

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

Brother Industries, Ltd. **February 6, 2024**

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 Q3 (Oct.-Dec.)

Sales revenue was down, despite positive FX effects.

Business segment profit increased substantially, due to lower logistics costs and other factors.

◆ **Sales revenue** **213.1 billion yen/-1.7% (year-on-year)**

- ✓ Sales revenue was down despite positive FX effects, due to effects on the Machinery business from sluggish market conditions in China and Asia, lower hardware sales in the P&S business and other factors.

◆ **Business segment profit** **20.9 billion yen/+30.3% (year-on-year)**

- ✓ Despite higher sales promotion and SG&A costs and effects from lower sales in the Machinery business, business segment profit was up substantially due to lower logistics costs and higher consumables sales in the P&S business, as well as positive FX effects.

Forecast for FY2023

No change from the previous forecast, including sales revenue and profit and income on each level.

Results for FY2023 Q3 (Oct.-Dec.)

Consolidated Results for FY2023 Q3

Sales revenue was down despite positive FX effects,
but business segment profit increased substantially.

(100 Millions of Yen)

	22Q3	23Q3	Change (w/o FX)	Rate of Change (w/o FX)
Sales revenue	2,168	2,131	-37 (-123)	-1.7% (-5.7%)
Business segment profit	160	209	49 (28)	30.3% (17.5%)
Business segment profit ratio	7.4%	9.8%		
Other income/expense	55	4	-51	
Operating profit	215	214	-2	-0.9%
Operating profit ratio	9.9%	10.0%		
Income before tax	219	223	4	1.8%
Net income attribute to parent company	127	177	50	39.3%
USD	141.16	147.00	5.84	
EUR	143.74	158.82	15.08	

Results for FY2023 Q3 by Business Segment

(100 Millions of Yen)

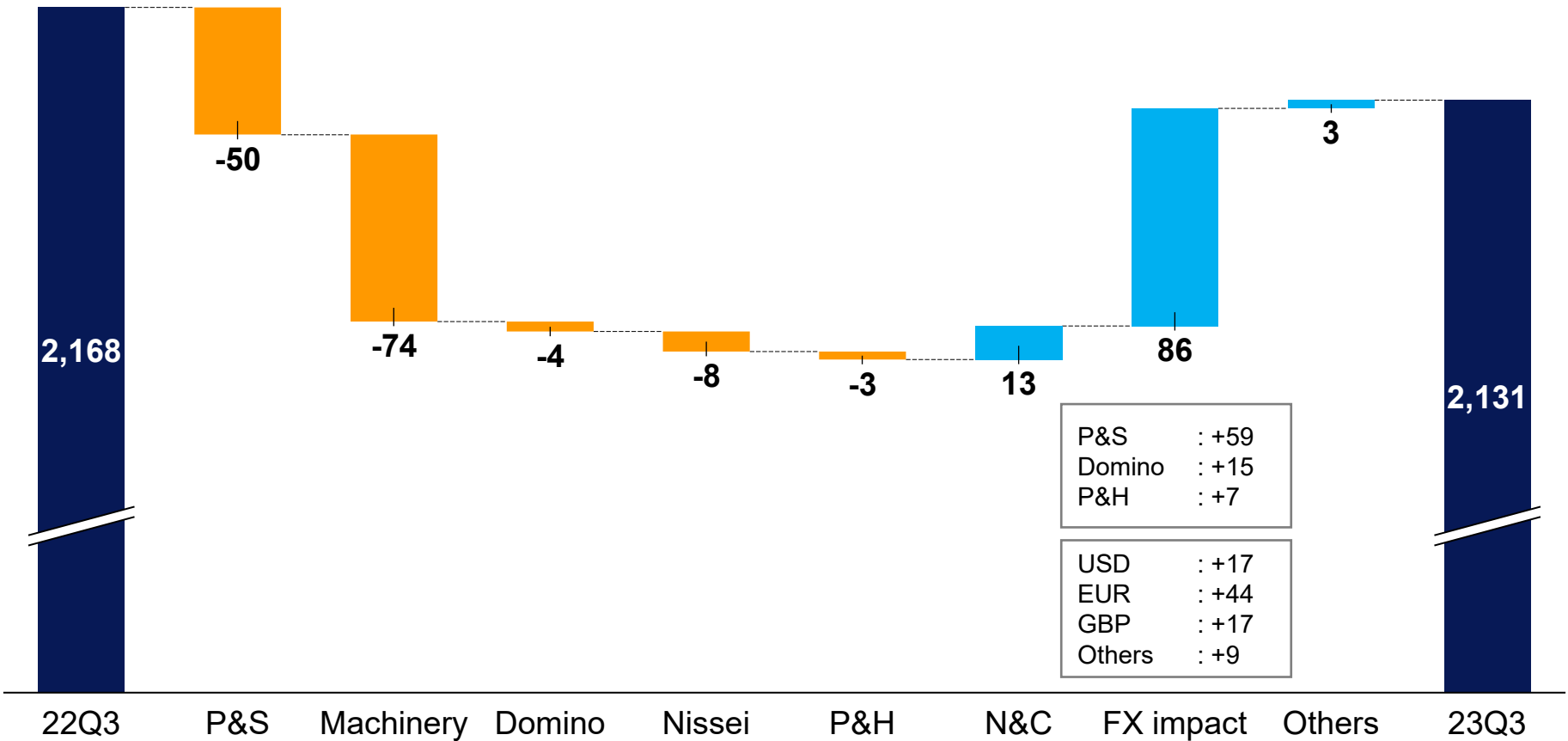
	Sales revenue			Business segment profit			Operating profit		
	22Q3	23Q3	Change	22Q3	23Q3	Change	22Q3	23Q3	Change
P&S	1,337	1,346	9	91	164	73	102	170	67
Machinery	257	187	-70	28	7	-21	26	6	-20
Domino	255	266	11	11	7	-4	3	2	-1
Nissei	61	53	-7	7	4	-3	7	4	-3
P&H	137	141	4	21	18	-3	21	17	-4
N&C	91	104	13	2	6	5	1	6	5
Other	31	34	3	2	4	2	55	9	-47
Total	2,168	2,131	-37	160	209	49	215	214	-2

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

Main Factors for Changes in Sales Revenue

Sales revenue was down despite positive FX effects, due to effects on the Machinery business from sluggish market conditions in China and Asia, lower hardware sales in the P&S business, and other factors.

