

**Fiscal Year 2020** (ended March 31, 2021)

## **Financial Results**

**Brother Industries, Ltd.**

**May 7, 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.

- **Highlights**
- **Results for FY2020**
- **Review of FY2020 by Business**
- **Forecast for FY2021**
- **Shareholder Returns**
- **Appendix**
  - **Results for FY2020 Q4 (Jan.-Mar.)**
  - **Financial Position/ Cash Flows/  
Capital Expenditure/ Depreciation & Amortization/  
R&D Expense**
  - **Business Segment Information**

# Highlights

# Highlights (Results for FY2020)



Although business segment profit reached an all-time high, operating profit and net income decreased significantly due to the recording of an impairment loss on goodwill

## ◆ Sales revenue **631.8 billion yen/ -0.9% (year-on-year)**

- ✓ In the P&S business, sales were on a par with the previous year's level despite a decrease in sales volume resulting from supply restrictions.
- ✓ The P&H business recorded a significant increase in sales revenue, backed by growing demand for home sewing machines from people staying home or conducting a second business.

## ◆ Business segment profit **78.1 billion yen/ +16.6%**

- ✓ In the P&S business, profit increased due in part to the effects of efforts to keep down sales promotion expenses.
- ✓ In the P&H business, profit increased as sales increased due to strong demand.
- ✓ The N&C business was deep into the red as a result of a drop in sales from the karaoke club business and sales of karaoke machines.
- ✓ The Machinery business (machine tools) recorded a substantial increase in profit as sales in the automotive and general industries recovered in China.

## ◆ Operating profit **42.7 billion yen/ -36.5%**

- ✓ Operating profit decreased substantially due mainly to the recording of an impairment loss on goodwill in the Domino business

## ◆ Net income\* **24.5 billion yen/ -50.5%**

\*: Net income attributable to owners of the parent

# Highlights (Forecast for FY2021/ Shareholder Returns)



## Forecast for FY2021

- Effects such as from disruptions in the global supply chain mainly in the P&S business are incorporated as risk factors, and a decline in both revenue and business segment profit is projected.
- An increase in operating profit and net income is projected due to the elimination of special factors that occurred in FY2020.

## Shareholder Returns

- The annual dividend in FY2020 is set at 60 yen per share (the same as in FY2019)
- An annual dividend of 60 yen per share is also planned for FY2021.

## Results for FY2020

# Results for FY2020



Although business segment profit increased substantially (an all-time high), operating profit and net income decreased significantly due to the recording of an impairment loss on goodwill in the Domino business

(100 Millions of Yen)

	FY19	FY20	Change	Rate of Change (w/o FX)
Sales Revenue	6,373	<b>6,318</b>	-54	-0.9% (+0.3%)
Business Segment Profit	669	<b>781</b>	111	16.6%
Business Segment Profit Ratio	10.5%	<b>12.4%</b>		
Other income/expense	4	<b>-353</b>	-357	
Operating Profit	673	<b>427</b>	-246	-36.5%
Operating Profit Ratio	10.6%	<b>6.8%</b>		
Income before Tax	670	<b>429</b>	-241	-36.0%
Net Income	496	<b>245</b>	-250	-50.5%
USD	109.10	<b>106.17</b>		
EUR	121.14	<b>123.73</b>		

# Main Special Factors for FY2020 Results



Operating profit decreased substantially due to the recording of an impairment loss on goodwill in the Domino business and temporary costs in the P&S business and the N&C business.

Business	Details	Impact (Operating Profit)
Domino	Impairment loss on goodwill (Careful review of future business plans due to effects from the spread of COVID-19)	27.2 billion yen
P&S	Temporary costs arising from realignment of manufacturing sites	4.3 billion yen
N&C	Impairment loss on assets in the karaoke club business	2.9 billion yen



# Results for FY2020 by Business Segment



(100 Millions of Yen)

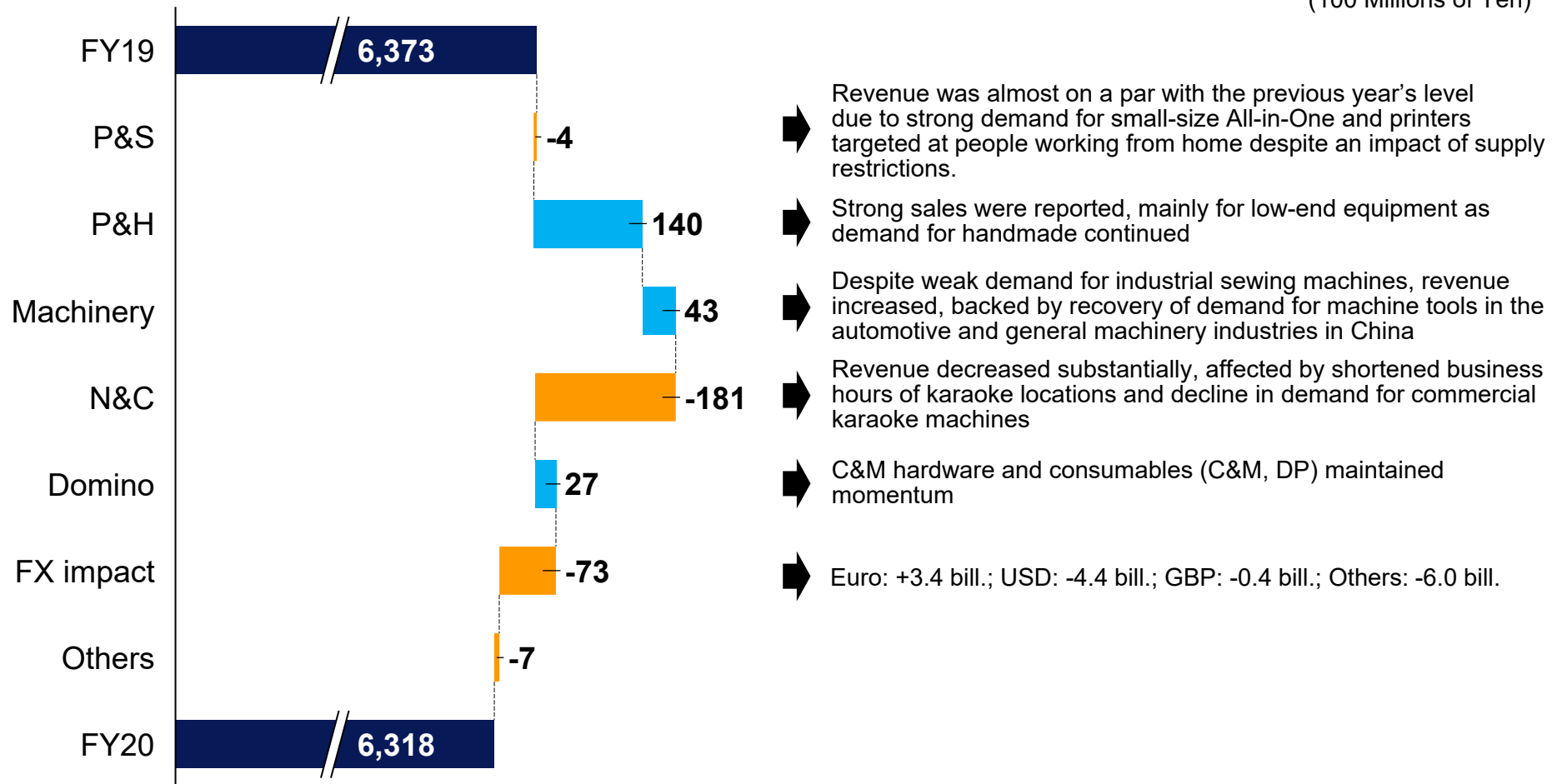
		FY19	FY20	change
<b>Printing &amp; Solutions</b>	Sales Revenue	3,907	3,848	-59
	Business Segment Profit	571	652	80
	Operating Profit	571	610	39
<b>Personal &amp; Home</b>	Sales Revenue	409	537	128
	Business Segment Profit	31	98	67
	Operating Profit	32	96	65
<b>Machinery</b>	Sales Revenue	748	789	41
	Business Segment Profit	7	41	34
	Operating Profit	6	33	27
<b>Network &amp; Contents</b>	Sales Revenue	491	310	-181
	Business Segment Profit	21	-52	-72
	Operating Profit	19	-73	-92
<b>Domino business</b>	Sales Revenue	675	698	23
	Business Segment Profit	38	48	10
	Operating Profit	39	-239	-279
<b>Other</b>	Sales Revenue	142	136	-7
	Business Segment Profit	4	-5	-9
	Operating Profit	9	2	-7
<b>Total</b>	Sales Revenue	6,373	6,318	-54
	Business Segment Profit	669	781	111
	Operating Profit	673	427	-246

\*Not including elimination amount by inter-segment transaction.

## Main Factors for Changes in Sales Revenue

Although the strong P&H and Machinery businesses compensated for a substantial fall in revenue in the N&C business, company-wide revenue decreased due in part to negative FX effects.

(100 Millions of Yen)

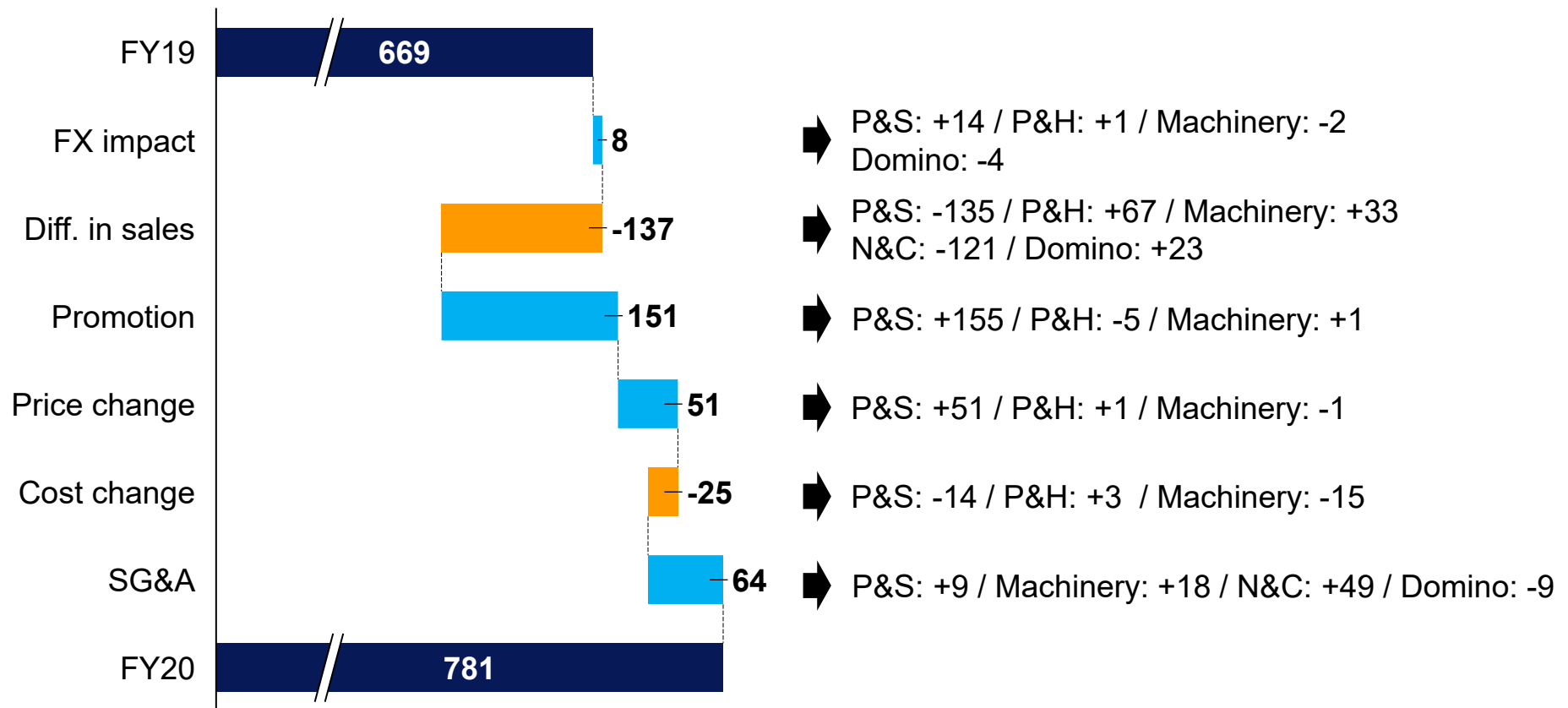


\* Amounts of change are on a results basis excluding foreign exchange effects

## Main Factors for Changes in Business Segment Profit

Profit increased substantially due to dampening effects on sales promotion expenses, in addition to increase in gross profit mainly in the P&H and Machinery (Machine tools) businesses

