

Fiscal Year 2021 (ending March 31, 2022)

Third Quarter Financial Results

Brother Industries, Ltd.

February 1, 2022

Information on this report, other than historical facts, refers to future prospects and performance, and has been prepared by our Management on the basis of information available at the time of the announcement. This covers various risks, including, but not limited to, economic conditions, customer demand, foreign currency exchange rates, tax rules, regulation and other factors. As a result, actual future performance may differ from any forecasts contained on this report.

Results for FY2021 Q3 (Oct.-Dec.)

Revenue increased, due mainly to firm performance of the Machinery business, in addition to positive FX effects. Business segment profit decreased due to a significant increase in logistics costs and parts and materials costs.

◆ Sales revenue **184.5 billion yen/ + 4.0% (year-on-year)**

- ✓ In the P&S business, revenue increased due mainly to positive FX effects.
- ✓ In the P&H business, revenue fell below the high level of the previous year, in which there was special demand from those staying at home.
- ✓ The Machinery business recorded an increase in revenue as a result of recovery of demand for capital investment in industrial sewing machines among apparel manufacturers and firm performance of machine tools and industrial parts.

◆ Business segment profit **23.5 billion yen/ -25.0% (year-on-year)**

- ✓ Despite factors such as higher average unit prices in the P&S business and positive FX effects, business segment profit decreased due to a significant increase in logistics costs and parts and materials costs.

Forecast for FY2021 / Shareholder returns

The forecast for revenue and each measure of profit have been revised upward mainly in response to positive FX effects.

Following revisions to the forecast for FY2021, the dividend forecast has been revised upward. The Company will repurchase its own shares.

Results for FY2021 Q3 (Oct.-Dec.)

Consolidated Results for FY2021 Q3

Revenue increased, due mainly to firm performance of the Machinery business,
in addition to positive FX effects
Business segment profit decreased due to a significant increase in logistics costs
and parts and materials costs

(100 Millions of Yen)

	20Q3	21Q3	Change	Rate of Change (w/o FX)
Sales Revenue	1,774	1,845	70	4.0% (-2.1%)
Business Segment Profit	314	235	-78	-25.0%
Business Segment Profit Ratio	17.7%	12.8%		
Other income/expense	-10	13	24	
Operating Profit	303	248	-55	-18.1%
Operating Profit Ratio	17.1%	13.5%		
Income before Tax	304	252	-52	-17.0%
Net Income	228	174	-54	-23.6%
USD	104.45	113.60		
EUR	124.41	130.39		

Results for FY2021 Q3 by Business Segment

(100 Millions of Yen)

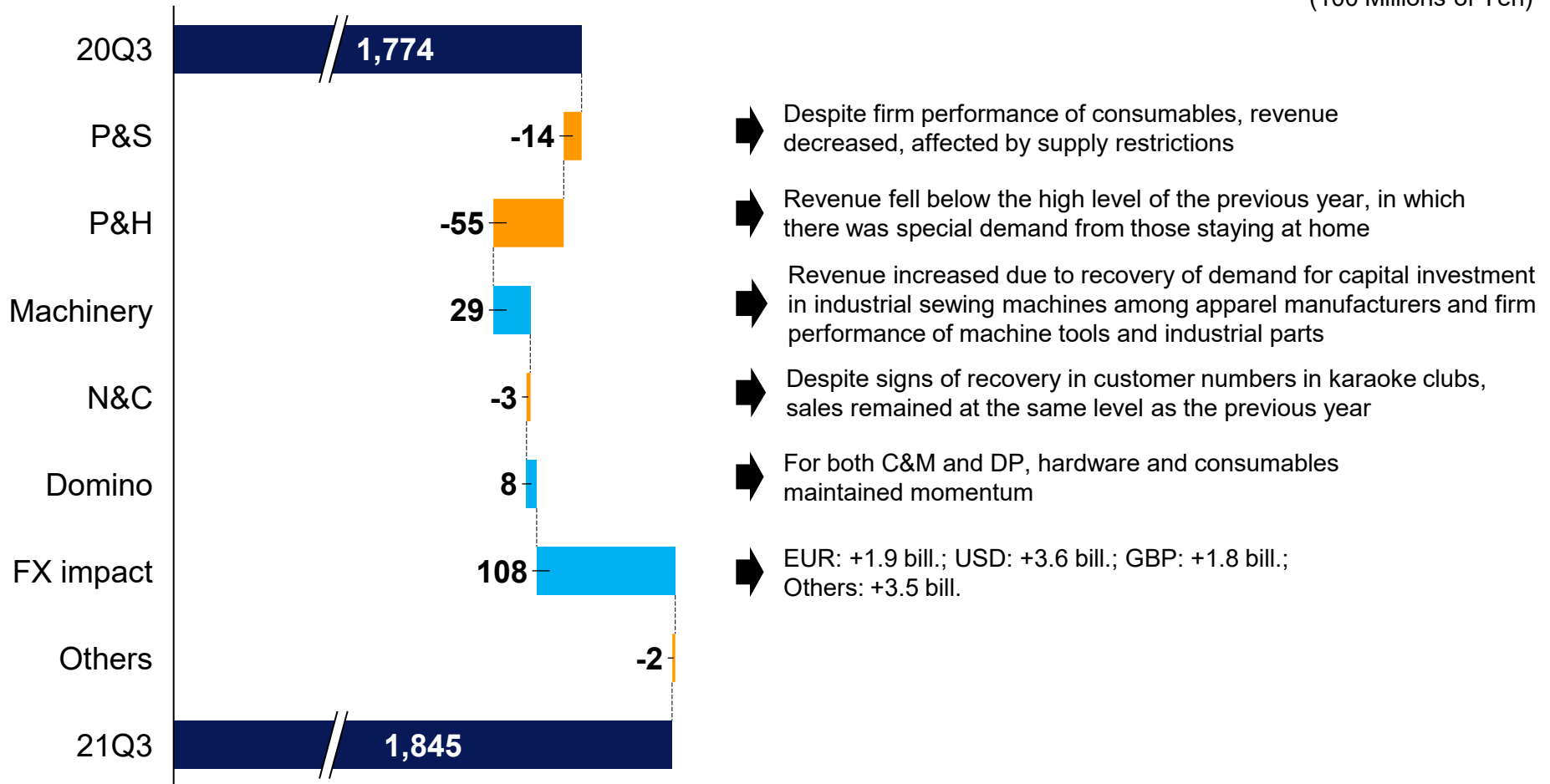
	20Q3	21Q3	change	
Printing & Solutions	Sales Revenue	1,092	1,149	57
	Business Segment Profit	243	178	-65
	Operating Profit	242	179	-63
Personal & Home	Sales Revenue	161	113	-47
	Business Segment Profit	41	15	-26
	Operating Profit	40	16	-25
Machinery	Sales Revenue	221	262	41
	Business Segment Profit	22	32	10
	Operating Profit	13	32	19
Network & Contents	Sales Revenue	88	85	-3
	Business Segment Profit	-6	0	7
	Operating Profit	-7	12	18
Domino business	Sales Revenue	176	200	24
	Business Segment Profit	13	7	-6
	Operating Profit	10	7	-3
Other	Sales Revenue	37	35	-2
	Business Segment Profit	2	3	1
	Operating Profit	4	3	-1
Total	Sales Revenue	1,774	1,845	70
	Business Segment Profit	314	235	-78
	Operating Profit	303	248	-55

*Not including elimination amount by inter-segment transaction.