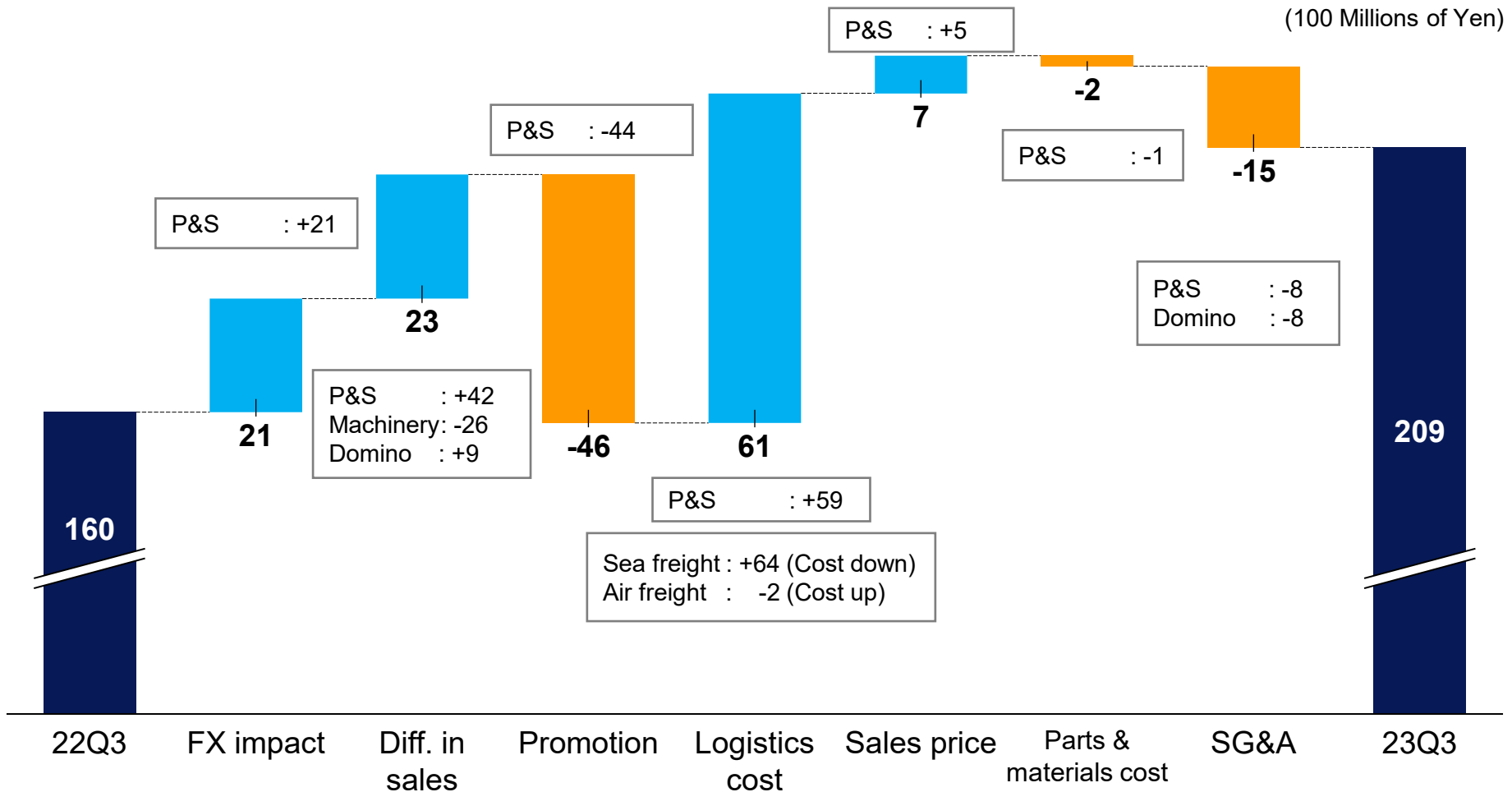
(100 Millions of Yen)



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

Main Factors for Changes in Business Segment Profit

Despite higher sales promotion and SG&A costs and effects from lower sales in the Machinery business, business segment profit was up substantially due to lower logistics costs and higher consumables sales in the P&S business, as well as positive FX effects.



Results for FY2023 Q3 YTD (Apr.-Dec.)

Consolidated Results for FY2023 Q3 YTD

Due to positive FX effects, sales revenue was flat year-on-year and profit and income on each level increased.

(100 Millions of Yen)

	FY22 Q3 YTD	FY23 Q3 YTD	Change (w/o FX)	Rate of change (w/o FX)
Sales revenue	6,135	6,128	-7 (-278)	-0.1% (-4.5%)
Business segment profit	520	616	96 (33)	18.6% (6.4%)
Business segment profit ratio	8.5%	10.1%		
Other income/expense	70	-5	-76	
Operating profit	590	611	21	3.5%
Operating profit ratio	9.6%	10.0%		
Income before tax	601	633	32	5.3%
Net income attribute to parent company	430	466	36	8.5%
USD	135.40	142.76	7.36	
EUR	140.42	155.19	14.77	

Results for FY2023 Q3 YTD by Business Segment



(100 Millions of Yen)

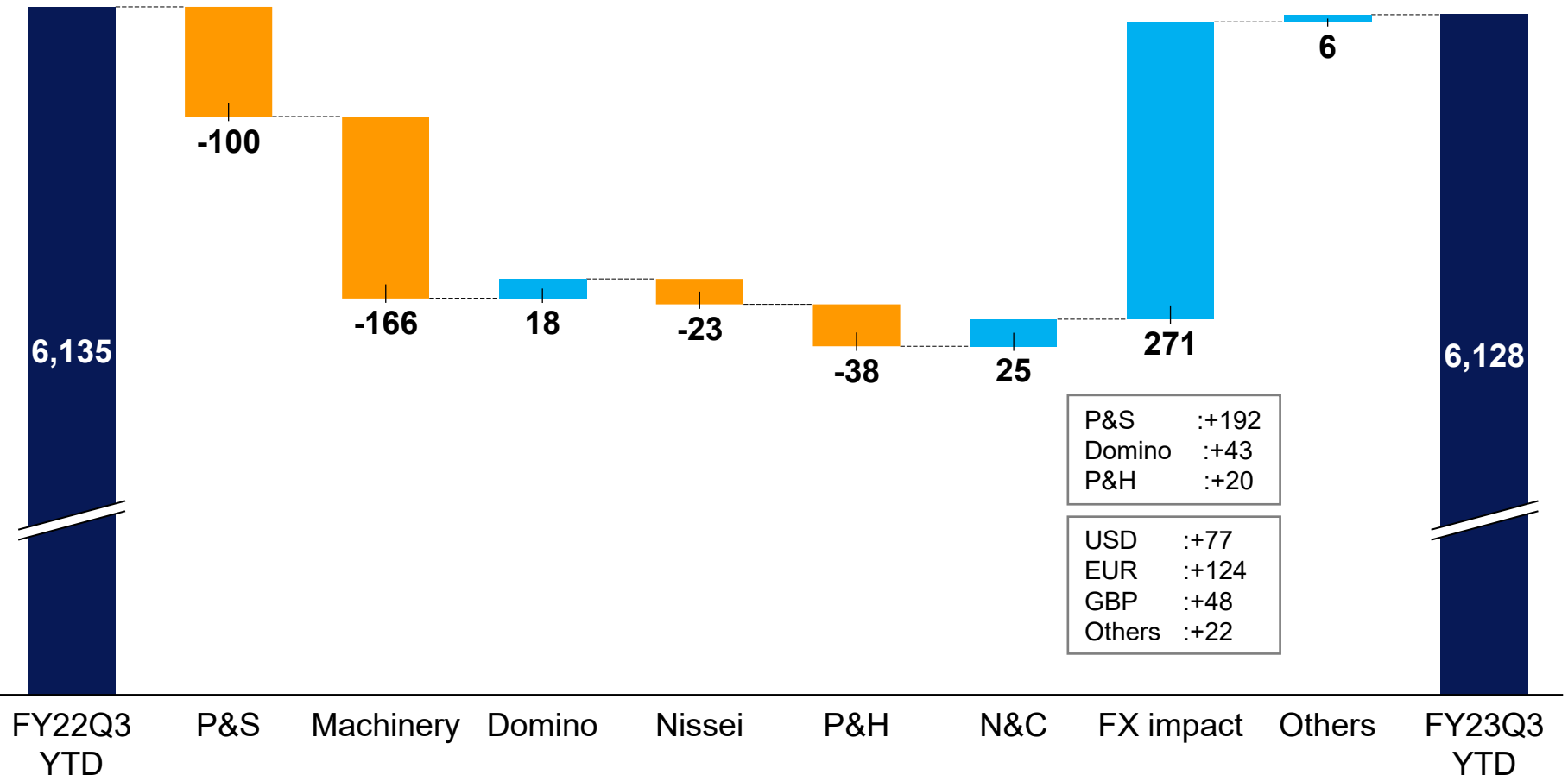
	Sales revenue			Business segment profit			Operating profit		
	FY22 Q3 YTD	FY23 Q3 YTD	Change	FY22 Q3 YTD	FY23 Q3 YTD	Change	FY22 Q3 YTD	FY23 Q3 YTD	Change
P&S	3,742	3,834	92	320	500	179	326	490	164
Machinery	731	579	-152	80	25	-55	85	26	-58
Domino	743	804	61	41	45	4	40	38	-2
Nissei	180	159	-21	19	9	-9	19	9	-10
P&H	395	377	-18	48	14	-34	49	13	-36
N&C	260	285	25	5	16	10	10	17	7
Other	83	89	6	7	7	1	61	17	-44
Total	6,135	6,128	-7	520	616	96	590	611	21