(100 Millions of Yen)



## Review of FY2020 by Business

# Changes in the Environment of Each Business due to COVID-19



The business environment has changed significantly due to the global spread of COVID-19

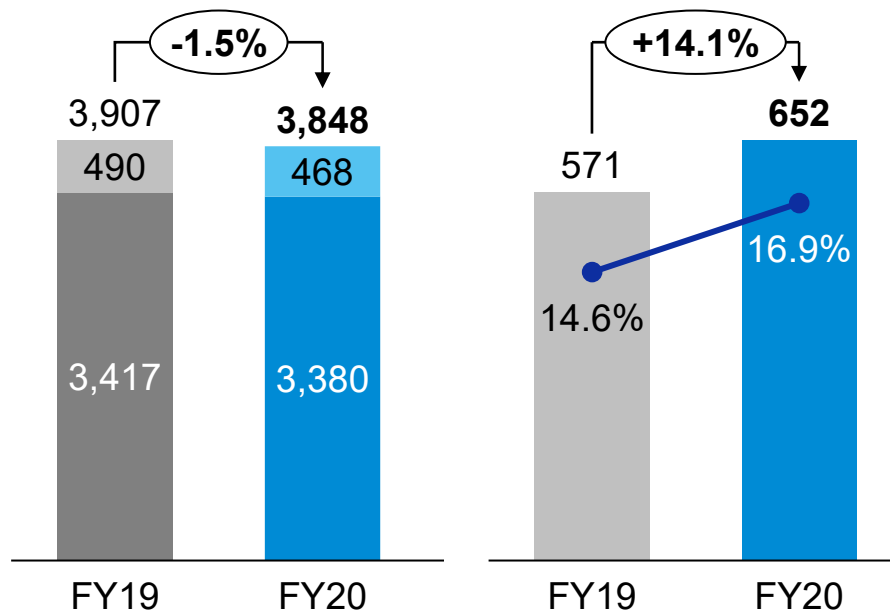
Business	Changes in Environment
<b>P&amp;S</b>	<ul style="list-style-type: none"> <li>• Demand for small-size All-in-One and printers has increased from people working and learning from home</li> <li>• Print volume in offices has declined due to diversification of workstyles such as working from home</li> <li>• The spread of infection in production sites has led to delays in production and supply</li> <li>• Demand for label printing has increased with the expansion of e-commerce and delivery services</li> </ul>
<b>P&amp;H</b>	<ul style="list-style-type: none"> <li>• Special demand for home sewing machines has occurred as many people stay home and enjoy handcrafts and other hobbies</li> </ul>
<b>Machinery</b>	<ul style="list-style-type: none"> <li>• Industrial sewing machines: (ISM*1) Capital investment demand is sluggish in conjunction with a fall in the operation rate of customer sewing factories (GT*2) Demand continues to grow, especially in the U.S.</li> <li>• Machine tools: Orders are recovering in all regions, especially from the automotive and general machinery industries in China</li> <li>• Industrial parts: Despite moves to curb capital investment across manufacturing industries, demand is recovering as the needs for automation and manpower reduction have increased</li> </ul>
<b>N&amp;C</b>	<ul style="list-style-type: none"> <li>• The number of karaoke users has decreased substantially due to the closure and shortened business hours of karaoke locations</li> </ul>
<b>Domino</b>	<ul style="list-style-type: none"> <li>• Demand for digital printing equipment is weak due to ongoing moves to curb capital investment</li> </ul>

\*1: Industrial sewing machine \*2: Garment printer

(100 Millions of Yen)

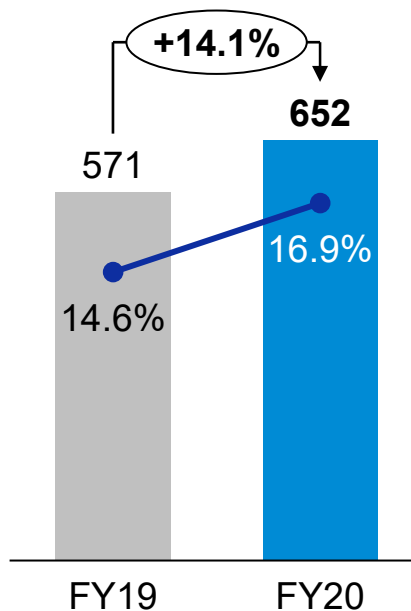
## Sales Revenue

- Electronic Stationery
- Communications & Printing



## Business Segment Profit

- Profit Ratio



## Review of FY2020 and Future Initiatives

- Although hardware demand continued throughout the year as a result of changes in workstyles, such as the adoption of working from home, print volume in offices declined
- Supply restrictions occurred due in part to the suspension of factory operation and parts shortages
- To enhance production efficiency, a decision to reorganize factory sites was made; meanwhile, an initiative started to establish a system enabling consumables to be produced and supplied from multiple sites.
- Product lineups, such as barcode printers, were expanded in line with increased demand for label printing
- Profits increased due to efforts to curb sales promotion and other expenses



- **Aim to maintain and expand business scale by appropriately responding to the penetration of working from home and needs for decentralized printing**
- **Aim to further strengthen the solution proposal capability by expanding the product lineup of electronic stationery that focuses on special business applications**



Black-and-white Laser All-in-One



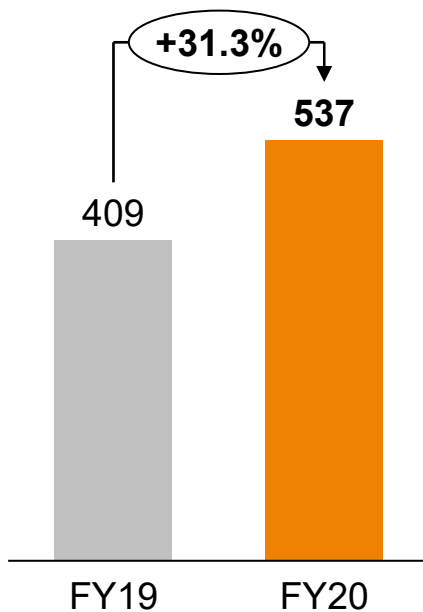
Inkjet All-in-One



Label printer

(100 Millions of Yen)

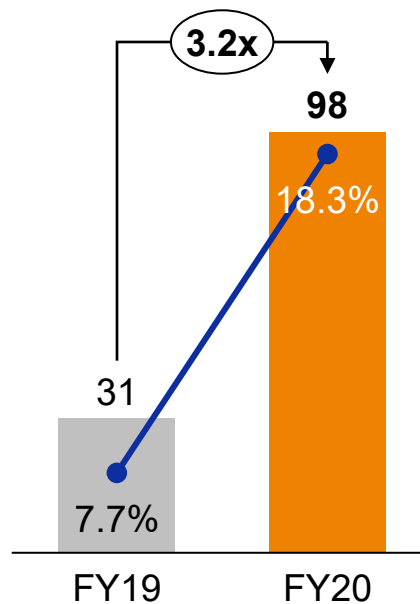
## Sales Revenue



Sewing and Embroidery Machine

## Business Segment Profit

● Profit Ratio



Home Cutting Machine

## Review of FY2020 and Future Initiatives

- The number of people enjoying handcrafts at home increased due to stay-at-home trends, pushing up sales of low-end home sewing machines
- Demand grew for middle- to high-end embroidery machines in the U.S. and Europe for second business purposes
- While person-to-person activities were restricted, online events and virtual showrooms on websites were actively used
- A record high profit was achieved as home sewing machines sold well

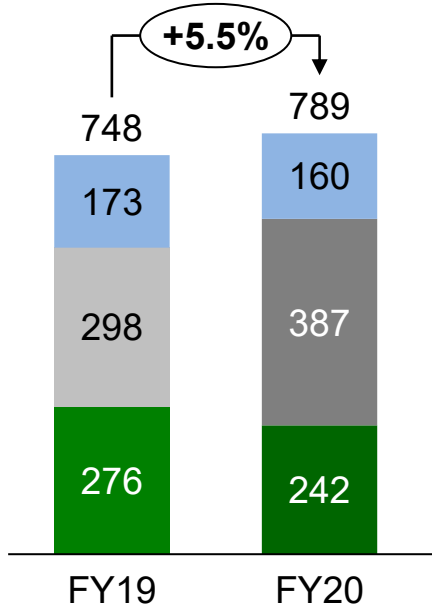


- **Aim to maintain and expand the customer base by strengthening online sales activities and expanding sales of middle- to high-end embroidery machines**

(100 Millions of Yen)

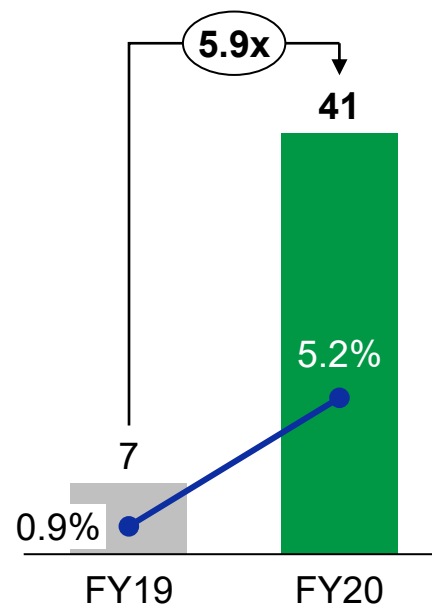
## Sales Revenue

- Industrial Parts
- Machine Tools
- Industrial Sewing Machine



## Business Segment Profit

● Profit Ratio



## Review of FY2020 and Future Initiatives

- Industrial sewing machines:
  - (ISM) Sales decreased, affected by curbs on capital investment; production systems were reviewed in response to deteriorations in the business environment
  - (GT) New products capable of handling large volume ink successfully attracted new demand
- Machine tools: Orders recovered, especially from the automotive and general machinery industries in China; extension work in anticipation of increase in demand was completed at production subsidiaries
- Industrial parts: Demand grew in the robot and FA\* markets