Main Factors for Changes in Sales Revenue

Revenue increased, due mainly to firm performance of the Machinery business, in addition to positive FX effects

(100 Millions of Yen)

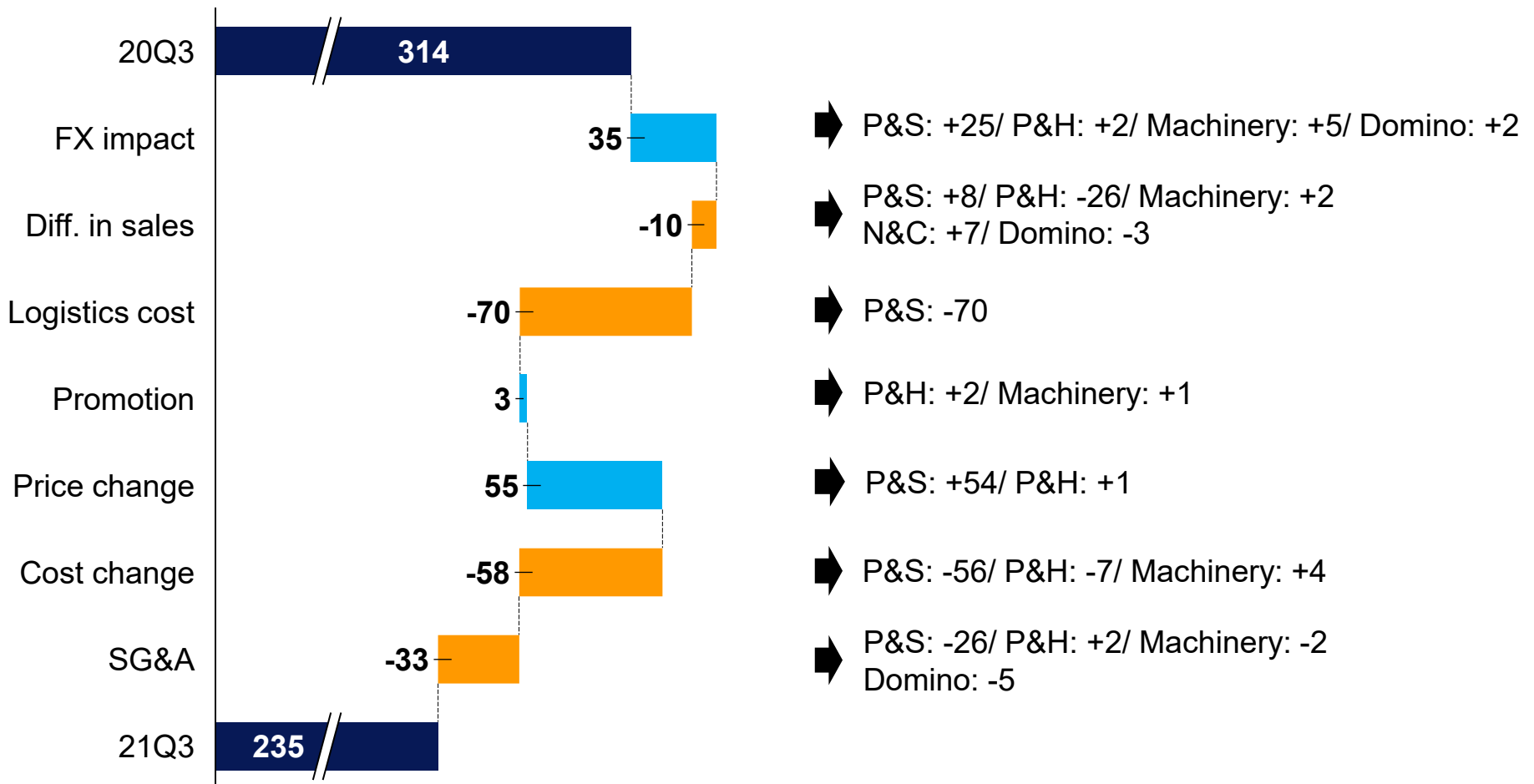


* Amounts of change are on a results basis excluding foreign exchange effects

Main Factors for Changes in Business Segment Profit

Despite factors such as higher average unit prices in the P&S business and positive FX effects, profit decreased due to a significant increase in logistics costs and parts and materials costs

(100 Millions of Yen)



Results for FY2021 Q3 YTD (Apr.-Dec.)

Consolidated Results for FY2021 Q3YTD

Due mainly to firm performance of the Machinery and P&S businesses, in addition to positive FX effects, sales revenue and each measure of profit reached all-time highs for year-to-date Q3 (since the transition to IFRS)

(100 Millions of Yen)

	FY20 Q3YTD	FY21 Q3YTD	Change	Rate of Change (w/o FX)
Sales Revenue	4,675	5,350	675	14.4% (+8.1%)
Business Segment Profit	633	729	96	15.1%
Business Segment Profit Ratio	13.5%	13.6%		
Other income/expense	-5	31	36	
Operating Profit	628	760	132	21.0%
Operating Profit Ratio	13.4%	14.2%		
Income before Tax	630	768	138	21.8%
Net Income	475	543	67	14.2%
USD	105.87	111.38		
EUR	122.30	130.85		

Results for FY2021 Q3YTD by Business Segment

(100 Millions of Yen)

