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Fiscal Year 2020 (ending March 31, 2021)

Second Quarter Results
(3-month results ended September 30, 2020)

Brother Industries, Ltd.

November 9, 2020

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 of Results

Results for FY2020 Q2 (Jul.-Sep.)

✓ **Profit increased significantly, mainly backed by strong performance of the P&S and P&H businesses**

- In communications and printing equipment, profit increased significantly as there were temporary factors, such as the buying up of consumables in some channels, along with gradual recovery of demand following resumption of economic activities in many countries and ongoing demand for products targeting people working from home
- In the P&H business, sales increased mainly in mass-market equipment due to spike in demand for handmade using home sewing machines, resulting in substantial increase in both revenue and profit
- Demand for garment printers grew, but demand for industrial sewing machines remained sluggish
- In machine tools, the effects of spot orders for the IT industry were seen, and demand in the automotive and general industries was on recovery track in China
- The N&C business continued to record considerable losses mainly due to shortened business hours at karaoke locations and declining demand for commercial karaoke machines
- In the Domino business, C&M hardware and DP consumables maintained momentum following gradual recovery of demand

Forecast for FY2020

✓ **The forecast for FY2020 consolidated results was revised up due to a decrease in SG&A expenses throughout the year, better-than-expected performance mainly in Q2, and revised assumptions for the second half**

- The forecast for the P&S business was revised upward in light of better than expected performance mainly in Q2, the expected firm performance of SOHO hardware in the second half due to ongoing demand from people working from home, and anticipated gradual recovery of demand for consumables
- The forecast for the P&H business was revised upward in response to ongoing robust sales centered on mass-market equipment resulting from special demand for home sewing machines associated with COVID-19

 2

Results for the second quarter of FY2020 exceeded the previously announced forecasts, mainly backed by the strong performance of the P&S and P&H businesses, and profit increased significantly year-on-year.

Consolidated Results for FY2020 Q2

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Profit increased significantly as the P&S and P&H businesses mainly performed well

(100 Millions of Yen)

	19Q2	20Q2	Change	Rate of Change (w/o FX)
Sales Revenue	1,593	**1,569**	-24	-1.5% (-0.8%)
Business Segment Profit	185	**234**	48	26.1%
Business Segment Profit Ratio	11.6%	**14.9%**		
Other income/expense	-1	**-1**	0	
Operating Profit	184	**233**	48	26.1%
Operating Profit Ratio	11.6%	**14.8%**		
Income before Tax	183	**232**	48	26.4%
Net Income	144	**181**	37	25.5%
USD	107.70	**105.88**		
EUR	119.83	**123.71**		

 3

Profit for the second quarter of FY2020 increased as our business performance was far better than initially projected.

Sales revenue was down 2.4 billion yen year-on-year to **156.9** billion yen.

As for profit,
business segment profit was up 4.8 billion yen to **23.4** billion yen,
operating profit was up 4.8 billion yen to **23.3** billion yen, and
net income attributable to owners of the parent was up 3.7 billion yen to **18.1** billion yen. Thus, we recorded a significant increase in profit.

The profit ratio was also high, at about 15%.

Results for FY2020 Q2 by Business Segment

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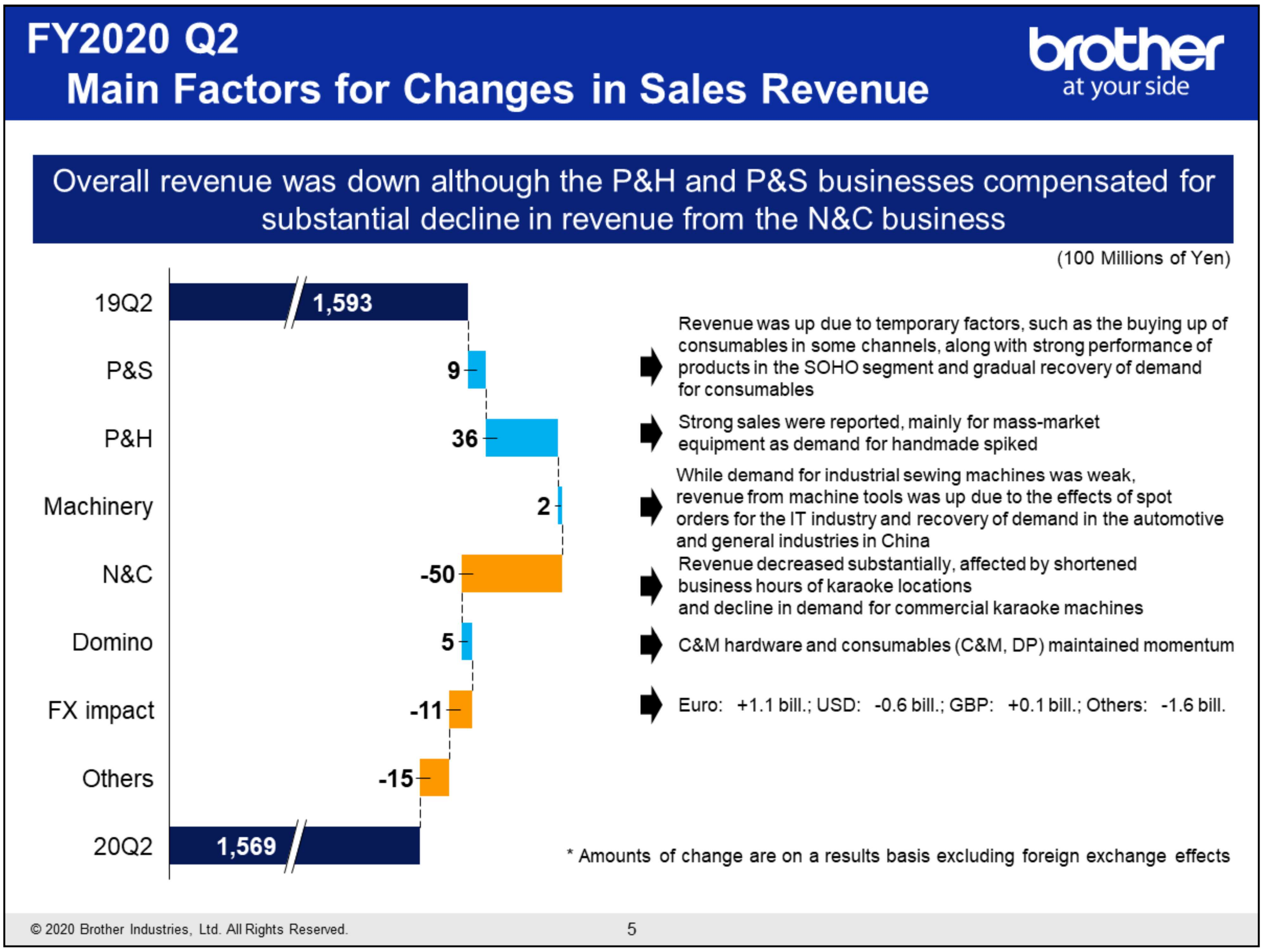
(100 Millions of Yen)

		19Q2	20Q2	change
Printing & Solutions	Sales Revenue	951	950	0
	Business Segment Profit	148	189	41
	Operating Profit	145	186	42
Personal & Home	Sales Revenue	110	144	34
	Business Segment Profit	8	27	19
	Operating Profit	8	26	18
Machinery	Sales Revenue	188	189	1
	Business Segment Profit	3	8	5
	Operating Profit	3	9	6
Network & Contents	Sales Revenue	139	88	-50
	Business Segment Profit	17	-4	-21
	Operating Profit	17	0	-16
Domino business	Sales Revenue	167	173	6
	Business Segment Profit	8	16	8
	Operating Profit	9	12	3
Other	Sales Revenue	39	24	-15
	Business Segment Profit	1	-2	-3
	Operating Profit	3	-1	-4
Total	Sales Revenue	1,593	1,569	-24
	Business Segment Profit	185	234	48
	Operating Profit	184	233	48

*Not including elimination amount by inter-segment transaction.

 4

This is a list of results by business segment.



These are the main factors behind the changes in sales revenue for the second quarter of FY2020. As you can see, the point is that P&H became a major positive factor while N&C became a major negative factor.

・P&S

Revenue increased due to temporary factors, such as the buying up of consumables in some channels to secure stocks, along with the continuation of strong performance of products in the SOHO segment and gradual recovery of demand for consumables.

・P&H

Revenue increased significantly because sales were strong mainly in mass-market equipment as a result of a spike in demand for handmade using home sewing machines.

・Machinery

Demand for industrial sewing machines remained weak, but revenue increased as sales of machine tools were boosted by the effects of spot orders for the IT industry and recovery of demand in the automotive and general industries in China.

