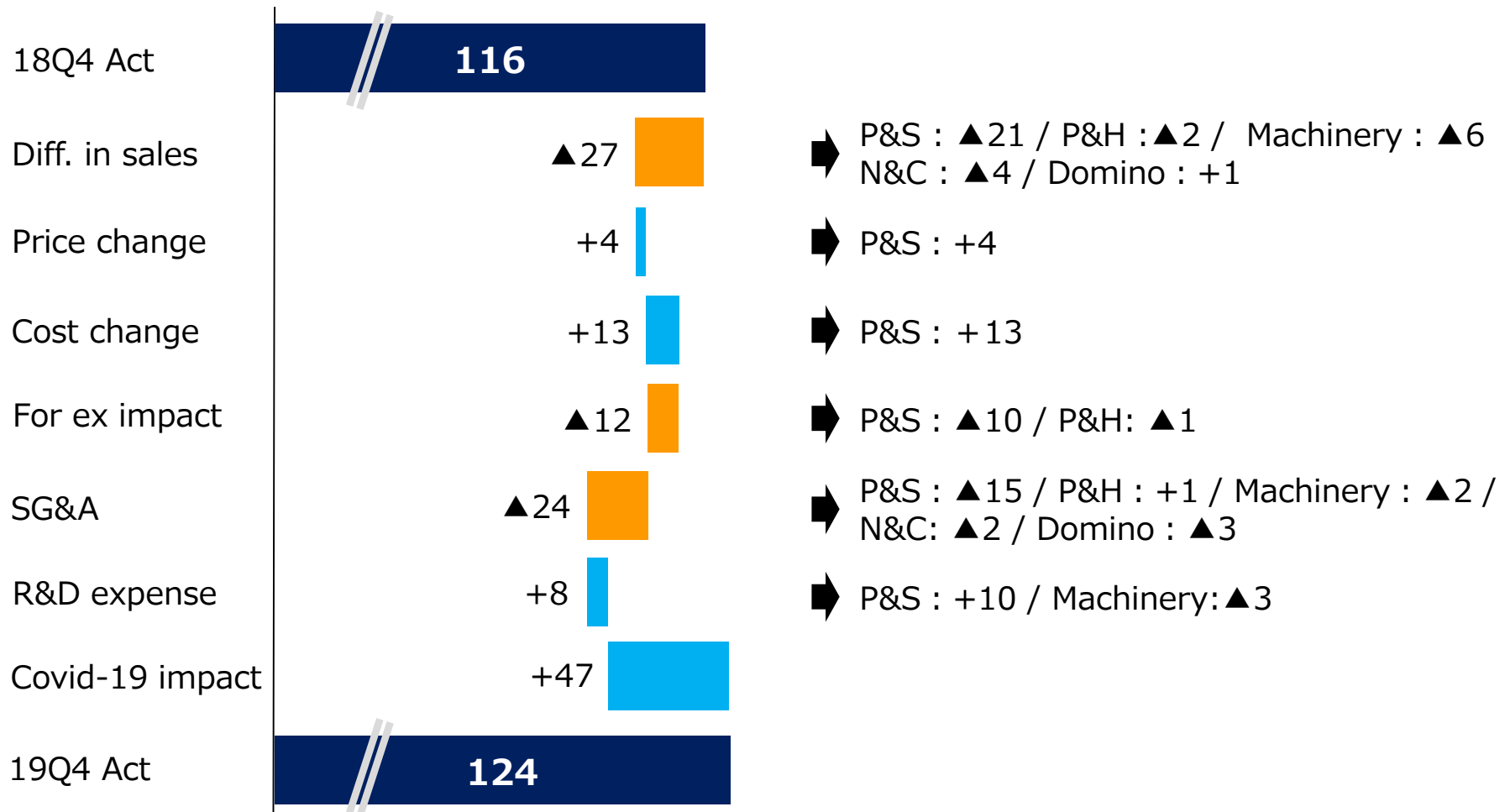
Main Factors for Changes in BSP FY19

Profitability continued to improve in the P&S business, but profit was down due to sluggish sales in the machinery business and negative foreign exchange effects



BSP impact from COVID-19 (19Q4)

Q4 business segment profit was up 4.7 billion, mainly in the P&S business, due to effects from COVID-19 (effects of increases in channel inventories and lower fixed costs)



✓ **Forecast for the fiscal year: Undetermined**

There is no projection for when COVID-19 will be contained, making it difficult to make a reasonable calculation of the impact on results at this stage.

✓ **Dividend Forecast: Undetermined**

Since the forecast of results for the fiscal year is undetermined, the dividend forecast is also undetermined.

Balance Sheet

(100 Millions of yen)

	FY18	FY19	Change
Current assets	3,849	4,088	239
Cash&Cash equivalents	1,312	1,684	373
Inventories	1,285	1,179	-107
Non-current assets	3,237	3,227	-10
Total liabilities	2,670	2,863	193
Interest-bearing debt	968	1,070	102
Equity attributable to owners of the parent company	4,248	4,285	38
Total assets	7,086	7,315	229

