

Fiscal Year 2021 (ending March 31, 2022)

First Quarter Financial Results

Brother Industries, Ltd.

August 3, 2021

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 FY2021 Q1 (Apr.-Jun.)

Both profit and revenue increased due mainly to strong performance of the P&S and Machinery businesses in addition to positive FX effects

(All-time high business segment profit and operating profit for Q1)

◆ **Sales revenue** **174.0 billion yen/ + 30.7% (year-on-year)**

- ✓ In the P&S business, despite supply restrictions, revenue increased due to strong demand for hardware products for people working from home, firm performance of consumables, and positive FX effects.
- ✓ The Machinery business recorded a substantial increase in revenue, mainly backed by strong performance of machine tools in China and recovery of demand for capital investment in industrial sewing machines among apparel manufacturers.

◆ **Business segment profit** **26.2 billion yen/ +203.5% (year-on-year)**

- ✓ Profit increased substantially as revenue increased in all businesses from FY2020 Q1, which was significantly affected by COVID-19.

Forecast for FY2021

The results outlook has been revised upward in response to positive FX effects and better-than-expected performance for Q1 mainly in the P&S and Machinery businesses.

Results for FY2021 Q1 (Apr.-Jun.)

Consolidated Results for FY2021 Q1

In all businesses, results improved substantially from FY2020 Q1, which was significantly affected by COVID-19, with business segment profit and operating profit reaching an all-time high for Q1

(100 Millions of Yen)

	20Q1	21Q1	Change	Rate of Change (w/o FX)
Sales Revenue	1,332	1,740	408	30.7% (+22.7%)
Business Segment Profit	86	262	175	203.5%
Business Segment Profit Ratio	6.5%	15.0%		
Other income/expense	6	3	-3	
Operating Profit	93	265	172	185.7%
Operating Profit Ratio	7.0%	15.2%		
Income before Tax	95	267	173	182.6%
Net Income	66	186	120	181.3%
USD	107.74	110.00		
EUR	118.94	131.78		

Results for FY2021 Q1 by Business Segment

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(100 Millions of Yen)

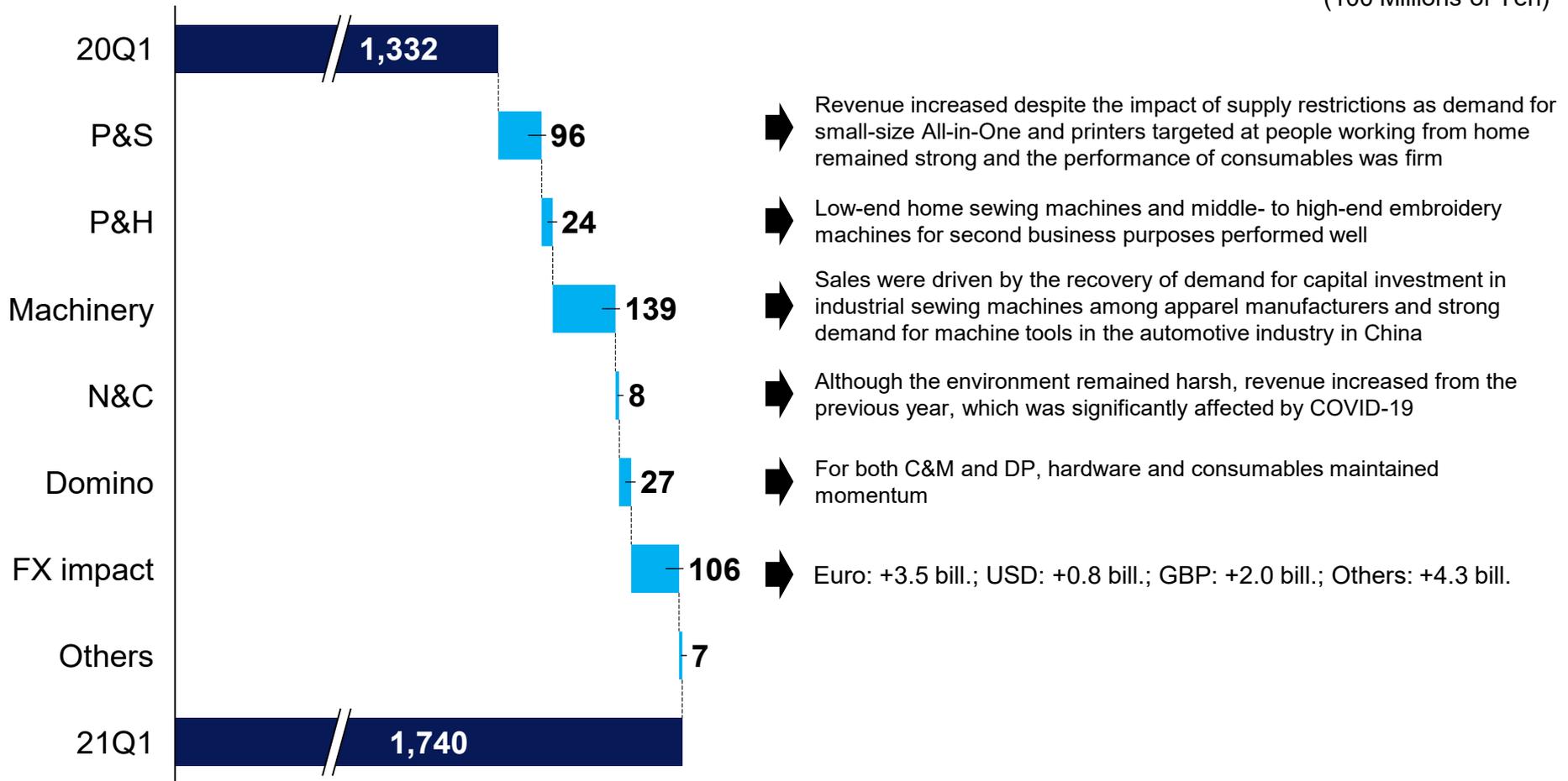
		20Q1	21Q1	change
Printing & Solutions	Sales Revenue	829	991	161
	Business Segment Profit	94	164	70
	Operating Profit	101	163	62
Personal & Home	Sales Revenue	109	141	32
	Business Segment Profit	14	31	17
	Operating Profit	14	31	17
Machinery	Sales Revenue	150	304	154
	Business Segment Profit	-1	52	53
	Operating Profit	-4	51	55
Network & Contents	Sales Revenue	62	70	8
	Business Segment Profit	-23	-8	15
	Operating Profit	-23	-3	19
Domino business	Sales Revenue	154	200	46
	Business Segment Profit	4	21	17
	Operating Profit	2	21	18
Other	Sales Revenue	28	35	7
	Business Segment Profit	-0	2	2
	Operating Profit	2	2	-0
Total	Sales Revenue	1,332	1,740	408
	Business Segment Profit	86	262	175
	Operating Profit	93	265	172

*Not including elimination amount by inter-segment transaction.