・N&C

Revenue decreased substantially, affected by shortened business hours of karaoke locations and decline in demand for commercial karaoke machines.

・Domino

C&M hardware and consumables (C&M, DP) maintained momentum, resulting in revenue increase.

Foreign exchange had a negative impact of 1.1 billion yen across the Group. Overall, sales revenue was down 2.4 billion yen to **156.9** billion yen, which is almost the same as the previous year’s level.

FY2020 Q2 Main Factors for Changes in BSP

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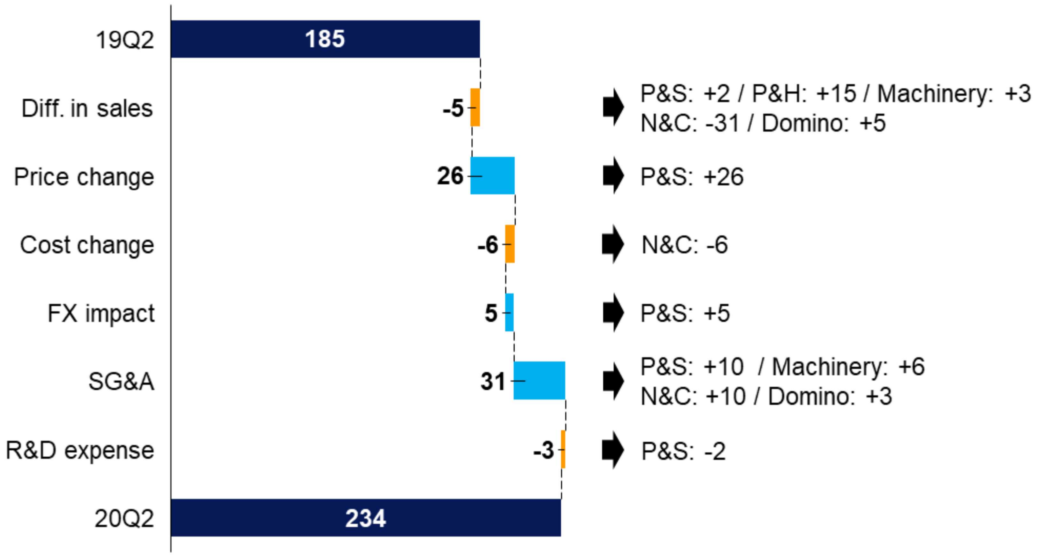
Profit increased significantly due to increase in sales, primarily in the P&H business, and improvement of product mix in the P&S business, in addition to damping effects on SG&A

(100 Millions of Yen)



 6

These are the main factors behind the changes in business segment profit. We will comment on the main elements of these.

・Difference in sales
The strong performance of P&H compensated for a significant decline in revenue in N&C and helped reduce the amount of the decrease.

・Price changes
Price changes are mainly associated with the P&S business. Due to supply restrictions, we were unable to carry out promotional activities, and high price range models sold well amid strong demand. As a result, the average unit price went up.

・Foreign exchange impact
The foreign exchange impact came almost entirely from the P&S business. In Q2, the main impact of the appreciation of the yen was to favorably affect profit.

・SG&A
SG&A expenses decreased in all businesses. In the N&C business, we proactively reduced expenses. In the P&S business, expenses did not increase to the pre-COVID-19 level although many countries resumed their economic activities in stages.

As a result of these factors, business segment profit in the second quarter of FY2020 was **23.4** billion yen, a year-on-year increase of 4.8 billion yen.

Consolidated Results for FY2020 Q2YTD

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Both revenue and profit were down as strong performance in Q2 was not enough to offset decline in Q1

(100 Millions of Yen)

	19Q2 YTD	20Q2 YTD	Change	Rate of Change (w/o FX)
Sales Revenue	3,185	**2,901**	-284	-8.9% (-6.9%)
Business Segment Profit	362	**320**	-42	-11.6%
Business Segment Profit Ratio	11.4%	**11.0%**		
Other income/expense	4	**5**	2	
Operating Profit	365	**325**	-40	-11.0%
Operating Profit Ratio	11.5%	**11.2%**		
Income before Tax	364	**326**	-37	-10.2%
Net Income	273	**247**	-26	-9.5%
USD	109.00	**106.68**		
EUR	121.43	**121.36**		

The business performance in the second quarter was firm, but it was not enough to offset the decline in the first quarter resulting from the spread of COVID-19. Consequently, revenue and profit for the first half of FY2020 were both down.

Sales revenue was down 28.4 billion yen year-on-year to **290.1** billion yen.

As for profit,
business segment profit was down 4.2 billion yen to **32.0** billion yen,
operating profit was down 4.0 billion yen to **32.5** billion yen, and
net income attributable to owners of the parent was down 2.6 billion yen to **24.7** billion yen.

Results for FY2020 Q2YTD by Business Segment

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(100 Millions of Yen)

		19Q2YTD	20Q2YTD	change
Printing & Solutions	Sales Revenue	1,932	1,779	-153
	Business Segment Profit	312	283	-30
	Operating Profit	311	287	-24
Personal & Home	Sales Revenue	199	252	54
	Business Segment Profit	9	41	32
	Operating Profit	9	40	31
Machinery	Sales Revenue	393	340	-53
	Business Segment Profit	9	7	-2
	Operating Profit	9	5	-4
Network & Contents	Sales Revenue	252	150	-102
	Business Segment Profit	11	-27	-38
	Operating Profit	11	-22	-34
Domino business	Sales Revenue	335	327	-9
	Business Segment Profit	19	20	0
	Operating Profit	20	14	-5
Other	Sales Revenue	73	52	-21
	Business Segment Profit	3	-2	-6
	Operating Profit	7	2	-6
Total	Sales Revenue	3,185	2,901	-284
	Business Segment Profit	362	320	-42
	Operating Profit	365	325	-40

*Not including elimination amount by inter-segment transaction.

This is a list of results by business segment.

FY2020 Q2YTD Main Factors for Changes in Sales Revenue

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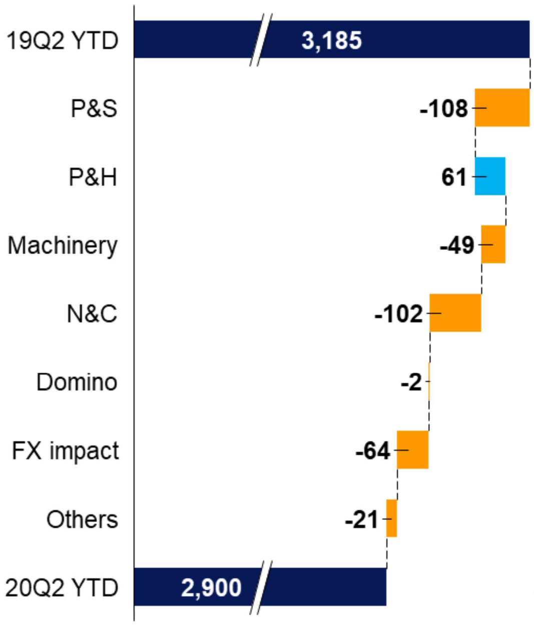
Strong performance of P&H was not enough to absorb deterioration of N&C and P&S and negative FX effects

(100 Millions of Yen)



- Products in the SOHO segment performed well, and demand for consumables recovered gradually; however, these were not enough to compensate for decline in print volume in offices and effects from delays in supplies of ink products and consumables
- Strong sales were reported mainly for mass-market equipment as demand for handmade spiked
- In machine tools, spot orders for the IT industry and the recovery of demand in the automotive and general industries in China were seen in Q2; however, these were not enough to make up for the drop in demand in Q1 and weak demand for industrial sewing machines
- Revenue decreased significantly due to the closure and shortened business hours of karaoke locations and decline in demand for commercial karaoke machines
- Affected by slowdown in demand for hardware in Q1 resulting from lockdowns in many countries
- Euro: +0.1bill.; USD: -1.4 bill.; GBP: -0.7 bill.; Others: -4.4 bill.

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

 9

These are the main factors behind the changes in sales revenue for the first half of FY2020.

・P&S
Products in the SOHO segment performed well, and demand for consumables recovered gradually. But these were not enough to compensate for the decline in print volume in offices and effects from delays in supplies of ink products and consumables, and consequently revenue decreased.

・P&H
Revenue increased significantly because sales were strong mainly in mass-market equipment as a result of a spike in demand for handmade using home sewing machines.

・Machinery
In machine tools, spot orders for the IT industry and the recovery of demand in the automotive and general industries in China were seen in Q2. But these were not enough to make up for a drop in demand in Q1 and weak demand for industrial sewing machines, and consequently revenue decreased.