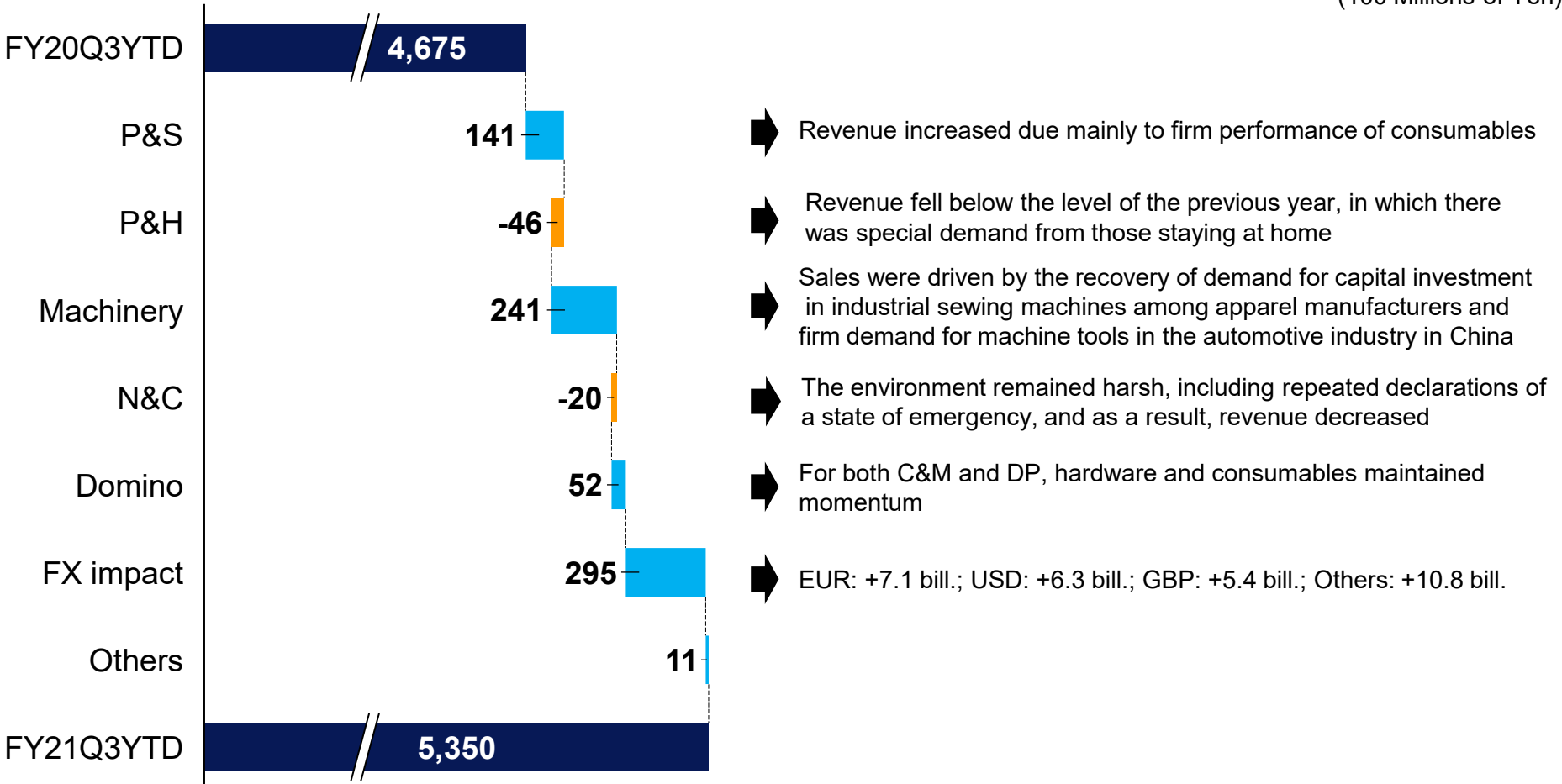
		FY20Q3YTD	FY21Q3YTD	change
Printing & Solutions	Sales Revenue	2,871	3,201	329
	Business Segment Profit	526	501	-25
	Operating Profit	529	506	-23
Personal & Home	Sales Revenue	413	389	-25
	Business Segment Profit	82	73	-9
	Operating Profit	80	74	-6
Machinery	Sales Revenue	560	837	277
	Business Segment Profit	29	120	91
	Operating Profit	19	120	102
Network & Contents	Sales Revenue	238	218	-19
	Business Segment Profit	-33	-19	14
	Operating Profit	-29	3	32
Domino business	Sales Revenue	502	603	101
	Business Segment Profit	33	50	18
	Operating Profit	25	49	25
Other	Sales Revenue	90	101	11
	Business Segment Profit	-1	6	6
	Operating Profit	6	8	2
Total	Sales Revenue	4,675	5,350	675
	Business Segment Profit	633	729	96
	Operating Profit	628	760	132

*Not including elimination amount by inter-segment transaction.

Main Factors for Changes in Sales Revenue

Revenue increased, due mainly to firm performance of the Machinery and P&S businesses, in addition to positive FX effects

(100 Millions of Yen)

