

Fiscal Year 2023 (ending March 31, 2024) First Quarter Financial Results

Brother Industries, Ltd. **August 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 FY2023 Q1 (Apr.-Jun.)

While sales revenue was flat year-on-year due mainly to positive FX effects, business segment profit decreased due to increased SG&A and promotion, as well as decreased gross profit resulting from lower sales in the P&H and Machinery businesses

◆ Sales revenue **200.4 billion yen/ +0.3% (year-on-year)**

- ✓ Sales revenue was flat year on year due to positive FX effects, despite the impact of sluggish market conditions mainly in the Machinery (Machine Tools) business.

◆ Business segment profit **23.1 billion yen/ -6.7% (year-on-year)**

- ✓ Despite positive effects of decreased logistics costs and price adjustments mainly in the P&S business, business segment profit decreased due to decreased gross profit resulting from decreased sales in the P&H and Machinery businesses
- ✓ Profit was squeezed by increased SG&A and promotion, as well as other factors

Forecast for FY2023

No change from the previous forecast (announced on May 8, 2023), including the exchange rate precondition and segment breakdown

Results for FY2023 Q1 (Apr.-Jun.)

Consolidated Results for FY2023 Q1

While sales revenue was flat year-on-year due mainly to positive FX effects, profit decreased due to increased SG&A and promotion, as well as decreased gross profit resulting from decreased sales in the P&H and Machinery businesses

(100 Millions of Yen)

	22Q1	23Q1	Change (w/o FX)	Rate of Change (w/o FX)
Sales revenue	1,997	2,004	7 (-79)	0.3% (-4.0%)
Business segment profit	248	231	-17 (-31)	-6.7% (-12.4%)
Business segment profit ratio	12.4%	11.5%		
Other income/expense	2	-11	-13	
Operating profit	250	220	-30	-12.0%
Operating profit ratio	12.5%	11.0%		
Income before tax	253	227	-26	-10.5%
Net income attribute to parent company	174	162	-11	-6.6%
USD	129.04	138.11	9.07	
EUR	138.24	150.35	12.11	

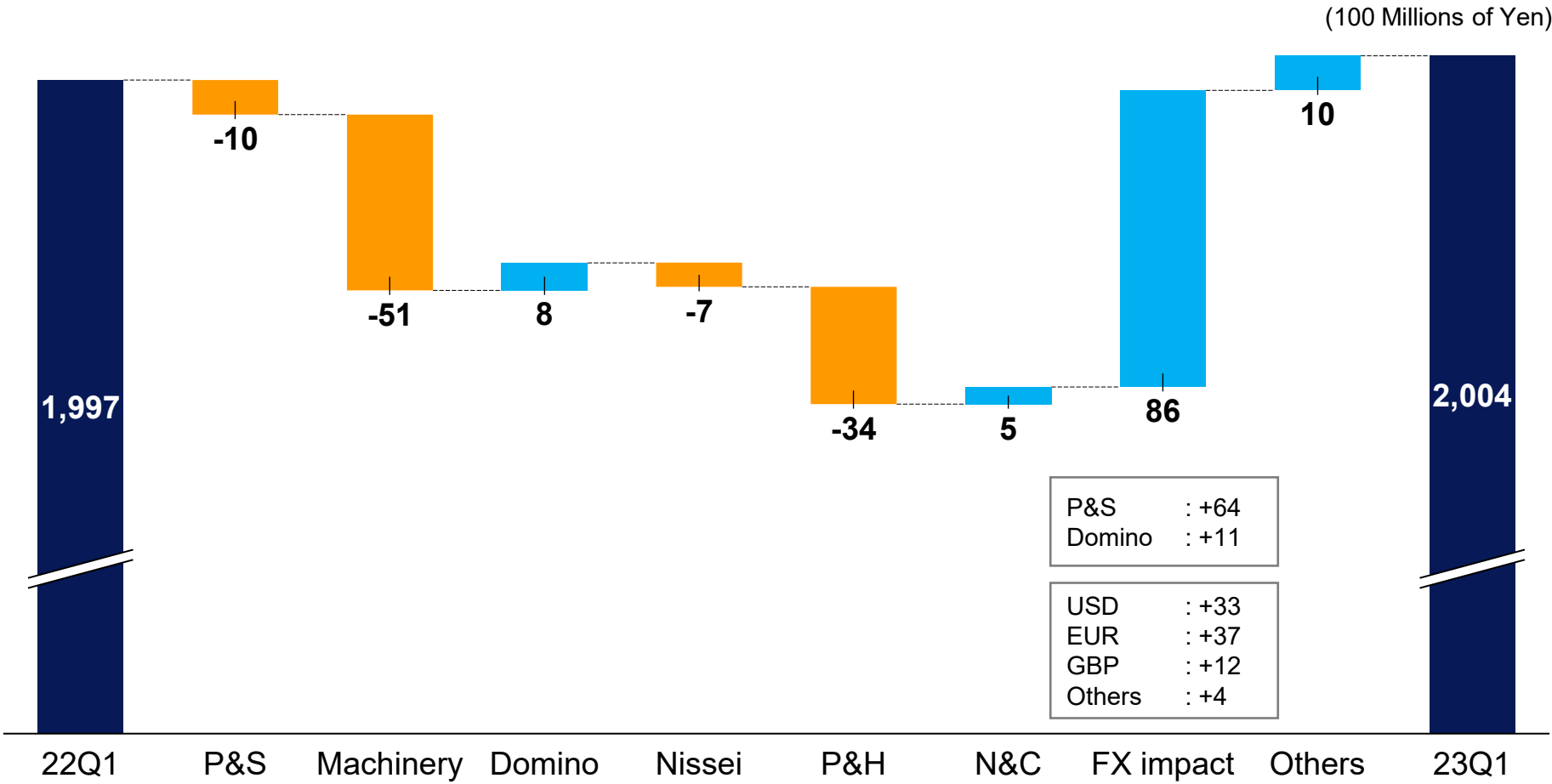
Results for FY2023 Q1 by Business Segment

(100 Millions of Yen)

	Sales revenue			Business segment profit			Operating profit		
	22Q1	23Q1	Change	22Q1	23Q1	Change	22Q1	23Q1	Change
P&S	1,218	1,272	54	179	193	14	169	180	11
Machinery	234	188	-47	21	10	-11	24	12	-13
Domino	237	256	19	16	21	5	20	18	-2
Nissei	60	53	-7	6	5	-1	7	5	-2
P&H	142	115	-28	20	-6	-26	20	-6	-26
N&C	84	89	5	3	5	2	7	6	-1
Other	22	31	10	3	4	1	3	6	3
Total	1,997	2,004	7	248	231	-17	250	220	-30