**Aim to expand business scale by appropriately responding to recovery of capital investment demand**

- Industrial sewing machines:
  - (ISM) Expand sales in the non-apparel market
  - (GT) Increase presence in products for large volume printing purposes
- Machine tools: Expand the customer base in the automotive and general machinery industries
- Industrial parts: Expand sales in the robot and FA markets

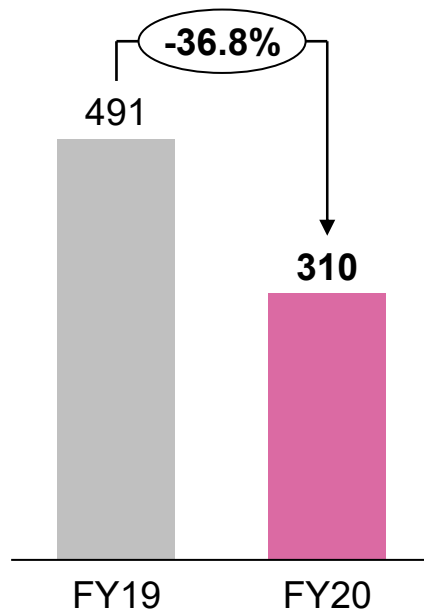


\*: Factory Automation



(100 Millions of Yen)

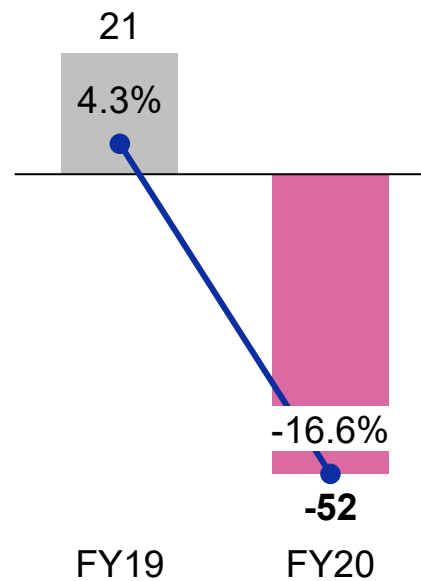
## Sales Revenue



Karaoke Machine

## Business Segment Profit

● Profit Ratio



Karaoke App

## Review of FY2020 and Future Initiatives

- The business was sluggish as the number of karaoke users dropped significantly due to effects from the spread of COVID-19
- Focused on creating environments enabling people to use karaoke with a sense of security
- Closed unprofitable karaoke clubs in conjunction with deteriorated earnings  
(Number of karaoke clubs at the end of March 2020: 124 clubs at the end of March 2021: 89 clubs)

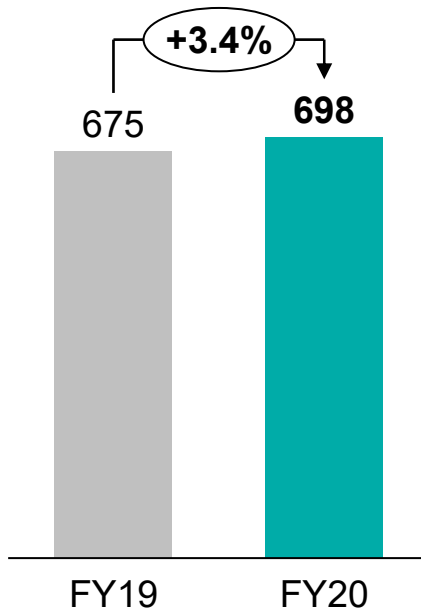
\* An impairment loss of 2.9 billion yen on assets in karaoke clubs was recorded (Operating profit/loss was affected)



- **Focus on creating karaoke club environments enabling people to enjoy karaoke with a sense of security and developing attractive contents in collaboration with music and other entertainment industries, thereby thoroughly implementing business operation aimed at improved profitability**

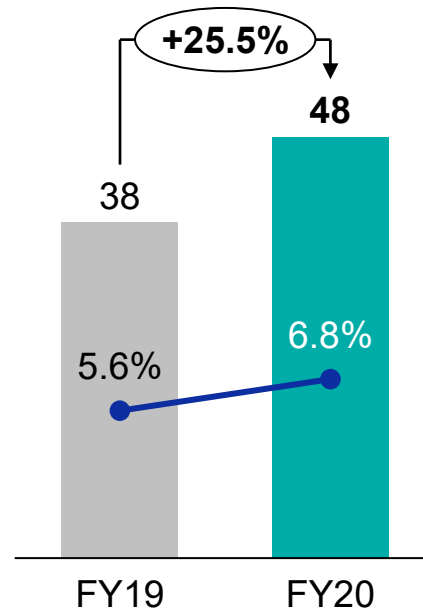
(100 Millions of Yen)

## Sales Revenue



## Business Segment Profit

—●— Profit Ratio



## Review of FY2020 and Future Initiatives

- C&M hardware was firm, supported by robust demand for daily necessities including food, beverages, and pharmaceuticals despite being temporarily affected by lockdowns, especially in Europe
- DP hardware was sluggish due in part to restrictions on sales activities
- Consumables were firm for both C&M and DP

\* An impairment loss of 27.2 billion yen on goodwill was recorded  
(Operating profit/loss was affected)



- **Aim for sales growth and improvement of profitability by expanding sales and strengthening service solutions in the C&M and DP fields**



Coding & Marking Equipment (C&M)



Digital Printing Equipment (DP)

## Forecast for FY2021

# Forecast for FY2021



Effects such as from disruptions in the global supply chain mainly in the P&S business are incorporated into the forecast for FY2021 and a decline in both revenue and business segment profit is projected

(100 Millions of Yen)

	FY20	FY21 Forecast	Change	Rate of Change
Sales Revenue	6,318	<b>6,260</b>	-58	-0.9%
Business Segment Profit	781	<b>600</b>	-181	-23.2%
Business Segment Profit Ratio	12.4%	<b>9.6%</b>		
Other income/expense	-353	<b>0</b>	353	
Operating Profit	427	<b>600</b>	173	40.4%
Operating Profit Ratio	6.8%	<b>9.6%</b>		
Income before Tax	429	<b>595</b>	166	38.6%
Net Income	245	<b>425</b>	180	73.3%
USD	106.17	<b>103.00</b>		
EUR	123.73	<b>125.00</b>		

# Forecast for FY2021 by Business Segment



(100 Millions of Yen)

		FY20 Act	FY21 Fct	change
<b>Printing &amp; Solutions</b>	Sales Revenue	3,848	3,644	-204
	Business Segment Profit	652	435	-217
	Operating Profit	610	439	-171
<b>Personal &amp; Home</b>	Sales Revenue	537	460	-77
	Business Segment Profit	98	46	-52
	Operating Profit	96	47	-49
<b>Machinery</b>	Sales Revenue	789	912	123
	Business Segment Profit	41	72	31
	Operating Profit	33	72	39
<b>Network &amp; Contents</b>	Sales Revenue	310	366	56
	Business Segment Profit	-52	0	52
	Operating Profit	-73	-1	72
<b>Domino business</b>	Sales Revenue	698	717	19
	Business Segment Profit	48	40	-8
	Operating Profit	-239	38	277
<b>Other</b>	Sales Revenue	136	161	25
	Business Segment Profit	-5	7	12
	Operating Profit	2	5	3
<b>Total</b>	Sales Revenue	6,318	6,260	-58
	Business Segment Profit	781	600	-181
	Operating Profit	427	600	173

\*Not including elimination amount by inter-segment transaction.

# Preconditions for Forecast for FY2021



Effects such as production delays resulting from suspension of factory operation in the P&S business and disruptions in the global supply chain are mainly incorporated into the forecast for FY2021

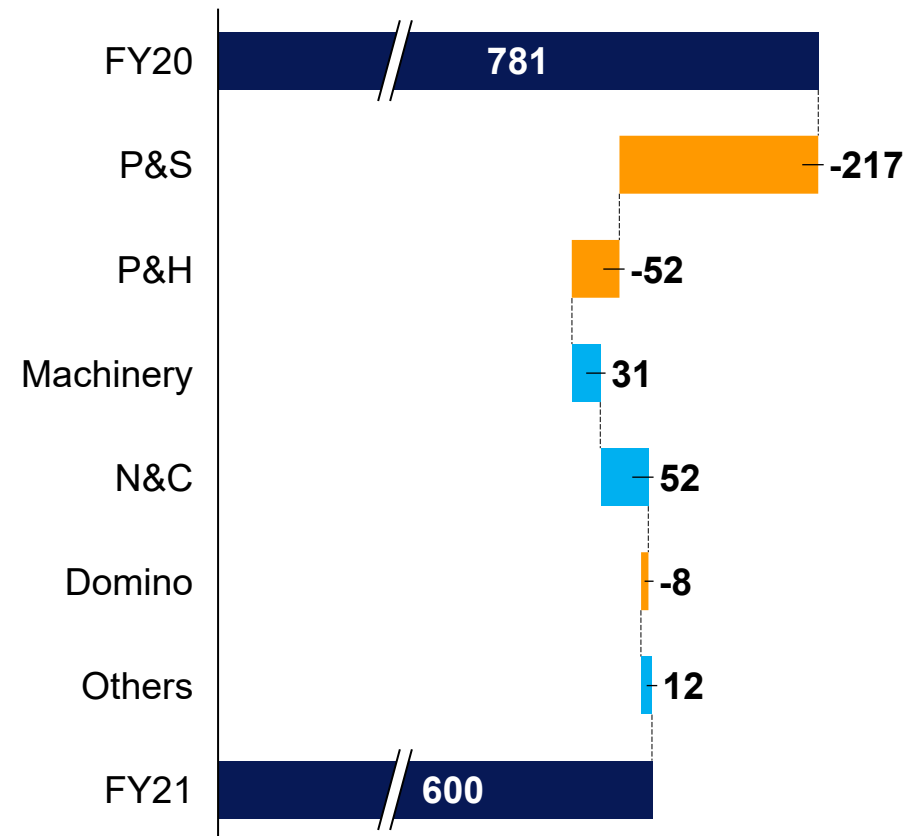
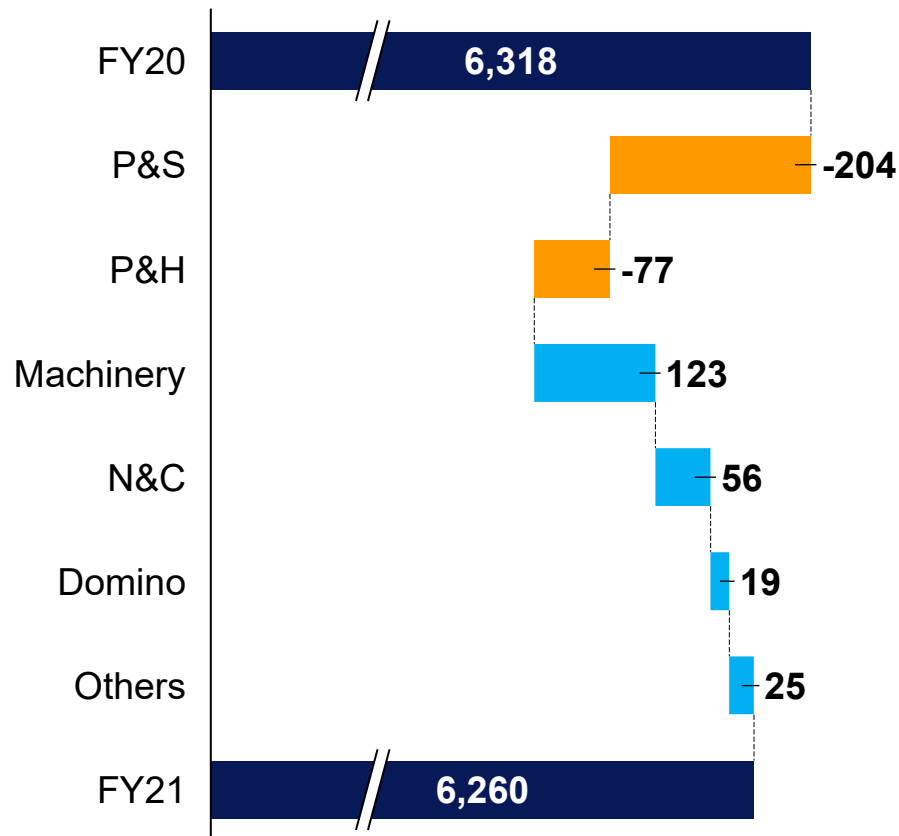
Business	Preconditions
<b>P&amp;S</b>	<ul style="list-style-type: none"> <li>• Although demand for small-size All-in-One and printers for people working from home is projected to remain robust until the first half, it is likely to run its course in the second half; increase in sales promotion and SG&amp;A expenses from the FY2020 levels is planned, expecting the market environment will return to normal.</li> <li>• Risks such as air transportation of consumables associated with production delays, production delays and low factory operation rates resulting from material supply shortages, increase in costs for parts and materials, and a rise in ocean freight are factored in</li> </ul>
<b>P&amp;H</b>	<ul style="list-style-type: none"> <li>• Risks such as a counter-reaction to special demand in FY2020 associated with COVID-19, increase in costs for parts and materials, and a rise in ocean freight are factored in</li> </ul>
<b>Machinery</b>	<ul style="list-style-type: none"> <li>• Although there is concern over supply shortages for parts and materials, demand for machine tools from the automotive and general machinery industries in China is expected to continue recovering</li> </ul>
<b>N&amp;C</b>	<ul style="list-style-type: none"> <li>• Fixed costs will decrease due to the impairment loss on karaoke clubs recorded in FY2020; initiatives to increase the safety and security of karaoke will be thoroughly implemented to bring the entire business into the black</li> </ul>
<b>Domino</b>	<ul style="list-style-type: none"> <li>• The business is expected to remain stable despite restrictions on sales activities due to the impact of COVID-19</li> </ul>