Net Cash

End of FY18 : +¥34.3 billion
End of FY19 : +¥61.4 billion

Changes in Debt

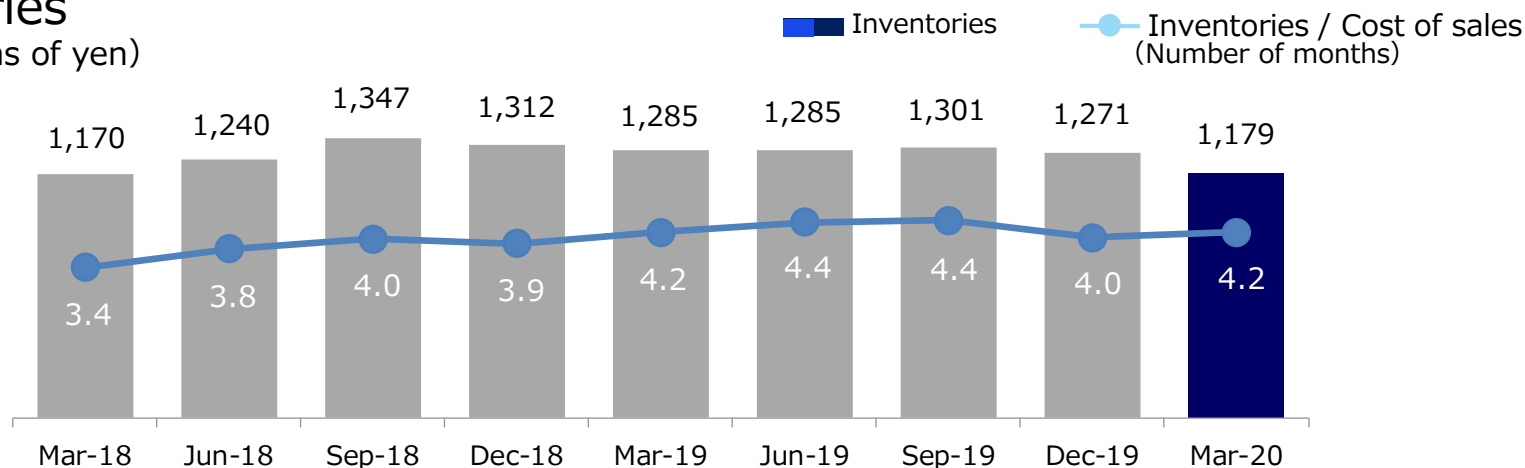
Long-term debt : ▲ 18.9 billion
Short-term debt : + 30.0 billion

Shareholders' Equity Ratio

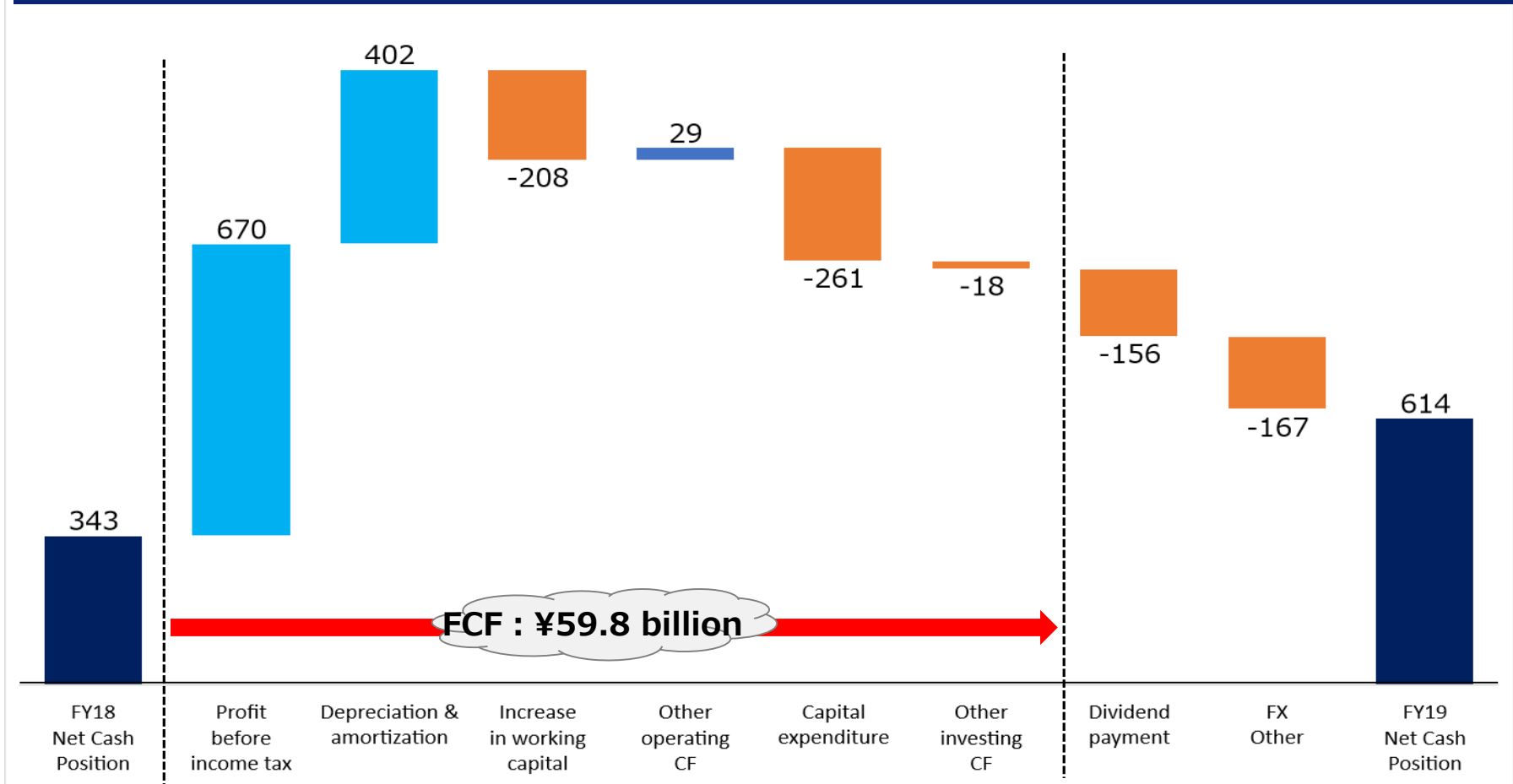
End of FY18 : 59.9%
End of FY19 : 58.6%

Inventories

(100 Millions of yen)



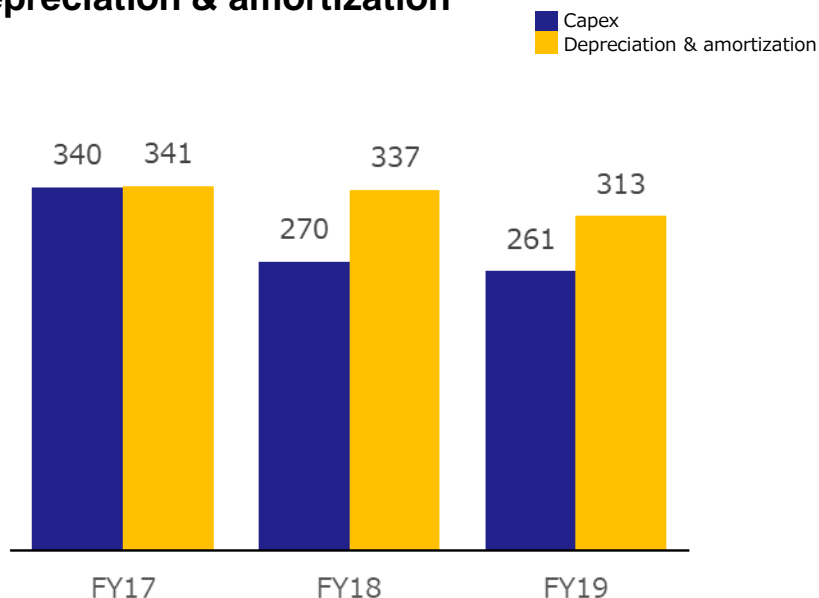
In FY2019, free cash flows of ¥59.8 billion were generated