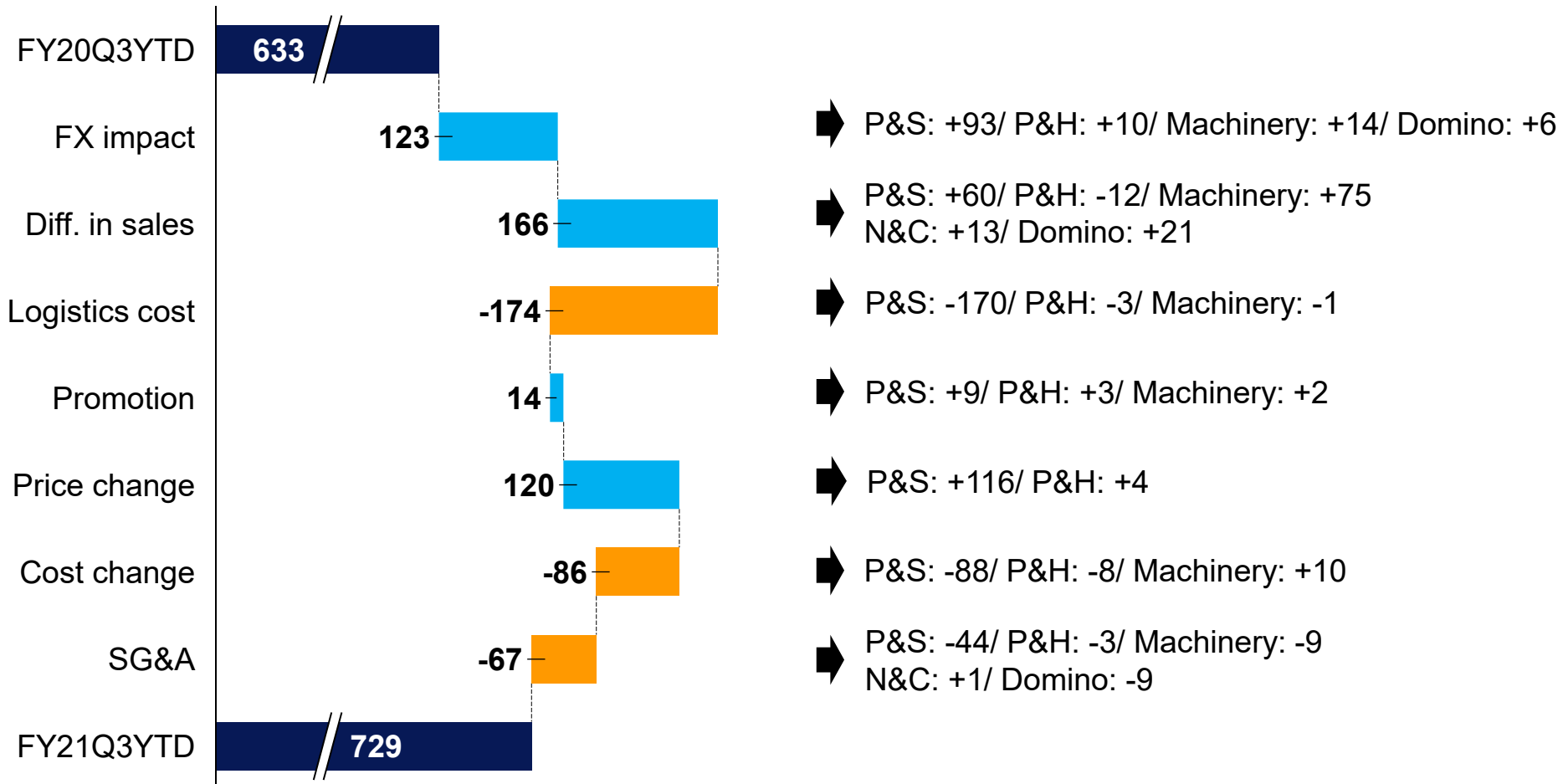


* Amounts of change are on a results basis excluding foreign exchange effects

Main Factors for Changes in Business Segment Profit

Despite a significant increase in logistics costs and parts and materials costs, profit increased due to increased gross profit in the Machinery and P&S businesses and higher average unit prices in the P&S business, in addition to positive FX effects

(100 Millions of Yen)



Forecast for FY2021

Mainly taking into account positive FX effects,
the forecasts for sales and profit have been revised upward

(100 Millions of Yen)

	Previous Forecast	FY21 Forecast	Change	Rate of Change	FY20	Change	Rate of Change (w/o FX)
Sales Revenue	6,950	7,000	50	0.7%	6,318	682	10.8% (+5.6%)
Business Segment Profit	780	810	30	3.8%	781	29	3.7%
Business Segment Profit Ratio	11.2%	11.6%			12.4%		
Other income/expense	0	10	10		-353	363	
Operating Profit	780	820	40	5.1%	427	393	91.9%
Operating Profit Ratio	11.2%	11.7%			6.8%		
Income before Tax	780	825	45	5.8%	429	396	92.1%
Net Income	530	580	50	9.4%	245	335	136.5%
USD	109.48	111.14			106.17		
EUR	128.59	129.92			123.73		

Forecast for FY2021 by Business Segment

(100 Millions of Yen)

		Previous Fct	FY21 Fct	change	FY20 Act	FY21 Fct	change
Printing & Solutions	Sales Revenue	4,169	4,198	29	3,848	4,198	350
	Business Segment Profit	554	580	26	652	580	-72
	Operating Profit	564	593	29	610	593	-17
Personal & Home	Sales Revenue	487	495	8	537	495	-42
	Business Segment Profit	75	82	7	98	82	-16
	Operating Profit	76	84	8	96	84	-12
Machinery	Sales Revenue	1,073	1,063	-10	789	1,063	274
	Business Segment Profit	119	119	0	41	119	78
	Operating Profit	118	120	2	33	120	87
Network & Contents	Sales Revenue	313	301	-12	310	301	-9
	Business Segment Profit	-26	-28	-2	-52	-28	24
	Operating Profit	-2	-7	-5	-73	-7	66
Domino business	Sales Revenue	780	795	15	698	795	97
	Business Segment Profit	62	51	-11	48	51	3
	Operating Profit	61	49	-12	-239	49	288
Other	Sales Revenue	128	148	20	136	148	12
	Business Segment Profit	-4	6	10	-5	6	11
	Operating Profit	-37	-19	18	2	-19	-21
Total	Sales Revenue	6,950	7,000	50	6,318	7,000	682
	Business Segment Profit	780	810	30	781	810	29
	Operating Profit	780	820	40	427	820	393