## Changes in Sales Revenue / Business Segment Profit

### Changes in Sales Revenue

### Changes in Business Segment Profit

(100 Millions of Yen)



## Shareholder Returns



Shareholder returns are provided with a target consolidated dividend payout ratio of 35%

The minimum annual dividend has been set at 60 yen per share with the exception of terms with severely deteriorated performance

The annual dividend for FY2020 is 60 yen per share  
An annual dividend of 60 yen is planned for FY2021 as well

	Interim	Year-end	Annual	Consolidated payout ratio
FY2021(Fct)	30 yen	30 yen	60 yen	36.7%
FY2020	27 yen	33 yen	60 yen	63.6%
FY2019	30 yen	30 yen	60 yen	31.4%
FY2018	30 yen	30 yen	60 yen	28.9%

# Appendix

## Results for FY2020 Q4 (Jan.-Mar.)

# Consolidated Results for FY2020 Q4



Despite an increase in business segment profit, a substantial operating loss and net loss were incurred due to the recording of temporary costs

(100 Millions of Yen)

	19Q4	20Q4	Change	Rate of Change (w/o FX)
Sales Revenue	1,524	<b>1,643</b>	119	7.8% (+6.7%)
Business Segment Profit	124	<b>147</b>	23	18.4%
Business Segment Profit Ratio	8.2%	<b>9.0%</b>		
Other income/expense	-5	<b>-348</b>	-343	
Operating Profit	119	<b>-201</b>	-320	-268.9%
Operating Profit Ratio	7.8%	<b>-12.2%</b>		
Income before Tax	114	<b>-201</b>	-315	-276.3%
Net Income	80	<b>-230</b>	-310	-387.6%
USD	109.22	<b>106.24</b>		
EUR	120.68	<b>128.10</b>		

# Results for FY2020 Q4 by Business Segment



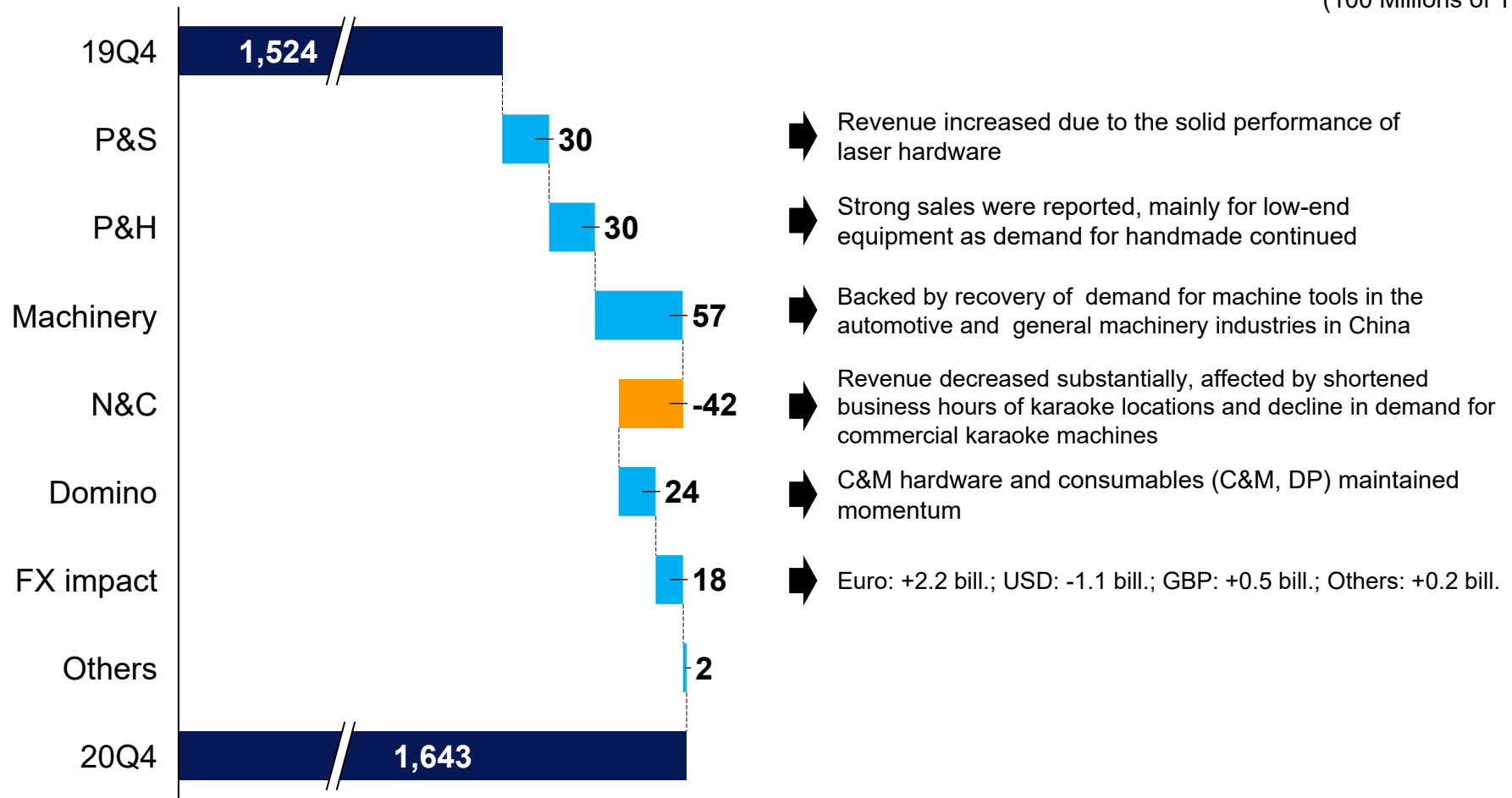
(100 Millions of Yen)

		19Q4	20Q4	change
<b>Printing &amp; Solutions</b>	Sales Revenue	935	976	41
	Business Segment Profit	113	126	13
	Operating Profit	109	80	-29
<b>Personal &amp; Home</b>	Sales Revenue	94	123	29
	Business Segment Profit	8	16	9
	Operating Profit	7	16	9
<b>Machinery</b>	Sales Revenue	169	229	60
	Business Segment Profit	-9	12	22
	Operating Profit	-10	15	25
<b>Network &amp; Contents</b>	Sales Revenue	114	73	-42
	Business Segment Profit	1	-18	-20
	Operating Profit	-1	-45	-44
<b>Domino business</b>	Sales Revenue	168	196	28
	Business Segment Profit	11	15	4
	Operating Profit	13	-264	-277
<b>Other</b>	Sales Revenue	44	46	2
	Business Segment Profit	1	-4	-6
	Operating Profit	2	-4	-6
<b>Total</b>	Sales Revenue	1,524	1,643	119
	Business Segment Profit	124	147	23
	Operating Profit	119	-201	-320

\*Not including elimination amount by inter-segment transaction.

Revenue increased as a drop in the N&C business was compensated for by the Machinery and other businesses

(100 Millions of Yen)