- Net capital balance: Cash and cash equivalents minus balance of interest-bearing debt
- Change in working capital: Change in operating receivables and other receivables + Change in inventory assets + Change in operating liabilities and other liabilities

(100 Millions of Yen)

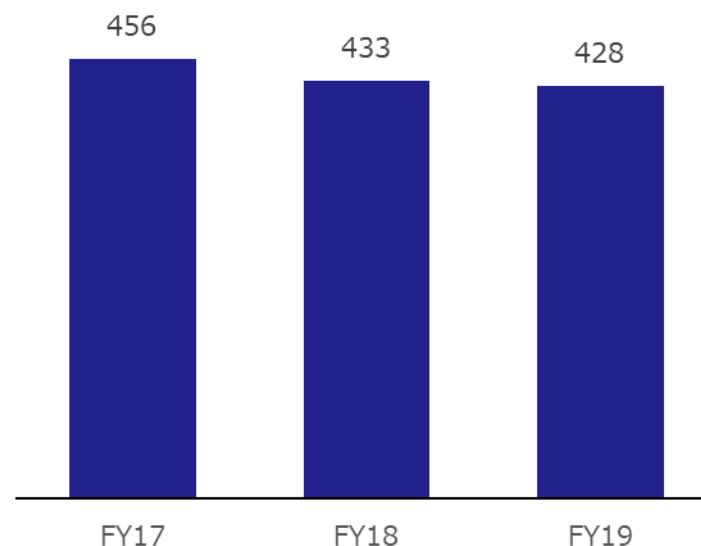
Capital expenditure / Depreciation & amortization



Breakdown by business(Capex)

	FY17	FY18	FY19
P&S	152	95	109
P&H	9	9	5
Machinery	36	40	24
N&C	65	52	49
Domino	46	31	21
Others	33	44	52
Total	340	270	261

R&D expenses



Breakdown by business(R&D)

	FY17	FY18	FY19
P&S	315	290	277
P&H	29	22	22
Machinery	48	50	54
N&C	9	5	9
Domino	35	38	38
Others	21	27	29
Total	456	433	428

Business Segment Information

Printing & Solutions Sales Revenue & Profit

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(100 Millions of Yen)

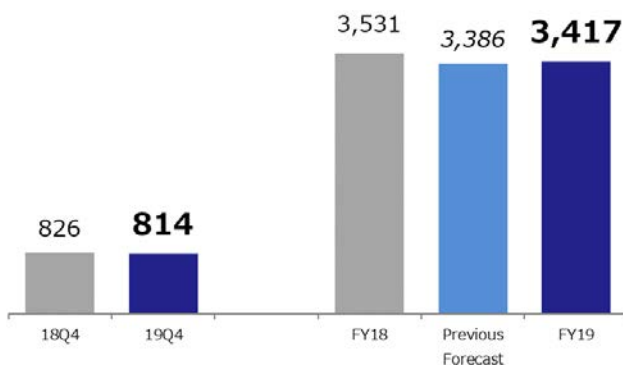
	18Q4	19Q4	Change	Change x FX	FY18	Previous Forecast	FY19	Change v LY	Change x FX
Sales Revenue	957	935	-2.3%	0.9%	4,030	3,873	3,907	-3.1%	0.6%
Communications & Printing equipment	826	814	-1.4%	1.8%	3,531	3,386	3,417	-3.2%	0.5%
Americas	316	296	-6.3%	-3.3%	1,300	1,252	1,256	-3.4%	-0.2%
Europe	281	303	8.1%	12.1%	1,162	1,101	1,133	-2.6%	2.9%
Asia & Others	130	123	-5.2%	-0.7%	620	599	591	-4.7%	-0.4%
Japan [*]	99	92	-7.7%	-7.7%	448	433	437	-2.5%	-2.5%
Electronic stationery	131	121	-7.6%	-5.1%	499	487	490	-1.9%	1.7%
Americas	55	54	-1.9%	0.4%	225	223	226	0.5%	3.3%
Europe	39	39	-1.4%	2.2%	145	143	144	-0.3%	5.2%
Asia & Others	17	13	-22.2%	-18.3%	79	74	72	-9.2%	-4.6%
Japan	20	15	-22.9%	-22.9%	50	48	47	-5.5%	-5.5%

*The decline in sales revenue in Japan resulted from decrease in OEM.

Business Segment Profit	88	113	28.3%	-	522	504	571	9.4%	-
Operating Profit	90	109	21.6%	-	529	508	571	7.9%	-