・N&C
Revenue decreased significantly due to the closure and shortened business hours of karaoke locations and decline in demand for commercial karaoke machines.

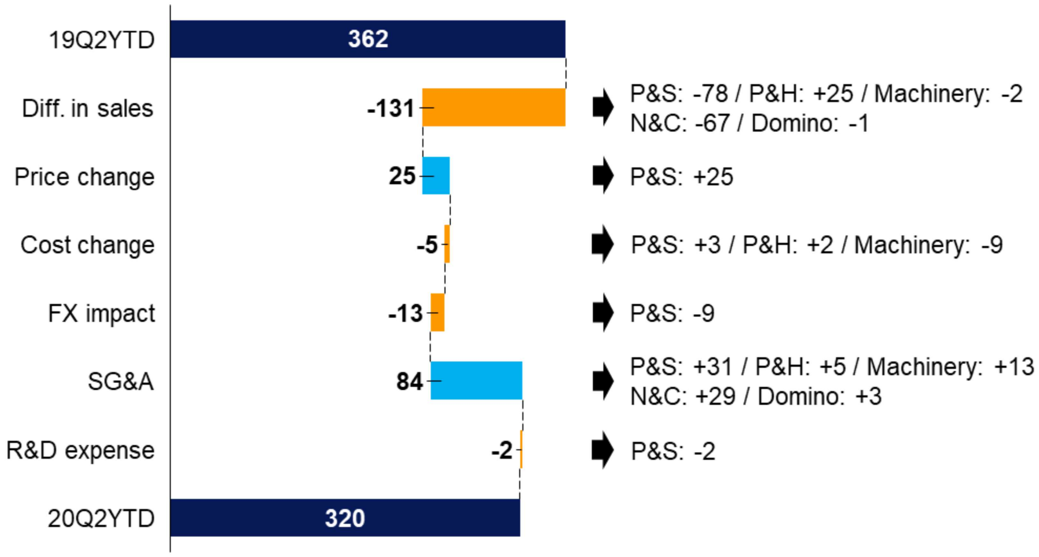
・Domino
Revenue decreased due to effects from the slowdown in demand for hardware in Q1 resulting from lockdowns in many countries.

In addition, foreign exchange had a negative impact of 6.4 billion yen across the Group. Overall, sales revenue was down 28.4 billion yen to **290.1** billion yen.

FY2020 Q2 YTD
Main Factors for Changes in BSP

Profit decreased as effects from decreased revenue could not be offset by damping effects on SG&A expenses resulting mainly from restrictions on business activities due to COVID-19

(100 Millions of Yen)



 10

These are the main factors behind the changes in business segment profit.

As you can see, there was a dampening effect on SG&A expenses in both the P&S and N&C businesses. However, such effects were not enough to offset the significant decline in revenue of the respective businesses, and profit decreased.

As a result of these factors,
business segment profit for the first half of FY2020 was down 4.2 billion yen year-on-year to **32.0** billion yen.

Forecast for FY2020

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The forecast for FY2020 consolidated results was revised upward due to a decrease in SG&A expenses throughout the year, firm results mainly in Q2, and improved outlook for the second half

(100 Millions of Yen)

	Previous Forecast	FY20 Forecast	Change	Rate of Change	FY19	Change	Rate of Change (w/o FX)
Sales Revenue	5,600	**6,000**	400	7.1%	6,373	-373	-5.8% (-3.9%)
Business Segment Profit	310	**550**	240	77.4%	669	-119	-17.8%
Business Segment Profit Ratio	5.5%	**9.2%**			10.5%		
Other income/expense	0	**-15**	-15		4	-19	
Operating Profit	310	**535**	225	72.6%	673	-138	-20.5%
Operating Profit Ratio	5.5%	**8.9%**			10.6%		
Income before Tax	310	**530**	220	71.0%	670	-140	-20.9%
Net Income	250	**400**	150	60.0%	496	-96	-19.3%
USD	106.67	**106.35**			109.10		
EUR	119.76	**121.05**			121.14		

 11

As for our results forecast for FY2020,
we have decided to revise the consolidated results forecast announced in August. The decision was made in light of a decrease in SG&A throughout the year, better-than-expected results in the second quarter mainly in the P&S and P&H businesses, as well as good prospects of both sales and profit for the second half exceeding the previous projections.

Sales revenue for FY2020 is expected to be **600.0** billion yen, up 40 billion yen from the previous projection.

With regard to forecast profit,
business segment profit will be **55.0** billion yen, up 24.0 billion yen,
operating profit will be **53.5** billion yen, up 22.5 billion yen, and
net income attributable to owners of the parent will be **40.0** billion yen, up 15.0 billion yen.

On a full-year basis, we forecast a year-on-year decline in both revenue and profit.
However, in comparison with the previous projections, we have made significant upward revisions.

Forecast for FY2020 by Business Segment

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(100 Millions of Yen)

		Privious Fct	FY20 Fct	change	FY19 Act	FY20 Fct	change
Printing & Solutions	Sales Revenue	3,349	3,628	279	3,907	3,628	-279
	Business Segment Profit	300	500	200	571	500	-71
	Operating Profit	312	512	200	571	512	-59
Personal & Home	Sales Revenue	406	500	94	409	500	91
	Business Segment Profit	25	69	44	31	69	38
	Operating Profit	25	69	44	32	69	37
Machinery	Sales Revenue	715	722	7	748	722	-26
	Business Segment Profit	1	4	3	7	4	-3
	Operating Profit	0	-6	-6	6	-6	-12
Network & Contents	Sales Revenue	335	335	0	491	335	-156
	Business Segment Profit	-47	-48	-1	21	-48	-69
	Operating Profit	-45	-45	0	19	-45	-64
Domino business	Sales Revenue	636	659	23	675	659	-16
	Business Segment Profit	24	37	13	38	37	-1
	Operating Profit	22	33	11	39	33	-6
Other	Sales Revenue	159	156	-3	142	156	14
	Business Segment Profit	7	-12	-19	4	-12	-16
	Operating Profit	-4	-28	-24	9	-28	-37
Total	Sales Revenue	5,600	6,000	400	6,373	6,000	-373
	Business Segment Profit	310	550	240	669	550	-119
	Operating Profit	310	535	225	673	535	-138

*Not including elimination amount by inter-segment transaction.

FY2020
Main Factors for Changes in Sales Revenue

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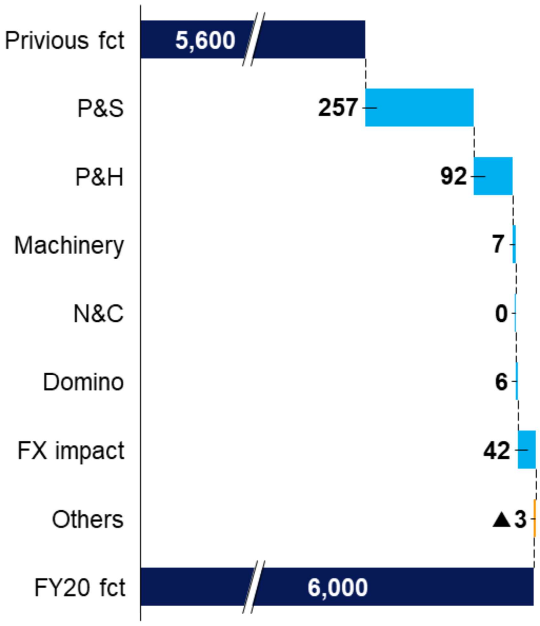
Upward revisions were made to sales revenue forecasts for all businesses except the N&C business

(100 Millions of Yen)



- P&S: Revised upward in light of better-than expected results mainly in Q2, expectations for firm demand throughout the year from people working from home, and anticipated gradual recovery of demand for consumables
- P&H: Revised upward in response to strong sales, especially for mass-market equipment, due to increase in demand for handmade resulting from more people staying at home
- Machinery: Revised upward due to trends of recovery in demand for machine tools in the automotive and general industries in China although recovery in demand for industrial sewing machines is expected to take time
- N&C: No changes from the previous forecast
- Domino: Revised upward in anticipation of gradual recovery in customers' demand for capital expenditure
- FX impact: Euro: +1.3 bill.; USD: -0.3 bill.; GBP: +1.8 bill.

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

 13

Next are the factors behind the change to the previous forecast for sales revenue for FY2020.

・P&S
We made an upward revision in light of better-than-expected results mainly in Q2, expectations for firm demand throughout the year from people working from home, and anticipated gradual recovery of demand for consumables.

・P&H
We made an upward revision in response to strong sales, especially for mass-market equipment, due to increase in demand for handmade resulting from more people staying at home.