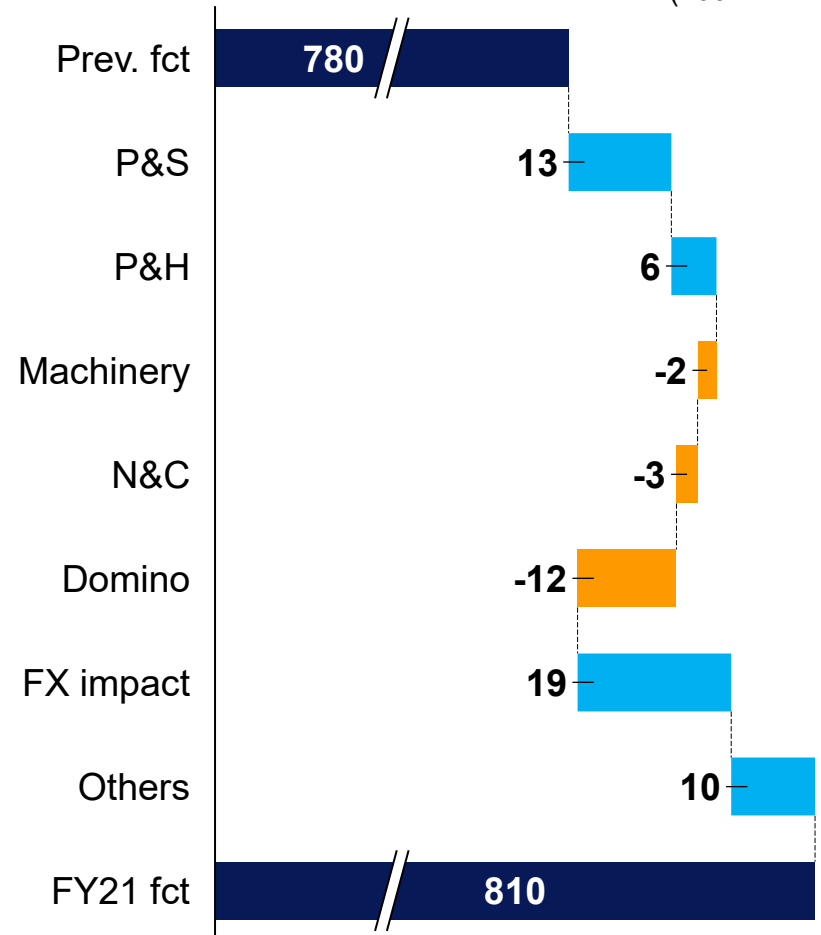
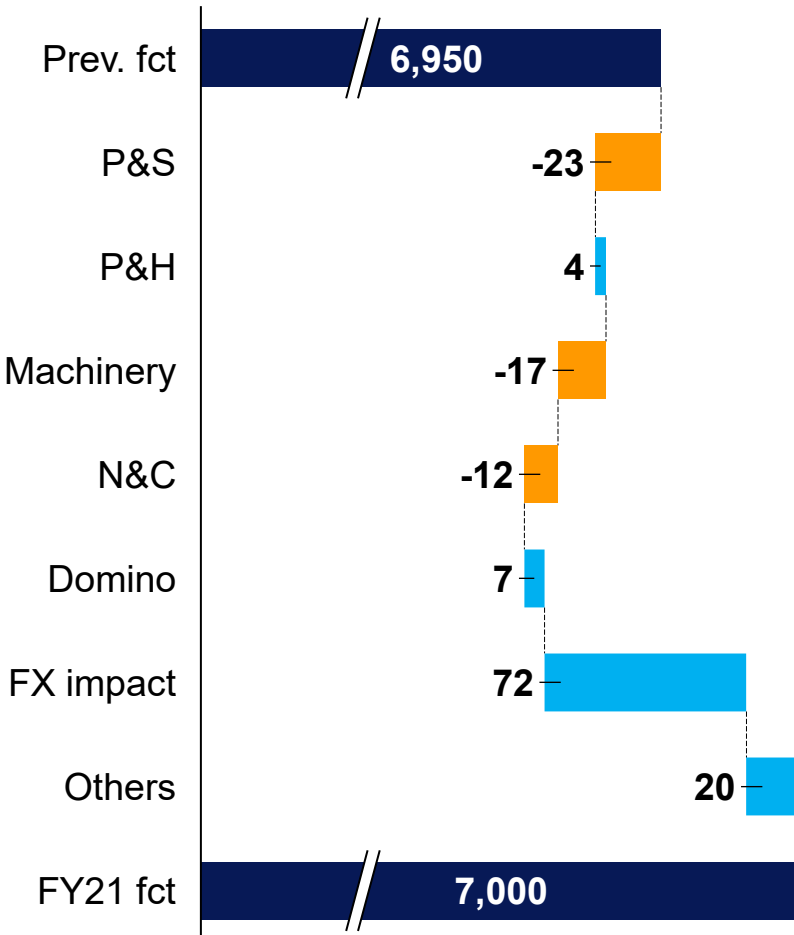
*Not including elimination amount by inter-segment transaction.

Changes in Sales Revenue / Business Segment Profit

Changes in Sales Revenue

Changes in Business Segment Profit

(100 Millions of Yen)



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

Financial Position

(100 Millions of Yen)

	End of FY20	End of FY21Q3	Change
Current assets	4,288	4,431	144
Cash&Cash equivalents	1,910	1,602	-308
Inventories	1,202	1,528	326
Non-current assets	3,151	3,226	74
Total liabilities	2,442	2,318	-124
Interest-bearing debt	575	394	-181
Equity attributable to owners of the parent company	4,831	5,323	493
Total assets	7,439	7,657	218