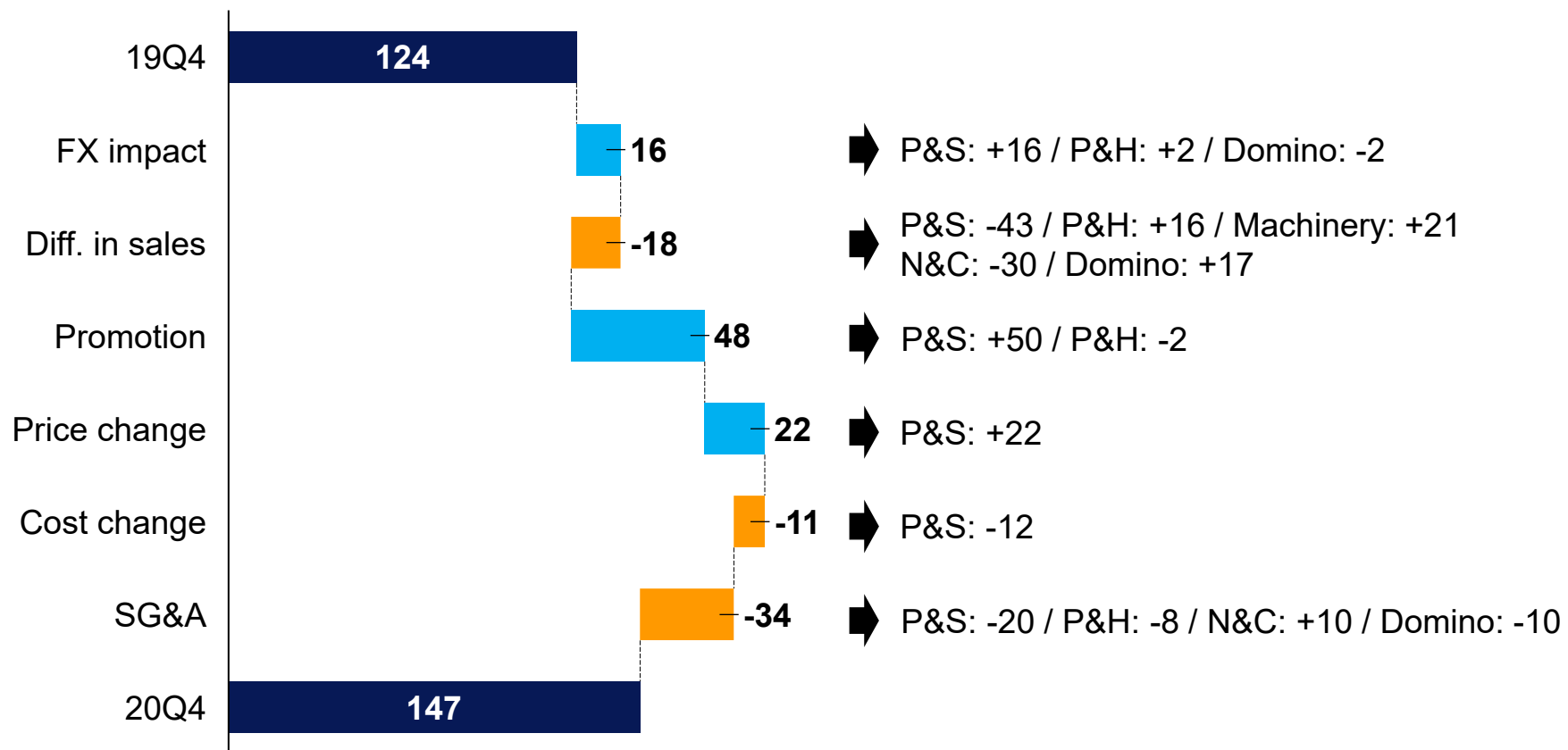


\* Amounts of change are on a results basis excluding foreign exchange effects

## Main Factors for Changes in Business Segment Profit

Profit increased substantially due to dampening effects on sales promotion expenses in the P&S business, in addition to increase in gross profit mainly in the P&H and Machinery (Machine tools) businesses

(100 Millions of Yen)



**Financial Position/ Cash Flows/  
Capital Expenditure/ Depreciation & Amortization/  
R&D Expense**



# Financial Position



(100 Millions of Yen)

	End of FY19	End of FY20	Change
Current assets	4,088	<b>4,288</b>	200
Cash&Cash equivalents	1,684	<b>1,910</b>	226
Inventories	1,179	<b>1,202</b>	23
Non-current assets	3,227	<b>3,151</b>	-75
Total liabilities	2,863	<b>2,442</b>	-421
Interest-bearing debt	1,070	<b>575</b>	-496
Equity attributable to owners of the parent company	4,285	<b>4,831</b>	545
Total assets	7,315	<b>7,439</b>	124

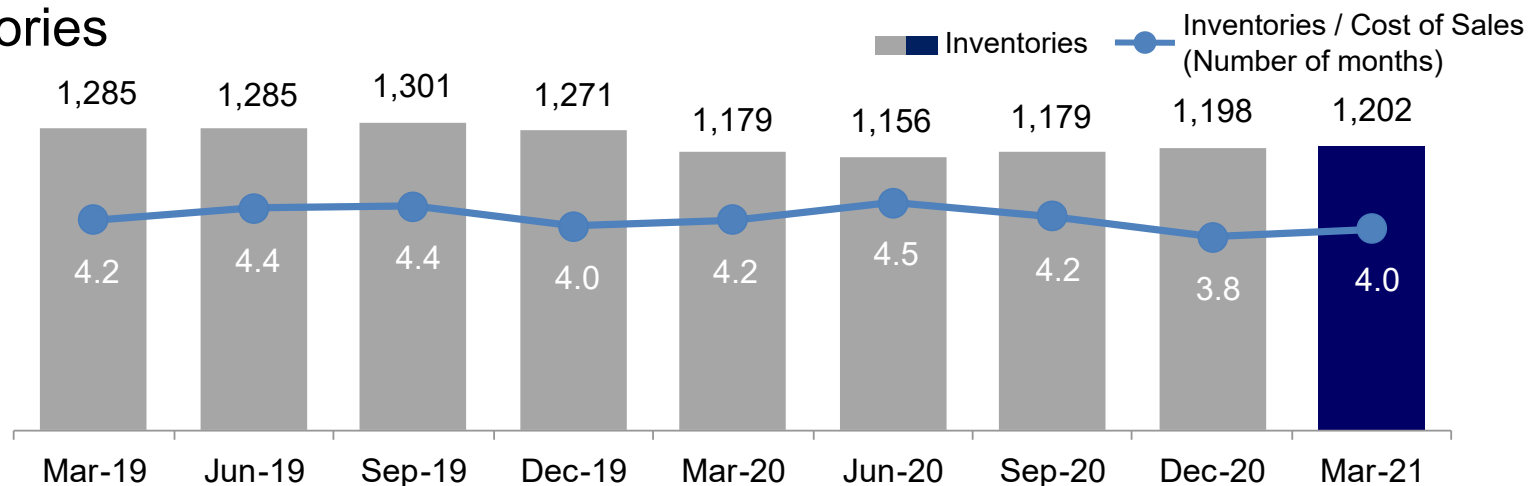
## Net Cash

End of FY19 : +61.4 billion yen  
End of FY20 : +133.5 billion yen

## Shareholders' Equity Ratio

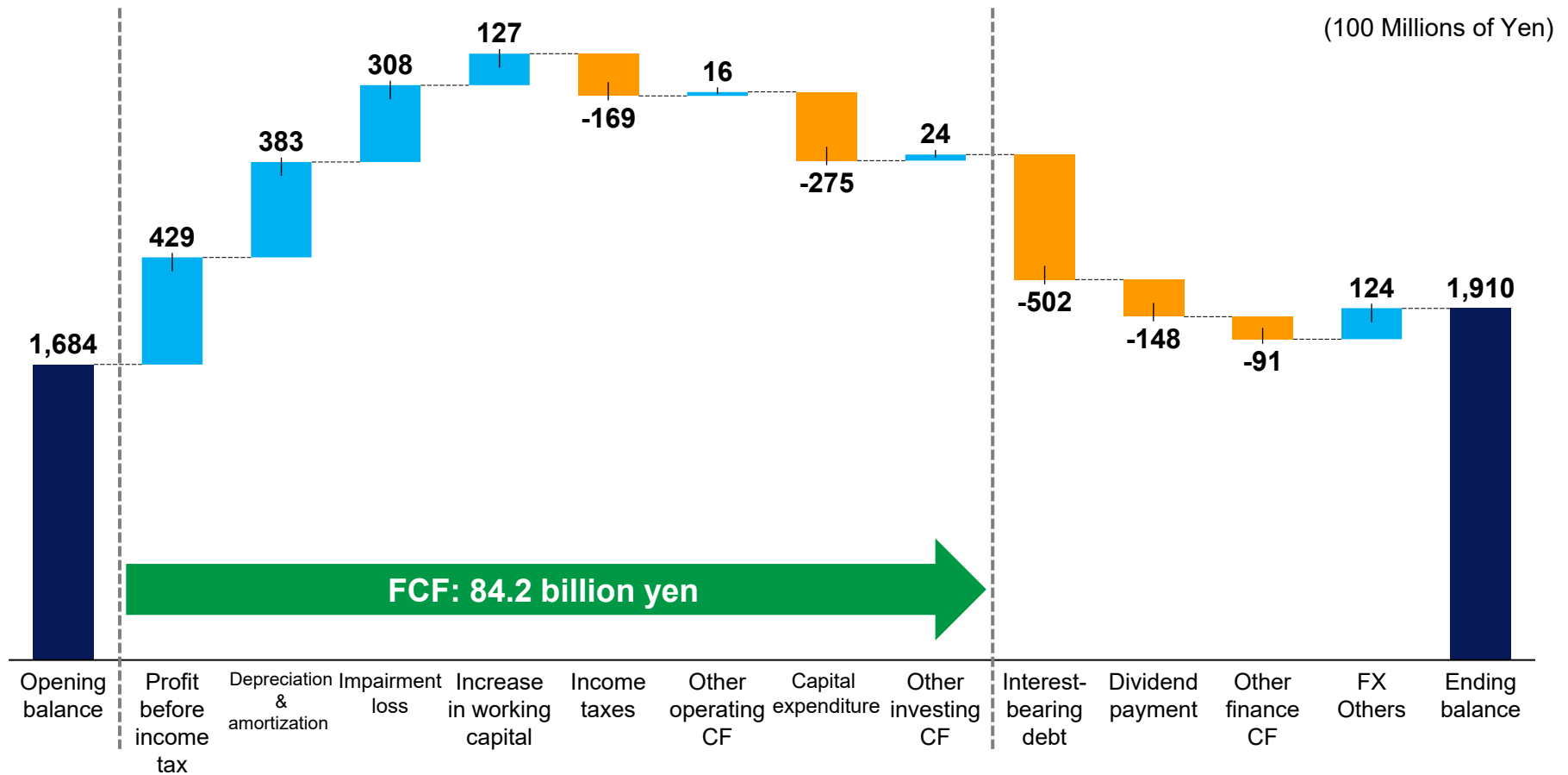
End of FY19 : 58.6%  
End of FY20 : 64.9%

## Inventories



# Cash Flow Analysis

In FY2020, free cash flow of 84.2 billion yen was generated



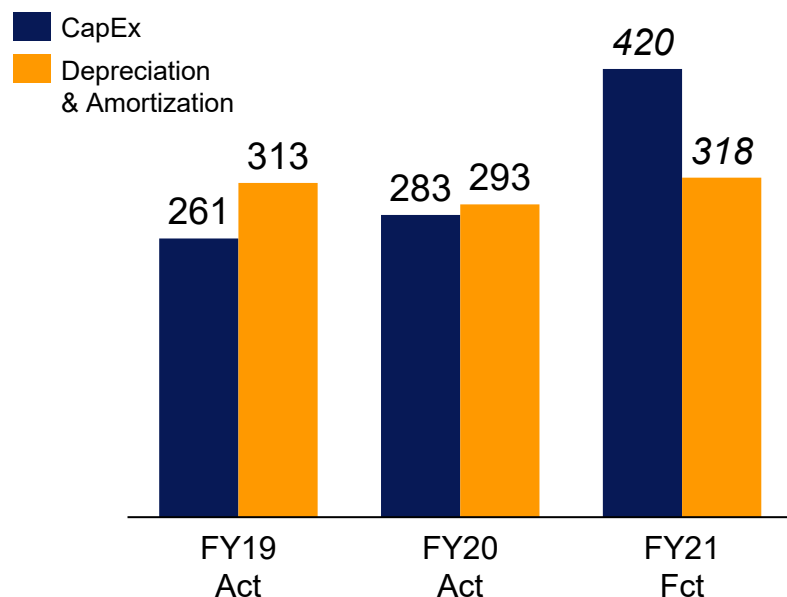
- Depreciation & amortization This includes 9.0 billion yen in depreciation for right-of-use assets pursuant to the application of IFRS16 (Leases)
- Change in working capital Change in operating receivables and other receivables + Change in inventory assets + Change in operating liabilities and other liabilities
- Other financial CF This includes 8.8 billion yen in repayments of lease obligations stated on balance sheet pursuant to the application of IFRS 16 (Leases)

# Capital Expenditure/ Depreciation and Amortization/ R&D Expenses

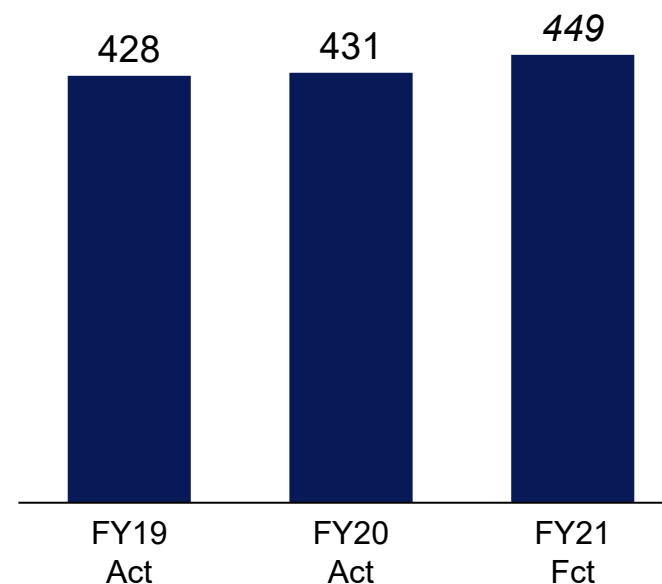


(100 Millions of Yen)

## 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
<b>Total</b>	<b>261</b>	<b>283</b>	<b>420</b>

### 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
<b>Total</b>	<b>428</b>	<b>431</b>	<b>449</b>

## Business Segment Information

\* The sales forecast for each region, and the sales growth rate and consumable ratio forecast for the P&S business will not be announced this time because risks related to the global supply chain, such as global semiconductor shortages and disruptions in sea transportation, have become apparent, making it impossible to calculate effects from delays in product supply and other factors accurately at this stage.