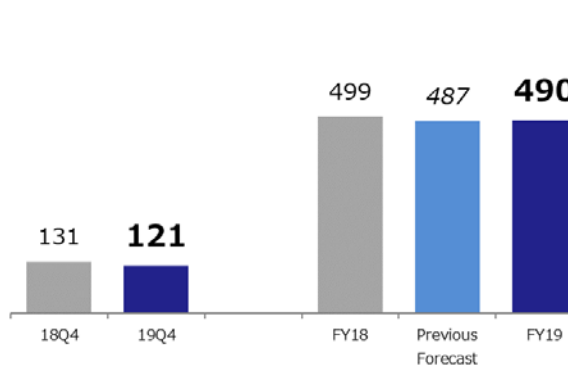
<Sales Revenue>

Communications & Printing equipment

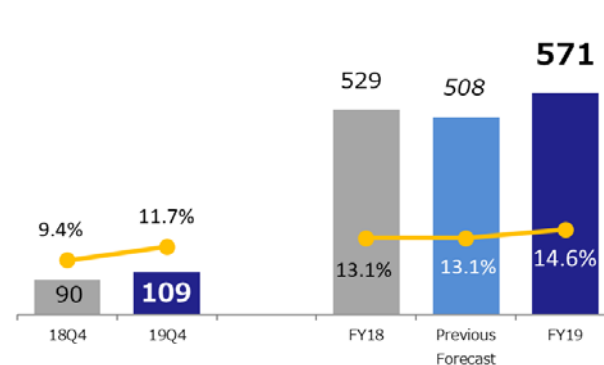


<Sales Revenue>

Electronic stationery



<Operating Profit>



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



	17Q1	17Q2	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	FY2017	FY2018	FY2019
LBP															
Sales revenue growth rate (JPY)															
Hardware	13%	24%	23%	11%	1%	-3%	-5%	-17%	-9%	-8%	-7%	-2%	17%	-6%	-7%
Consumable	-1%	2%	9%	1%	1%	1%	-1%	-4%	2%	-6%	-2%	-3%	3%	-1%	-2%
Sales revenue growth rate (LC)															
Hardware	12%	15%	15%	10%	2%	0%	-1%	-12%	-6%	-4%	-3%	2%	13%	-2%	-3%
Consumable	-2%	-8%	2%	-1%	1%	3%	2%	-1%	4%	-1%	3%	0%	-2%	1%	1%
IJP															
Sales revenue growth rate (JPY)															
Hardware	3%	15%	3%	-1%	-6%	-6%	2%	-6%	-2%	8%	-7%	-3%	4%	-4%	-1%
Consumable	4%	3%	13%	3%	1%	-1%	-3%	-5%	1%	-2%	-8%	4%	6%	-2%	-2%
Sales revenue growth rate (LC)															
Hardware	3%	6%	-3%	-2%	-3%	-2%	6%	-1%	1%	13%	-4%	0%	1%	-1%	2%
Consumable	4%	-5%	6%	1%	1%	1%	0%	-2%	3%	3%	-5%	7%	1%	0%	2%
Cosumable Ratio	57%	57%	56%	58%	58%	58%	57%	61%	60%	58%	57%	59%	57%	58%	58%
Growth rate of Hardware															
LBP	13%	9%	10%	3%	-1%	-8%	-7%	-16%	-13%	-4%	-2%	3%	9%	-8%	-5%
IJP	-7%	-5%	-9%	3%	-1%	-2%	-1%	-4%	0%	13%	1%	7%	-5%	-2%	5%

Personal & Home Sales Revenue & Profit

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(100 Millions of Yen)

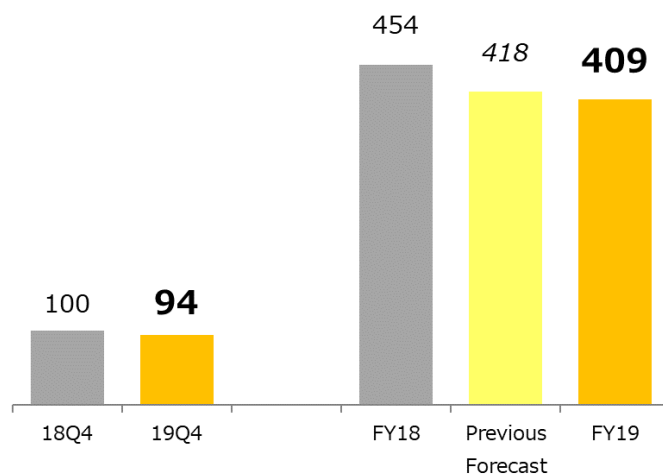
	18Q4	19Q4	Change	Change x FX
Sales Revenue	100	94	-5.8%	-2.9%
Americas	52	45	-13.1%	-10.4%
Europe	24	27	12.4%	17.1%
Asia & Others	11	11	-1.3%	2.5%
Japan	12	11	-14.3%	-14.3%

	FY18	Previous Forecast	FY19	Change v LY	Change x FX
	454	418	409	-10.1%	-6.6%
	258	234	223	-13.6%	-10.8%
	111	101	108	-3.0%	3.0%
	50	49	46	-6.5%	-2.7%
	36	33	32	-11.4%	-11.4%

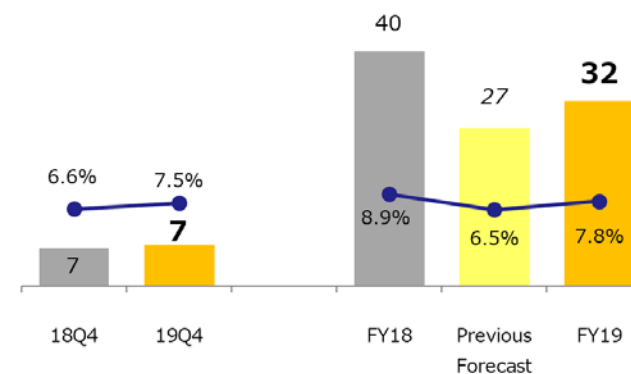
Business Segment Profit	7	8	11.4%	-
Operating Profit	7	7	7.0%	-

	40	27	31	-22.5%	-
	40	27	32	-21.2%	-

<Sales Revenue>



<Operating Profit>



Machinery Business Sales Revenue & Profit

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(100 Millions of Yen)