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

Sales revenue was flat year-on-year due to positive FX effects, despite the impact of sluggish market conditions mainly in the Machinery business

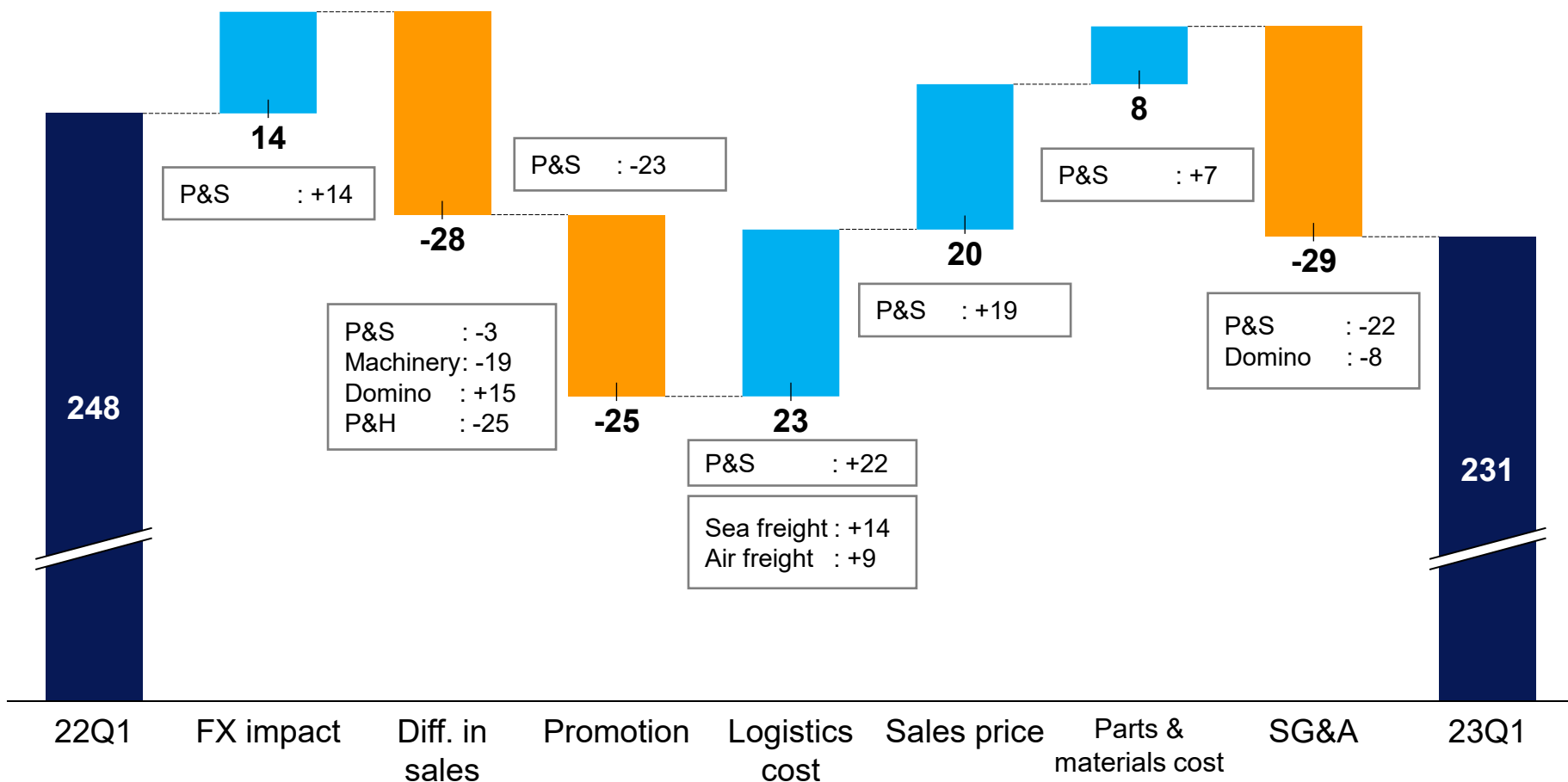


* Amounts of change are on a results basis excluding foreign exchange effects

Main Factors for Changes in Business Segment Profit

Business segment profit decreased due mainly to decreased gross profit resulting from decreased sales in the P&H and Machinery businesses, in addition to increased SG&A and promotion, despite decreased logistics costs and the positive impact of price adjustments mainly in the P&S business

(100 Millions of Yen)



Forecast for FY2023

No change from the previous forecast,
including the exchange rate precondition and segment breakdown

(100 Millions of Yen)

	FY22 Actual	FY23 Forecast	Change (w/o FX)	Rate of Change (w/o FX)
Sales revenue	8,153	8,400	247 (310)	3.0% (3.8%)
Business segment profit	604	700	96 (111)	15.9% (18.4%)
Business segment profit ratio	7.4%	8.3%		
Other income/expense	-50	0	50	
Operating profit	554	700	146	26.4%
Operating profit ratio	6.8%	8.3%		
Income before tax	570	700	130	22.9%
Net income attribute to parent company	391	500	109	27.9%
USD	134.95	135.00	0.05	
EUR	141.24	140.00	-1.24	

Forecast for FY2023 by Business Segment

(100 Millions of Yen)