Main Factors for Changes in Sales Revenue

All businesses were firm and, due in part to positive FX effects, recorded a substantial increase in revenue from FY2020 Q1, which was significantly affected by COVID-19

(100 Millions of Yen)

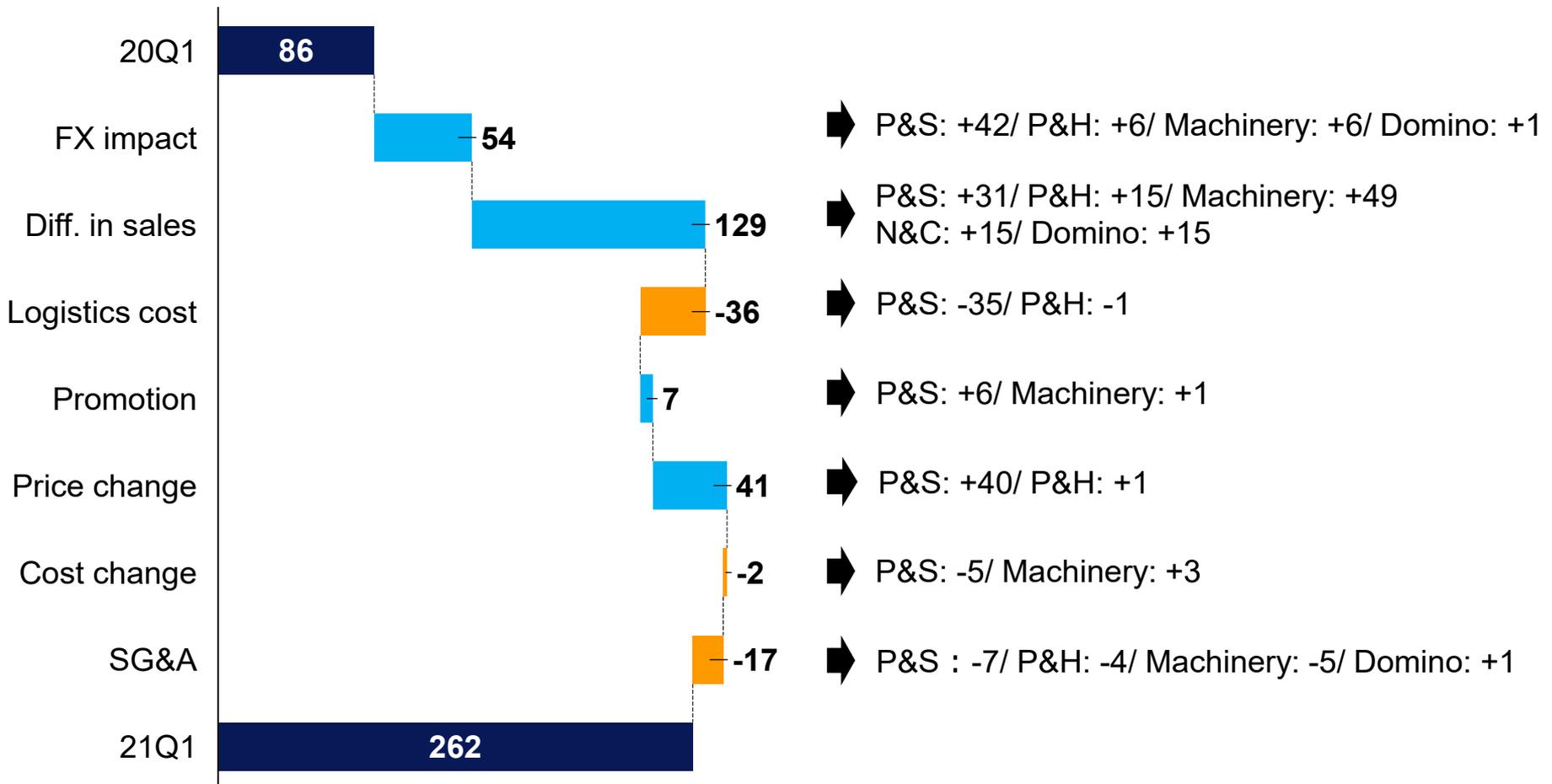


* Amounts of change are on a results basis excluding foreign exchange effects

Main Factors for Changes in Business Segment Profit

Profit increased substantially due to increased gross profit in the Machinery business and higher average unit price in the P&S business, in addition to positive FX effects

(100 Millions of Yen)



Forecast for FY2021

The results outlook has been revised upward in response to positive FX effects and strong performance for Q1 mainly in the P&S and Machinery businesses

(100 Millions of Yen)

	Previous Forecast	FY21 Forecast	Change	Rate of Change	FY20	Change	Rate of Change (w/o FX)
Sales Revenue	6,260	6,950	690	11.0%	6,318	632	10.0% (+6.6%)
Business Segment Profit	600	680	80	13.3%	781	-101	-12.9%
Business Segment Profit Ratio	9.6%	9.8%			12.4%		
Other income/expense	0	-5	-5		-353	348	
Operating Profit	600	675	75	12.5%	427	248	58.0%
Operating Profit Ratio	9.6%	9.7%			6.8%		
Income before Tax	595	675	80	13.4%	429	246	57.2%
Net Income	425	460	35	8.2%	245	215	87.6%
USD	103.00	108.81			106.17		
EUR	125.00	127.59			123.73		

Forecast for FY2021 by Business Segment

(100 Millions of Yen)