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

Main Factors for Changes in Sales Revenue

Despite effects on the Machinery business from sluggish market conditions in China and Asia and lower hardware sales in the P&S business, sales revenue was flat year-on-year due to positive FX effects.

(100 Millions of Yen)

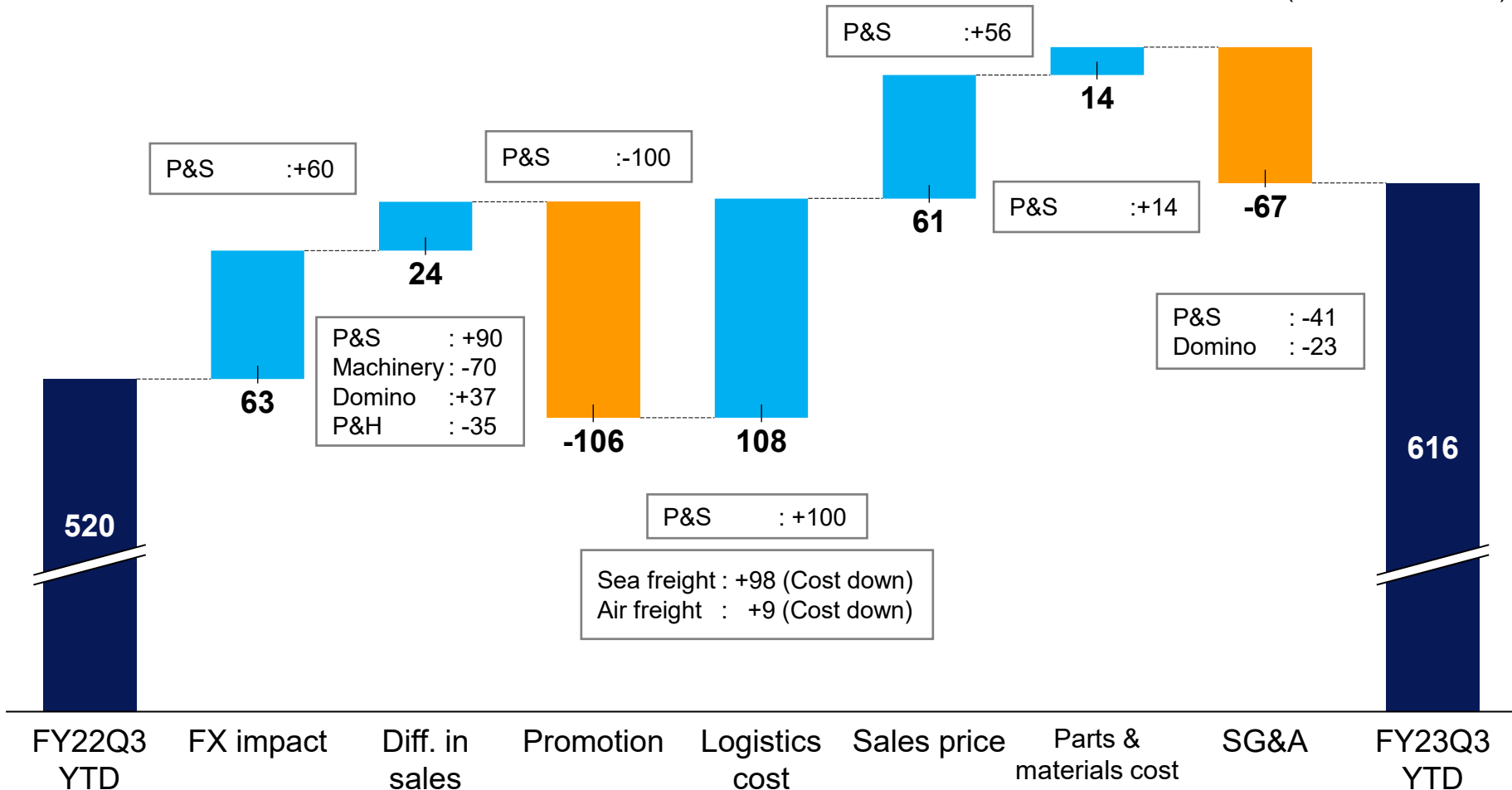


* Amounts of change are on a results basis excluding foreign exchange effects

Main Factors for Changes in Business Segment Profit

Although sales promotion and SG&A costs increased, business segment profit was higher, mainly due to lower logistics costs and the effects of price adjustments in the P&S business, as well as positive FX effects.

(100 Millions of Yen)



Forecast for FY2023

Forecast for FY2023

Despite the possibility of slight variations in each business, no change has been made from the previous forecast announced on November 7, 2023.