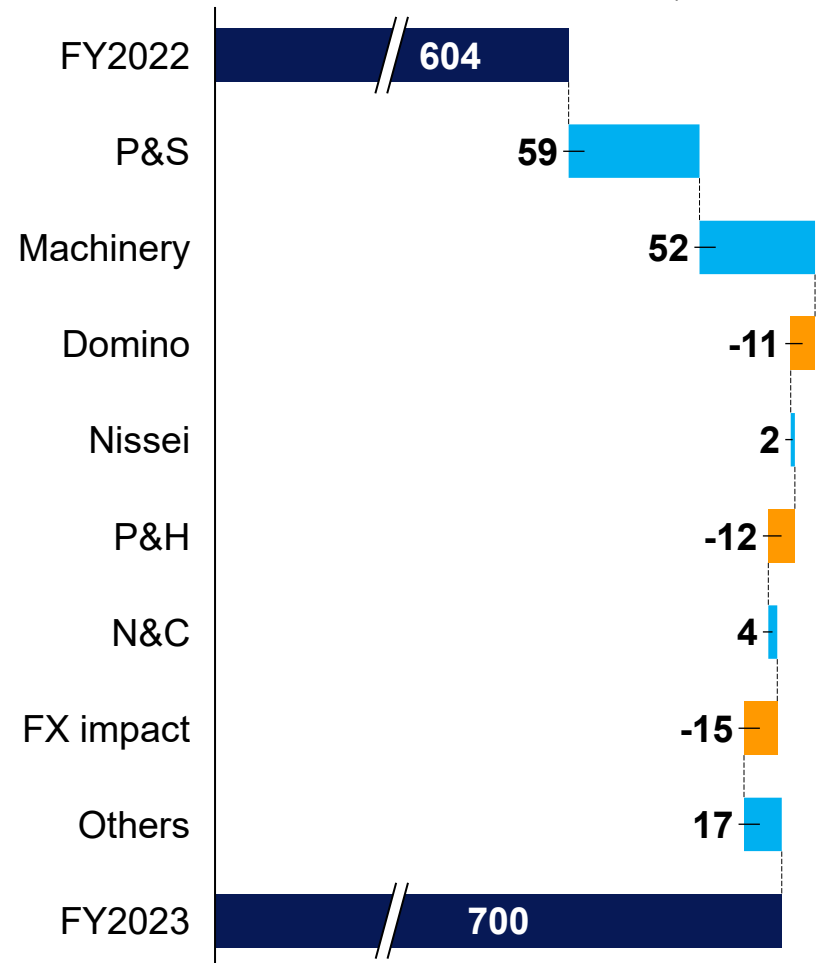
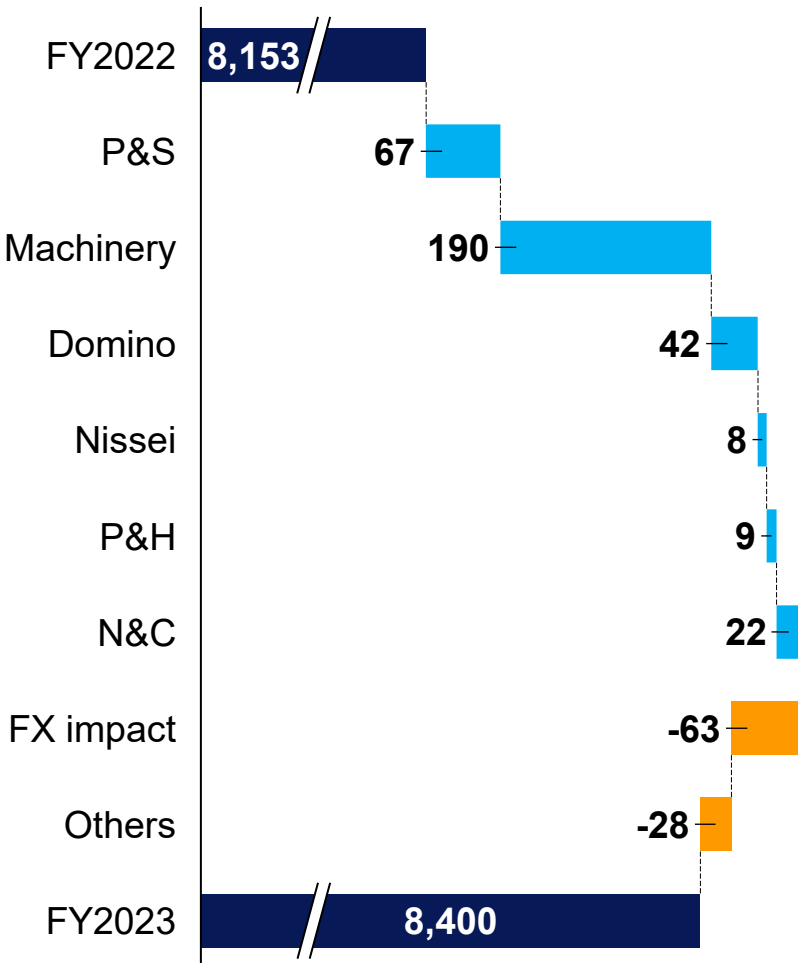
	Sales revenue			Business segment profit			Operating profit		
	FY22 Actual	FY23 Forecast	Change	FY22 Actual	FY23 Forecast	Change	FY22 Actual	FY23 Forecast	Change
P&S	4,967	4,970	3	371	415	44	365	415	50
Machinery	964	1,156	192	95	148	53	98	148	50
Domino	1,008	1,058	50	56	45	-11	-58	45	103
Nissei	235	242	7	19	21	2	18	21	3
P&H	510	511	1	58	44	-14	59	44	-15
N&C	353	375	22	5	9	4	8	9	1
Other	116	88	-28	1	18	17	64	18	-46
Total	8,153	8,400	247	604	700	96	554	700	146

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

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

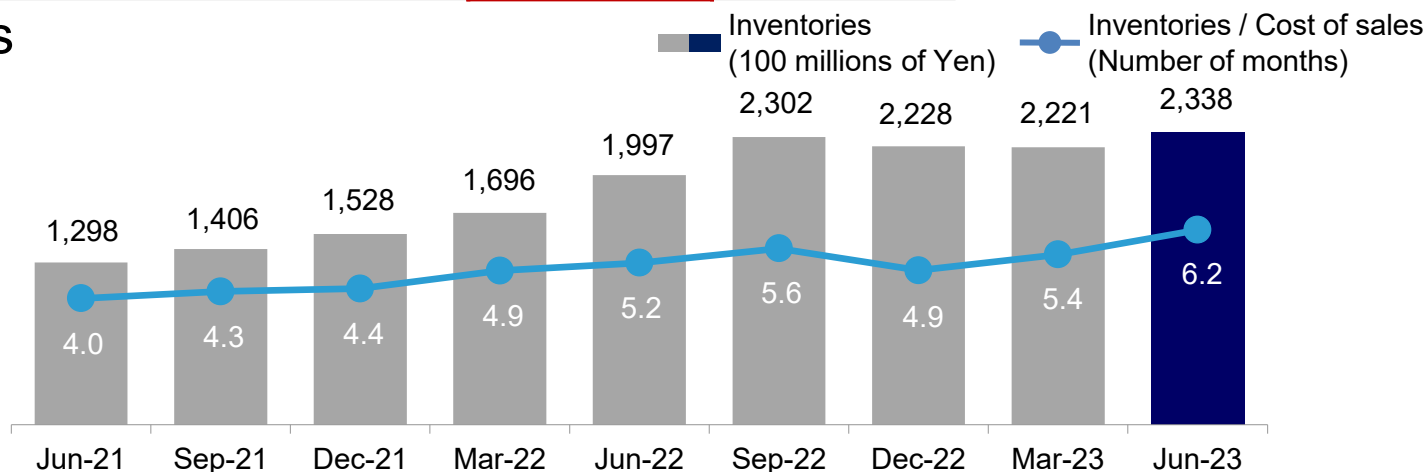
(100 Millions of Yen)