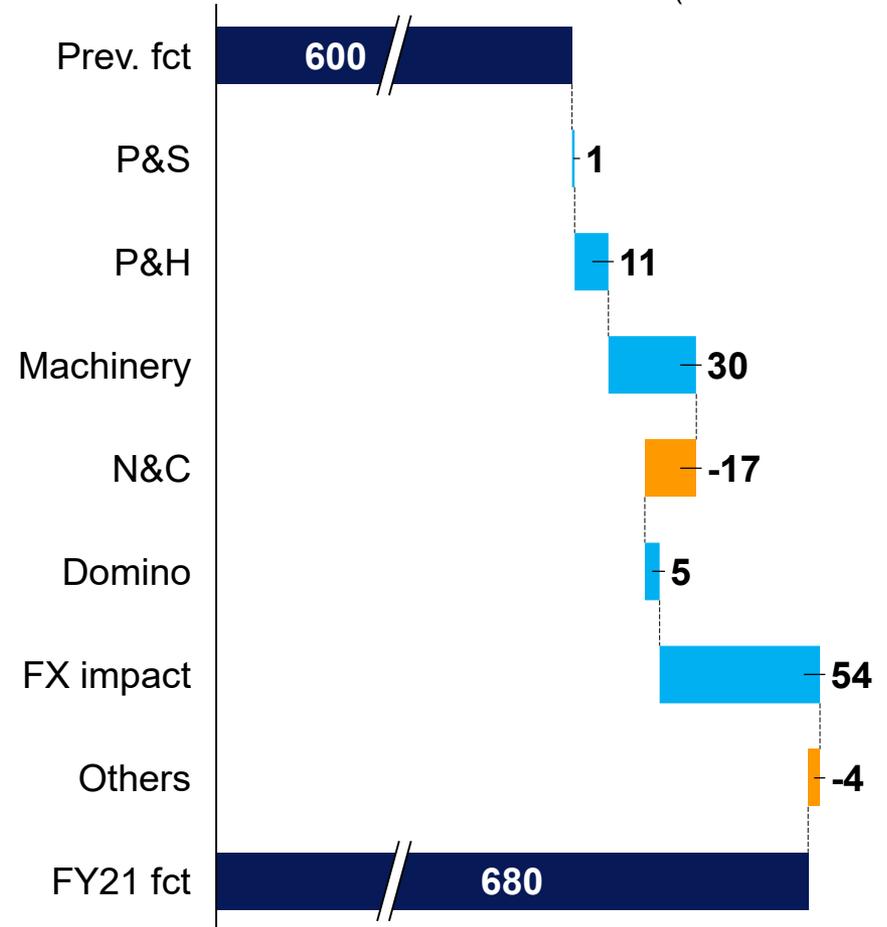
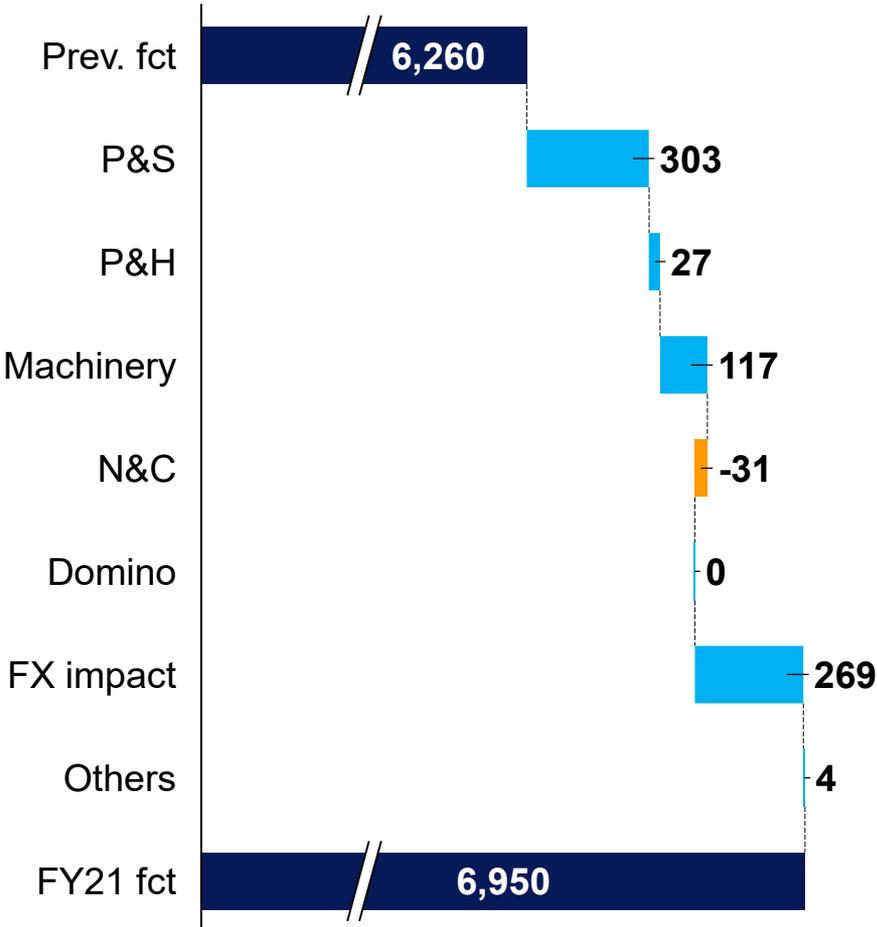
		Previous Fct	FY21 Fct	change	FY20 Act	FY21 Fct	change
Printing & Solutions	Sales Revenue	3,644	4,110	466	3,848	4,110	262
	Business Segment Profit	435	471	36	652	471	-181
	Operating Profit	439	489	50	610	489	-121
Personal & Home	Sales Revenue	460	509	49	537	509	-28
	Business Segment Profit	46	62	16	98	62	-36
	Operating Profit	47	64	17	96	64	-32
Machinery	Sales Revenue	912	1,064	152	789	1,064	275
	Business Segment Profit	72	115	43	41	115	74
	Operating Profit	72	115	43	33	115	82
Network & Contents	Sales Revenue	366	335	-31	310	335	25
	Business Segment Profit	0	-17	-17	-52	-17	35
	Operating Profit	-1	-2	-1	-73	-2	71
Domino business	Sales Revenue	717	767	50	698	767	69
	Business Segment Profit	40	47	7	48	47	-1
	Operating Profit	38	43	5	-239	43	282
Other	Sales Revenue	161	165	4	136	165	29
	Business Segment Profit	7	2	-5	-5	2	7
	Operating Profit	5	-34	-39	2	-34	-36
Total	Sales Revenue	6,260	6,950	690	6,318	6,950	632
	Business Segment Profit	600	680	80	781	680	-101
	Operating Profit	600	675	75	427	675	248

*Not including elimination amount by inter-segment transaction.