(100 Millions of Yen)

	FY22 Actual	FY23 Forecast	Change (w/o FX)	Rate of Change (w/o FX)
Sales revenue	8,153	8,200	47 (-292)	0.6% (-3.6%)
Business Segment Profit	604	700	96 (23)	15.9% (3.9%)
Business Segment Profit Ratio	7.4%	8.5%		
Other income/expense	-50	0	50	
Operating Profit	554	700	146	26.4%
Operating Profit Ratio	6.8%	8.5%		
Income before Tax	570	700	130	22.9%
Net Income				
attribute to parent company	391	500	109	27.9%
USD	134.95	143.03	8.08	
EUR	141.24	154.54	13.30	

- The exchange rates for the forecast period remain unchanged at 145 yen to the USD, 150 yen to the EUR

Forecast for FY2023 by Business Segment (vs Prev. Year)

(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	5,025	57	371	547	176	365	531	166
Machinery	964	828	-136	95	35	-60	98	37	-61
Domino	1,008	1,091	83	56	56	0	-58	55	113
Nissei	235	222	-13	19	12	-7	18	13	-5
P&H	510	540	30	58	30	-28	59	30	-29
N&C	353	386	33	5	16	11	8	16	8
Other	116	108	-7	1	4	3	64	18	-46
Total	8,153	8,200	47	604	700	96	554	700	146

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

Financial Position

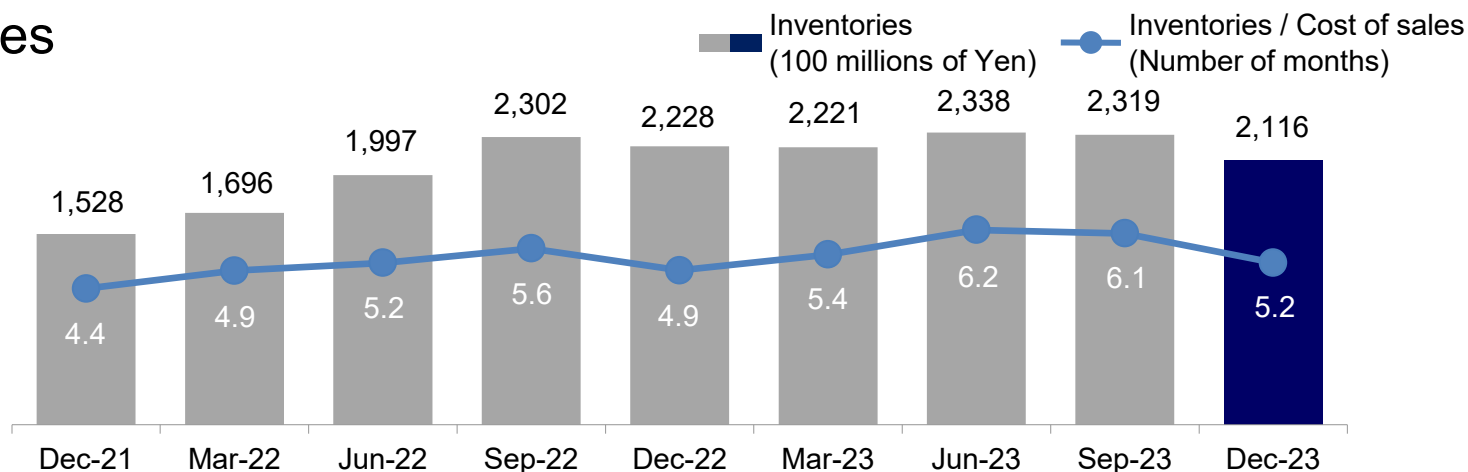
(100 Millions of Yen)

	End of Mar 23	End of Dec23	Change
Current assets	5,117	5,038	-79
Cash & Cash equivalents	1,190	1,333	143
Inventories	2,221	2,116	-105
Non-current assets	3,387	3,629	241
Total liabilities	2,538	2,126	-412
Interest-bearing debt	374	6	-368
Shareholders' equity*	5,966	6,540	574
Total assets	8,505	8,667	162

*Equity attributable to owners of the parent company

	End of Mar 23	End of Dec23	Change
Net cash	816	1,327	511
Shareholders' equity ratio	70.2%	75.5%	5.3
ROE	6.8%	-	-

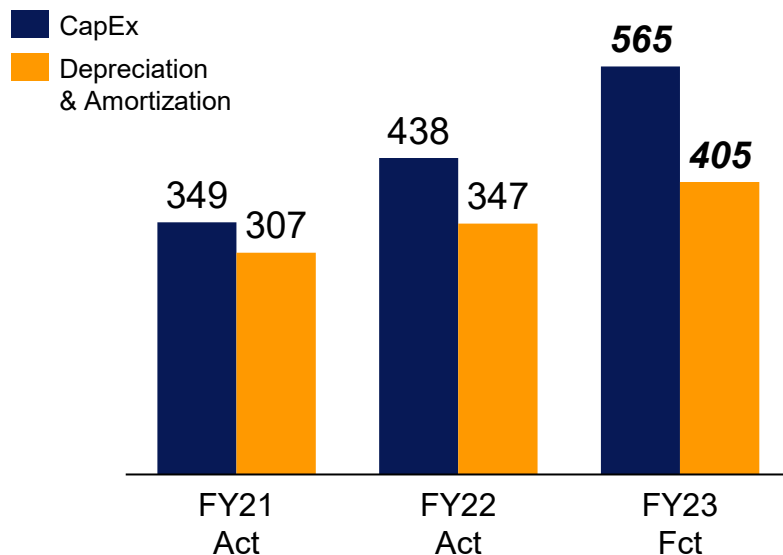
Inventories



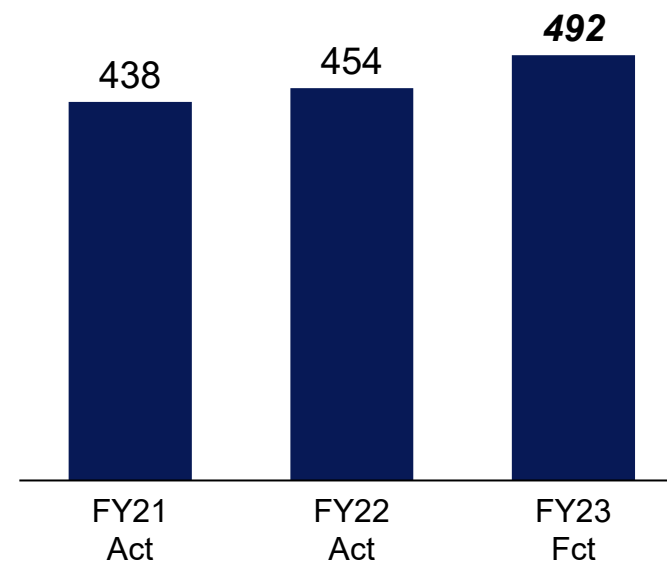
Capital Expenditure, Depreciation and Amortization/ R&D Expenses