	End of Mar 2023	End of Jun 2023	Change
Current assets	5,117	5,163	45
Cash&Cash equivalents	1,190	1,092	-98
Inventories	2,221	2,338	117
Non-current assets	3,387	3,570	183
Total liabilities	2,538	2,309	-229
Interest-bearing debt	374	232	-143
Shareholders' equity*	5,966	6,423	457
Total assets	8,505	8,733	228

*Equity attributable to owners of the parent company

	End of Mar 2023	End of Jun 2023	Change
Net cash	816	860	44
Shareholders' equity ratio	70.2%	73.5%	3.4%
ROE	6.8%	-	-

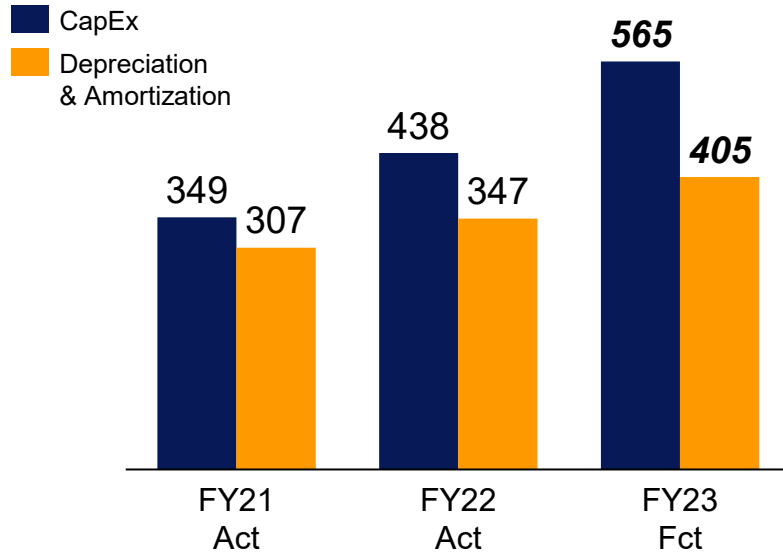
Inventories



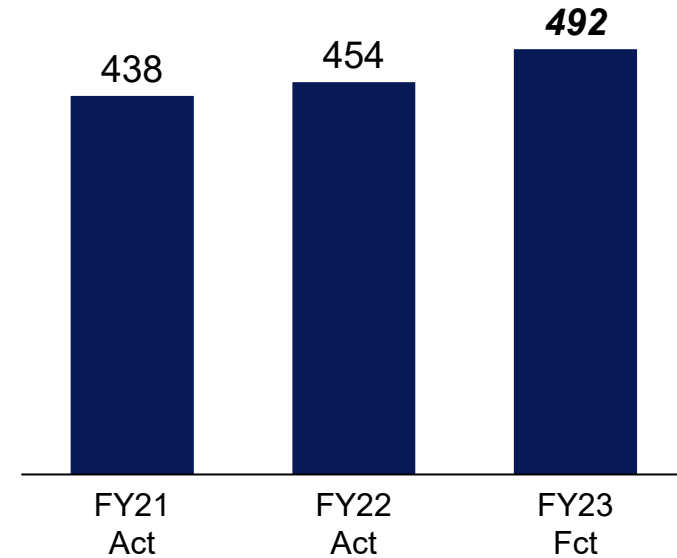
Capital Expenditure, Depreciation and Amortization/ R&D Expenses

(100 Millions of Yen)

Capital Expenditure/Depreciation & Amortization



R&D Expenses



Breakdown by business (CapEx)

	FY21	FY22	FY23
Industrial area	68	82	122
Consumer area & Others	281	356	443
Total	349	438	565

Breakdown by business (R&D)

	FY21	FY22	FY23
Industrial area	103	123	134
Consumer area & Others	335	331	358
Total	438	454	492

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

Business Segment Information

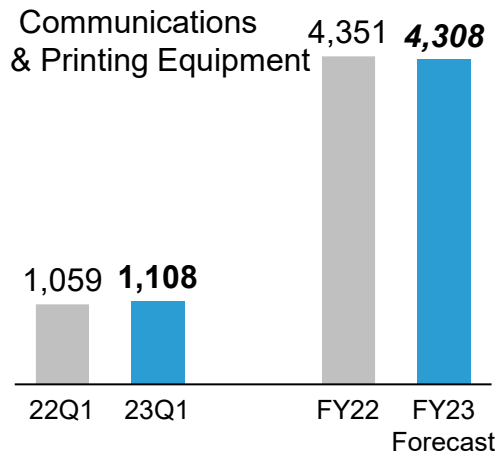
Printing & Solutions Sales Revenue & Profit

(100 Millions of Yen)

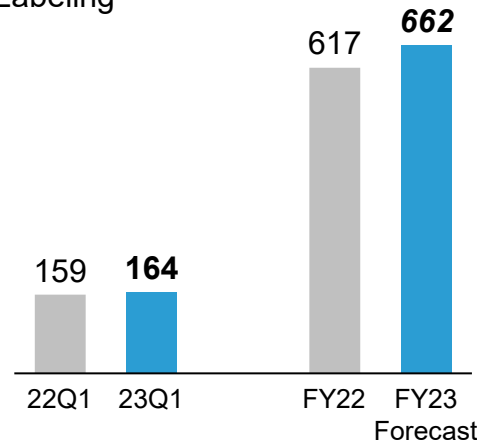
	22Q1	23Q1	Change	Change w/o FX
Sales revenue	1,218	1,272	4.4%	-0.8%
Communications & printing equipment	1,059	1,108	4.6%	-0.6%
Americas	403	410	1.9%	-2.8%
Europe	324	360	10.9%	1.6%
Asia & others	210	238	13.5%	11.5%
Japan (incl. OEM)	123	100	-18.2%	-20.0%
Labeling	159	164	3.1%	-2.1%
Americas	82	75	-8.9%	-13.7%
Europe	42	49	15.5%	6.1%
Asia & others	24	29	21.2%	19.9%
Japan	10	11	5.6%	5.6%
Business segment profit	179	193	7.8%	-
Operating profit	169	180	6.3%	-

	FY22	FY23 Forecast	Change vs LY	Change w/o FX
Sales revenue	4,967	4,970	0.1%	1.4%
Communications & printing equipment	4,351	4,308	-1.0%	0.3%
Americas	1,688	1,695	0.4%	2.3%
Europe	1,351	1,308	-3.2%	-2.3%
Asia & others	847	856	1.0%	2.6%
Japan (incl. OEM)	464	449	-3.3%	-3.1%
Labeling	617	662	7.3%	8.5%
Americas	286	309	8.3%	9.9%
Europe	186	193	3.7%	4.5%
Asia & others	98	103	4.6%	6.1%
Japan	46	56	21.8%	21.8%
Business segment profit	371	415	11.9%	-
Operating profit	365	415	13.8%	-