・Machinery
We made an upward revision due to trends of recovery in demand for machine tools in the automotive and general industries in China, although recovery in demand for industrial sewing machines is expected to take time.

・N&C
We kept the previous forecast unchanged.

・Domino
We made an upward revision in anticipation of gradual recovery in customers' demand for capital investment.

In addition, foreign exchange is expected to have a positive impact of 4.2 billion yen across the Group. Overall, we forecast sales revenue of **600.0** billion yen, up 40.0 billion yen.

FY2020
Main Factors for Changes in BSP

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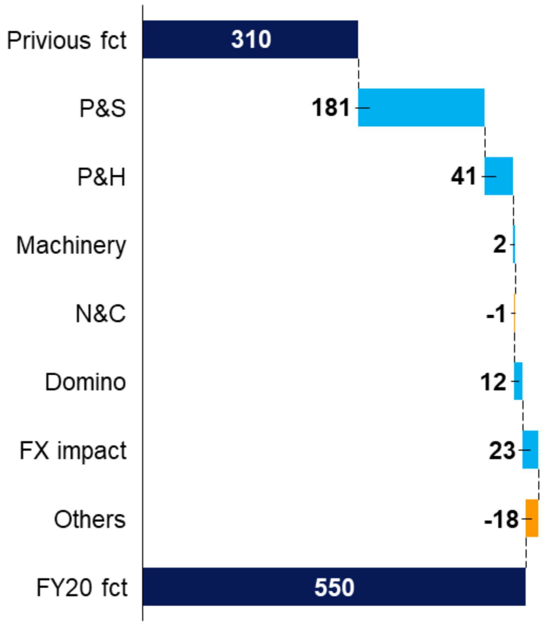
Following upward revisions to the outlooks for the P&S and P&H businesses, the profit forecast was also revised up

(100 Millions of Yen)



- P&S: Revised upward due to firm Q2 results, expectations for robust demand from people working from home, and anticipated gradual recovery in demand for consumables
- P&H: Revised upward due to strong Q2 results and with the expectation that demand, especially for mass-market equipment, will remain robust
- Machinery: Revised upward due primarily to trends of recovery in demand for machine tools in China
- N&C: On a par with the previous forecast
- Domino: Revised upward in anticipation of increased sales associated with gradual recovery in customers' demand for capital expenditure
- FX impact: Euro: +1.2 bill.; USD: +0.0 bill.; GBP: +0.2 bill.; Others: +0.9 bill.

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

These are the main factors behind the changes in business segment profit.

As you can see, we have revised up our forecast for business segment profit following upward revisions to the outlooks for the P&S and P&H businesses.

As a result of these factors, we forecast a business segment profit of **55.0** billion yen for FY2020, up 24.0 billion yen from the previous projection.

Balance Sheet

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(100 Millions of Yen)

	FY19	FY20Q2	Change
Current assets	4,088	**4,414**	327
Cash&Cash equivalents	1,684	**2,060**	376
Inventories	1,179	**1,179**	0
Non-current assets	3,227	**3,263**	36
Total liabilities	2,863	**2,978**	115
Interest-bearing debt	1,070	**1,160**	90
Equity attributable to owners of the parent company	4,285	**4,532**	247
Total assets	7,315	**7,677**	362

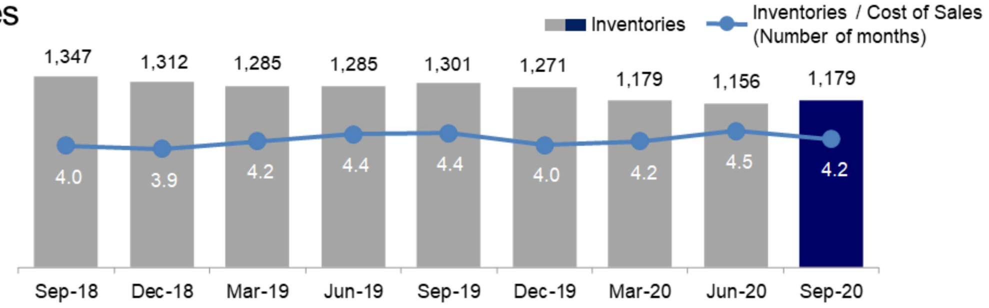
Net Cash

End of FY19 : +¥61.4 billion
End of FY20Q2 : +¥90.0 billion

Shareholders' Equity Ratio

End of FY19 : 58.6%
End of FY20Q2 : 59.0%

Inventories



There are no major changes to our financial status.

R&D Expenses / Capital Expenditure/ Depreciation and Amortization

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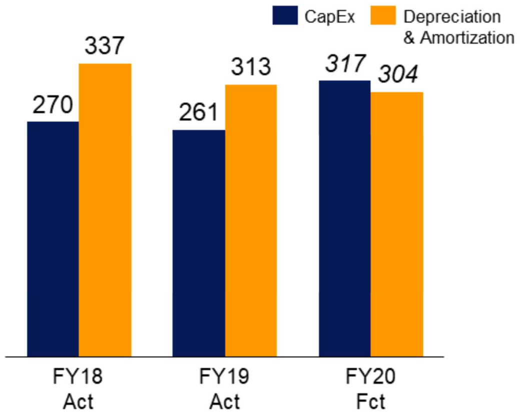
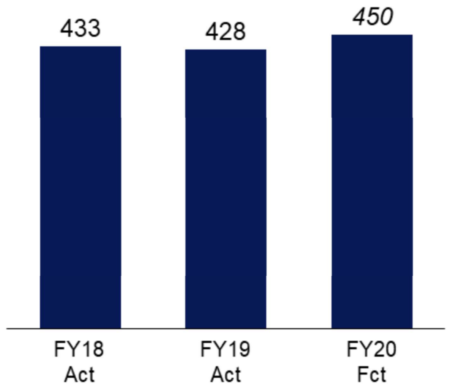
(100 Millions of Yen)

Capital Expenditure / Depreciation & Amortization



R&D Expenses



Breakdown by business(CapEx)

	FY18	FY19	FY20
P&S	95	109	155
P&H	9	5	10
Machinery	40	24	37
N&C	52	49	21
Domino	31	21	22
Others	44	52	72
Total	270	261	317

Breakdown by business(R&D)

	FY18	FY19	FY20
P&S	290	277	291
P&H	22	22	23
Machinery	50	54	57
N&C	5	9	10
Domino	38	38	40
Others	27	29	29
Total	433	428	450

 16

・Capital expenditure

There are no changes to the previous forecast.

The amount of capital expenditure is expected to increase in FY2020 due in part to mold investment planned in order to launch new products in the P&S business, as well as construction costs for the machine tools showroom that opened in October 2020 in Kariya City, Aichi Prefecture (Kariya Factory).

We consider that these investments are necessary for our future growth.

・R&D expenses

There are no changes to the previous forecast. We will not reduce investment necessary for the future.

Dividend Forecast

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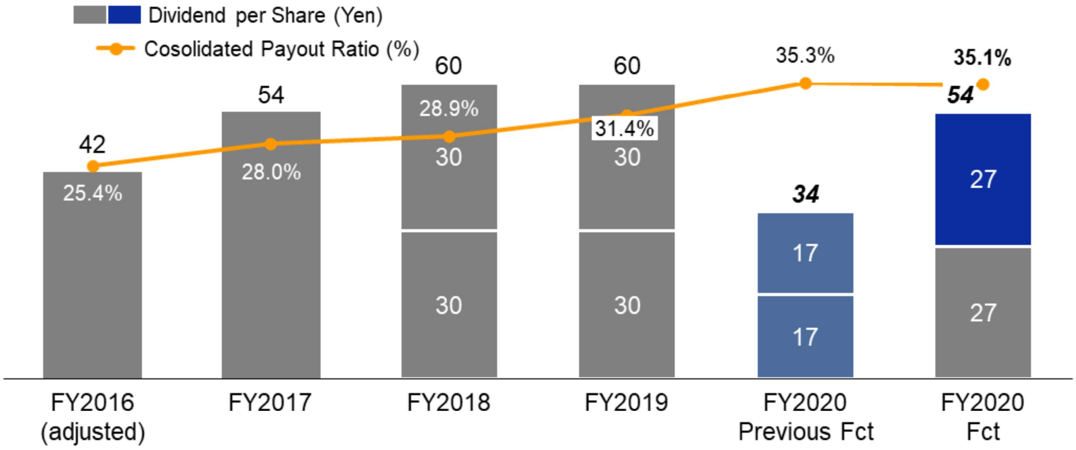
The dividend forecast was revised up following revisions to the forecast for FY2020 consolidated results

◆Dividend at the end of Q2 **27** yen per share (previous forecast: 17 yen)
◆Year-end dividend forecast **27** yen per share（previous forecast: 17 yen)

Annual dividend for fiscal year ending March 31, 2021: **54** yen per share (previous forecast: 34 yen)
The consolidated dividend ratio is expected to be 35%



 17

Based on the revised consolidated results forecast for FY2020,

we have decided to pay **27** yen per share as a dividend at the end of the second quarter of FY2020, compared to the 17 yen previously forecast.
We have therefore revised up our year-end dividend forecast to **27** yen per share from the 17 yen previously forecast.