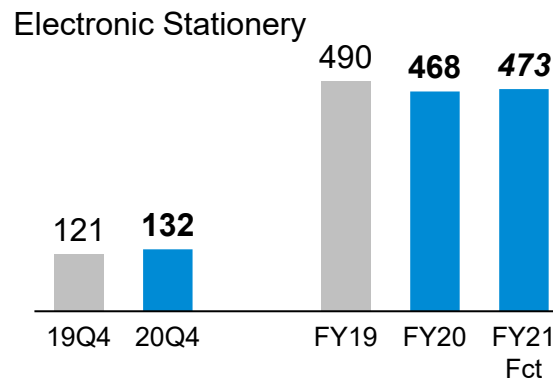
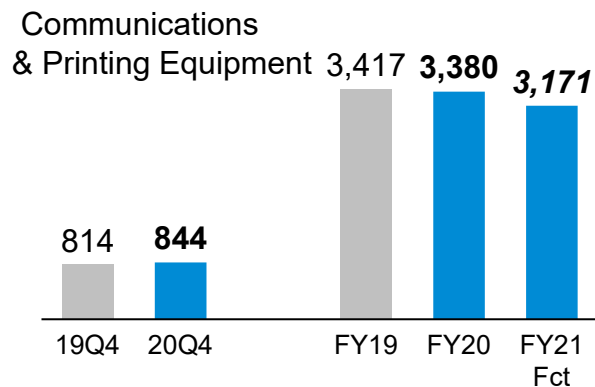
# Printing & Solutions Sales Revenue & Profit



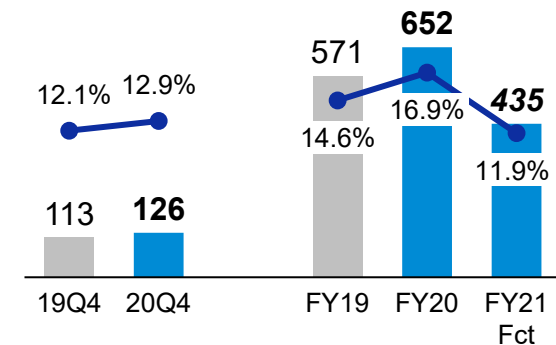
(100 Millions of Yen)

	19Q4	20Q4	Change	Change x FX	FY19	FY20	Change	Change x FX	FY21 Forecast	Change v LY
<b>Sales Revenue</b>	<b>935</b>	<b>976</b>	<b>4.4%</b>	<b>3.2%</b>	<b>3,907</b>	<b>3,848</b>	<b>-1.5%</b>	<b>-0.1%</b>	<b>3,644</b>	<b>-5.3%</b>
<b>Communications &amp; Printing equipment</b>	<b>814</b>	<b>844</b>	<b>3.7%</b>	<b>2.5%</b>	<b>3,417</b>	<b>3,380</b>	<b>-1.1%</b>	<b>0.3%</b>	<b>3,171</b>	<b>-6.2%</b>
Americas	296	305	3.1%	6.5%	1,256	1,214	-3.4%	1.1%	-	-
Europe	303	307	1.2%	-3.9%	1,133	1,133	0.1%	-1.3%	-	-
Asia & Others	123	140	14.0%	10.2%	591	622	5.2%	6.6%	-	-
Japan	92	92	0.4%	0.4%	437	410	-6.0%	-6.0%	-	-
<b>Electronic stationery</b>	<b>121</b>	<b>132</b>	<b>9.0%</b>	<b>8.3%</b>	<b>490</b>	<b>468</b>	<b>-4.4%</b>	<b>-3.2%</b>	<b>473</b>	<b>1.0%</b>
Americas	54	61	13.2%	17.0%	226	204	-9.7%	-6.0%	-	-
Europe	39	42	8.1%	2.1%	144	142	-1.8%	-4.1%	-	-
Asia & Others	13	15	14.8%	10.9%	72	70	-2.7%	-1.5%	-	-
Japan	15	14	-8.9%	-8.9%	47	52	10.2%	10.2%	-	-
<b>Business Segment Profit</b>	<b>113</b>	<b>126</b>	<b>11.2%</b>	<b>-</b>	<b>571</b>	<b>652</b>	<b>14.1%</b>	<b>-</b>	<b>435</b>	<b>-33.2%</b>
<b>Operating Profit</b>	<b>109</b>	<b>80</b>	<b>-26.3%</b>	<b>-</b>	<b>571</b>	<b>610</b>	<b>6.8%</b>	<b>-</b>	<b>439</b>	<b>-28.0%</b>

<Sales Revenue>



<Business Segment Profit> —●— Profit Ratio



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



	18Q1	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	FY2018	FY2019	FY2020
<b>LBP</b>															
<b>Sales revenue growth rate (JPY)</b>															
Hardware	1%	-3%	-5%	-17%	-9%	-8%	-7%	-2%	6%	19%	18%	18%	-6%	-7%	15%
Consumable	1%	1%	-1%	-4%	2%	-6%	-2%	-3%	-18%	1%	0%	-1%	-1%	-2%	-5%
<b>Sales revenue growth rate (LC)</b>															
Hardware	2%	0%	-1%	-12%	-6%	-4%	-3%	2%	11%	22%	21%	18%	-2%	-3%	18%
Consumable	1%	3%	2%	-1%	4%	-1%	3%	0%	-15%	2%	2%	-3%	1%	1%	-4%
<b>IJP</b>															
<b>Sales revenue growth rate (JPY)</b>															
Hardware	-6%	-6%	2%	-6%	-2%	8%	-7%	-3%	-37%	-49%	-12%	-3%	-4%	-1%	-25%
Consumable	1%	-1%	-3%	-5%	1%	-2%	-8%	4%	-23%	-1%	9%	-6%	-2%	-2%	-5%
<b>Sales revenue growth rate (LC)</b>															
Hardware	-3%	-2%	6%	-1%	1%	13%	-4%	0%	-33%	-48%	-9%	-3%	-1%	2%	-23%
Consumable	1%	1%	0%	-2%	3%	3%	-5%	7%	-20%	-1%	10%	-8%	0%	2%	-5%
<b>Cosumable Ratio</b>															
	58%	58%	57%	61%	60%	58%	57%	59%	55%	57%	55%	56%	58%	58%	55%
<b>Growth rate of Hardware</b>															
LBP	-1%	-8%	-7%	-16%	-13%	-4%	-2%	3%	12%	10%	6%	0%	-8%	-5%	7%
IJP	-1%	-2%	-1%	-4%	0%	13%	1%	7%	-39%	-57%	-24%	-25%	-2%	5%	-36%

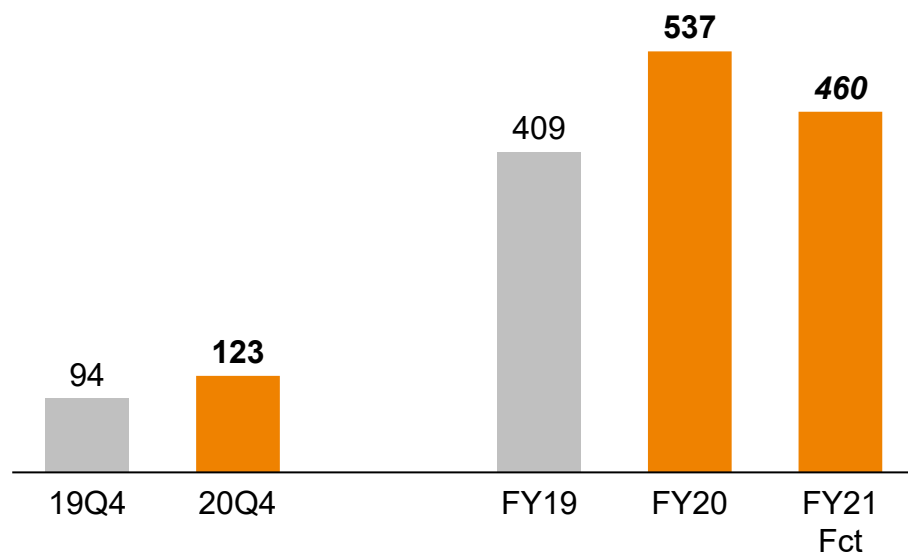
# Personal & Home Sales Revenue & Profit



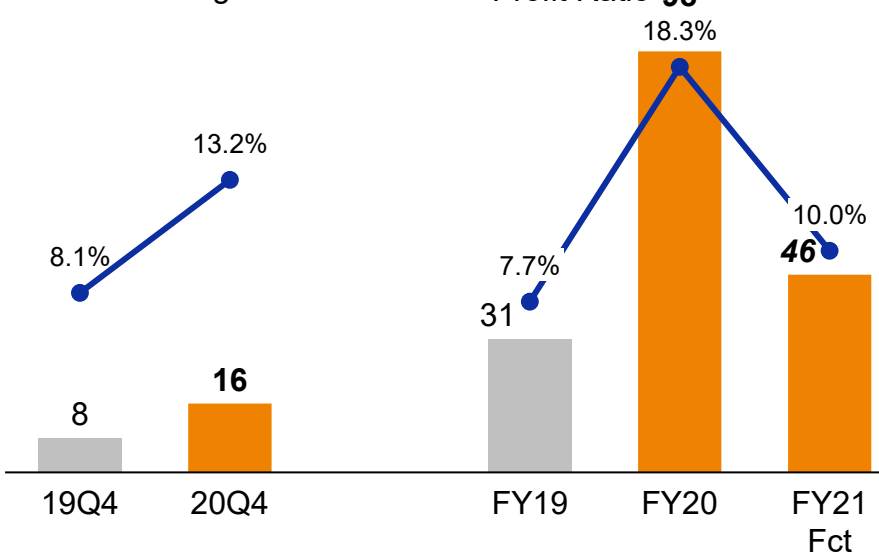
(100 Millions of Yen)