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

(100 Millions of Yen)

	End of FY20	End of FY21Q1	Change
Current assets	4,288	4,435	148
Cash&Cash equivalents	1,910	1,938	28
Inventories	1,202	1,298	96
Non-current assets	3,151	3,157	6
Total liabilities	2,442	2,471	29
Interest-bearing debt	575	575	0
Equity attributable to owners of the parent company	4,831	4,954	124
Total assets	7,439	7,592	153

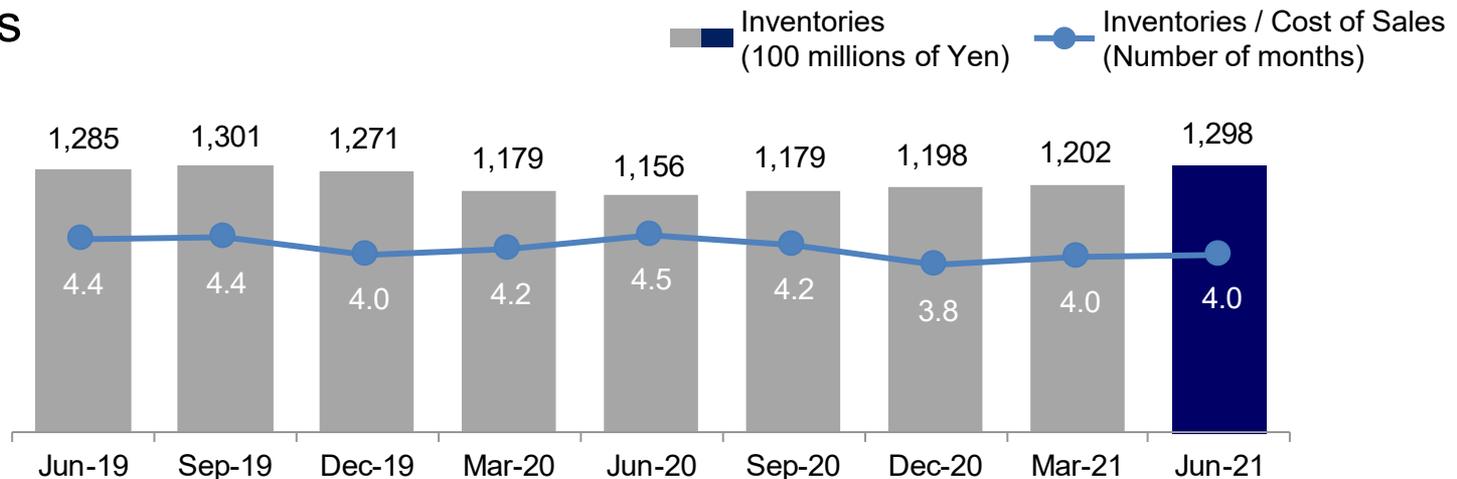
Net Cash

End of FY20 : +133.5 billion yen
End of FY21Q1 : +136.3 billion yen

Shareholders' Equity Ratio

End of FY20 : 64.9%
End of FY21Q1 : 65.3%

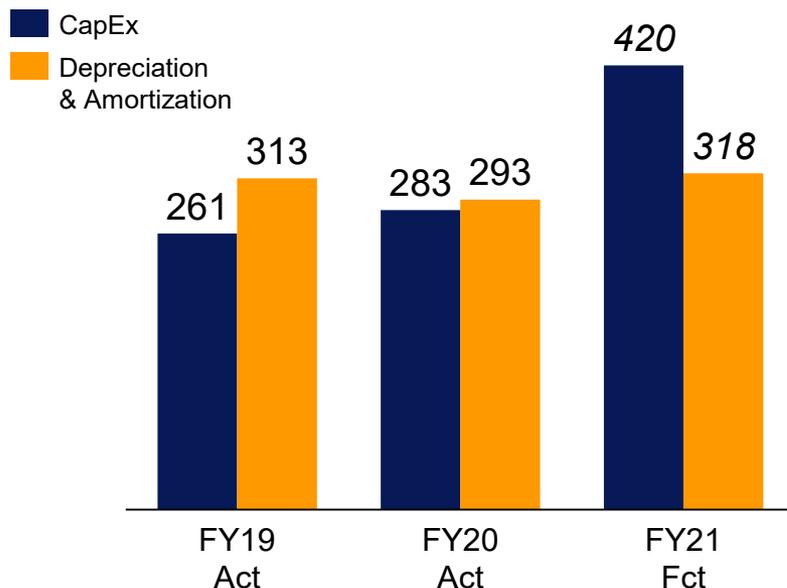
Inventories



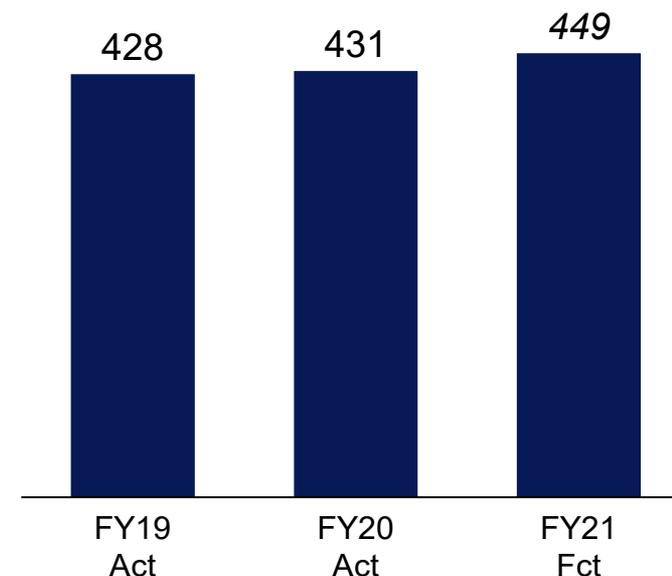
Capital Expenditure/ Depreciation and Amortization/ R&D Expenses

(100 Millions of Yen)

Capital Expenditure/ Depreciation & Amortization



R&D Expenses



Breakdown by business (CapEx)

	FY19	FY20	FY21
P&S	109	135	199
P&H	5	10	14
Machinery	24	30	52
N&C	49	19	28
Domino	21	21	34
Others	52	67	93
Total	261	283	420

Breakdown by business (R&D)

	FY19	FY20	FY21
P&S	277	283	277
P&H	22	20	24
Machinery	54	51	61
N&C	9	9	11
Domino	38	40	44
Others	29	28	33
Total	428	431	449

Business Segment Information

Printing & Solutions Sales Revenue & Profit

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(100 Millions of Yen)

	20Q1	21Q1	Change	Change w/o FX
Sales Revenue	829	991	19.5%	11.6%
Communications & Printing equipment	739	847	14.7%	7.1%
Americas	277	291	5.3%	1.2%
Europe	231	271	17.3%	5.9%
Asia & Others	141	183	29.2%	16.3%
Japan	89	102	13.8%	13.8%
Electronic stationery	90	144	58.7%	48.7%
Americas	40	64	62.3%	57.2%
Europe	22	43	95.4%	75.7%
Asia & Others	16	25	55.9%	39.5%
Japan	13	11	-13.2%	-13.2%