As a result, we project an annual dividend for the fiscal year ending March 31, 2021 of **54** yen, compared to the previous forecast of 34 yen, and a consolidated dividend ratio of **35**%.

Business Segment Information

Printing & Solutions
Sales Revenue & Profit

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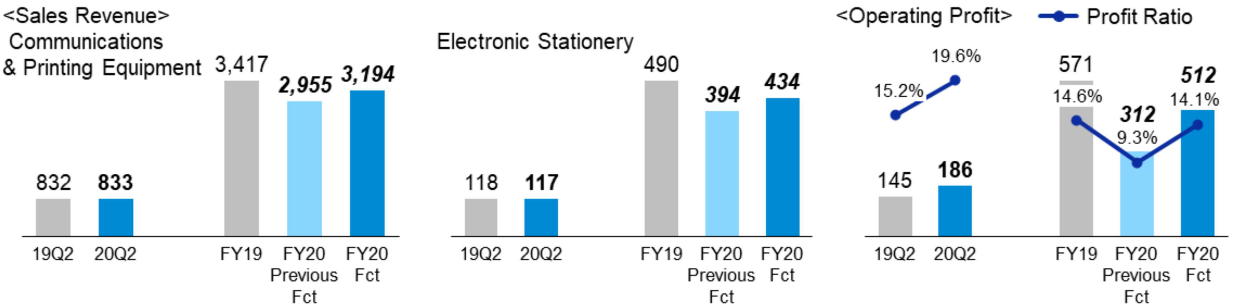
(100 Millions of Yen)

	19Q2	20Q2	Change	Change xFX	FY19	Previous Forecast	FY20	Change v LY	Change xFX
Sales Revenue	**951**	**950**	**0.0%**	**0.9%**	**3,907**	**3,349**	**3,628**	**-7.1%**	**-4.8%**
Communications & Printing equipment	**832**	**833**	**0.1%**	**1.1%**	**3,417**	**2,955**	**3,194**	**-6.5%**	**-4.1%**
Americas	307	298	-3.0%	1.0%	1,256	1,079	1,175	-6.5%	-2.0%
Europe	262	272	4.1%	1.8%	1,133	971	1,041	-8.1%	-7.1%
Asia & Others	150	163	8.9%	9.9%	591	519	585	-1.1%	1.5%
Japan	114	100	-12.1%	-12.1%	437	387	394	-9.9%	-9.9%
Electronic stationery	**118**	**117**	**-1.2%**	**-0.3%**	**490**	**394**	**434**	**-11.4%**	**-9.3%**
Americas	56	50	-10.9%	-7.6%	226	169	187	-17.3%	-13.9%
Europe	34	36	6.9%	4.0%	144	118	131	-9.0%	-8.7%
Asia & Others	19	17	-7.5%	-7.0%	72	63	66	-8.5%	-6.0%
Japan	9	13	40.4%	40.4%	47	44	50	5.1%	5.7%
Business Segment Profit	**148**	**189**	**27.9%**	-	**571**	**300**	**500**	**-12.4%**	-
Operating Profit	**145**	**186**	**28.7%**	-	**571**	**312**	**512**	**-10.3%**	-



 19

Sales revenue in the P&S business in the second quarter was **95.0** billion yen, almost on a par with the previous year's level.

- **Communications & printing equipment:**

Sales revenue was **83.3** billion yen, almost on a par with the previous year's level.

Laser All-in-One & printers:

Demand for products in the SOHO segment remained firm in the second quarter due to increasingly more people working and learning from home. Sales of products in the SMB segment made up for stock shortages of some SOHO products and somewhat exceeded the forecast level.
The performance of consumables was better than expected due in part to temporary factors, such as the buying up of consumables by some channels in Europe to secure stocks.

Inkjet multi-function printers:

Demand grew due to increasingly more people working and learning from home. However, sales volume fell significantly as effects from delays in supplies of inkjet products continued. Delays in supplies of ink consumables are recovering as air transportation has continued to be used.

- **Electronic stationery**

Sales revenue was **11.7** billion yen, almost on a par with the previous year's level. Labeling and solutions both performed well in Japan.
Demand in other regions also gradually recovered in the second quarter after declining significantly in the first quarter due in part to the closure of offices in many countries.

Business segment profit was **18.9** billion yen, up 27.9% year-on-year.
This is largely attributable to the decrease in SG&A expenses and the continuation of demand for hardware products in the SOHO segment in the second quarter, as well as the better-than-expected performance of consumables, which is due in part to temporary factors.

Full-year outlook:

Strong demand for printer and All-in-One hardware is likely to continue throughout the year as new workstyles, such as working from home, will take root, and we expect that demand for consumables will also recover gradually. Likewise, we expect that demand in the labeling and solutions fields will recover gradually, and we will therefore revise up our previous forecast for the P&S business as a whole.

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 FCT
LBP															
Sales revenue growth rate (JPY)															
Hardware	1%	-3%	-5%	-17%	-9%	-8%	-7%	-2%	6%	19%	-	-	-6%	-7%	9%
Consumable	1%	1%	-1%	-4%	2%	-6%	-2%	-3%	-18%	1%	-	-	-1%	-2%	-9%
Sales revenue growth rate (LC)															
Hardware	2%	0%	-1%	-12%	-6%	-4%	-3%	2%	11%	22%	-	-	-2%	-3%	13%
Consumable	1%	3%	2%	-1%	4%	-1%	3%	0%	-15%	2%	-	-	1%	1%	-7%
IJP															
Sales revenue growth rate (JPY)															
Hardware	-6%	-6%	2%	-6%	-2%	8%	-7%	-3%	-37%	-49%	-	-	-4%	-1%	-28%
Consumable	1%	-1%	-3%	-5%	1%	-2%	-8%	4%	-23%	-1%	-	-	-2%	-2%	-13%
Sales revenue growth rate (LC)															
Hardware	-3%	-2%	6%	-1%	1%	13%	-4%	0%	-33%	-48%	-	-	-1%	2%	-26%
Consumable	1%	1%	0%	-2%	3%	3%	-5%	7%	-20%	-1%	-	-	0%	2%	-12%
Cosumable Ratio	58%	58%	57%	61%	60%	58%	57%	59%	55%	57%	-	-	58%	58%	55%
Growth rate of Hardware															
LBP	-1%	-8%	-7%	-16%	-13%	-4%	-2%	3%	12%	10%	-	-	-8%	-5%	-
IJP	-1%	-2%	-1%	-4%	0%	13%	1%	7%	-39%	-57%	-	-	-2%	5%	-

This shows the sales growth rates of major products and consumable ratios.

For laser printers (LBP), the sales growth rates (on a local currency basis) were 22% for hardware and 2% for consumables.
On the other hand, for inkjet printers (IJP), the sales growth rates (on a local currency basis) were minus 48% for hardware and minus 1% for consumables due to effects from delays in supplies.

・Consumable ratio:
The consumable ratio increased slightly from the first quarter due to temporary factors, such as the buying up of consumables by some channels in Europe to secure stocks, as well as the gradual recovery of demand for consumables.

・Sales volume:
The sales volume of LBP increased by 10% as products for SOHO sold well.
Despite robust demand, the sales volume of IJP declined by 57% as effects from delays in supplies continued.

Full-year outlook:
As for LBP hardware, in the SOHO segment, demand for products targeting those working and learning from home is expected to continue.
A gradual recovery is also anticipated for products in the SMB segment.
With regard to consumables, although demand will be on recovery track throughout the year, we forecast that sales will not recover to the pre-COVID-19 levels in both the SOHO and SMB segments due to a decline in print volume at offices.

As for IJP, we forecast that sales will remain weak throughout the year as hardware sales will continue to be affected by delays in supplies although ink consumable supply shortages are recovering.