	19Q4	20Q4	Change	Change x FX	FY19	FY20	Change	Change x FX	FY21 Forecast	Change vLY
<b>Sales Revenue</b>	<b>94</b>	<b>123</b>	31.4%	31.7%	<b>409</b>	<b>537</b>	31.3%	34.2%	<b>460</b>	-14.3%
Americas	45	64	40.7%	46.3%	223	273	22.5%	29.0%	-	-
Europe	27	36	31.5%	23.9%	108	160	48.4%	45.0%	-	-
Asia & Others	11	12	13.9%	11.8%	46	56	20.3%	22.3%	-	-
Japan	11	12	8.9%	8.9%	32	48	52.0%	52.0%	-	-
<b>Business Segment Profit</b>	<b>8</b>	<b>16</b>	115.2%	-	<b>31</b>	<b>98</b>	213.3%	-	<b>46</b>	-53.1%
<b>Operating Profit</b>	<b>7</b>	<b>16</b>	130.3%	-	<b>32</b>	<b>96</b>	203.7%	-	<b>47</b>	-51.3%

<Sales Revenue>



<Business Segment Profit> Profit Ratio 98



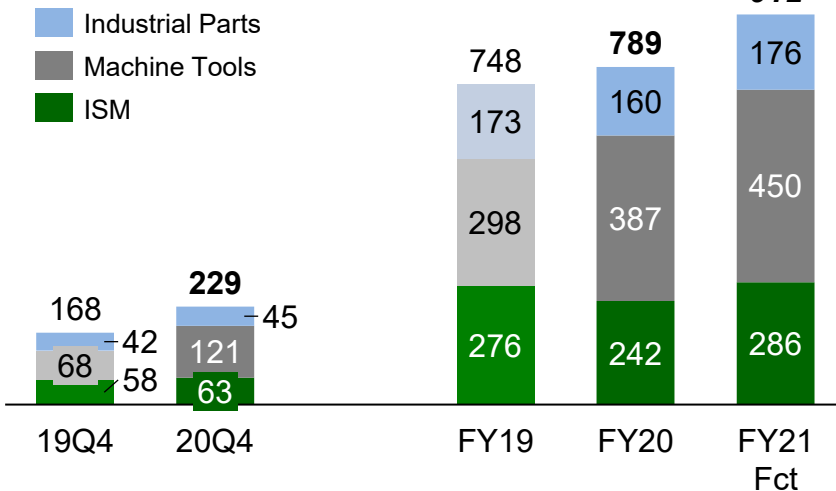
# Machinery Sales Revenue & Profit



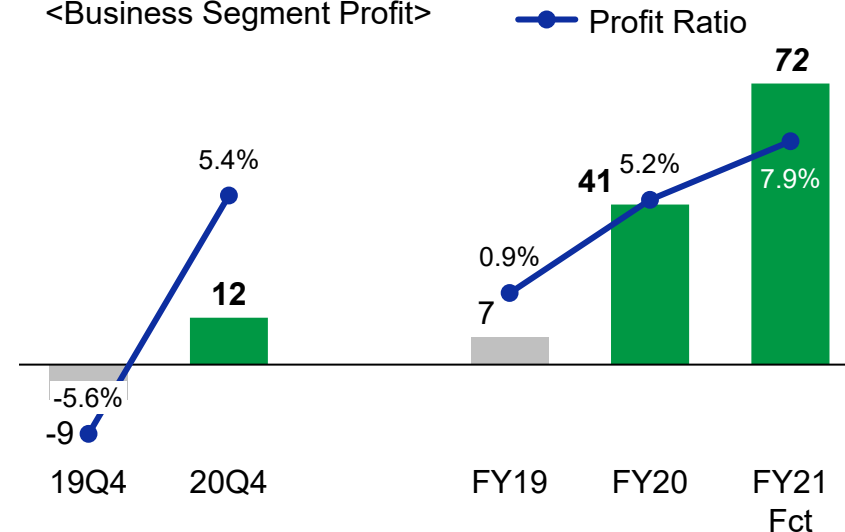
(100 Millions of Yen)

	19Q4	20Q4	Change	Change x FX	FY19	FY20	Change	Change x FX	FY21 Forecast	Change v LY
<b>Sales Revenue</b>	<b>169</b>	<b>229</b>	<b>35.6%</b>	<b>33.7%</b>	<b>748</b>	<b>789</b>	<b>5.5%</b>	<b>5.7%</b>	<b>912</b>	<b>15.6%</b>
Industrial sewing machines	58	63	8.5%	7.4%	276	242	-12.6%	-11.9%	286	18.4%
Machine tools	68	121	76.7%	73.2%	298	387	29.8%	29.6%	450	16.2%
Industrial Parts	42	45	6.5%	6.3%	173	160	-7.5%	-7.1%	176	9.7%
<b>Business Segment Profit</b>	<b>-9</b>	<b>12</b>	-	-	<b>7</b>	<b>41</b>	<b>493.4%</b>	-	<b>72</b>	<b>74.7%</b>
<b>Operating Profit</b>	<b>-10</b>	<b>15</b>	-	-	<b>6</b>	<b>33</b>	<b>439.2%</b>	-	<b>72</b>	<b>117.9%</b>

<Sales Revenue>



<Business Segment Profit>





# Machinery Sales Revenue by Region

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(100 Millions of Yen)

	19Q4	20Q4	Change	Change x FX	FY19	FY20	Change	Change x FX	FY21 Forecast	Change v LY
<b>Sales Revenue</b>	<b>169</b>	<b>229</b>	<b>35.6%</b>	<b>33.7%</b>	<b>748</b>	<b>789</b>	<b>5.5%</b>	<b>5.7%</b>	<b>912</b>	<b>15.6%</b>
<b>Industrial sewing machines</b>	<b>58</b>	<b>63</b>	<b>8.5%</b>	<b>7.4%</b>	<b>276</b>	<b>242</b>	<b>-12.6%</b>	<b>-11.9%</b>	<b>286</b>	<b>18.4%</b>
Americas	14	17	29.0%	32.5%	70	87	23.3%	26.8%	-	-
Europe	17	14	-18.3%	-22.9%	68	56	-17.9%	-19.7%	-	-
Asia & Others	26	29	11.7%	10.3%	129	88	-32.2%	-31.7%	-	-
Japan	2	3	51.0%	51.0%	9	12	25.9%	25.9%	-	-
<b>Machine tools</b>	<b>68</b>	<b>121</b>	<b>76.7%</b>	<b>73.2%</b>	<b>298</b>	<b>387</b>	<b>29.8%</b>	<b>29.6%</b>	<b>450</b>	<b>16.2%</b>
Americas	6	7	9.9%	-	20	20	-2.9%	-	-	-
Europe	4	6	49.4%	-	21	19	-10.8%	-	-	-
Asia & Others	40	88	116.5%	-	168	289	72.6%	-	-	-
Japan	18	20	15.7%	-	89	59	-33.7%	-	-	-
<b>Industrial Parts</b>	<b>42</b>	<b>45</b>	<b>6.5%</b>	<b>6.3%</b>	<b>173</b>	<b>160</b>	<b>-7.5%</b>	<b>-7.1%</b>	<b>176</b>	<b>9.7%</b>
Americas	5	5	-7.3%	-4.7%	23	21	-10.2%	-7.6%	-	-
Europe	-	-	-	-	-	-	-	-	-	-
Asia & Others	4	5	36.2%	30.4%	18	20	8.0%	8.3%	-	-
Japan	33	35	5.3%	5.3%	132	120	-9.1%	-9.1%	-	-

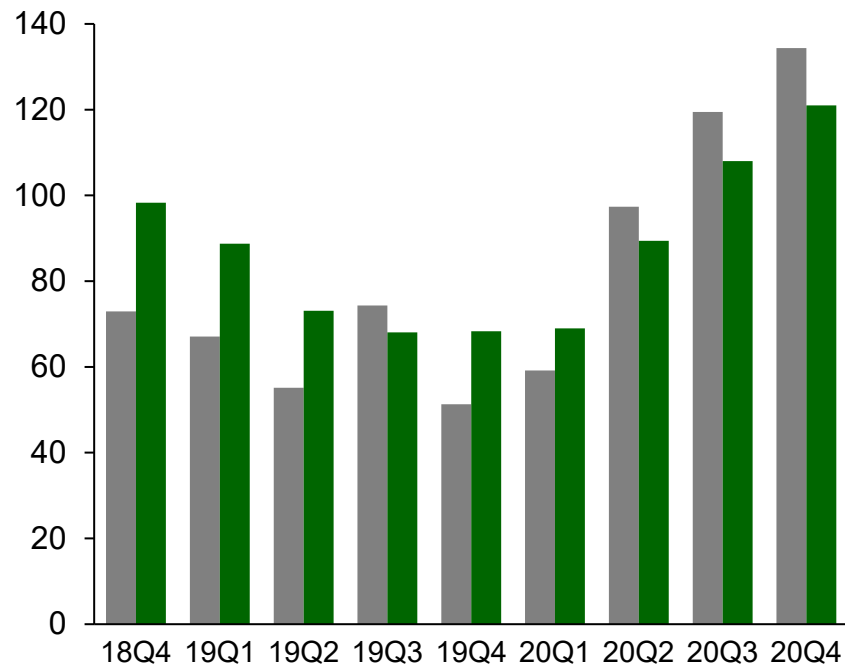
# Machinery (Machine tools) Order Trends



(100 Millions of Yen)

### Trends in order amount and sales revenue

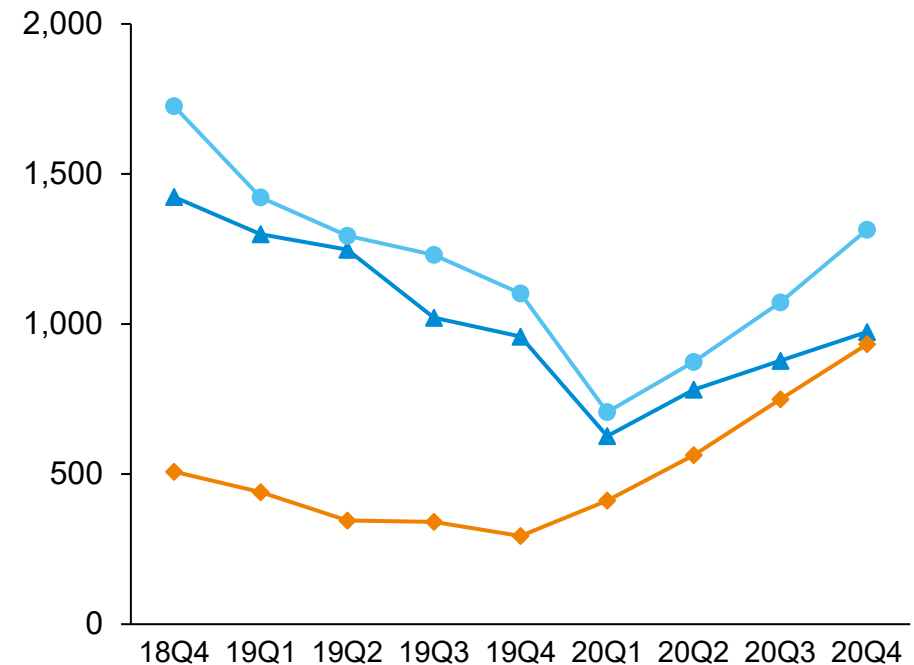
■ Order amount  
■ Sales revenue



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

### (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

# Network & Contents Sales Revenue & Profit



(100 Millions of Yen)

