

FY2018 Q1 Results

Supplementary Information

1. Consolidated results
2. Balance sheet
3. Cash flows
4. Sales Revenue by business segment
5. Business Segment profit by business segment
6. Operating profit by business segment
7. Sales revenue by region
8. R&D Expenses / Capex / Depreciation & Amortization
9. Other Financial Data
10. Exchange rates

Brother Industries, Ltd.

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.

(Millions of yen)

1. Consolidated results

| | 2017 1Q Act | 2018 1Q Act | Change (w/o fx impact) |
|------------------------------|----------------|----------------|----------------------------|
| Sales Revenue | 167,728 | 171,095 | 2.0% (+1.4%) |
| Business Segment profit | 17,497 | 20,477 | 17.0% |
| Operating profit | 12,603 | 22,255 | 76.6% |
| Net Income | 9,146 | 16,565 | 81.1% |
| ROS(Business Segment profit) | 10.4% | 12.0% | - |
| ROS(Operating profit) | 7.5% | 13.0% | - |
| Yen-USD | 111.61 | 108.71 | - |
| Yen-Euro | 123.14 | 129.39 | - |

| | 2017 Full Year Act | 2018 Full Year Fct | Change (w/o fx impact) |
|------------------------------|-----------------------|-----------------------|----------------------------|
| Sales Revenue | 712,997 | 690,000 | -3.2% (-1.6%) |
| Business Segment profit | 77,229 | 71,000 | -8.1% |
| Operating profit | 68,672 | 70,000 | 1.9% |
| Net Income | 50,020 | 52,000 | 4.0% |
| ROS(Business Segment profit) | 10.8% | 10.3% | - |
| ROS(Operating profit) | 9.6% | 10.1% | - |
| Yen-USD | 110.81 | 107.00 | - |
| Yen-Euro | 129.45 | 128.00 | - |

| | 2018 Previous Forecast | 2018 Revised Forecast | Change (w/o fx impact) |
|------------------------------|---------------------------|--------------------------|----------------------------|
| Sales Revenue | 690,000 | 690,000 | - |
| Business Segment profit | 71,000 | 71,000 | - |
| Operating profit | 70,000 | 70,000 | - |
| Net Income | 52,000 | 52,000 | - |
| ROS(Business Segment profit) | 10.3% | 10.3% | - |
| ROS(Operating profit) | 10.1% | 10.1% | - |
| Yen-USD | 107.00 | 107.00 | - |
| Yen-Euro | 128.00 | 128.00 | - |

2. Balance sheet

(Millions of yen)

| | 2017 Full Year Act | 2018 1Q Act | Change |
|---|-----------------------|----------------|---------|
| Current assets | 366,633 | 367,848 | 1,214 |
| Non-current assets | 341,644 | 336,098 | - 5,546 |
| Current liabilities | 157,039 | 149,617 | - 7,422 |
| Non-current liabilities | 138,743 | 137,661 | - 1,082 |
| Equity attributable to owners of the parent company | 395,514 | 399,783 | 4,269 |
| Total assets | 708,278 | 703,946 | - 4,331 |
| Cash & cash equivalents | 121,384 | 120,089 | -1,294 |
| Interest-bearing debt | 116,446 | 117,039 | 592 |
| DER* | 0.29 | 0.29 | — |
| Equity ratio attributable to owners of the parent company | 55.8% | 56.8% | — |

* DER = Interest-bearing debt / Equity attributable to owners of the parent company

3. Cash flows

(Millions of yen)

| | 2017 1Q Act | 2018 1Q Act | Change |
|--|----------------|----------------|---------|
| Net cash provided by operating activities | 12,511 | 16,600 | 4,088 |
| Net cash used in investing activities | - 10,151 | - 7,400 | 2,751 |
| Net cash used in financing activities | - 7,418 | - 9,711 | - 2,292 |
| Cash and cash equivalents at end of period | 109,117 | 120,089 | 10,972 |

(Millions of yen)