Printing & Solutions
Results for Q1-Q2 & Outlook for Q3-Q4

Q2 results were firm and better than expected due in part to resumption of economic activities in many countries and temporary factors

Q1 (Apr.-Jun.) results

[Q1 results] Both sales and profit fell sharply due to lockdowns and restrictions on economic activities implemented in many countries

- SOHO segment: Hardware sales were firm (boosted mainly by demand from people working from home), but the print volume decreased
- SMB segment: Sales of both hardware and consumables dropped (due to decreased demand for office products and decline in print volume in offices)
- Average print volume (relative to the pre-COVID-19 level): Approx. SOHO 70% and SMB 60% in early April → SOHO 85% and SMB 80% at the end of July
- Ink products/Ink consumables: Supply delays occurred (due to suspension of factory operations)

Q2

Previous outlook

[Q2 outlook at the time of the previous announcement] It was forecast that difficult situations would continue

- SOHO segment: Demand from people working from home will run its course and stabilize in Q2 and beyond
- Ink products/ink consumables: Although factory operations will return to the pre-COVID-19 level, ink products/ink consumables supply shortages will result in a loss of sales opportunities
- Average print volume: Despite gradual recovery in demand, the print volume of office printers and All-in-One will remain low
- Expenses: Compared to Q1 profit, Q2 profit will be squeezed by increase in expenses resulting from the resumption of sales activities
- Emerging markets: Recovery in emerging markets, excluding China, will take time (fragile infrastructure, inadequate e-commerce infrastructure, spread of infection)

Q2 results

[Q2 results] Stayed firm, exceeding expected levels (*due in part to temporary factors)

Various countries resumed their economic activities while implementing infection prevention measures, and this helped sales of hardware and consumables recover to levels exceeding the projections presented in Q1 announcement

- SOHO segment: Demand from people working from home remained strong in Q2; demand for laser products in the SOHO segment also recovered in emerging markets; delays in supplies of ink hardware continued
- SMB segment: Due in part to recovery of economic activities, the performance of products in the SMB segment was somewhat better than expected, making up for stock shortages of some SOHO products
- Consumables: Consumables were firmer than projected, and delays in supplies of ink consumables are also recovering thanks to preferential production and continuation of air transportation. To secure stocks, the buying up of consumables occurred in some European channels (temporary factor); there was a tendency to purchase consumables simultaneously when purchasing hardware
- Average print volume (relative to the pre-COVID-19 level) : Approx. SOHO 90% and SMB 85% at the end of September
- Expenses: Expenses did not increase in Q2 (with the same level of fixed expenses as in Q1)

This slide shows the results and performance outlook of the P&S business.

Printing & Solutions
Results for Q1-Q2 & Outlook for Q3-Q4

brother at your side

The second half outlook was revised in anticipation of gradual recovery in demand and continuation of demand from people working from home

Outlook for second half

[Second half] Outlook was revised as demand from people working from home is now expected to remain firm

- SOHO segment: The outlook was changed mainly because demand in the SOHO segment from people working from home is expected to remain firm in the second half
- SMB segment: The level of recovery seen in Q2 will continue in the second half although it is unlikely to offset the drop in Q1 due to the ongoing effects of the shift to working from home
- Ink products: Effects from ink hardware supply shortages will continue throughout the year although ink consumables supply shortages have almost recovered
- Average print volume: The print volume will not recover to the pre-COVID-19 level (Consumables sales for FY2020 are expected to be around 90% of the previous year's level)
- Emerging markets: Performance in China will stay firm; in other emerging markets, difficult situations will continue throughout the year, affected by ink hardware supply shortages, although performance is recovering thanks to growing demand for laser products in the SOHO segment

(The outlook does not take into account effects from the resurgence of COVID-19 in Europe and other regions as well as the suspension of factory operation)

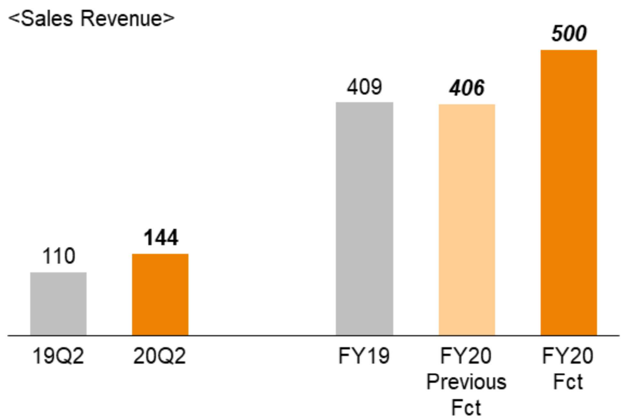
This slide shows the results and performance outlook of the P&S business.

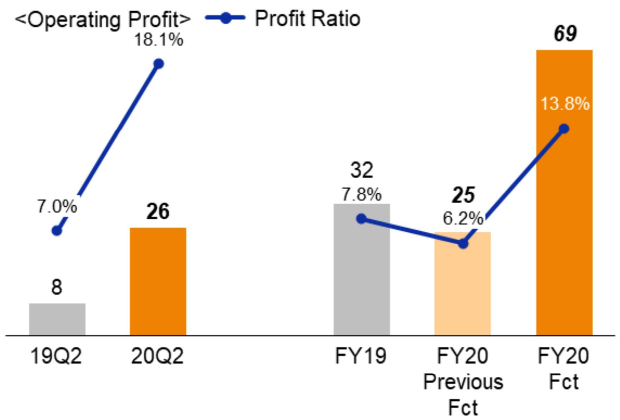
Personal & Home
Sales Revenue & Profit

brother at your side

(100 Millions of Yen)

	19Q2	20Q2	Change	Change x FX	FY19	Previous Forecast	FY20	Change v LY	Change x FX
Sales Revenue	**110**	**144**	**30.8%**	**32.7%**	**409**	**406**	**500**	**22.4%**	**25.9%**
Americas	69	74	7.0%	11.9%	223	217	261	16.9%	23.0%
Europe	22	42	90.1%	83.6%	108	110	138	27.7%	27.4%
Asia & Others	11	14	20.8%	22.5%	46	46	55	18.0%	20.8%
Japan	8	14	86.9%	86.9%	32	33	47	48.8%	48.8%
Business Segment Profit	**8**	**27**	**242.8%**	-	**31**	**25**	**69**	**120.5%**	-
Operating Profit	**8**	**26**	**240.3%**	-	**32**	**25**	**69**	**117.4%**	-





23

In the P&H business, sales revenue in the second quarter was **14.4** billion yen.
Revenue increased significantly with a growth rate of 32.7% on a local currency basis.

Home sewing machines, especially mass-market equipment, sold well in all regions as time spent at home increased as a result of lockdowns in many countries and more opportunities to work from home due to COVID-19, leading to a spike in demand for handmade.

Business segment profit was **2.7** billion yen, up 1.9 billion yen from 800 million yen in the same period of the previous year. The significant increase in profit was due to the decrease in SG&A expenses, in addition to effects from an increase in sales.

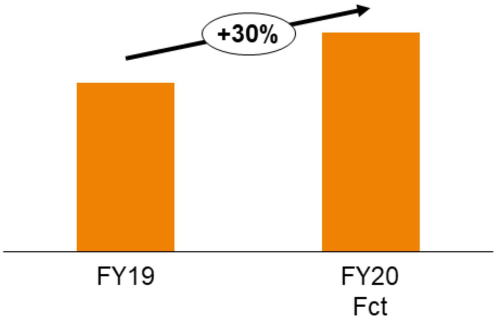
With regard to the full-year outlook, we have made upward revisions to the previous projections as we forecast demand for home sewing machines will remain strong. Revenue and profit are both expected to increase year-on-year.

Topics: Business Environment for Home Sewing Machines

brother at your side

Attention to home sewing machines increased amid growing demand from people staying at home
New product presentations and other events were held online in many regions

Sales volume of home sewing machines (global)



Holding of online events

Online event (US)

Virtual showroom (Europe)

Business environment	
Europe & US	Sales are strong, especially for mass-market equipment ; demand has also grown from people wishing to generate a sideline income; demand is expected to remain strong in the second half
Asia	Sales are robust in AP region; demand is expected to remain strong in the second half; demand in China has run its course
Japan	Demand has remained robust from people staying at home and people making masks; demand is expected to remain strong in the second half

The sales volume of home sewing machines, especially mass-market equipment, is likely to grow, increasing 30% year-on-year.

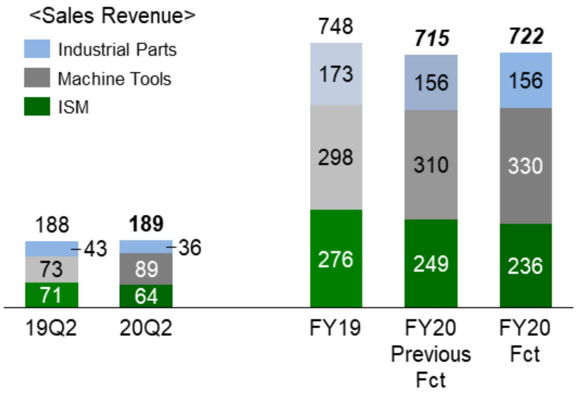
Due to the impact of COVID-19, we have decided to refrain from holding events, etc. that invite business partners. However, we are actively carrying out new forms of sales activities, such as holding online events and opening virtual showrooms.