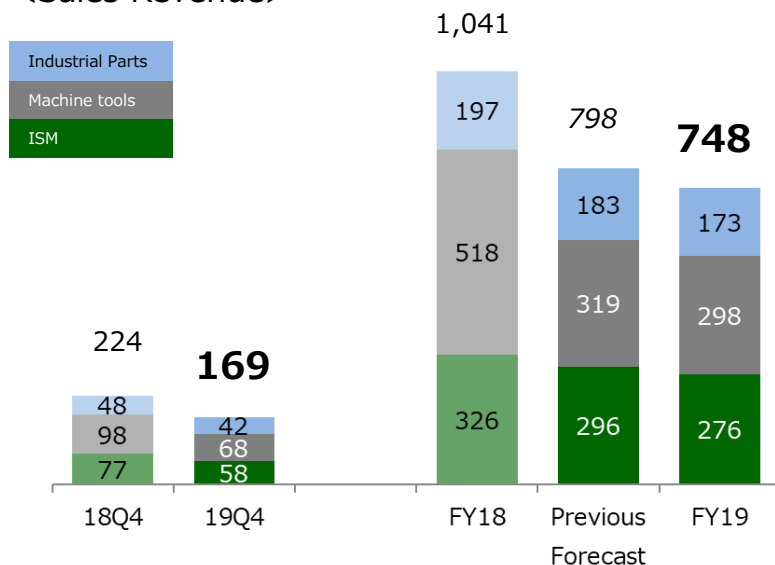
	18Q4	19Q4	Change	Change x FX
Sales Revenue	224	169	-24.4%	-23.1%
Industrial sewing machines	77	58	-24.2%	-22.3%
Machine tools	98	68	-30.5%	-29.3%
Industrial Parts	48	42	-12.6%	-12.0%

	FY18	Previous Forecast	FY19	Change v LY	Change x FX
Sales Revenue	1,041	798	748	-28.2%	-26.6%
Industrial sewing machines	326	296	276	-15.3%	-12.3%
Machine tools	518	319	298	-42.4%	-41.5%
Industrial Parts	197	183	173	-12.1%	-11.3%

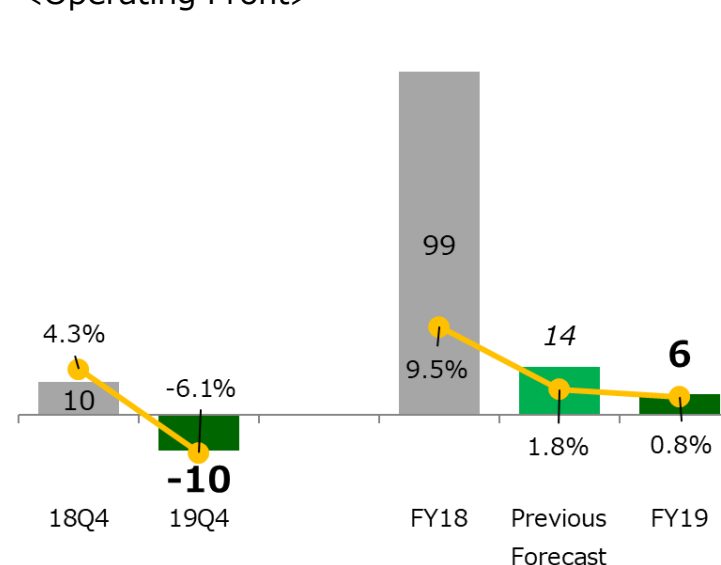
Business Segment Profit	10	-9	-	-
Operating Profit	10	-10	-	-

Business Segment Profit	98	15	7	-92.9%	-
Operating Profit	99	14	6	-93.8%	-

<Sales Revenue>



<Operating Profit>



Machinery Business

Sales Revenue by Region

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(100 Millions of Yen)

	18Q4	19Q4	Change	Change x FX		FY18	Previous Forecast	FY19	Change v LY	Change x FX
Sales Revenue	224	169	-24.4%	-23.1%		1,041	798	748	-28.2%	-26.6%
Industrial sewing machines	77	58	-24.2%	-22.3%		326	296	276	-15.3%	-12.3%
Americas	13	14	5.3%	6.6%		65	73	70	7.9%	10.3%
Europe	18	17	-5.0%	-1.0%		71	71	68	-5.4%	0.3%
Asia & Others	44	26	-41.7%	-40.3%		181	143	129	-28.8%	-26.6%
Japan	2	2	2.2%	2.2%		8	9	9	13.1%	13.1%
Machine tools	98	68	-30.5%	-29.3%		518	319	298	-42.4%	-41.5%
Americas	5	6	22.2%	-		33	21	20	-38.0%	-
Europe	6	4	-31.8%	-		30	24	21	-28.8%	-
Asia & Others	61	40	-34.1%	-		341	178	168	-50.9%	-
Japan	26	18	-32.3%	-		114	95	89	-21.8%	-
Industrial Parts	48	42	-12.6%	-12.0%		197	183	173	-12.1%	-11.3%
Americas	6	5	-10.9%	-10.0%		25	24	23	-5.4%	-3.8%
Europe	-	-	-	-		-	-	-	-	-
Asia & Others	5	4	-26.4%	-21.2%		22	20	18	-18.9%	-13.2%
Japan	37	33	-10.9%	-10.9%		150	139	132	-12.2%	-12.2%

Network & Contents Sales Revenue & Profit

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(100 Millions of Yen)

	18Q4	19Q4	Change
Sales Revenue	123	114	-6.6%

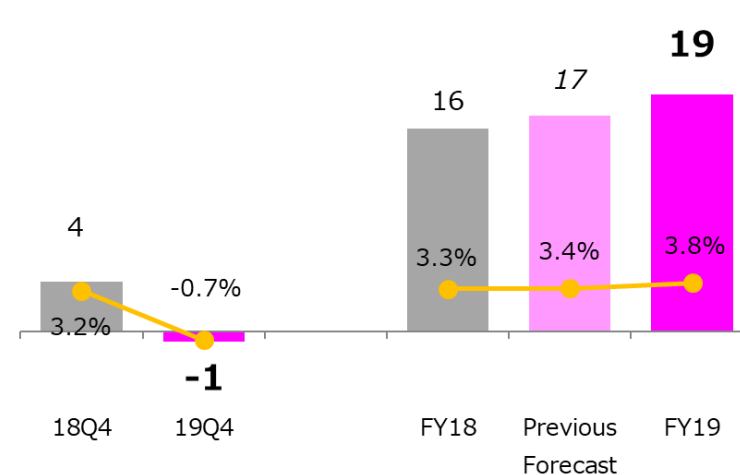
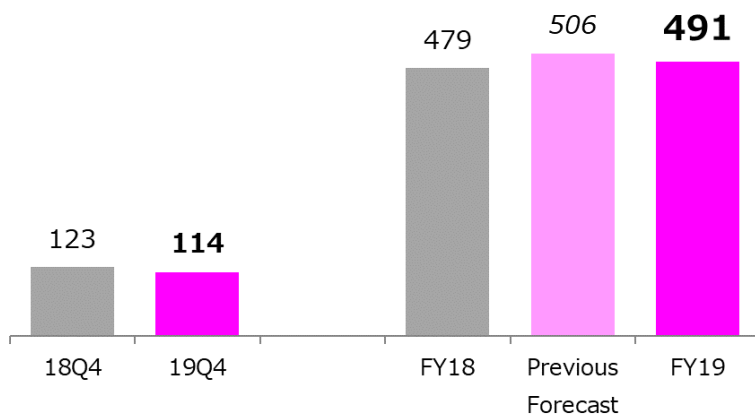
	FY18	Previous Forecast	FY19	Change v LY
Sales Revenue	479	506	491	2.5%