4. Sales Revenue by business segment

| | 2017 1Q Act | 2018 1Q Act | Change (w/o fx impact) |
|---------------------------------------|----------------|----------------|----------------------------|
| Printing & Solutions | 98,800 | 99,454 | 0.7% (+0.4%) |
| Communications and Printing equipment | 87,666 | 87,563 | -0.1% (-0.4%) |
| Electronic stationery | 11,134 | 11,891 | 6.8% (+7.0%) |
| Personal & Home | 9,349 | 8,810 | -5.8% (-5.3%) |
| Machinery | 29,056 | 31,395 | 8.0% (+7.1%) |
| Industrial sewing machines | 6,777 | 8,659 | 27.8% (+26.9%) |
| Machine tools | 17,392 | 17,782 | 2.2% (+1.0%) |
| Industrial Parts | 4,887 | 4,953 | 1.4% (+1.3%) |
| Network & Contents | 11,218 | 11,528 | 2.8% (+2.7%) |
| Domino | 16,448 | 17,106 | 4.0% (+0.7%) |
| Others | 2,855 | 2,799 | -2.0% (-2.0%) |
| G. total | 167,728 | 171,095 | 2.0% (+1.4%) |

| | 2017 Full Year Act | 2018 Full Year Fct | Change (w/o fx impact) |
|---------------------------------------|-----------------------|-----------------------|----------------------------|
| Printing & Solutions | 412,165 | 393,500 | -4.5% (-2.2%) |
| Communications and Printing equipment | 364,903 | 346,200 | -5.1% (-2.8%) |
| Electronic stationery | 47,262 | 47,300 | 0.1% (+2.5%) |
| Personal & Home | 44,466 | 44,900 | 1.0% (+4.4%) |
| Machinery | 127,299 | 115,300 | -9.4% (-8.3%) |
| Industrial sewing machines | 31,094 | 33,000 | 6.1% (+9.1%) |
| Machine tools | 76,018 | 61,300 | -19.4% (-19.0%) |
| Industrial Parts | 20,186 | 21,000 | 4.0% (+4.8%) |
| Network & Contents | 49,052 | 49,000 | -0.1% (-0.1%) |
| Domino | 68,390 | 73,500 | 7.5% (+5.5%) |
| Others | 11,623 | 13,800 | 18.7% (+18.6%) |
| G. total | 712,997 | 690,000 | -3.2% (-1.6%) |

| 2018 Previous Forecast | 2018 Revised Forecast | Change (w/o fx impact) |
|---------------------------|--------------------------|----------------------------|
| 393,500 | 393,500 | - |
| 346,200 | 346,200 | - |
| 47,300 | 47,300 | - |
| 44,900 | 44,900 | - |
| 115,300 | 115,300 | - |
| 33,000 | 33,000 | - |
| 61,300 | 61,300 | - |
| 21,000 | 21,000 | - |
| 49,000 | 49,000 | - |
| 73,500 | 73,500 | - |
| 13,800 | 13,800 | - |
| 690,000 | 690,000 | - |

5. Business Segment profit by business segment

(Millions of yen)

| | 2017 1Q Act | 2018 1Q Act | Change |
|----------------------|----------------|----------------|--------|
| Printing & Solutions | 13,361 | 14,864 | 11.3% |
| Personal & Home | - 163 | - 145 | - |
| Machinery | 2,543 | 4,161 | 63.6% |
| Network & Contents | - 60 | 222 | - |
| Domino | 1,592 | 1,223 | -23.2% |
| Others | 236 | 171 | -27.4% |
| Adjustment | - 12 | - 20 | - |
| G. total | 17,497 | 20,477 | 17.0% |

| | 2017 Full Year Act | 2018 Full Year Fct | Change |
|----------------------|-----------------------|-----------------------|--------|
| Printing & Solutions | 52,890 | 49,800 | -5.8% |
| Personal & Home | 1,981 | 3,000 | 51.4% |
| Machinery | 14,426 | 11,600 | -19.6% |
| Network & Contents | 2,663 | 2,400 | -9.9% |
| Domino | 4,640 | 4,000 | -13.8% |
| Others | 736 | 200 | -72.8% |
| Adjustment | - 107 | - | - |
| G. total | 77,229 | 71,000 | -8.1% |

| 2018 Previous Forecast | 2018 Revised Forecast | Change |
|---------------------------|--------------------------|--------|
| 49,800 | 49,800 | - |
| 3,000 | 3,000 | - |
| 11,600 | 11,600 | - |
| 2,400 | 2,400 | - |
| 4,000 | 4,000 | - |
| 200 | 200 | - |
| - | - | - |
| 71,000 | 71,000 | - |