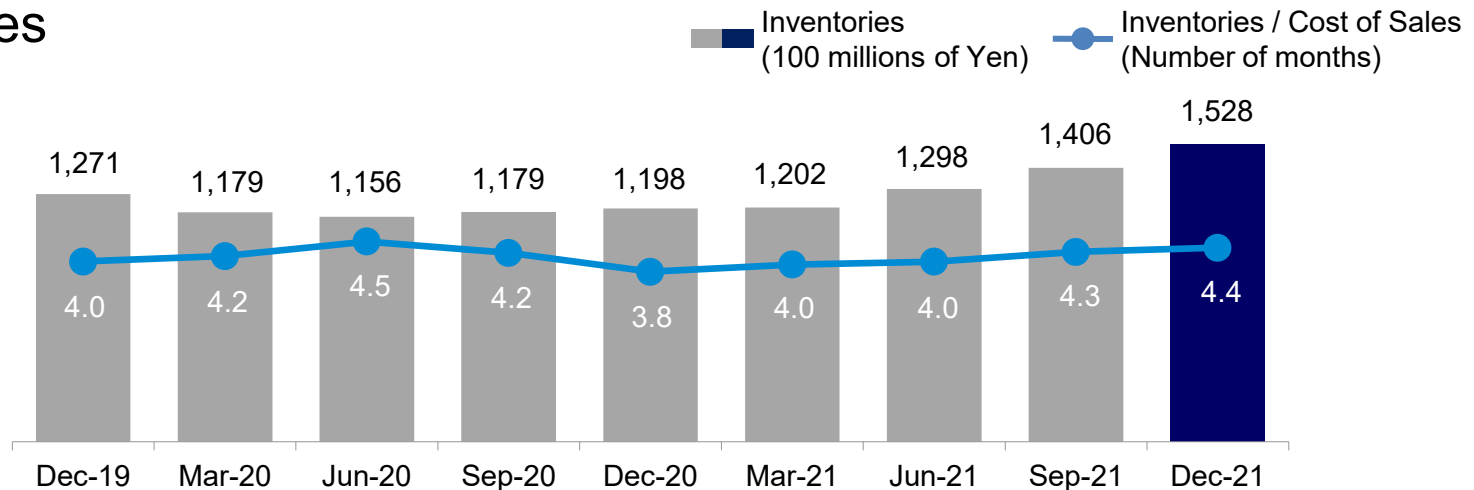
Net Cash

End of FY20 : +133.5 billion yen
End of FY21Q3 : +120.8 billion yen

Shareholders' Equity Ratio

End of FY20 : 64.9%
End of FY21Q3 : 69.5%

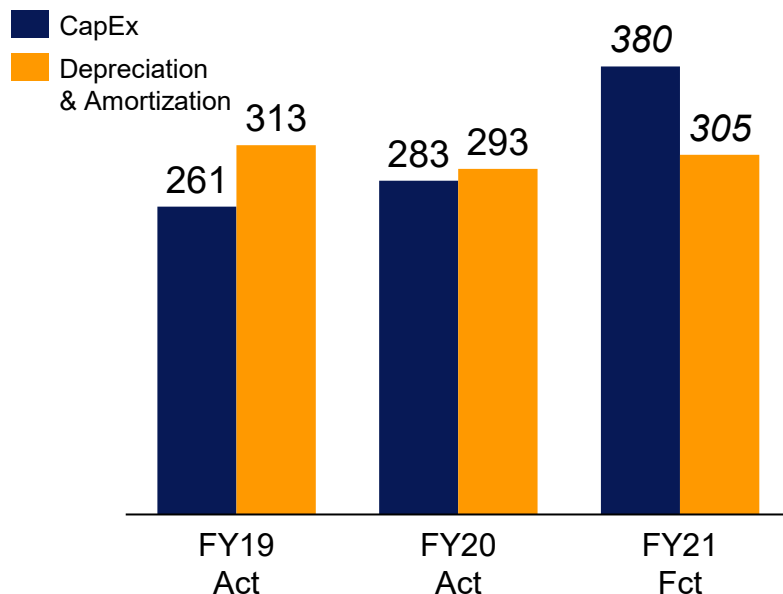
Inventories



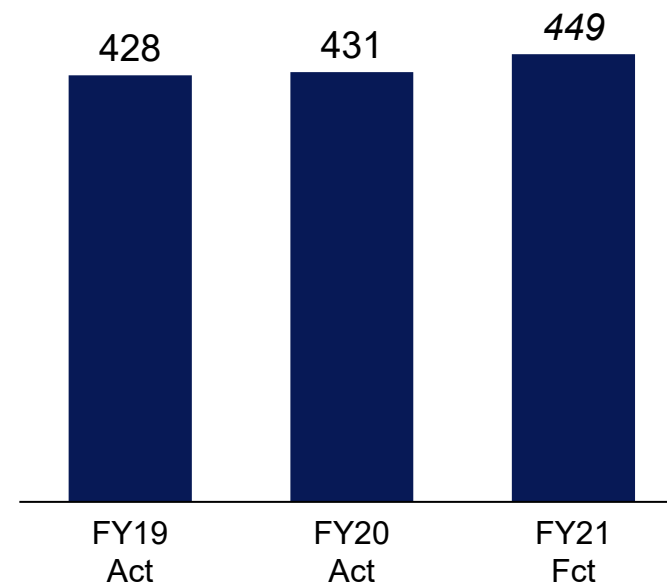
Capital Expenditure/ Depreciation and Amortization/ R&D Expenses

(100 Millions of Yen)

Capital Expenditure/ Depreciation & Amortization



R&D Expenses



Breakdown by business (CapEx)

	FY19	FY20	FY21
P&S	109	135	170
P&H	5	10	13
Machinery	24	30	51
N&C	49	19	22
Domino	21	21	27
Others	52	67	97
Total	261	283	380

Breakdown by business (R&D)

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

【Dividend forecast】

The year-end dividend forecast is revised to be 34 yen per share and the annual dividend is projected to be 64 yen

	Interim dividend	Year-end dividend	Annual dividend
FY2021	30 yen	34 yen (planned)	64 yen (planned)
FY2020	27 yen	33 yen	60 yen
FY2019	30 yen	30 yen	60 yen

【Share repurchase】

The Company will conduct share repurchases up to 10 billion yen
(Period of repurchase: Feb. 2–Jul. 29, 2022)

Business Segment Information

Printing & Solutions Sales Revenue & Profit



(100 Millions of Yen)

	20Q3	21Q3	Change	Change w/o FX
Sales Revenue	1,092	1,149	5.2%	-1.3%
Communications & Printing equipment	963	1,001	3.9%	-2.5%
Americas	335	357	6.6%	-1.8%
Europe	323	330	2.1%	-3.5%
Asia & Others	177	176	-1.0%	-9.4%
Japan	129	139	8.0%	8.0%
Electronic stationery	129	148	15.3%	7.6%
Americas	54	65	21.6%	11.8%
Europe	41	46	10.9%	4.8%
Asia & Others	21	24	15.4%	5.4%
Japan	13	13	2.2%	2.2%

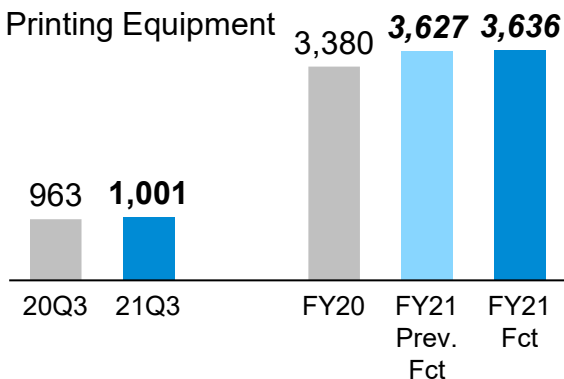
	FY20	Previous Forecast	FY21 Forecast	Change vs LY	Change w/o FX
Sales Revenue	3,848	4,169	4,198	9.1%	3.9%
Communications & Printing equipment	3,380	3,627	3,636	7.6%	2.5%
Americas	1,214	1,275	1,307	7.7%	2.2%
Europe	1,133	1,148	1,165	2.8%	-2.4%
Asia & Others	622	679	683	9.8%	2.1%
Japan	410	524	481	17.1%	17.1%
Electronic stationery	468	542	562	20.0%	14.0%
Americas	204	244	253	23.7%	17.6%
Europe	142	167	171	20.9%	14.8%
Asia & Others	70	84	89	28.1%	18.3%
Japan	52	48	48	-7.7%	-7.7%

Business Segment Profit	243	178	-26.7%	-
Operating Profit	242	179	-26.0%	-

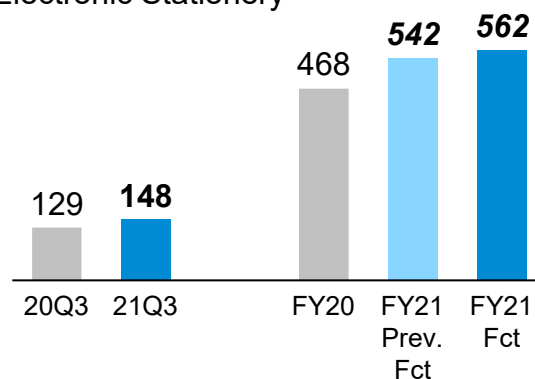
Business Segment Profit	652	554	580	-11.0%	-
Operating Profit	610	564	593	-2.8%	-

<Sales Revenue>

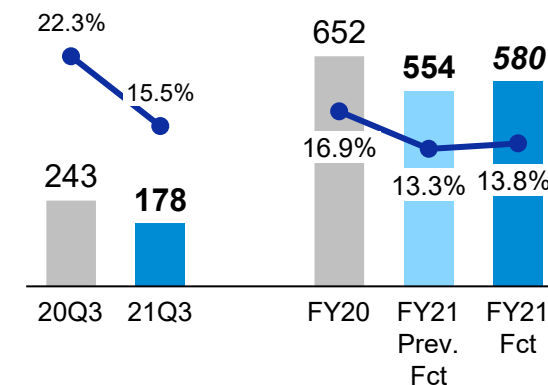
Communications & Printing Equipment



Electronic Stationery



<Business Segment Profit> —●— Profit ratio



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

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19Q1 19Q2 19Q3 19Q4 20Q1 20Q2 20Q3 20Q4 21Q1 21Q2 21Q3 21Q4 FY19 FY20 FY21 Fct