Business Segment Profit	5	1	-72.0%
Operating Profit	4	-1	-

Business Segment Profit	18	19	21	17.4%
Operating Profit	16	17	19	17.0%

<Sales Revenue>

<Operating Profit>



Network & Contents Sales Revenue & Profit

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(100 Millions of Yen)

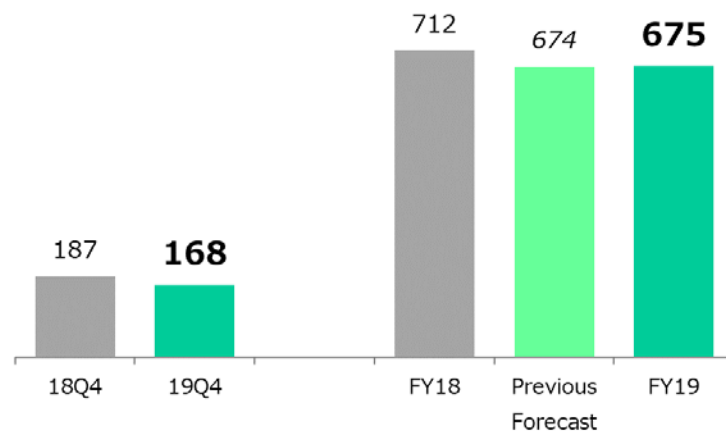
	18Q4	19Q4	Change	Change x FX
Sales Revenue	187	168	-10.1%	-7.4%
Americas	42	41	-1.3%	0.2%
Europe	92	86	-6.1%	-6.5%
Asia & Others	45	40	-9.9%	-15.6%

	FY18	Previous Forecast	FY19	Change v LY	Change x FX
Sales Revenue	712	674	675	-5.2%	-0.6%
Americas	159	158	165	3.3%	5.6%
Europe	358	336	329	-8.2%	-2.9%
Asia & Others	195	180	182	-6.6%	-1.7%

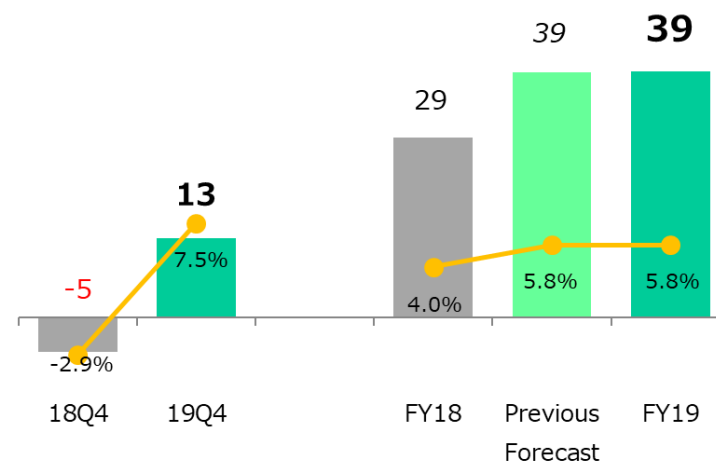
Business Segment Profit	9	11	27.4%	-
Operating Profit	-5	13	-	-

Business Segment Profit	39	37	38	-4.1%	-
Operating Profit	29	39	39	36.8%	-

<Sales Revenue>



<Operating Profit>



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Brother Group Medium-Term Business Strategy Update



CS B2021 **TOWARDS** **THE NEXT LEVEL**

May 11, 2020
Ichiro Sasaki
Representative Director &
President
Brother Industries, Ltd.



Impact of the COVID-19 Novel Coronavirus

Dividend Policy

CS B2021 Update

- Plants in China have been restored
- Operations at the plant in the Philippines are suspended. Operations have been resumed for only some products such as consumables.
(Effects from delays in product supplies have started to appear)

Main Manufacturing Sites

* As of May 7, 2020

Country	Location	Main Products	Status & Measures
China	Shenzhen	<ul style="list-style-type: none"> • Printers & all-in-one machines (hardware & consumables) 	<ul style="list-style-type: none"> • Operating (operations resumed in Shenzhen on 2/12 and in Xian on 2/17; production has returned to normal levels)
	Xian	<ul style="list-style-type: none"> • Industrial sewing machines • Machine tools 	
Philippines	Batangas	<ul style="list-style-type: none"> • Printers & all-in-one machines (hardware & consumables) • Electronic stationary (hardware & consumables) 	<ul style="list-style-type: none"> • Operations suspended on 3/6. Operations for some products, such as consumables, resumed on 4/6. Operations are being conducted with the highest priority on ensuring safety. (The office of the President of the Philippines announced that the restrictions on going out and the restrictions on movement will be extended to 5/15 on Luzon Island).
Vietnam	Hai Duong Province	<ul style="list-style-type: none"> • Printers & all-in-one machines (hardware & consumables) 	<ul style="list-style-type: none"> • Safety measures were implemented and the plant is operating

- Personnel at Brother Industries and domestic and overseas Group sites are in principle working from home. The timing of re-opening offices will be carefully examined based on the government policies and the relaxation of restrictions in each country.
- All XING locations are closed in accordance with a government request