6. Operating profit by business segment

(Millions of yen)

| | 2017 1Q Act | 2018 1Q Act | Change |
|----------------------|----------------|----------------|--------|
| Printing & Solutions | 9,144 | 16,011 | 75.1% |
| Personal & Home | - 452 | - 70 | - |
| Machinery | 2,511 | 4,346 | 73.0% |
| Network & Contents | - 102 | 175 | - |
| Domino | 1,242 | 1,559 | 25.5% |
| Others | 271 | 252 | -7.0% |
| Adjustment | - 12 | - 20 | - |
| G. total | 12,603 | 22,255 | 76.6% |

| | 2017 Full Year Act | 2018 Full Year Fct | Change |
|----------------------|-----------------------|-----------------------|--------|
| Printing & Solutions | 47,353 | 48,900 | 3.3% |
| Personal & Home | 1,051 | 3,000 | 185.3% |
| Machinery | 14,131 | 11,700 | -17.2% |
| Network & Contents | 1,343 | 2,100 | 56.3% |
| Domino | 3,998 | 4,000 | 0.0% |
| Others | 901 | 300 | -66.7% |
| Adjustment | - 107 | - | - |
| G. total | 68,672 | 70,000 | 1.9% |

| 2018 Previous Forecast | 2018 Revised Forecast | Change |
|---------------------------|--------------------------|--------|
| 48,900 | 48,900 | - |
| 3,000 | 3,000 | - |
| 11,700 | 11,700 | - |
| 2,100 | 2,100 | - |
| 4,000 | 4,000 | - |
| 300 | 300 | - |
| - | - | - |
| 70,000 | 70,000 | - |

7. Sales revenue by region

(Millions of yen)

| | 2016 Full Year Act | 2017 Full Year Act | Change |
|---------------|-----------------------|-----------------------|--------|
| The Americas | 202,599 | 209,602 | 3.5% |
| Europe | 161,092 | 181,224 | 12.5% |
| Asia & Others | 157,968 | 201,162 | 27.3% |
| Japan | 119,525 | 121,008 | 1.2% |
| G. total | 641,185 | 712,997 | 11.2% |

8. R&D Expenses / Capex / Depreciation & Amortization

(Millions of yen)

| | 2017 1Q Act | 2018 1Q Act | Change |
|-----------------------------|----------------|----------------|--------|
| R&D Expenses | 10,729 | 10,086 | - 643 |
| Capex | 6,387 | 5,595 | - 791 |
| Depreciation & Amortization | 8,399 | 8,422 | 22 |

| | 2017 Full Year Act | 2018 Full Year Fct | Change |
|-----------------------------|-----------------------|-----------------------|--------|
| R&D Expenses | 45,649 | 45,600 | - 49 |
| Capex | 33,993 | 33,600 | - 393 |
| Depreciation & Amortization | 34,141 | 35,900 | 1,758 |

| | 2018 Previous Forecast | 2018 Revised Forecast | Change |
|--|---------------------------|--------------------------|--------|
| | 45,600 | 45,600 | - |
| | 33,600 | 33,600 | - |
| | 35,900 | 35,900 | - |

9. Other Financial Data

| | 2016 Full Year Act | 2017 Full Year Act |
|-----------------------|-----------------------|-----------------------|
| ROE | 13.9% | 13.5% |
| ROA | 7.0% | 7.2% |
| EPS | 181.96 | 192.63 |
| Dividend per Share | 42.0 | 54.0 |
| Dividend payout ratio | 23.1% | 28.0% |

10. Exchange rates

| | 2017 1Q Act | 2018 1Q Act |
|----------|----------------|----------------|
| Yen-USD | 111.61 | 108.71 |
| Yen-Euro | 123.14 | 129.39 |
| Yen-GBP | 142.92 | 147.54 |

| | 2016 Full Year Act | 2017 Full Year Act | 2018 Full Year Fct |
|--|-----------------------|-----------------------|-----------------------|
| | 109.03 | 110.81 | 107.00 |
| | 119.37 | 129.45 | 128.00 |
| | 143.04 | 147.27 | 150.00 |