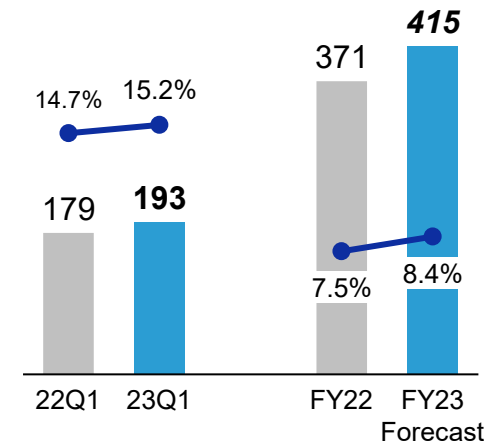
<Sales Revenue>



Labeling



<Business Segment Profit> —●— Profit ratio



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

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	21Q1	21Q2	21Q3	21Q4	22Q1	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	FY21	FY22
Laser (LBP)														
Sales revenue growth rate (JPY/YoY)														
Hardware	-10%	-4%	-9%	-8%	41%	45%	42%	36%	4%	-	-	-	-8%	41%
Consumable	21%	15%	14%	16%	18%	-8%	0%	4%	3%	-	-	-	16%	3%
Sales revenue growth rate (LC/YoY)														
Hardware	-16%	-9%	-15%	-13%	25%	23%	21%	23%	-1%	-	-	-	-13%	23%
Consumable	12%	9%	6%	9%	7%	-20%	-13%	-6%	-3%	-	-	-	9%	-8%
Inkjet (IJP)														
Sales revenue growth rate (JPY/YoY)														
Hardware	90%	95%	17%	15%	18%	32%	46%	39%	5%	-	-	-	45%	33%
Consumable	11%	-6%	-3%	2%	19%	-2%	8%	13%	15%	-	-	-	0%	9%
Sales revenue growth rate (LC/YoY)														
Hardware	79%	87%	11%	10%	8%	16%	30%	27%	2%	-	-	-	38%	20%
Consumable	5%	-10%	-7%	-2%	11%	-12%	-2%	4%	9%	-	-	-	-4%	0%
Consumable ratio														
	56%	57%	58%	59%	53%	47%	49%	53%	54%	-	-	-	57%	51%
Growth rate of hardware (Units/YoY)														
Laser (LBP)	-28%	-16%	-20%	-16%	14%	9%	3%	8%	-1%	-	-	-	-20%	8%
Inkjet (IJP)	65%	101%	1%	7%	8%	16%	42%	43%	4%	-	-	-	34%	26%

Machinery

Sales Revenue & Profit

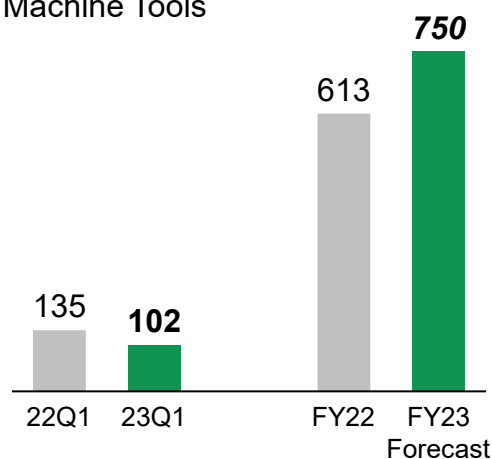
(100 Millions of Yen)

	22Q1	23Q1	Change	Change w/o FX
Sales revenue	234	188	-19.9%	-21.8%
Machine tools	135	102	-24.5%	-24.6%
Americas	10	7	-28.5%	-
Europe	12	9	-30.7%	-
Asia & others	90	67	-25.6%	-
Japan	24	20	-15.5%	-
Industrial sewing machines	99	85	-13.7%	-18.0%
Americas	27	26	-6.3%	-11.6%
Europe	21	22	7.2%	-1.8%
Asia & others	47	32	-32.4%	-34.4%
Japan	4	6	48.9%	48.9%
Business segment profit	21	10	-54.3%	-
Operating profit	24	12	-52.4%	-

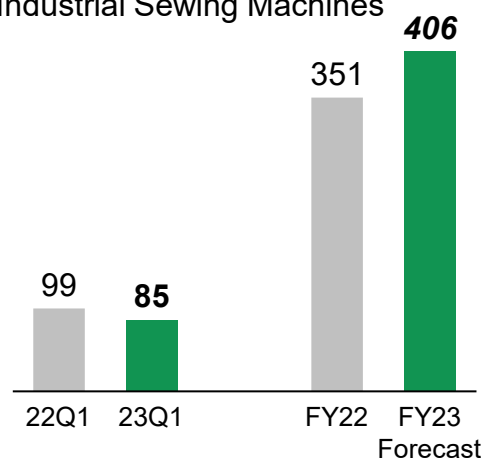
	FY22	FY23 Forecast	Change vs LY	Change w/o FX
Sales revenue	964	1,156	19.9%	19.8%
Machine tools	613	750	22.4%	21.8%
Americas	41	38	-6.0%	-
Europe	38	42	10.5%	-
Asia & others	432	534	23.5%	-
Japan	103	137	33.1%	-
Industrial sewing machines	351	406	15.7%	16.2%
Americas	105	121	14.7%	16.1%
Europe	74	85	15.9%	17.1%
Asia & others	155	178	14.8%	14.5%
Japan	17	22	29.0%	29.0%
Business segment profit	95	148	55.1%	-
Operating profit	98	148	50.6%	-