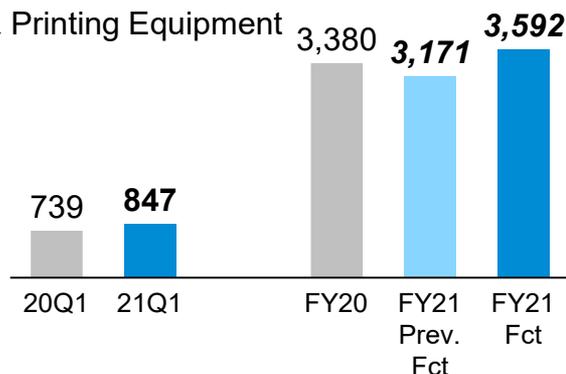
	FY20	Previous Forecast	FY21 Forecast	Change vs LY	Change w/o FX
Sales Revenue	3,848	3,644	4,110	6.8%	3.6%
Communications & Printing equipment	3,380	3,171	3,592	6.3%	3.1%
Americas	1,214	-	1,251	3.1%	0.1%
Europe	1,133	-	1,147	1.2%	-1.6%
Asia & Others	622	-	670	7.7%	1.5%
Japan	410	-	524	27.7%	27.7%
Electronic stationery	468	473	518	10.6%	7.0%
Americas	204	-	225	10.1%	6.9%
Europe	142	-	161	13.6%	10.0%
Asia & Others	70	-	82	17.2%	9.4%
Japan	52	-	50	-4.0%	-4.0%

Business Segment Profit	94	164	75.3%	-
Operating Profit	101	163	61.9%	-

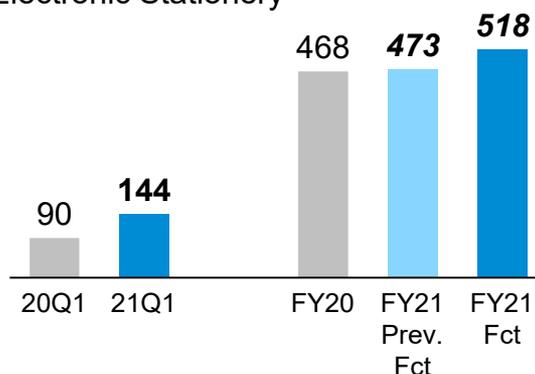
Business Segment Profit	652	435	471	-27.7%	-
Operating Profit	610	439	489	-19.8%	-

<Sales Revenue>

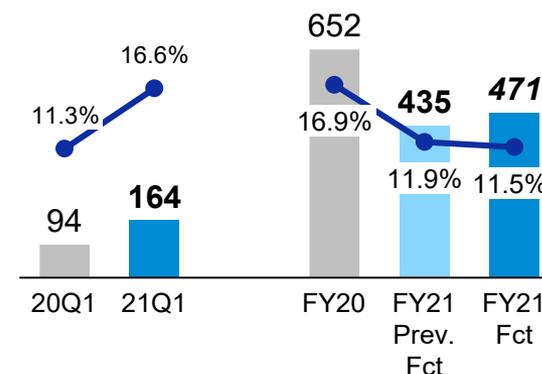
Communications
& Printing Equipment



Electronic Stationery



<Business Segment Profit> —●— Profit ratio



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

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	19Q1	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	FY2019	FY2020	FY2021	
LBP																
Sales revenue growth rate (JPY)																
Hardware	-9%	-8%	-7%	-2%	6%	19%	18%	18%	-10%	-	-	-	-7%	15%	-3%	
Consumable	2%	-6%	-2%	-3%	-18%	1%	0%	-1%	21%	-	-	-	-2%	-5%	6%	
Sales revenue growth rate (LC)																
Hardware	-6%	-4%	-3%	2%	11%	22%	21%	18%	-16%	-	-	-	-3%	18%	-6%	
Consumable	4%	-1%	3%	0%	-15%	2%	2%	-3%	12%	-	-	-	1%	-4%	3%	
IJP																
Sales revenue growth rate (JPY)																
Hardware	-2%	8%	-7%	-3%	-37%	-49%	-12%	-3%	90%	-	-	-	-1%	-25%	48%	
Consumable	1%	-2%	-8%	4%	-23%	-1%	9%	-6%	11%	-	-	-	-2%	-5%	-2%	
Sales revenue growth rate (LC)																
Hardware	1%	13%	-4%	0%	-33%	-48%	-9%	-3%	79%	-	-	-	2%	-23%	44%	
Consumable	3%	3%	-5%	7%	-20%	-1%	10%	-8%	5%	-	-	-	2%	-5%	-5%	
Consumable Ratio																
	60%	58%	57%	59%	55%	57%	55%	56%	56%	-	-	-	58%	55%	54%	
Growth rate of Hardware																
LBP	-13%	-4%	-2%	3%	12%	10%	6%	0%	-28%	-	-	-	-5%	7%	-	
IJP	0%	13%	1%	7%	-39%	-57%	-24%	-25%	65%	-	-	-	5%	-36%	-	

Personal & Home Sales Revenue & Profit

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(100 Millions of Yen)

	20Q1	21Q1	Change	Change w/o FX
Sales Revenue	109	141	29.9%	22.2%
Americas	52	72	38.8%	34.4%
Europe	34	47	38.6%	24.5%
Asia & Others	13	14	6.9%	-3.1%
Japan	10	8	-17.0%	-17.0%

	FY20	Previous Forecast	FY21 Forecast	Change vs LY	Change w/o FX
Sales Revenue	537	460	509	-5.2%	-8.0%
Americas	273	-	271	-0.8%	-3.4%
Europe	160	-	146	-8.8%	-12.1%
Asia & Others	56	-	56	-0.2%	-5.0%
Japan	48	-	37	-23.8%	-23.8%