LBP

													FY19	FY20	FY21 Fct
Sales revenue growth rate (JPY/YoY)															
Hardware	-9%	-8%	-7%	-2%	6%	19%	18%	18%	-10%	-4%	-9%	-	-7%	15%	-6%
Consumable	2%	-6%	-2%	-3%	-18%	1%	0%	-1%	21%	15%	14%	-	-2%	-5%	14%
Sales revenue growth rate (LC/YoY)															
Hardware	-6%	-4%	-3%	2%	11%	22%	21%	18%	-16%	-9%	-15%	-	-3%	18%	-10%
Consumable	4%	-1%	3%	0%	-15%	2%	2%	-3%	12%	9%	6%	-	1%	-4%	8%

IJP

Sales revenue growth rate (JPY/YoY)															
Hardware	-2%	8%	-7%	-3%	-37%	-49%	-12%	-3%	90%	95%	17%	-	-1%	-25%	40%
Consumable	1%	-2%	-8%	4%	-23%	-1%	9%	-6%	11%	-6%	-3%	-	-2%	-5%	-3%
Sales revenue growth rate (LC/YoY)															
Hardware	1%	13%	-4%	0%	-33%	-48%	-9%	-3%	79%	87%	11%	-	2%	-23%	34%
Consumable	3%	3%	-5%	7%	-20%	-1%	10%	-8%	5%	-10%	-7%	-	2%	-5%	-6%
Cosumable Ratio															
	60%	58%	57%	59%	55%	57%	55%	56%	56%	57%	58%	-	58%	55%	56%
Growth rate of Hardware (YoY)															
LBP	-13%	-4%	-2%	3%	12%	10%	6%	0%	-28%	-16%	-20%	-	-5%	7%	-
IJP	0%	13%	1%	7%	-39%	-57%	-24%	-25%	65%	101%	1%	-	5%	-36%	-

Personal & Home Sales Revenue & Profit

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(100 Millions of Yen)

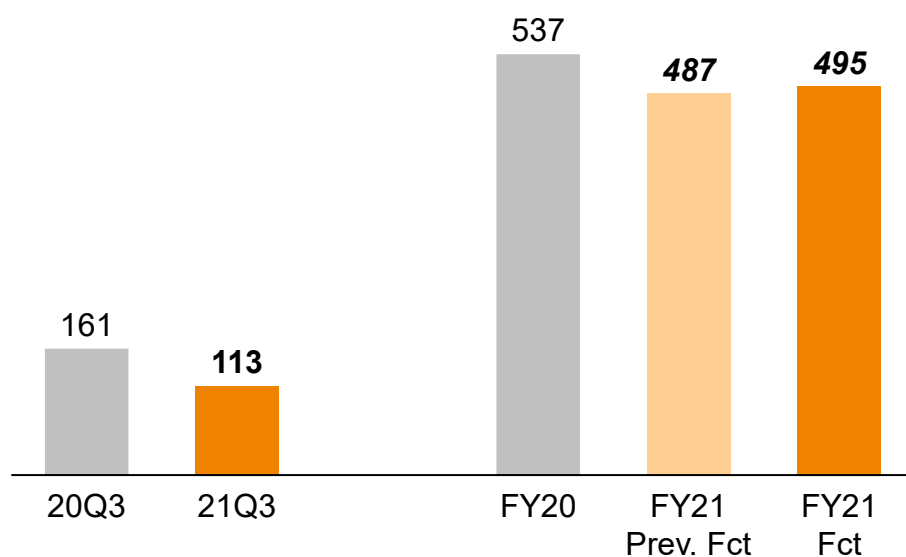
	20Q3	21Q3	Change	Change w/o FX
Sales Revenue	161	113	-29.5%	-34.1%
Americas	84	63	-24.8%	-30.6%
Europe	48	31	-34.3%	-37.6%
Asia & Others	17	13	-21.3%	-27.2%
Japan	12	6	-54.1%	-54.1%

	FY20	Previous Forecast	FY21 Forecast	Change vs LY	Change w/o FX
Sales Revenue	537	487	495	-7.7%	-12.0%
Americas	273	265	270	-1.0%	-5.5%
Europe	160	139	142	-11.3%	-16.1%
Asia & Others	56	49	51	-9.0%	-14.6%
Japan	48	34	32	-32.3%	-32.3%

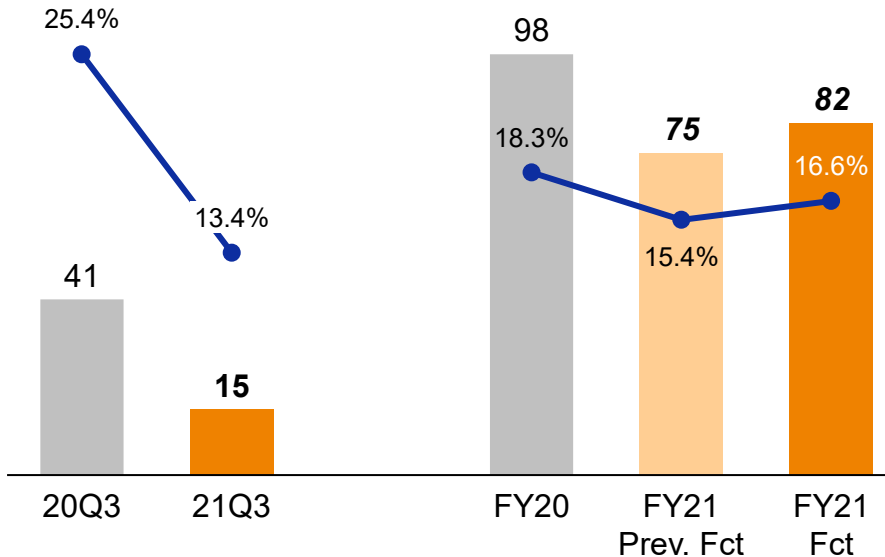
Business Segment Profit	41	15	-62.8%	-
Operating Profit	40	16	-61.3%	-

Business Segment Profit	98	75	82	-16.4%	-
Operating Profit	96	76	84	-12.9%	-

<Sales Revenue>



<Business Segment Profit>



Machinery Sales Revenue & Profit

(100 Millions of Yen)