<Sales Revenue>

Machine Tools

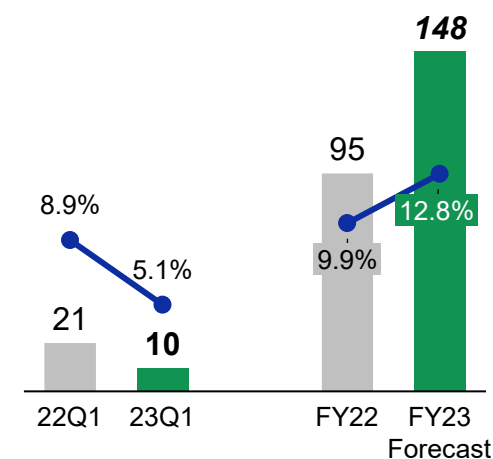


Industrial Sewing Machines



<Business Segment Profit>

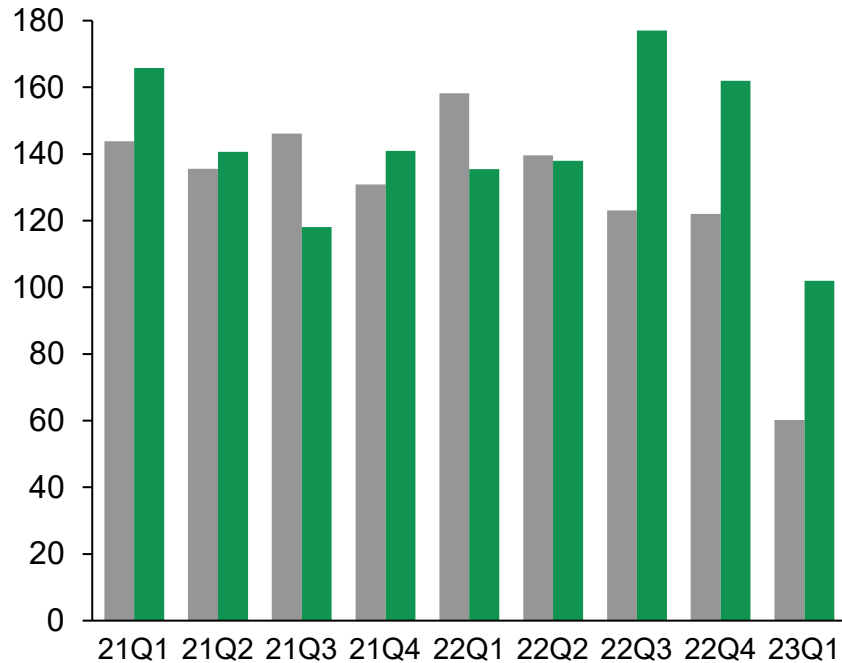
Profit ratio



Machinery (Machine Tools) Order Trends

Trends in order amount and sales revenue

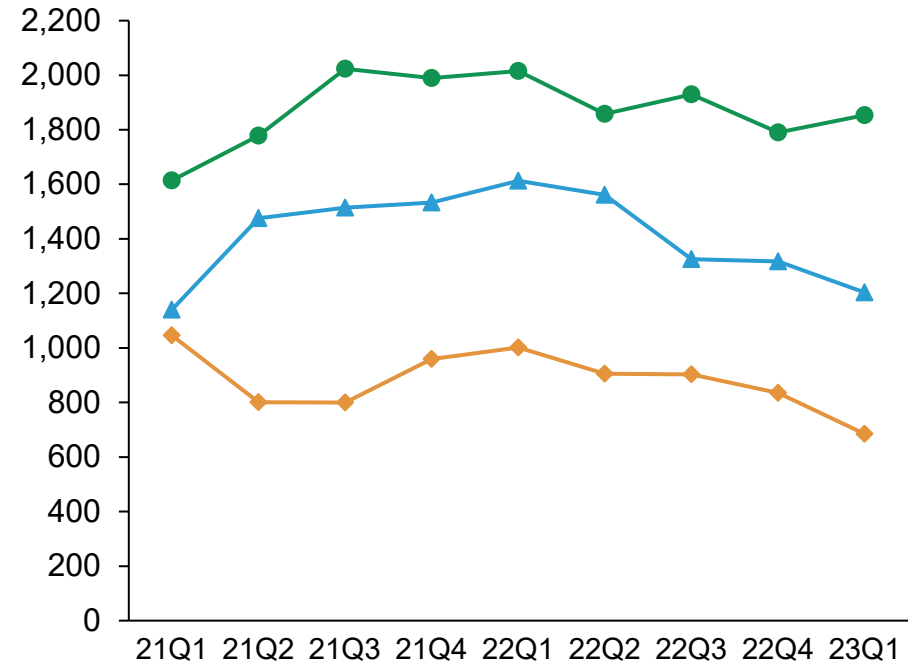
- Order amount
- Sales revenue



* 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

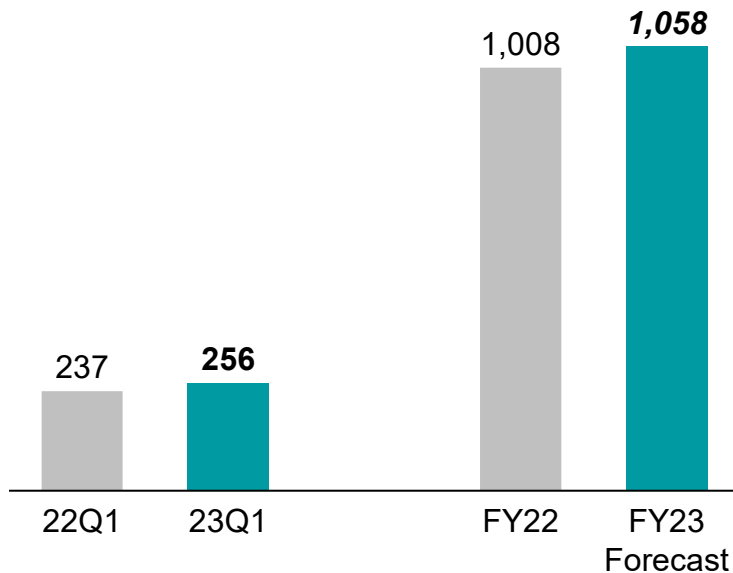
Domino Sales Revenue & Profit

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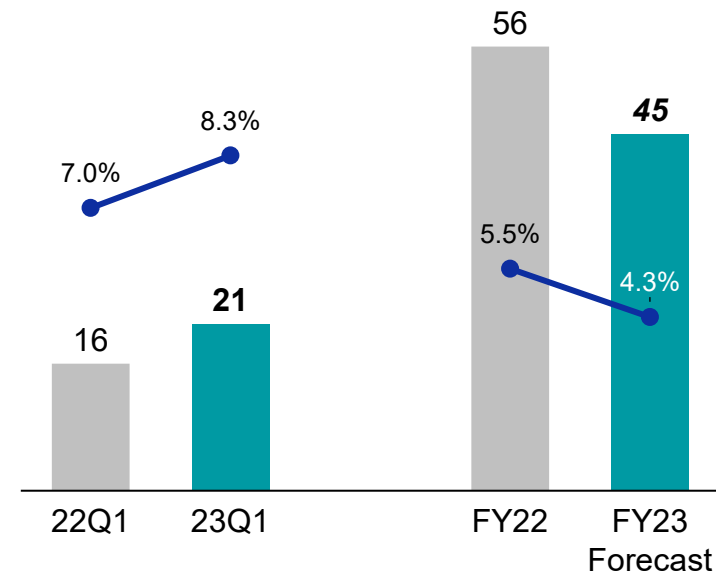
(100 Millions of Yen)