(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

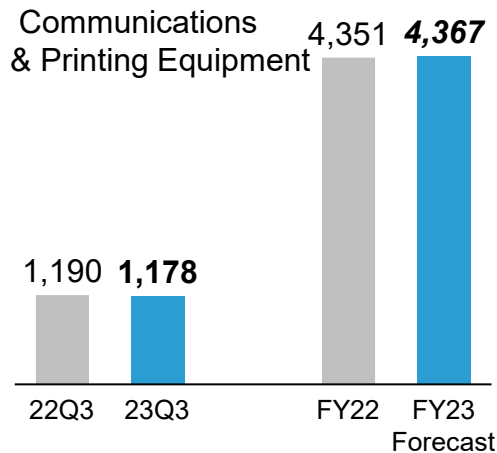
Printing & Solutions Sales Revenue & Profit

(100 Millions of Yen)

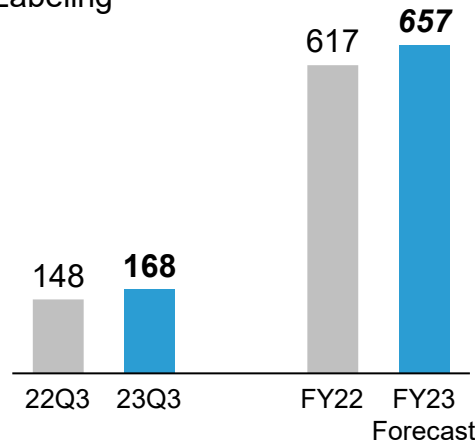
	22Q3	23Q3	Change	Change w/o FX
Sales revenue	1,337	1,346	0.7%	-3.8%
Communications & printing equipment	1,190	1,178	-1.0%	-5.4%
Americas	472	426	-9.9%	-11.5%
Europe	369	396	7.2%	-2.5%
Asia & others	217	222	2.4%	-1.1%
Japan (incl. OEM)	131	134	2.5%	1.4%
Labeling	148	168	13.9%	9.0%
Americas	64	73	13.2%	11.3%
Europe	49	55	11.3%	1.3%
Asia & others	23	29	23.5%	19.5%
Japan	11	12	8.8%	8.7%
Business segment profit	91	164	80.6%	-
Operating profit	102	170	65.6%	-

	FY22	FY23 Forecast	Change vs LY	Change w/o FX
Sales revenue	4,967	5,025	1.2%	-3.6%
Communications & printing equipment	4,351	4,367	0.4%	-4.4%
Americas	1,688	1,726	2.3%	-2.2%
Europe	1,351	1,366	1.1%	-6.5%
Asia & others	847	848	0.1%	-2.6%
Japan (incl. OEM)	464	428	-7.9%	-9.3%
Labeling	617	657	6.6%	1.7%
Americas	286	296	3.7%	-0.8%
Europe	186	208	11.5%	3.4%
Asia & others	98	104	5.8%	3.5%
Japan	46	49	6.2%	6.2%
Business segment profit	371	547	47.5%	-
Operating profit	365	531	45.7%	-

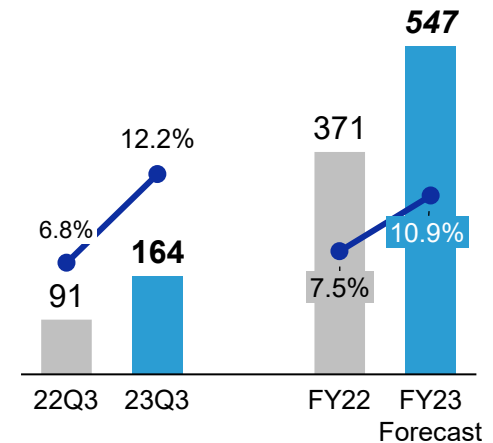
<Sales Revenue>



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

Machinery

Sales Revenue & Profit

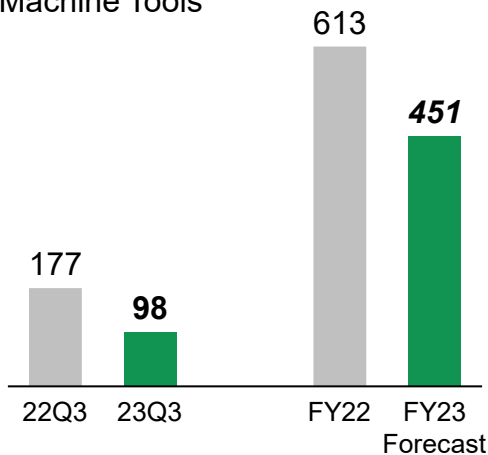
(100 Millions of Yen)

	22Q3	23Q3	Change	Change w/o FX
Sales revenue	257	187	-27.2%	-28.8%
Machine tools	177	98	-44.9%	-45.4%
Americas	13	8	-36.2%	-
Europe	12	7	-38.1%	-
Asia & others	123	55	-55.1%	-
Japan	30	27	-9.2%	-
Industrial sewing machines	80	89	12.4%	8.1%
Americas	28	33	19.5%	16.9%
Europe	17	18	5.9%	-3.5%
Asia & others	31	33	8.1%	4.5%
Japan	4	5	22.7%	22.7%
Business segment profit	28	7	-75.7%	-
Operating profit	26	6	-77.4%	-

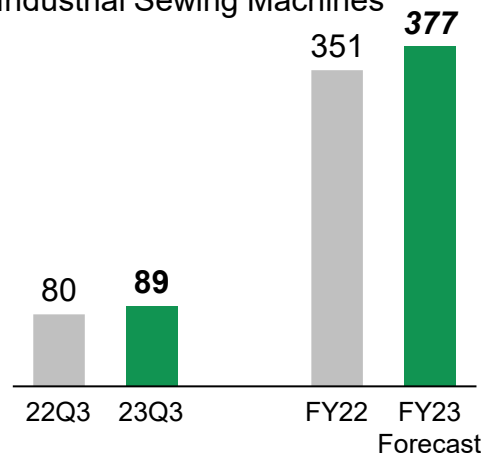
	FY22	FY23 Forecast	Change vs LY	Change w/o FX
Sales revenue	964	828	-14.1%	-16.2%
Machine tools	613	451	-26.4%	-26.8%
Americas	41	35	-14.2%	-
Europe	38	36	-4.7%	-
Asia & others	432	254	-41.2%	-
Japan	103	126	23.2%	-
Industrial sewing machines	351	377	7.4%	2.2%
Americas	105	125	18.8%	13.1%
Europe	74	86	16.4%	7.9%
Asia & others	155	146	-5.6%	-9.3%
Japan	17	20	15.7%	15.7%
Business segment profit	95	35	-63.3%	-
Operating profit	98	37	-62.4%	-