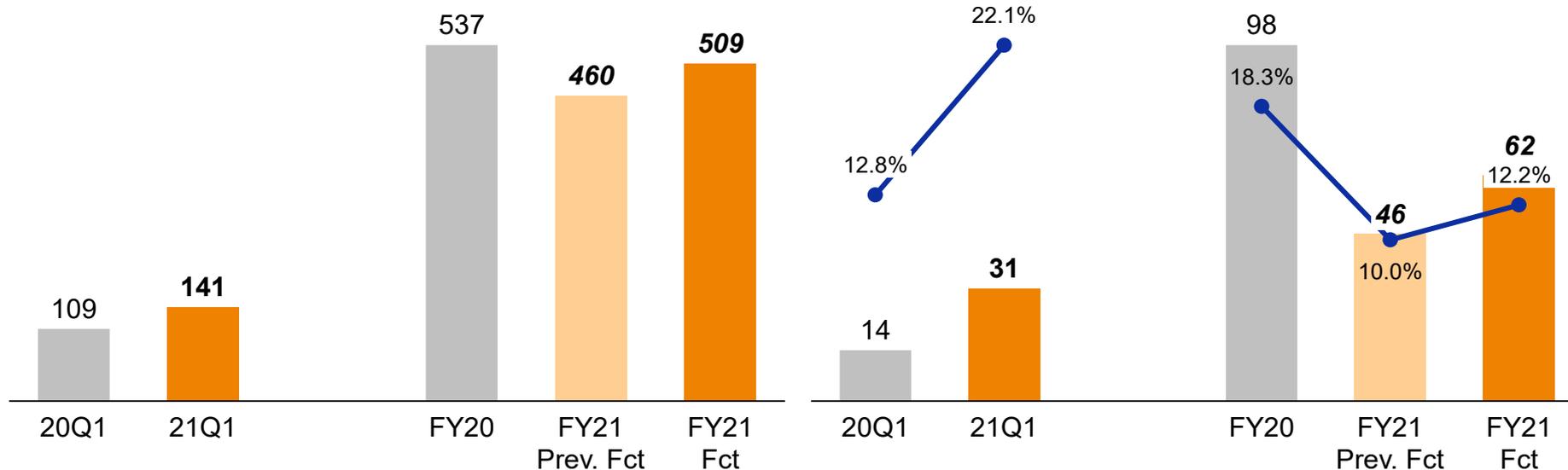
Business Segment Profit	14	31	124.7%	-
Operating Profit	14	31	122.1%	-

Business Segment Profit	98	46	62	-36.8%	-
Operating Profit	96	47	64	-33.6%	-

<Sales Revenue>

<Business Segment Profit>

● Profit Ratio



Machinery Sales Revenue & Profit

(100 Millions of Yen)

	20Q1	21Q1	Change	Change w/o FX
Sales Revenue	150	304	102.0%	92.5%
Industrial sewing machines	45	88	94.9%	84.0%
Machine tools	69	166	140.3%	128.0%
Industrial Parts	36	50	38.3%	35.7%

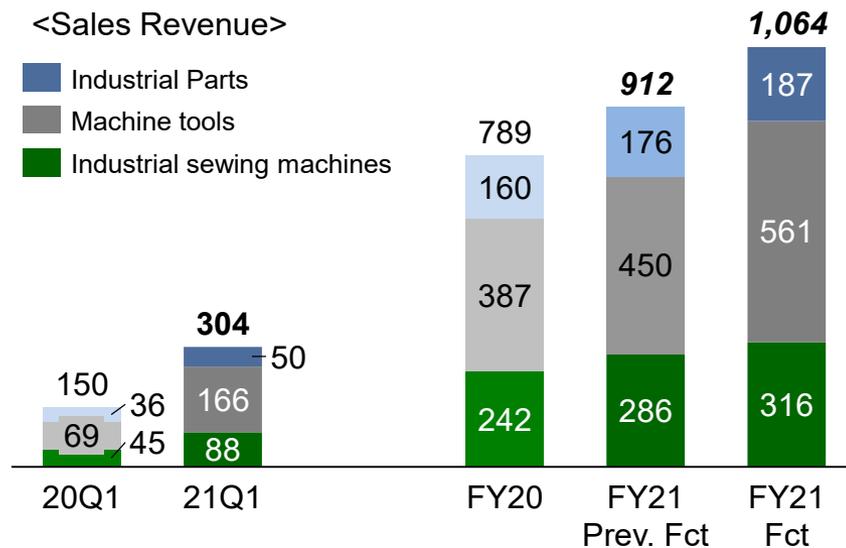
	FY20	Previous Forecast	FY21 Forecast	Change vs LY	Change w/o FX
Sales Revenue	789	912	1,064	34.8%	30.7%
Industrial sewing machines	242	286	316	30.8%	26.3%
Machine tools	387	450	561	44.9%	39.9%
Industrial Parts	160	176	187	16.5%	15.2%

Business Segment Profit	-1	52	-	-
Operating Profit	-4	51	-	-

Business Segment Profit	41	72	115	179.1%	-
Operating Profit	33	72	115	248.1%	-

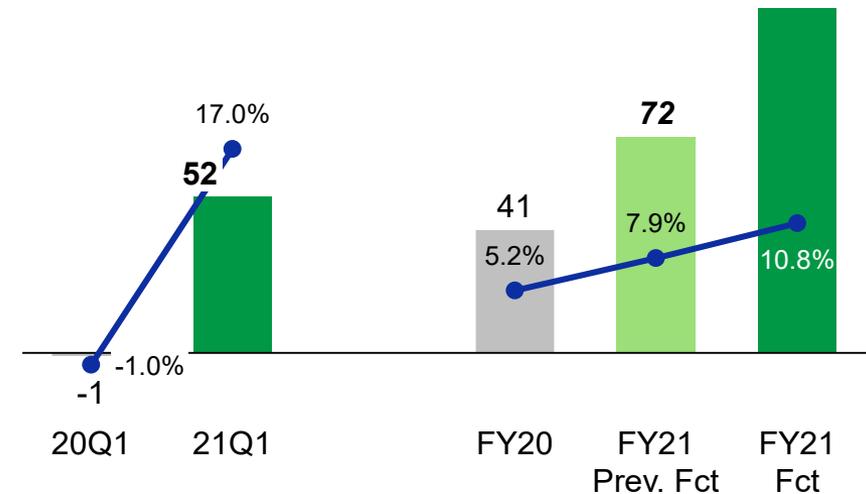
<Sales Revenue>

- Industrial Parts
- Machine tools
- Industrial sewing machines



<Business Segment Profit>

Profit Ratio



Machinery Sales Revenue by Region

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(100 Millions of Yen)