Brother Industries and Brother Group Sales Sites

* As of May 7, 2020

Region		Status & Measures
Japan	Brother Industries	<ul style="list-style-type: none"> • In principle, employees are working from home (extended to May 31 * May be extended again) The status of attending work is being managed companywide - For work that requires reporting to work such as production, work is continuing with safety measures implemented including commuting by car and social distancing while at work - Wearing a mask has been made mandatory - Travel between plants is limited to reduce the risks of spreading infections
	Brother Sales	<ul style="list-style-type: none"> • In principle, employees are working from home • Sales activities are conducted from home or by going home directly from customer sites • Measures such as dividing call centers into separate rooms and transferring calls to mobile phones are being implemented
	XING Group	<ul style="list-style-type: none"> • All locations closed. • Visiting customers is in principle prohibited (allowed only to collect money and for urgent maintenance) <p>* In response to the closure of locations in accordance with a government request, content such as “100 popular songs” that can be sung by families and “exercising to music” for eliminating the lack of physical movement have been made available free of charge</p>
	BIPJ (Brother Industrial Printing Japan)	<ul style="list-style-type: none"> • In principle, employees are working from home nationwide • Transportation for sales and service is by car and visits are made with customer approval • The number of people working in offices is restricted. When attending work, employees must report to an officer in advance.
Americas Europe	Sales companies in each country	<ul style="list-style-type: none"> • In principle, employees are working from home. Business travel is in principle prohibited. (It is expected that restrictions will start to be eased in some countries in the future, and preparations for reopening offices have been stated according to governmental actions.)

Changes in the Environment of Each Business Due to COVID-19

Changes in the environment of each business have occurred due to the effects of COVID-19.

P&S business: Increased SOHO demand, decrease in SMB PV, supply risks from suspension of plant operations

N&C business: All locations closed in response to government request

Business	Changes in Environment
P&S	<ul style="list-style-type: none"> • SOHO: Increased demand from working at home and schooling at home • SMB: Decrease in printing volume from fewer printing opportunities due to closure of offices and shops, suspension of projects • Consumables: Channel end-users are purchasing consumables due to concerns about product supplies (temporary advance demand) • Product and consumable inventories are tight due to declining operating rates at the Philippines plant • Foreign exchange rates have deteriorated in emerging countries
P&H	<ul style="list-style-type: none"> • Sales of mid- and high-end machines have fallen due to the suspension of operations by dealers • Demand for low-end models has increased in retail markets in Europe, the Americas, and Japan due to special demand for masks and the increase in time spent at home.
Machinery	<ul style="list-style-type: none"> • The slump in orders has become protracted due to the global fall in demand for machine tools
N&C	<ul style="list-style-type: none"> • All karaoke locations are closed in response to the request to voluntarily suspend operations • Sales of and demand for online karaoke machines are sluggish • Credit risks are increasing
Domino	<ul style="list-style-type: none"> • Demand for consumables is increasing due to higher production of pharmaceuticals, beverages, foods, and other products • Opportunities for announcement of new products have been lost due to suspension and postponement of large-scale exhibitions

Impact of the COVID-19 Novel Coronavirus



Dividend Policy

CS B2021 Update

◆ CS B2021 Medium-Term Business Strategy Policy:

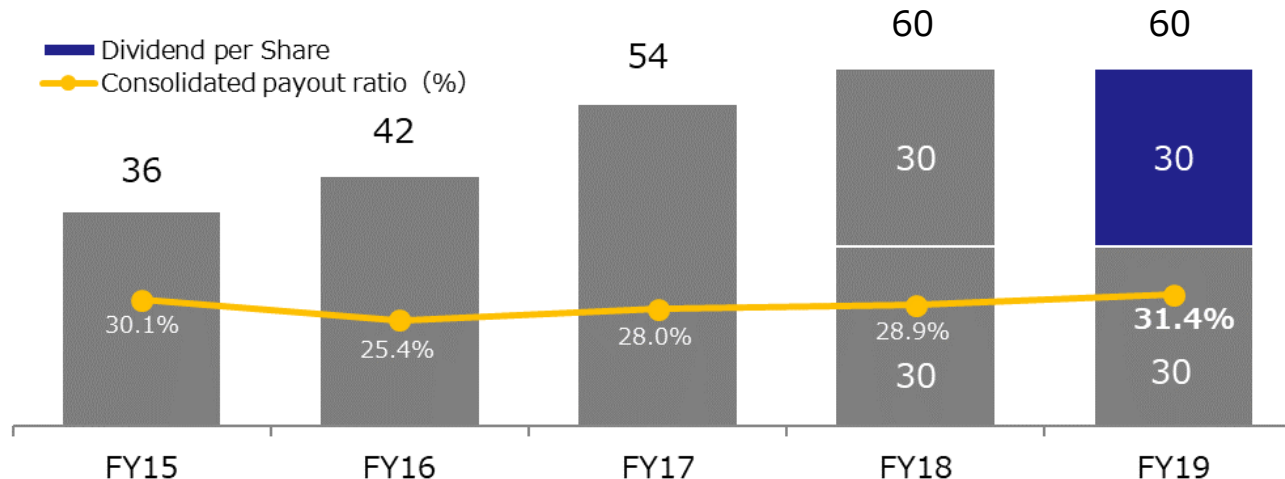
The consolidated dividend payout ratio target is 35% and stable shareholder returns will be provided
With the exception of terms in which performance deteriorates severely due to extreme changes in the management environment, the minimum annual dividend has been set at 60 yen per share

◆ FY2019 Annual dividend: 60 yen, the minimum annual dividend level (same as FY2018)

As announced, the year-end dividend will be 30 yen per share, and in combination with the mid-term dividend, the annual dividend of 60 yen per share will be maintained.


◆ FY2020 Dividend Forecast: Undetermined

The effects of the spread of COVID-19 cannot reasonably be calculated at this time, and in conjunction with the postponement of the forecast for the year, the dividend forecast is undetermined.