<Sales Revenue>

Machine Tools

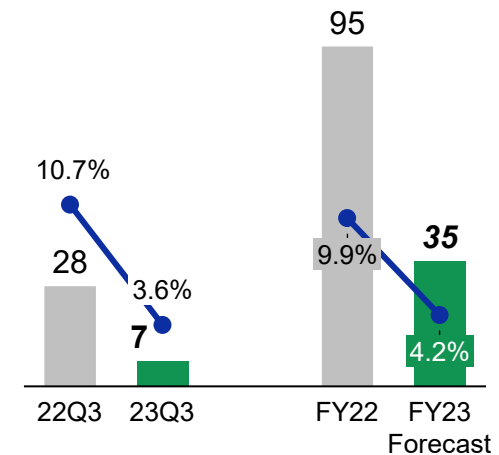


Industrial Sewing Machines



<Business Segment Profit>

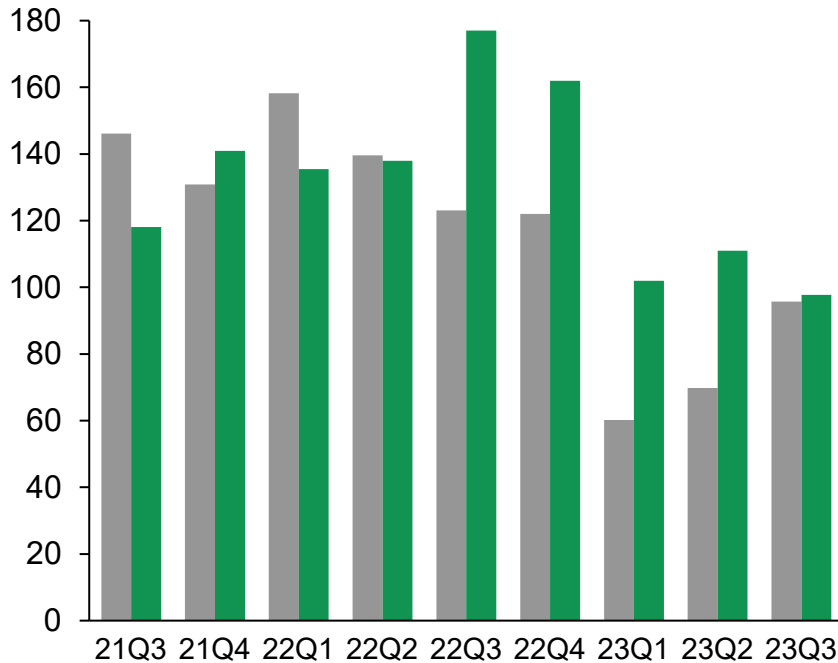
Profit ratio



Machinery (Machine Tools) Order Trends

Trends in order amount and sales revenue

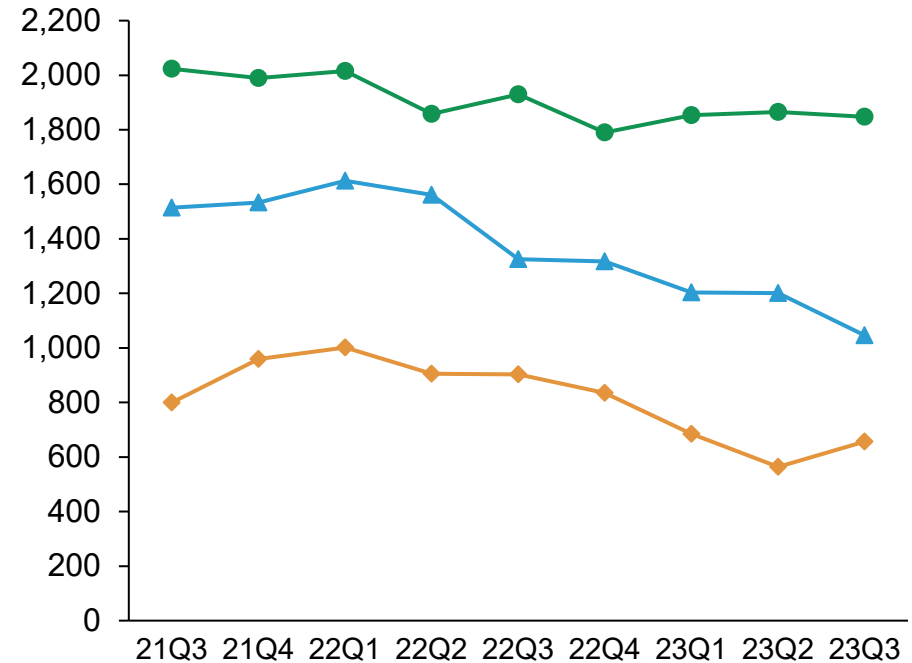
- Order amount
- Sales revenue



* 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

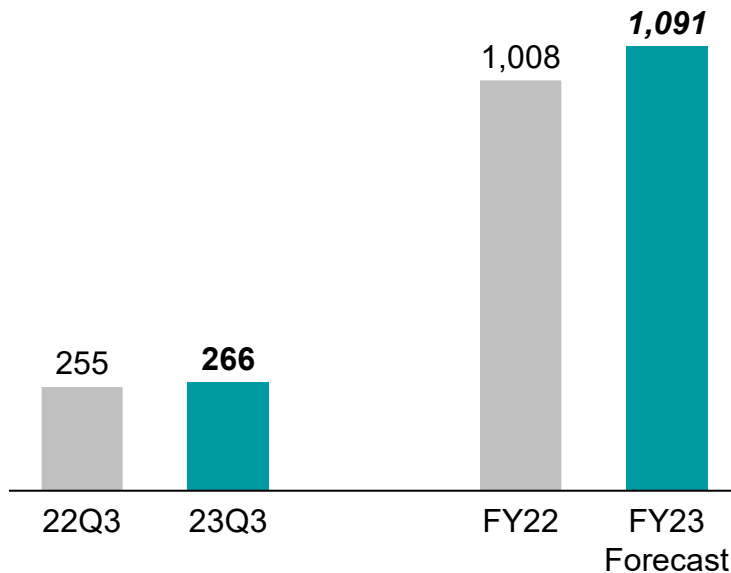
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(100 Millions of Yen)

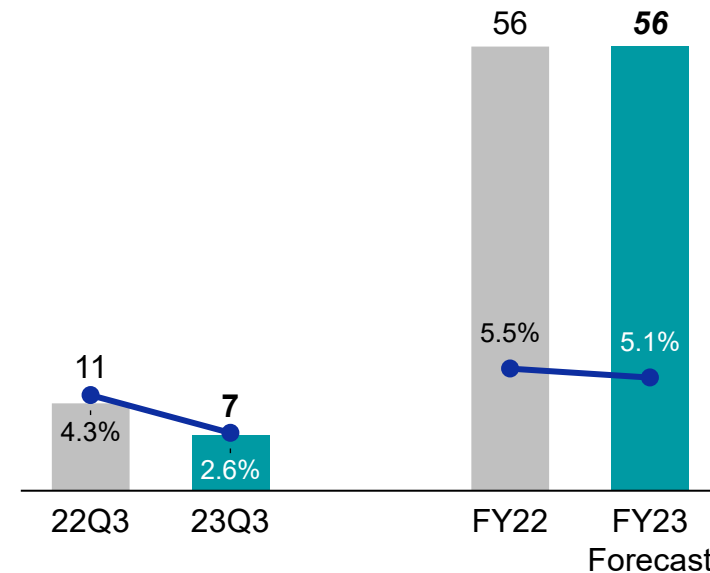
	22Q3	23Q3	Change	Change w/o FX
Sales revenue	255	266	4.4%	-1.6%
Americas	63	72	14.0%	-2.1%
Europe	108	111	2.1%	-1.2%
Asia & others	73	74	1.6%	-0.5%
Japan	10	9	-10.2%	-10.2%
Business segment profit	11	7	-38.7%	-
Operating profit	3	2	-21.9%	-