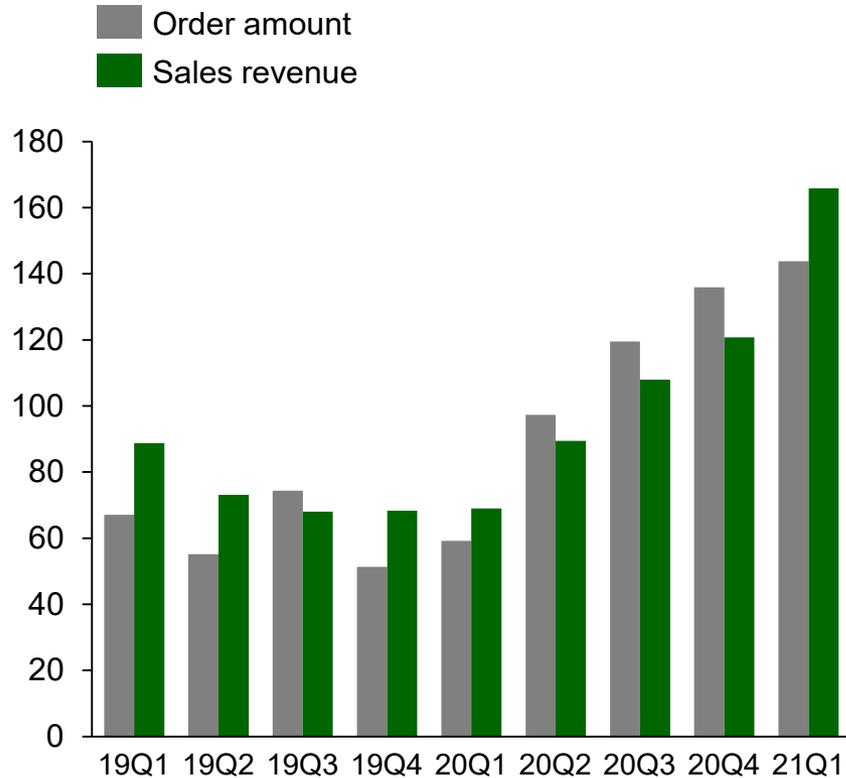
	20Q1	21Q1	Change	Change w/o FX
Sales Revenue	150	304	102.0%	92.5%
Industrial sewing machines	45	88	94.9%	84.0%
Americas	18	22	21.7%	18.7%
Europe	11	17	58.7%	43.0%
Asia & Others	14	43	206.3%	187.1%
Japan	2	6	152.6%	152.6%
Machine tools	69	166	140.3%	128.0%
Americas	6	9	43.1%	-
Europe	3	9	177.2%	-
Asia & Others	49	125	155.9%	-
Japan	11	23	112.4%	-
Industrial Parts	36	50	38.3%	35.7%
Americas	5	8	59.8%	56.2%
Europe	-	-	-	-
Asia & Others	4	7	80.9%	61.8%
Japan	28	35	28.3%	28.3%

FY20	Previous Forecast	FY21 Forecast	Change vs LY	Change w/o FX
789	912	1,064	34.8%	30.7%
242	286	316	30.8%	26.3%
87	-	98	12.6%	9.7%
56	-	73	30.7%	27.4%
88	-	130	48.6%	41.2%
12	-	16	33.0%	33.0%
387	450	561	44.9%	39.9%
20	-	34	69.0%	-
19	-	30	56.2%	-
289	-	401	38.7%	-
59	-	97	63.5%	-
160	176	187	16.5%	15.2%
21	-	20	-4.4%	-6.9%
-	-	-	-	-
20	-	22	15.0%	6.6%
120	-	145	20.4%	20.4%

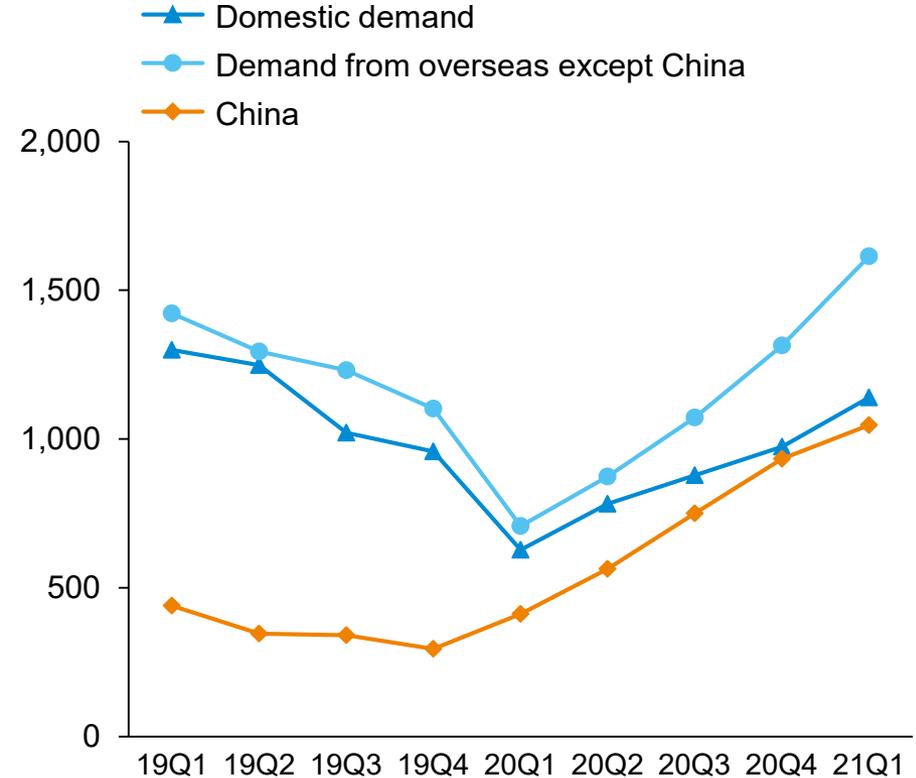
Machinery (Machine tools) Order Trends

(100 Millions of Yen)

Trends in order amount and sales revenue



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



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

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

Network & Contents

Sales Revenue & Profit

(100 Millions of Yen)