	22Q1	23Q1	Change	Change w/o FX	FY22	FY23 Forecast	Change vs LY	Change w/o FX
Sales revenue	237	256	7.9%	3.4%	1,008	1,058	4.9%	8.7%
Americas	57	64	11.9%	-1.6%	243	271	11.8%	17.9%
Europe	97	113	15.9%	13.2%	437	437	0.2%	1.8%
Asia & others	73	70	-4.5%	-5.2%	288	306	6.5%	11.9%
Japan	10	10	-1.0%	-1.0%	41	43	4.1%	4.1%
Business segment profit	16	21	28.6%	-	56	45	-19.3%	-
Operating profit	20	18	-10.8%	-	-58	45	-	-

<Sales Revenue>



<Business Segment Profit> Profit ratio



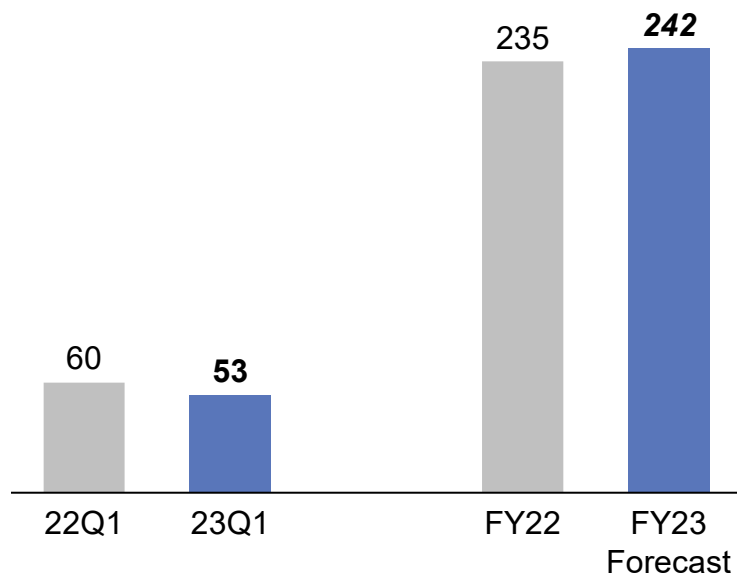
Nissei Sales Revenue & Profit

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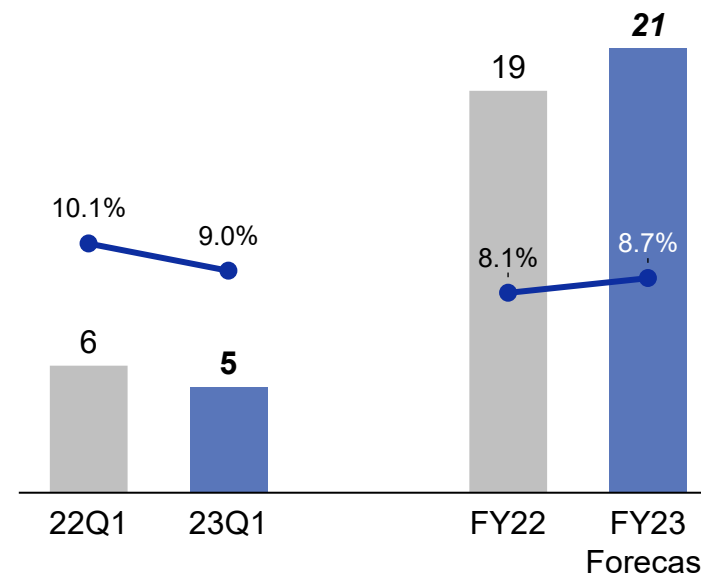
(100 Millions of Yen)

	22Q1	23Q1	Change	Change w/o FX	FY22	FY23 Forecast	Change vs LY	Change w/o FX
Sales revenue	60	53	-11.2%	-12.3%	235	242	3.1%	3.3%
Americas	10	8	-18.6%	-24.0%	38	38	-0.8%	-0.4%
Europe	-	-	-	-	-	-	-	-
Asia & others	10	11	11.8%	10.5%	37	38	1.3%	2.5%
Japan	41	35	-14.9%	-14.9%	160	167	4.4%	4.4%
Business segment profit	6	5	-21.1%	-	19	21	10.5%	-
Operating profit	7	5	-27.3%	-	18	21	16.0%	-

<Sales Revenue>



<Business Segment Profit> Profit ratio



Personal & Home Sales Revenue & Profit

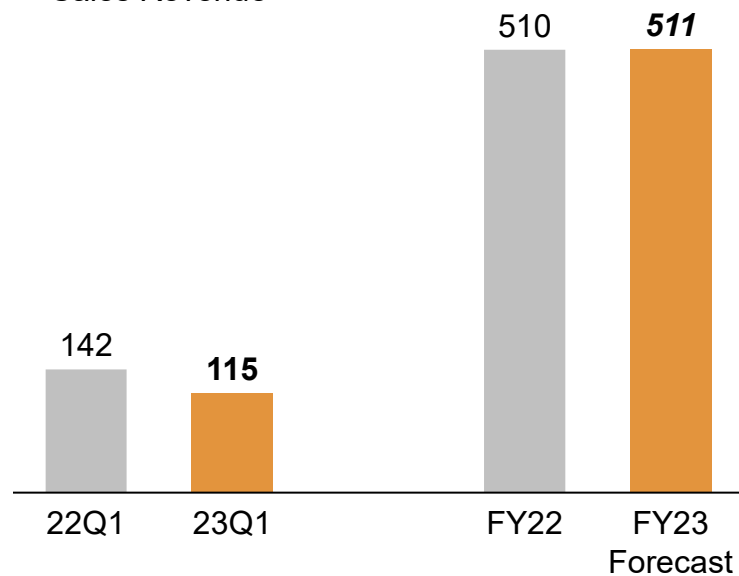
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(100 Millions of Yen)

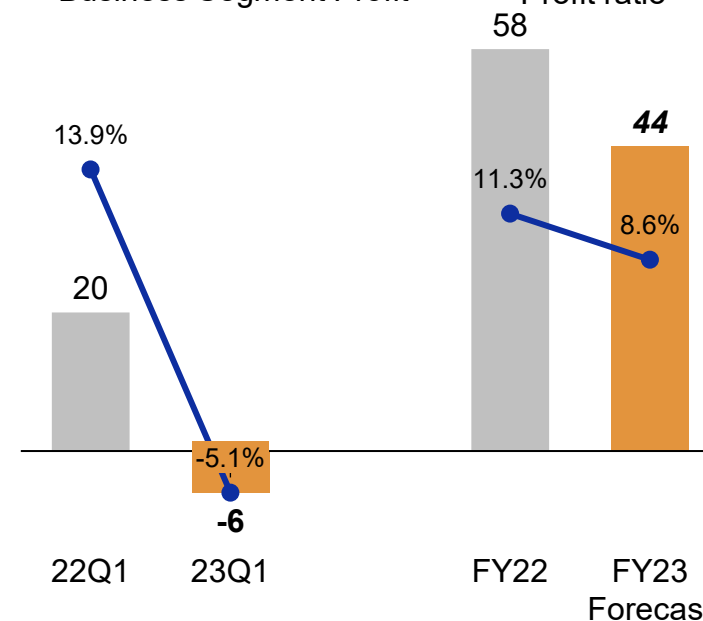
	22Q1	23Q1	Change	Change w/o FX
Sales revenue	142	115	-19.4%	-23.8%
Americas	85	69	-18.0%	-22.5%
Europe	35	28	-21.4%	-28.1%
Asia & others	14	13	-9.8%	-10.9%
Japan	8	5	-41.6%	-41.6%
Business segment profit	20	-6	-	-
Operating profit	20	-6	-	-