	FY22	FY23 Forecast	Change vs LY	Change w/o FX
Sales revenue	1,008	1,091	8.2%	3.1%
Americas	243	275	13.3%	0.3%
Europe	437	471	7.9%	3.4%
Asia & others	288	306	6.5%	6.6%
Japan	41	39	-6.4%	-6.4%
Business segment profit	56	56	0.5%	-
Operating profit	-58	55	-	-

<Sales Revenue>



<Business Segment Profit>



Nissei Sales Revenue & Profit

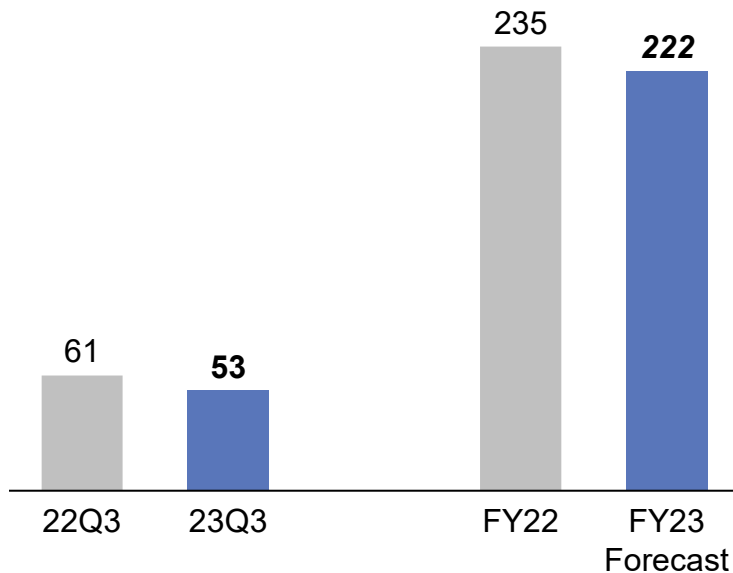
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(100 Millions of Yen)

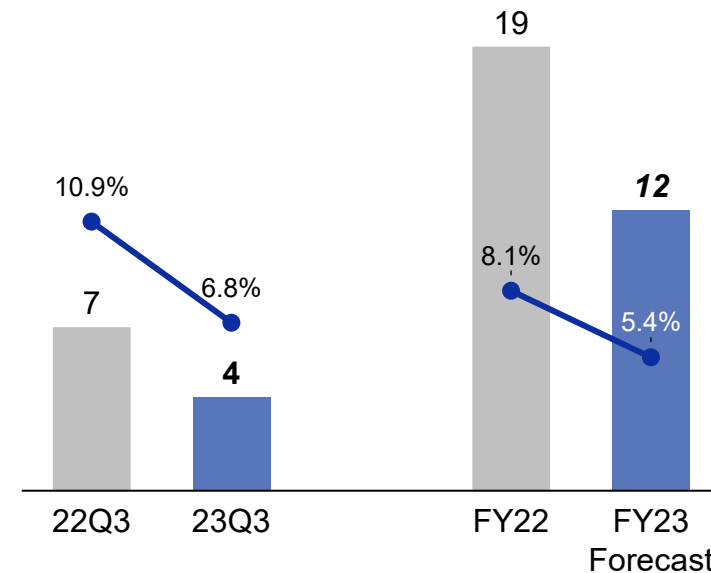
	22Q3	23Q3	Change	Change w/o FX
Sales revenue	61	53	-11.9%	-13.0%
Americas	11	8	-31.1%	-33.3%
Europe	-	-	-	-
Asia & others	10	9	-9.1%	-13.6%
Japan	40	37	-7.3%	-7.3%
Business segment profit	7	4	-45.1%	-
Operating profit	7	4	-44.2%	-

	FY22	FY23 Forecast	Change vs LY	Change w/o FX
Sales revenue	235	222	-5.5%	-6.8%
Americas	38	37	-3.4%	-9.1%
Europe	-	-	-	-
Asia & others	37	36	-2.4%	-5.0%
Japan	160	149	-6.7%	-6.7%
Business segment profit	19	12	-36.9%	-
Operating profit	18	13	-28.5%	-

<Sales Revenue>



<Business Segment Profit> Profit ratio

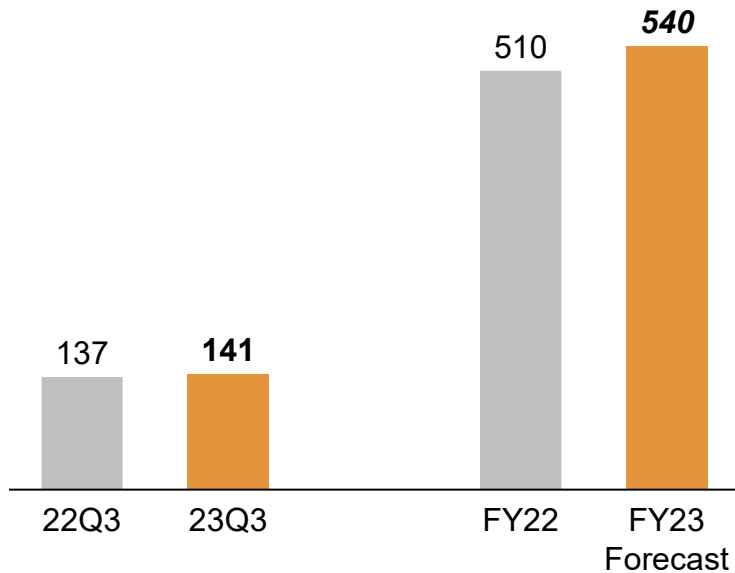


Personal & Home Sales Revenue & Profit

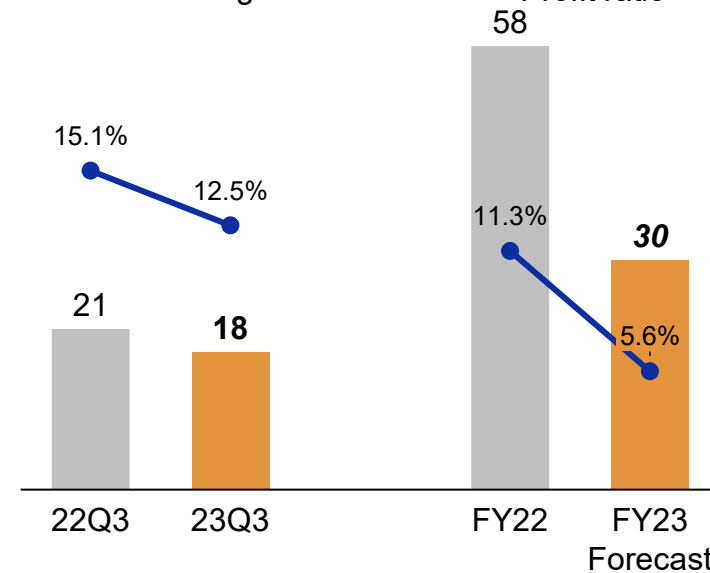
(100 Millions of Yen)