Impact of the COVID-19 Novel
Coronavirus

Dividend Policy



CS B2021 Update

CS B2021 “TOWARDS THE NEXT LEVEL” ~ Establish a firm foothold for the future~

① **Printing - win to survive**

- Maintain scale and raise profitability by acquiring high-PV users and improving hardware profitability
- Accelerate shift to new business models to secure stable profits and closer customer relations

② **Machinery/FA - accelerate growth**

- Achieve significant growth in Industrial Equipment with focus on auto/general machine market
- Increase FA business through capturing a surge in labor-saving/automation needs

③ **Industrial Printing - develop a growth platform**

- Re-accelerate Domino's growth with synergy realization/reinforcement
- Expand Industrial Printing area by inkjet-centered printing technologies

④ **Form a solid foundation to gain speed/cost advantage**

- Thorough operational transformation across the board by leveraging IT
- Maximize organizational performance by cultivating talent pool and optimizing talent deployment
- Revitalize unprofitable/low-profit businesses

PV = Print Volume

Reinforce competitiveness by launching inkjet and laser products and expand new business models (hardware profit reinforcement model, contract business)

Review of FY2019

Reinforced profits in existing hardware sales and consumables businesses	Although sales of consumables were firm, black-and-white printer sales volume fell due to lower OEM sales, economic slowdown in China, and other factors <ul style="list-style-type: none">Sales volume of black-and-white laser printers (low end) fell due to lower OEM sales and economic slowdown in China.A catchup plan for color laser printers (low end) was implemented in the second half, but the plan for the year was not achieved.Although there was an impact on consumables from being out of season, sales of both inkjet and laser consumables were firm globally.Labeling: Hardware sales were firm, but consumable sales were down.	
Shifted to new business models	Hardware profit	Sales plan was achieved (developed countries: Large-capacity ink cartridge models; emerging nations: ink tank models)
	Contract	The number of MPS contract units reached the plan value

Main Management Issues and FY2020 Measures

Reinforce profits in existing hardware sales and consumables businesses	Stabilize profits by launching new products in existing series <ul style="list-style-type: none">Maintain and expand market share to solidify market presenceCapture high PV users by reinforcing proposals for high-end modelsReinforce cost competitiveness by improving hardware profitability
Reinforce & expand priority areas	Accelerate the shift to new business models (hardware profit, contract, automatic supply of consumables, etc.) <ul style="list-style-type: none">Expand sales under the hardware profit reinforcement model (large-capacity toner, large-capacity ink, etc.)Expand automatic supply of MPS and consumablesAccelerate introduction of the subscription business
	Expand commercial label printers (electronic stationary area) (reinforce product lineup for specific commercial applications)

Machinery Business

Review of Medium-Term Plan and FY2020 Measures

brother
at your side

Expand the customer base in stable markets (automobiles, general) and expand the product lineup to build a strong foundation that can increase sales when markets recover

Review of FY2019

Reinforced the product lineup

Reinforced the product lineup

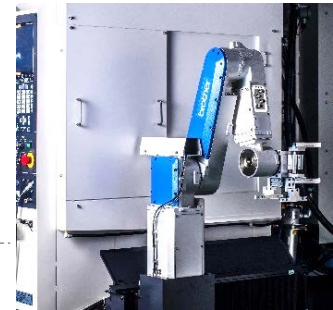
New products launched (FY2019)

- Speedio R450X2/R650X2 with high-speed pallet changer
- Speedio M200X3/M300X3 compact multi-tasking machines
- BV7-870 loading system

Reinforced sales and service structures

Expanded sales and service sites

Sales offices opened: Hiroshima (August 2019); Nanjing, China (October 2019); Chongqing Technical Center expanded and relocated (November 2019)



BV7-870 Loading System

Main Management Issues and FY2020 Measures

Expand the customer base in stable markets (automobiles, general machinery)

Make preparations to expand sales when markets recover

- Enter undeveloped regions
- Reinforce functions of sales, service, and manufacturing sites
- Develop new customers (develop new major Tier 1 users)
- Expand sales of loading systems, rebuild future business development

Reinforce the existing lineup and create new business

- Promote development to enhance product strengths
- Investigate entry into machine tool markets other than existing areas by conducting M&A and establishing alliances

Reinforce competitive advantage in C&M (coding and marking) while launching new products and seeking to expand sales to achieve growth in DP (digital printing)

Review of FY2019

Caught up in development of new products

Invested Brother development resources to accelerate development of new Domino products

New products launched (FY2019)

- Gx series (Thermal Inkjets)
- D310 (CO2 laser marker)
- Vx3-A (Industrial Thermal Printer)



Laser Marker D310 series



Vx3-A

Reinforced domestic sales

Brother Industrial Printing reinforced sales in Japan

Domestic Domino product sales business transferred from Cornes Technologies to reinforce sales of Domino brand products in Japan.
(Brother Industrial Printing commenced sales in April 2019)

Main Management Issues and FY2020 Measures

Reinforce competitive advantage in C&M

- **Seek to carry out C&M new product development in accordance with plans**

Expand the DP business

- **Seek to launch new digital printers**

Operational Reform Project: Change Operational Processes and Raise Efficiency

Continue process and communications reforms, use of IT, human resource development, and other measures in FY2020 while accelerating cross-division measures

Progress to Date

Progress is being made as planned towards achieving the target of a 10% increase in operational efficiency through Brother Industries. Measures in each division are progressing, and a reduction of 410,000 hours was achieved.

Review of FY2019

- Progress was made in process and communication reforms and human resource development measures were implemented
- Operational reforms through working at home were accelerated



Operational Transformation Project

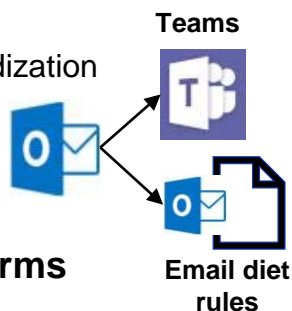
Through operational transformation across the Board by leveraging IT



Process and Communications Reforms

■ Process Reforms

- ✓ Simplification & standardization
- ✓ Consolidation & transfer of work
- ✓ Measures to prevent reworking implemented



■ Communication reforms

- ✓ Meeting reforms
- ✓ Raised email efficiency, encouraged the use of Teams

Use of IT

- ✓ Reduced working hours through automation of standard tasks by using IT such as RPA and AI

Human resource development

- ✓ Self-learning
- ✓ Basic & applied workshops
- ✓ Individual development support

Reforms are being implemented on the sub-business level to achieve operating profit ratio of at least 6% or achieve profitability.

Progress to Date

- Reinforced profit/loss management on the sub-business level. Progress is reported to and deliberated on by the Board of Directors.
- The decision has been made to withdraw from business with regard to some products for which there is no prospect of improving performance.

◇ Withdrawal from two businesses with no prospect of profitability

P&S business: Omnijoin (Webconferencing system)



P&S business: AiRScouter (head-mounted display)



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