	FY22	FY23 Forecast	Change vs LY	Change w/o FX
Sales revenue	510	511	0.2%	1.8%
Americas	316	311	-1.7%	0.0%
Europe	112	113	0.1%	1.2%
Asia & others	52	56	8.1%	10.4%
Japan	29	31	7.9%	7.9%
Business segment profit	58	44	-23.9%	-
Operating profit	59	44	-24.8%	-

<Sales Revenue>



<Business Segment Profit> Profit ratio

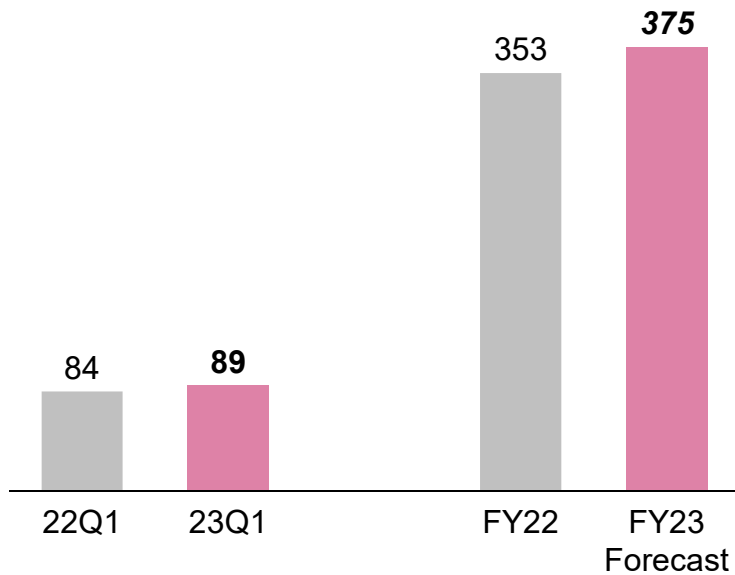


Network & Contents Sales Revenue & Profit

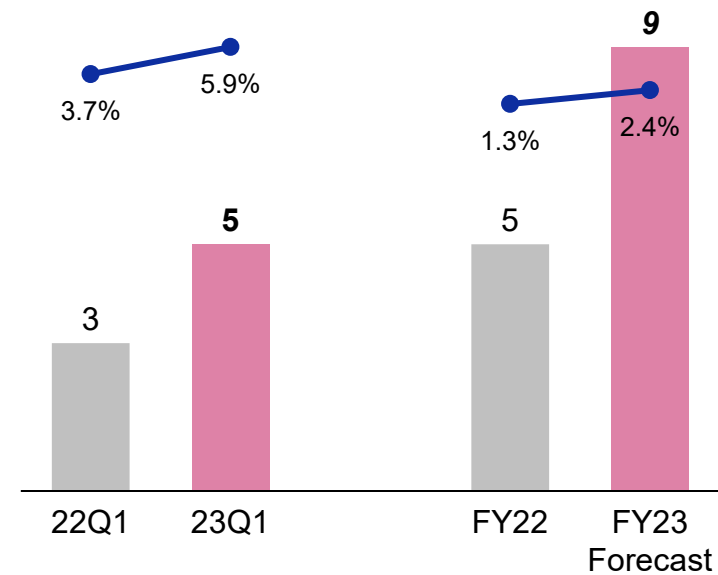
(100 Millions of Yen)

	22Q1	23Q1	Change	FY22	FY23 Forecast	Change vs LY
Sales revenue	84	89	6.4%	353	375	6.4%
Business segment profit	3	5	70.9%	5	9	98.1%
Operating profit	7	6	-10.2%	8	9	10.4%

<Sales Revenue>



<Business Segment Profit> — Profit ratio



ESG Topics

External Evaluation: Selected for the first time for the MSCI Japan ESG Select Leaders Index

Selected for the first time for the MSCI Japan ESG Select Leaders Index
With this, Brother has been included in all six ESG indices for Japanese equities used by the Government Pension Investment Fund (GPIF)

ESG indices for Japanese equities used by GPIF

(as of August 2023)

• Selected for the first time for the MSCI Japan ESG Select Leaders Index

2023 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

- FTSE Blossom Japan Index: Selected from 2020
- FTSE Blossom Japan Sector Relative Index: Selected from 2022
- MSCI Japan Empowering Women Index (WIN): Selected from 2019
- Morningstar Japan ex-REIT Gender Diversity Tilt Index: Selected from 2022
- S&P/JPX Carbon Efficient Index: Selected from 2018



FTSE Blossom
Japan



FTSE Blossom
Japan Sector
Relative Index

2023 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

S&P/JPX
Carbon
Efficient
Index

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External Evaluation: World's first recycled toner cartridge to obtain Blue Angel certification

Recycled toner cartridges manufactured by Brother Industries (Slovakia) are the first in the world to obtain the German ecolabel Blue Angel certification*



Remanufactured toner cartridges and ink cartridges for printers, copiers and multifunction devices

DE-UZ 177



Brother Industries (Slovakia)

<Efforts so far>

- 2001: Brother obtained the Blue Angel certification for its laser printers
- 2004: Recycling of toner cartridges began in the U.K.
Since then, recycling has been carried out at factories in Slovakia, the U.S., and Japan
- 2008: Brother obtained the world's first Blue Angel certification for the inkjet All-in-Ones

TN-3512 RE, a recycled toner cartridge manufactured by Brother Industries (Slovakia), obtained the world's first Blue Angel certification in the field of recycled toner cartridges

*Blue Angel Certification:

The world's first environmental label, born in Germany in 1978, with the aim of solving environmental problems and promoting the development and sales of environmentally friendly products. This time, Brother obtained the certification for the standard (DE-UZ 177) applied to recycled toner cartridges and ink cartridges such as printers and multifunction devices.

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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			