	22Q3	23Q3	Change	Change w/o FX	FY22	FY23 Forecast	Change vs LY	Change w/o FX
Sales revenue	137	141	2.7%	-2.3%	510	540	5.9%	0.7%
Americas	84	79	-6.1%	-9.4%	316	335	6.0%	0.8%
Europe	33	41	24.9%	13.6%	112	122	8.9%	1.1%
Asia & others	14	14	1.4%	-1.4%	52	54	2.6%	0.5%
Japan	6	7	7.5%	7.5%	29	29	-1.2%	-1.2%
Business segment profit	21	18	-14.8%	-	58	30	-48.1%	-
Operating profit	21	17	-17.9%	-	59	30	-48.7%	-

<Sales Revenue>



<Business Segment Profit> Profit ratio



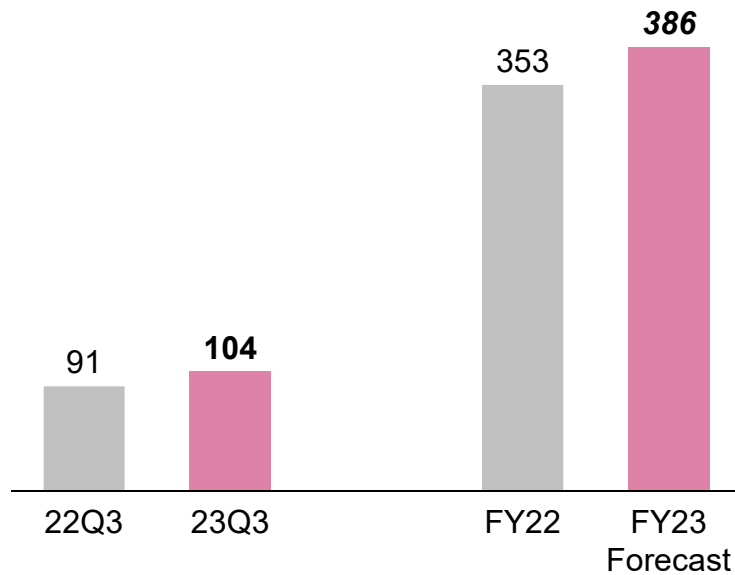
Network & Contents Sales Revenue & Profit

(100 Millions of Yen)

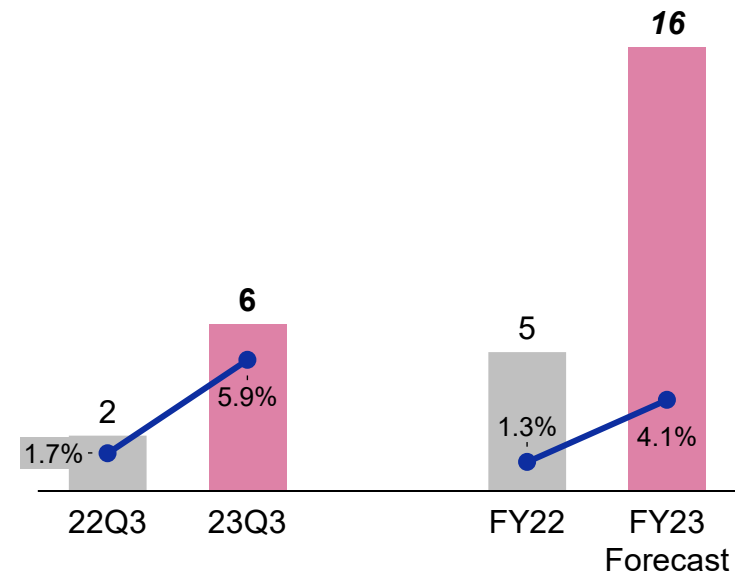
	22Q3	23Q3	Change
Sales revenue	91	104	14.7%
Business segment profit	2	6	Approx. 4.1X
Operating profit	1	6	Approx. 6.1X

	FY22	FY23 Forecast	Change vs LY
Sales revenue	353	386	9.5%
Business segment profit	5	16	Approx. 3.5X
Operating profit	8	16	Approx. 2.0X

<Sales Revenue>



<Business Segment Profit> ● Profit ratio



Topics

BROTHER INDUSTRIES (PHILIPPINES) Acquires RBA Platinum Certification

BROTHER INDUSTRIES (PHILIPPINES), INC., which produces P&S products, acquired RBA platinum certification. It is the Brother Group’s third site to acquire RBA certification and the second to acquire platinum certification.

■ BROTHER INDUSTRIES (PHILIPPINES), INC. Acquires RBA Platinum Certification

- The Responsible Business Alliance (RBA) is a global organization that aims for member companies to fulfill their social responsibilities through the development of sustainable supply chains.
- The company was recognized for its proper management of labor, safety, the environment, ethics, and supply chain, as well as its management systems for these items, and was awarded platinum certification **receiving 200 points, the highest possible score.**



BROTHER INDUSTRIES (PHILIPPINES)



RBA Platinum Certificate

■ Progress in achieving sustainability targets for “pursuing a responsible value chain” in the Materiality

FY2024 Target

Acquire RBA gold certification at three Group manufacturing sites

Progress

Date	Site	Certification acquired
September 2022	BROTHER INDUSTRIES (VIETNAM) LTD.	Gold
October 2023	BROTHER TECHNOLOGY (SHENZHEN) LTD.	Platinum
November 2023 (current)	BROTHER INDUSTRIES (PHILIPPINES), INC.	Platinum

BROTHER INDUSTRIES (PHILIPPINES) Completes New Factory Building

The new factory building of BROTHER INDUSTRIES (PHILIPPINES), INC. has been completed. As a multi-functional site, it will aim to respond flexibly to changes in the business environment.

- The new factory building (Factory No. 3) of BROTHER INDUSTRIES (PHILIPPINES), INC., which produces P&S products, was completed in January 2024.
- Investment amount: Approx. 9 billion yen



BROTHER INDUSTRIES (PHILIPPINES) Factory No. 3

As a multi-functional site, it will respond flexibly to changes in the business environment

Increased production capacity

Flexible production of various P&S products

BCP support through parts and products warehousing functions

Use of renewable energy from solar panels

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			