	20Q1	21Q1	Change
Sales Revenue	62	70	12.9%

	FY20	Previous Forecast	FY21 Forecast	Change vs LY
Sales Revenue	310	366	335	7.9%

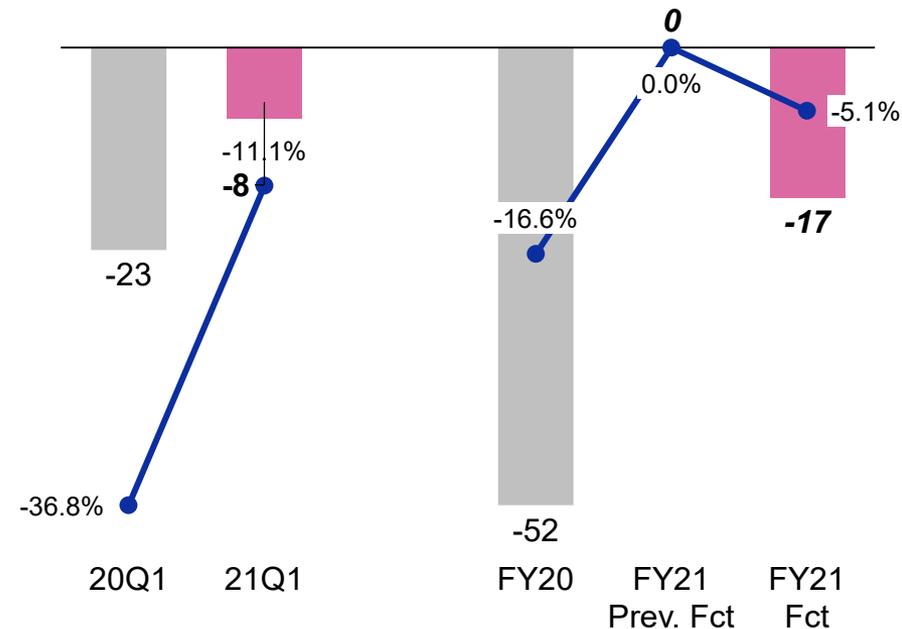
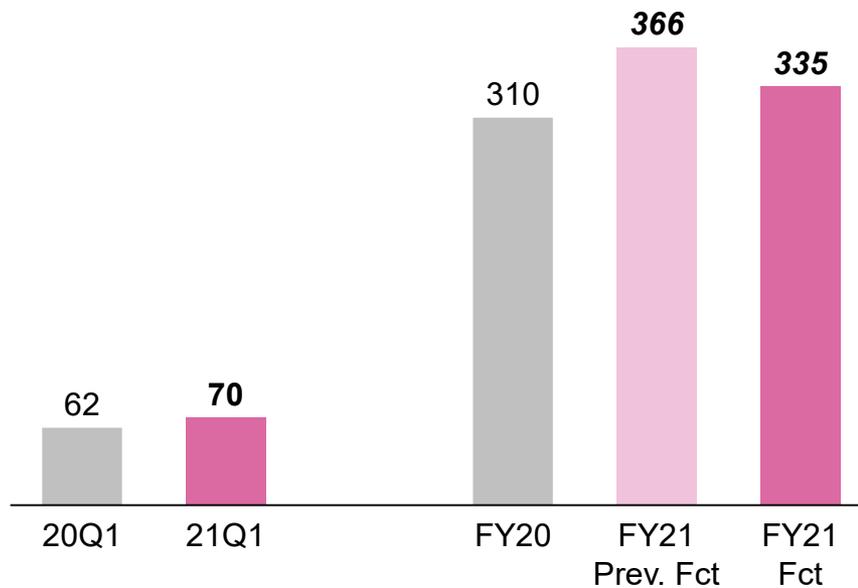
Business Segment Profit	-23	-8	-
Operating Profit	-23	-3	-

Business Segment Profit	-52	0	-17	-
Operating Profit	-73	-1	-2	-

<Sales Revenue>

<Business Segment Profit>

● Profit Ratio



Domino Sales Revenue & Profit

(100 Millions of Yen)

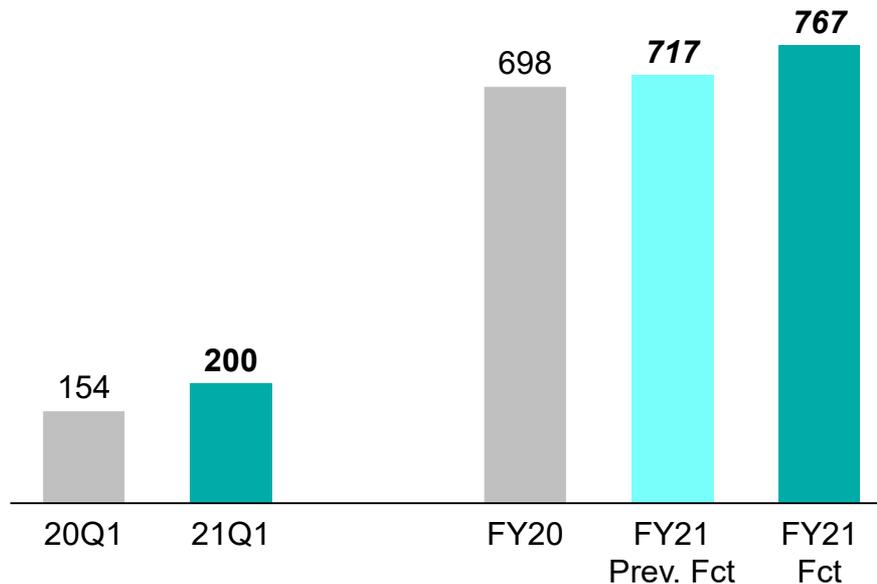
	20Q1	21Q1	Change	Change w/o FX
Sales Revenue	154	200	29.9%	17.8%
Americas	42	48	14.9%	1.6%
Europe	68	91	34.5%	21.4%
Asia & Others	44	61	36.9%	22.4%

	FY20	Previous Forecast	FY21 Forecast	Change vs LY	Change w/o FX
Sales Revenue	698	717	767	9.9%	3.5%
Americas	176	-	190	7.7%	2.1%
Europe	324	-	358	10.5%	2.8%
Asia & Others	198	-	219	10.8%	6.7%

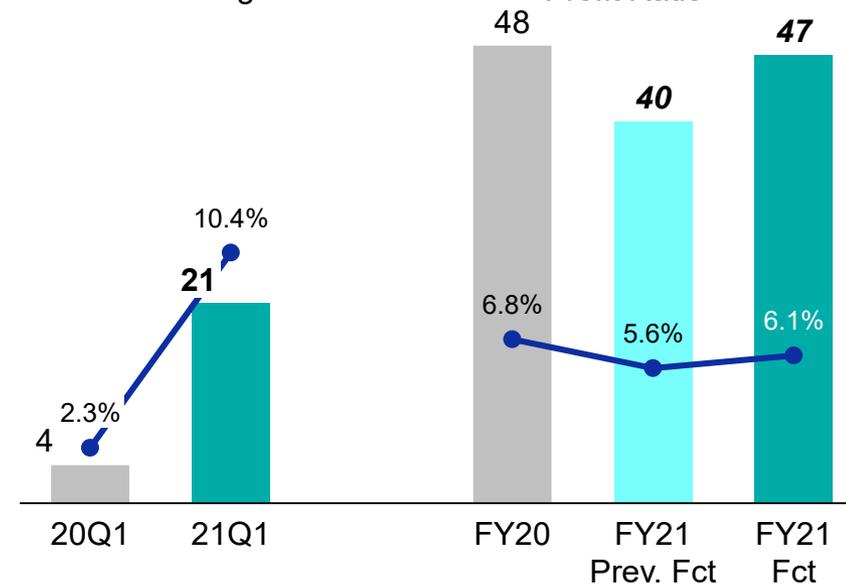
Business Segment Profit	4	21	477.2%	-
Operating Profit	2	21	785.4%	-

Business Segment Profit	48	40	47	-1.1%	-
Operating Profit	-239	38	43	-	-

<Sales Revenue>



<Business Segment Profit>



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