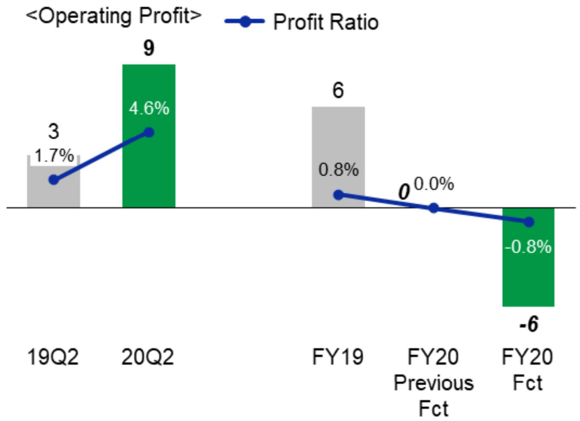
Machinery
Sales Revenue & Profit

brother at your side

(100 Millions of Yen)

	19Q2	20Q2	Change	Change x FX	FY19	Previous Forecast	FY20	Change v LY	Change x FX
Sales Revenue	188	189	0.8%	1.1%	748	715	722	-3.5%	-2.6%
Industrial sewing machines	71	64	-10.4%	-10.0%	276	249	236	-14.8%	-13.5%
Machine tools	73	89	22.3%	22.5%	298	310	330	10.8%	11.5%
Industrial Parts	43	36	-17.2%	-16.9%	173	156	156	-10.1%	-9.6%
Business Segment Profit	3	8	164.8%	–	7	1	4	-42.4%	–
Operating Profit	3	9	173.2%	–	6	0	-6	–	–





 25

In the machinery business, sales and profit were both firm in the second quarter.
Sales revenue for the entire machinery business was **18.9** billion yen in the second quarter, about the same level as in the previous year.
The breakdown of sales revenue was as follows:
6.4 billion yen for industrial sewing machines, **8.9** billion yen for machine tools, and **3.6** billion yen for industrial parts.

・Industrial sewing machines
The industrial sewing machine segment handles two product categories: the garment printer category and the industrial sewing machines category.
For garment printers, demand continued to grow as there were many inquiries from customers using e-commerce websites. However, demand for industrial sewing machines dropped, and due to this, along with the continuation of restrictions on sales activities in the Asian market resulting from the spread of COVID-19, revenue for the overall business decreased.

・Machine tools
For the IT industry, the effects of spot orders, such as for notebook PCs, were seen due to more people working from home. For the automotive and general industries, demand recovered especially in China. As a result, revenue increased.

・Industrial parts
Revenue decreased due to a slowdown in manufacturing activities by Japan's manufacturing industry as a whole, as well as sluggish demand overseas, especially in Asia.

Profit for the overall business increased, with a business segment profit of **800** million yen and an operating profit of **900** million yen, thanks to efforts to reduce SG&A expenses in addition to the effects of increased revenue from machine tools.

With regard to the full-year outlook,
the recovery of industrial sewing machines is expected to take time. However, in machine tools, we expect that orders for the IT industry will be received and demand in the automotive and general industries will be firm in China.
Accordingly, we have revised up our previous profit forecast for the overall machinery business.
As for operating profit, we have made a downward revision as there will be temporary costs associated with the review of our industrial sewing machine production system.

Machinery
Sales Revenue by Region

(100 Millions of Yen)

	19Q2	20Q2	Change	Change x FX	FY19	Previous Forecast	FY20	Change v LY	Change x FX
Sales Revenue	**188**	**189**	**0.8%**	**1.1%**	**748**	**715**	**722**	**-3.5%**	**-2.6%**
Industrial sewing machines	**71**	**64**	**-10.4%**	**-10.0%**	**276**	**249**	**236**	**-14.8%**	**-13.5%**
Americas	21	29	40.2%	42.9%	70	77	79	12.0%	14.7%
Europe	15	14	-3.0%	-5.8%	68	57	57	-15.2%	-15.2%
Asia & Others	33	18	-46.1%	-45.8%	129	106	90	-30.5%	-29.3%
Japan	3	3	-0.4%	-0.4%	9	9	10	4.8%	4.8%
Machine tools	**73**	**89**	**22.3%**	**22.5%**	**298**	**310**	**330**	**10.8%**	**11.5%**
Americas	3	1	-58.2%	-	20	12	16	-23.3%	-
Europe	6	3	-47.9%	-	21	14	18	-16.9%	-
Asia & Others	38	73	93.8%	-	168	223	243	45.1%	-
Japan	27	12	-54.3%	-	89	61	54	-39.4%	-
Industrial Parts	**43**	**36**	**-17.2%**	**-16.9%**	**173**	**156**	**156**	**-10.1%**	**-9.6%**
Americas	6	5	-15.4%	-13.9%	23	18	19	-19.5%	-17.5%
Europe	-	-	-	-	-	-	-	-	-
Asia & Others	4	4	-3.7%	-2.8%	18	19	18	-1.4%	0.8%
Japan	33	27	-19.2%	-19.2%	132	120	119	-9.6%	-9.6%

Topics: New Showroom Opened (Machine Tools)

brother
at your side

New showroom "Brother Technology Center" opened, with functions for proposing technologies such as processing and automation, in addition to conventional showroom functions

Entrance

Machine exhibition area

Seminar room

A new showroom for machine tools, "Brother Technology Center," was opened within the Kariya Factory (Kariya City, Aichi Prefecture), which mainly manufactures machine tools.

This showroom has enabled us to exhibit a complete lineup of Brother's machine tools and propose processing, automation, and other technologies. There is also a large-scale seminar room attached to the showroom that can be used for providing explanations on solutions using Brother's machine tools, and for training and other purposes.

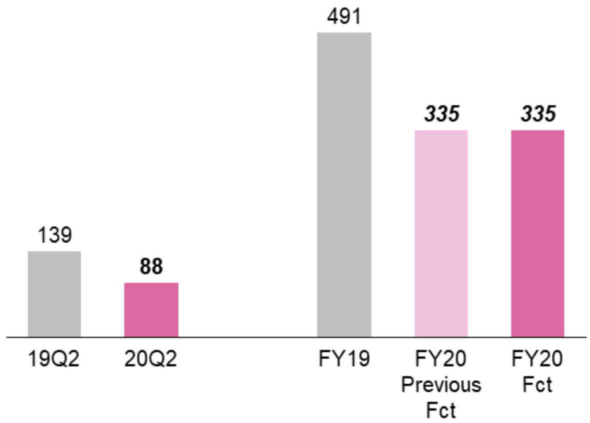
We consider Brother Technology Center to be an important facility as a site for interaction with customers. Going forward, we will strive to communicate the features of Brother's machine tools, aiming to expand the machine tool business.

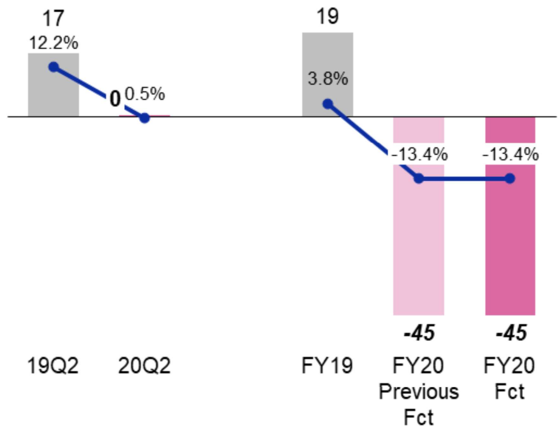
Network & Contents
Sales Revenue & Profit

brother at your side

(100 Millions of Yen)

	19Q2	20Q2	Change	FY19	Previous Forecast	FY20	Change v LY
Sales Revenue	**139**	**88**	**-36.3%**	**491**	**335**	**335**	**-31.8%**
Business Segment Profit	**17**	**-4**	–	**21**	**-47**	**-48**	–
Operating Profit	**17**	**0**	–	**19**	**-45**	**-45**	–





The business environment in the network & contents business has remained extremely adverse due to major changes in the karaoke environment.

Sales revenue for the second quarter was **8.8** billion yen, a substantial decrease of 36.3% year-on-year.