	19Q4	20Q4	Change
<b>Sales Revenue</b>	<b>114</b>	<b>73</b>	<b>-36.3%</b>

	FY19	FY20	Change
	<b>491</b>	<b>310</b>	<b>-36.8%</b>

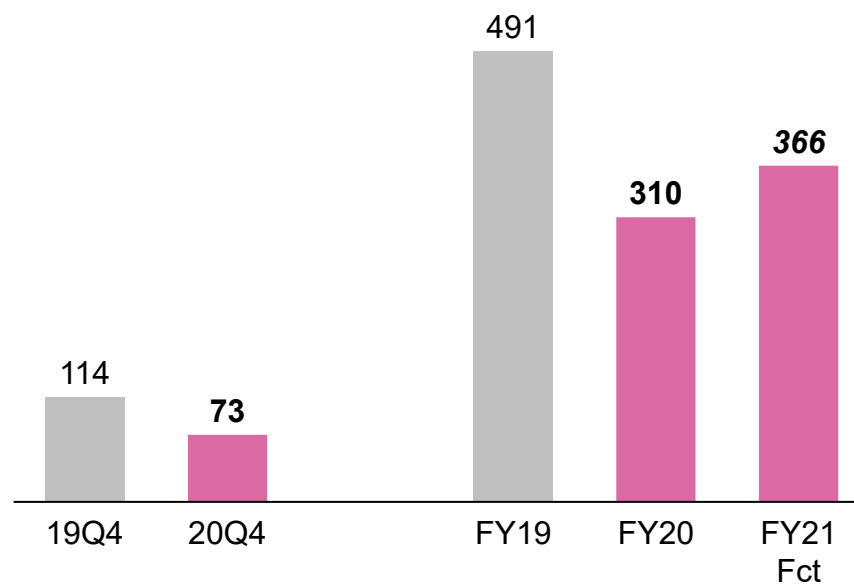
	FY21 Forecast	Change v LY
	<b>366</b>	<b>17.9%</b>

<b>Business Segment Profit</b>	<b>1</b>	<b>-18</b>	<b>-</b>
<b>Operating Profit</b>	<b>-1</b>	<b>-45</b>	<b>-</b>

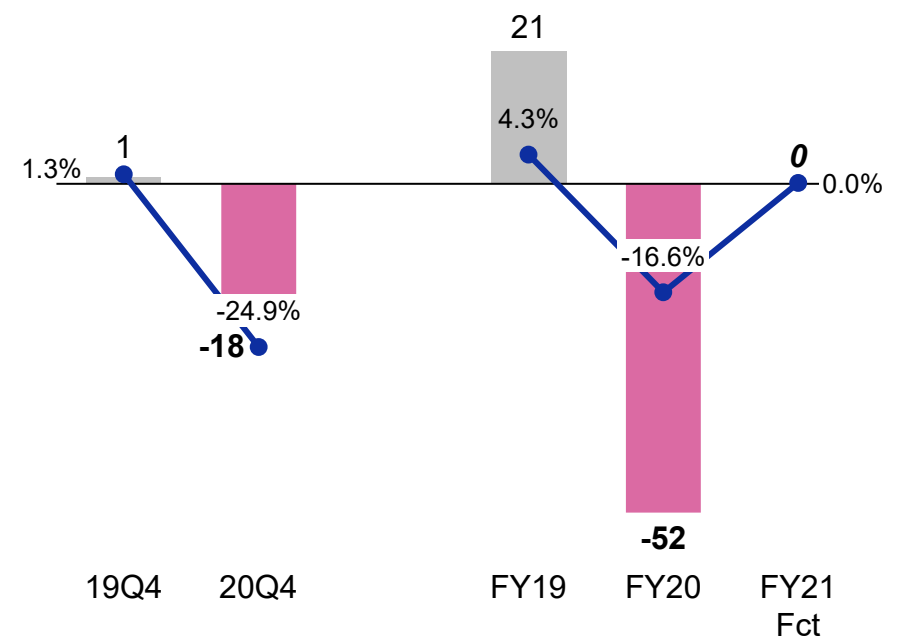
	<b>21</b>	<b>-52</b>	<b>-</b>
	<b>19</b>	<b>-73</b>	<b>-</b>

	<b>0</b>	<b>-</b>
	<b>-1</b>	<b>-</b>

<Sales Revenue>



<Business Segment Profit>



# Network & Contents

## Results for FY2020 and Forecast for FY2021



### Results for FY2020

#### Karaoke Business

Revenue:  
about -25% vs  
FY2019

- Revenue decreased by about 25% due mainly to a decline in sales associated with voluntary suspension of operation and lower equipment sales resulting from sluggish karaoke demand
- The number of operating karaoke machines declined by about 15% from FY2019

#### Karaoke Club Business

Revenue:  
about -65% vs  
FY2019

- Revenue decreased significantly by about 65% due to the temporary closure of all clubs following the state-of-emergency declaration and responses to a request for shortened business hours
- Although measures against the spread of COVID-19 were thoroughly undertaken in operating clubs, the number of customers was slow to recover
- Standards for karaoke clubs to continue operations were set, and karaoke clubs that were unprofitable in view of these standards were closed  
(Number of clubs End of Mar. 2020: 124 clubs → End of Mar. 2021: 89 clubs)

### Forecast for FY2021

#### Karaoke Business

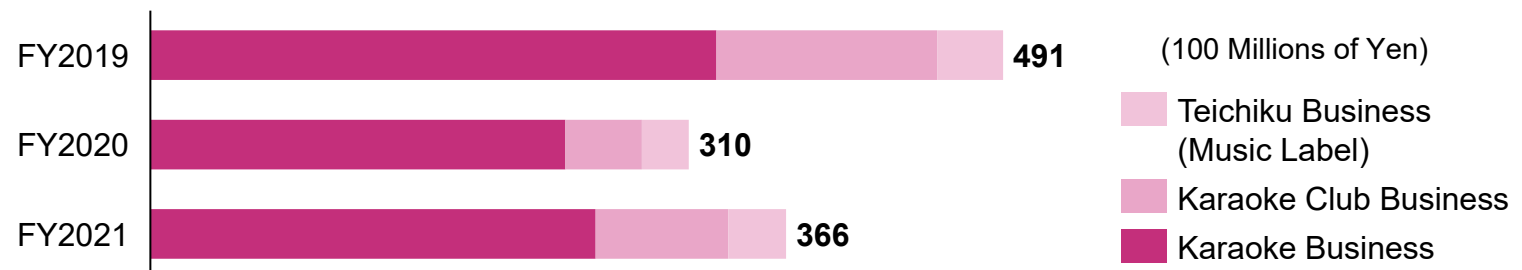
Revenue fct:  
about -20% vs  
FY2019

- Sales are projected to recover to around 80% of the FY2019 level by the end of FY2021
- The number of operating karaoke machines is projected to stay at around 90% of the FY2019 level

#### Karaoke Club Business

Revenue fct:  
about -40% vs  
FY2019

- In FY2021, sales at directly managed karaoke clubs are projected to recover to around 60% of the FY2019 level as a gradual recovery of the market is anticipated from Q2 onwards



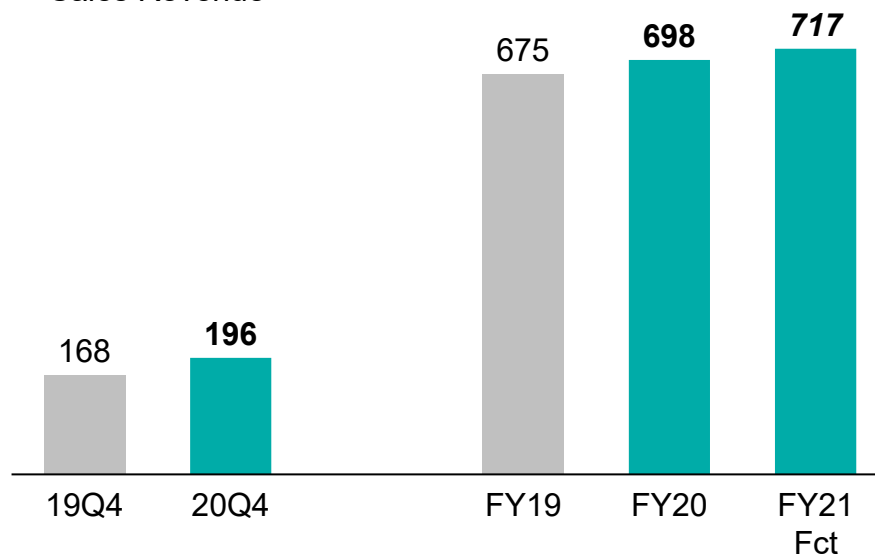
# Domino Sales Revenue & Profit



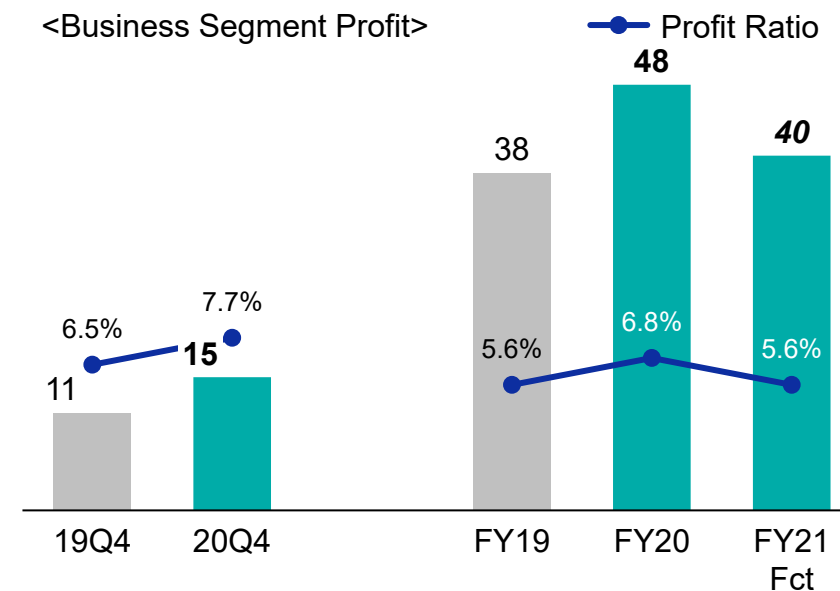
(100 Millions of Yen)

	19Q4	20Q4	Change	Change x FX	FY19	FY20	Change	Change x FX	FY21 Forecast	Change v LY
<b>Sales Revenue</b>	<b>168</b>	<b>196</b>	<b>16.8%</b>	<b>14.3%</b>	<b>675</b>	<b>698</b>	<b>3.4%</b>	<b>4.0%</b>	<b>717</b>	<b>2.7%</b>
Americas	41	45	10.3%	22.3%	165	176	7.0%	13.5%	-	-
Europe	86	99	14.7%	4.9%	329	324	-1.5%	-4.1%	-	-
Asia & Others	40	52	28.0%	26.3%	182	198	8.9%	10.2%	-	-
<b>Business Segment Profit</b>	<b>11</b>	<b>15</b>	<b>37.3%</b>	<b>-</b>	<b>38</b>	<b>48</b>	<b>25.5%</b>	<b>-</b>	<b>40</b>	<b>-15.8%</b>
<b>Operating Profit</b>	<b>13</b>	<b>-264</b>	<b>-</b>	<b>-</b>	<b>39</b>	<b>-239</b>	<b>-</b>	<b>-</b>	<b>38</b>	<b>-</b>

<Sales Revenue>



<Business Segment Profit>



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