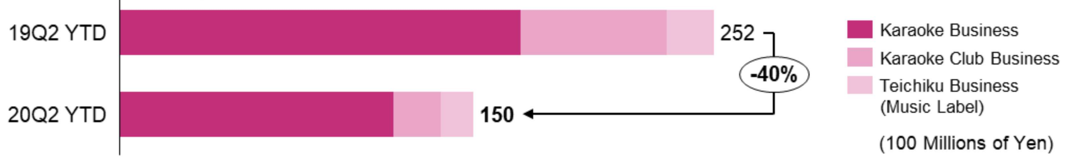
With regard to profit,
although we actively reduced SG&A expenses, this was not enough to make up for effects from the shortened business hours of karaoke locations due to a second wave of COVID-19, as well as the decline in revenue resulting from a drop in karaoke machine sales, and we recorded a business segment **loss of 400** million yen.
We were able to avoid recording operating losses due in part to the receipt of an employment adjustment subsidy (the government's special measure to address the impact of COVID-19)

Details will be explained on the next page.

Network & Contents
Results for Q1-Q2 & Forecast for FY2020

brother at your side

	Results for Q1 (Apr.- Jun.)	Results for Q2 (Jul.- Sep.)
Karaoke Business	Revenue decreased by about 40% year-on year as reduction and exemption measures associated with the voluntary suspension of operations resulted in lower sales, and as equipment sales, etc. fell due to weak demand for karaoke	Revenue decreased by almost 30% year-on-year mainly due to decrease in equipment sales, etc. resulting from weak demand for karaoke
Karaoke Club Business	Revenue decreased by about 80% year-on-year as a result of the almost complete closure of all directly managed karaoke clubs in April and May in response to a request for closure following the state-of-emergency declaration. Karaoke club operations have gradually resumed since the end of May	Revenue decreased by more than 50% year-on-year, despite karaoke clubs' efforts to thoroughly implement infection prevention measures due to restrictions on operating hours in response to requests mainly by municipalities and shortened business hours



Forecast for FY2020

Karaoke Business Revenue fct: about -30% vs FY19	From July, when the reduction and exemption measures associated with the voluntary suspension of operations were lifted, both the number of operating units and fixed sales (information/rental fees) are projected to recover to about 90% of FY2019 by the end of FY2020 As profits deteriorate, large-scale cost reductions will be carried out
Karaoke Club Business Revenue fct: about -40% vs FY19	The market is projected to recover gradually to about 80% of FY2019 Standards for karaoke clubs to continue operations have been set, and karaoke clubs that are unprofitable in view of these standards will be closed

We will explain the results and full-year forecast for the N&C business by dividing the business into the karaoke business and the karaoke club business.

・Q1 results
Revenue in the karaoke business declined by about 40% year-on-year. The substantial fall in revenue is attributable to the application of measures for reducing and exempting information fees to customers voluntarily suspending operations, as well as a decline in equipment sales and revenue from rental and information fees caused by weak demand for karaoke.

Revenue in the karaoke club business decreased by about 80% year-on-year. Revenue decreased significantly as a result of the almost complete closure of all directly managed karaoke clubs in April and May in response to a request for closure following the state-of-emergency declaration. We have gradually resumed karaoke club operations since the end of May after putting infection prevention measures in place.

・Q2 results
Revenue in the karaoke business decreased by nearly 30% year-on-year.
The amount of decline in revenue shrank in Q2, but revenue decreased significantly year-on-year due to sluggish demand for karaoke.

Revenue in the karaoke club business decreased by more than 50% year-on-year. Although measures for preventing infection were thoroughly put in place at karaoke locations, revenue fell substantially due in part to the restrictions on use and shortened business hours implemented in response to requests from local governments following the resurgence of COVID-19.

Full-year outlook
As to the full-year forecast, no major changes have been made to the previous forecast.
Revenue in the karaoke business is expected to decrease by about 30% year-on-year. It is projected to recover to about 90% of FY2019 by the end of FY2020.
To address the worsened profit, we will continue to carry out large-scale cost reductions as we did in the first half.

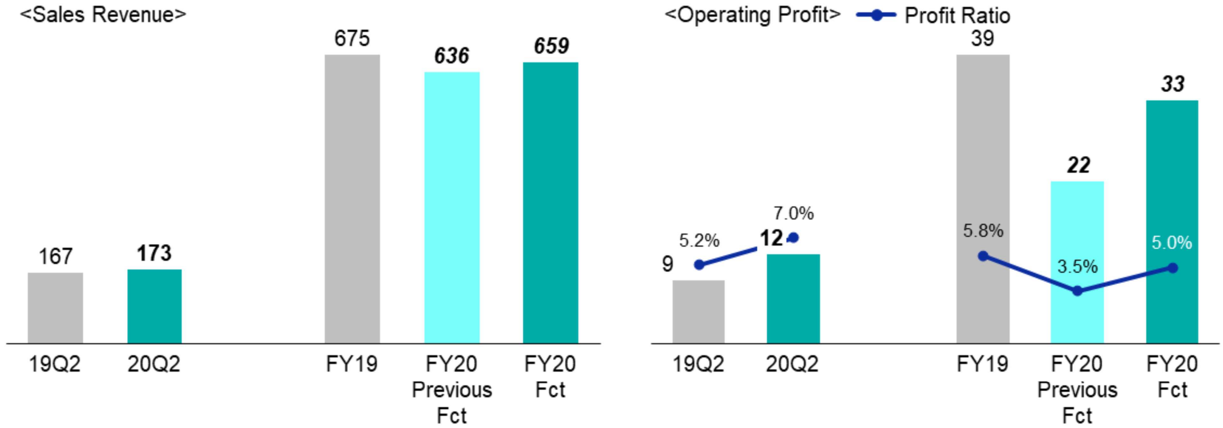
Revenue in the karaoke club business is likely to decrease by about 40% year-on-year. With a slow recovery of the market, sales are projected to gradually recover to about 80% of FY2019 by the end of FY2020. We will establish standards for karaoke clubs to continue operations, and in view of these standards, we will close unprofitable karaoke clubs.

Domino
Sales Revenue & Profit

brother
at your side

(100 Millions of Yen)

	19Q2	20Q2	Change	Change x FX	FY19	Previous Forecast	FY20	Change v LY	Change x FX
Sales Revenue	**167**	**173**	**3.7%**	**3.2%**	**675**	**636**	**659**	**-2.4%**	**1.1%**
Americas	42	45	5.3%	8.2%	165	159	166	1.1%	6.5%
Europe	77	77	0.5%	-2.2%	329	299	305	-7.4%	-5.8%
Asia & Others	47	51	7.3%	8.1%	182	179	188	3.1%	6.1%
Business Segment Profit	**8**	**16**	**95.2%**	-	**38**	**24**	**37**	**-2.3%**	-
Operating Profit	**9**	**12**	**39.5%**	-	**39**	**22**	**33**	**-15.8%**	-



 30

Sales revenue in the Domino business was **17.3** billion yen in the second quarter. Revenue increased year-on-year with a growth rate of 3.2% on a pound basis

By region, sales in Europe are gradually recovering although demand was sluggish in the first quarter, affected by COVID-19.
Sales in the US and China are firm. Sales in India have trended upward, rebounding from Q1.

As for hardware, although demand for digital printing equipment (DP) has been weak, demand for coding & marking equipment (C&M) has been firm. Consumables have performed well for both DP and C&M.

With regard to profit, business segment profit increased by **1.6** billion yen due to the decrease in SG&A expenses, in addition to the effects of increased revenue.
Operating profit increased to **1.2** billion yen, although there were foreign exchange effects.

As for the full-year outlook,
we have revised up our sales and profit forecasts in light of the better-than-expected performance in the first half.

Topics: New Product in the Domino

brother at your side

A digital label press equipped with a Brother print head was launched, aiming for further development of the industrial printing area through collaboration between Brother and Domino

The N730i digital label press

- ✓ Equipped with a Brother 1200dpi resolution inkjet print head
- ✓ Use of optional products can enhance the efficiency of pre and post processes

Development of DP Business

brother

DOMINO

Brother print head

DP (Digital Printing) Business

Labels	Corrugated cardboard
	
"N730i"	"X630i"

At the end of September 2020, we launched the N730i digital label press, which is equipped with a Brother inkjet print head.

The collaboration between Brother and Domino is the synergy we have pursued since the acquisition of Domino in 2015, and we have developed new products by taking advantage of the knowledge both companies have nurtured. We will continue aiming for development of the digital printing business and the industrial printing area through the Group's collective efforts.

◆Reference:
Product website (with a promotional video)
https://www.domino-printing.com/en/products/digital-colour-label-press/n730i

brother
at your side