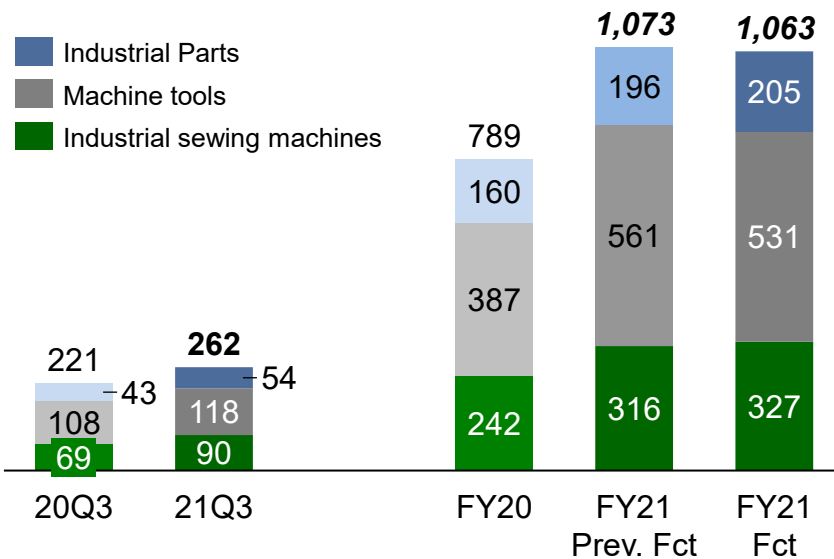
	20Q3	21Q3	Change	Change w/o FX
Sales Revenue	221	262	18.8%	13.2%
Industrial sewing machines	69	90	30.2%	20.4%
Machine tools	108	118	9.4%	5.3%
Industrial Parts	43	54	24.0%	21.5%

	FY20	Previous Forecast	FY21 Forecast	Change vs LY	Change w/o FX
Sales Revenue	789	1,073	1,063	34.7%	29.7%
Industrial sewing machines	242	316	327	35.4%	27.8%
Machine tools	387	561	531	37.2%	32.6%
Industrial Parts	160	196	205	27.6%	25.6%

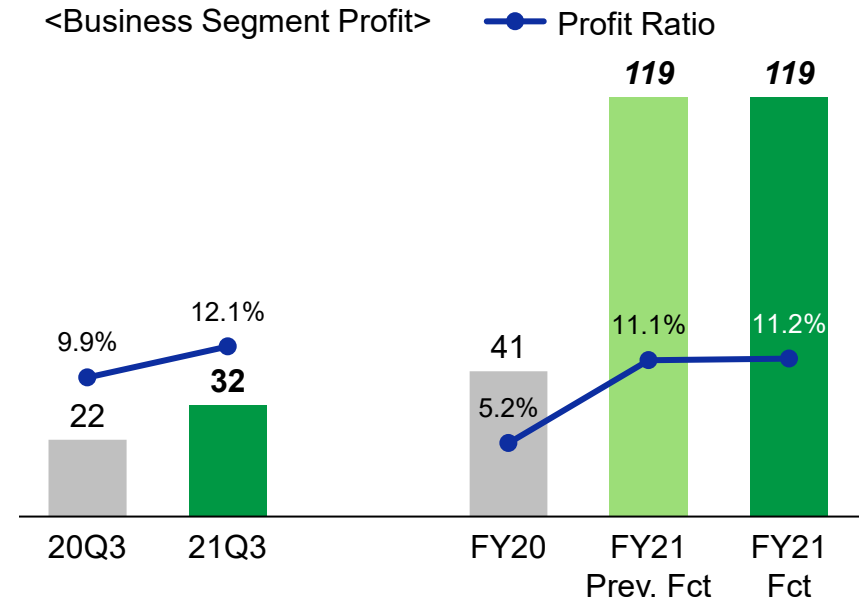
Business Segment Profit	22	32	45.0%	-
Operating Profit	13	32	139.9%	-

Business Segment Profit	41	119	119	188.8%	-
Operating Profit	33	118	120	263.2%	-

<Sales Revenue>



<Business Segment Profit>



Machinery Sales Revenue by Region

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(100 Millions of Yen)

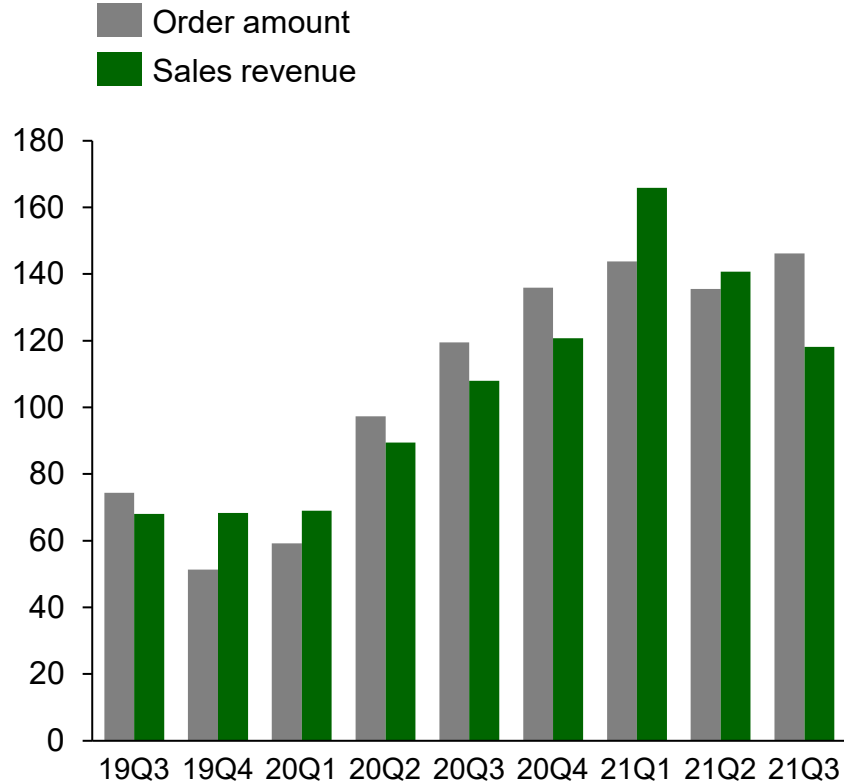
	20Q3	21Q3	Change	Change w/o FX
Sales Revenue	221	262	18.8%	13.2%
Industrial sewing machines	69	90	30.2%	20.4%
Americas	22	28	24.5%	14.6%
Europe	17	22	31.8%	25.2%
Asia & Others	27	38	40.8%	27.9%
Japan	3	2	-26.2%	-26.2%
Machine tools	108	118	9.4%	5.3%
Americas	5	7	37.9%	-
Europe	7	9	26.5%	-
Asia & Others	80	81	1.0%	-
Japan	16	21	34.3%	-
Industrial Parts	43	54	24.0%	21.5%
Americas	6	7	15.7%	6.3%
Europe	-	-	-	-
Asia & Others	6	8	25.8%	18.0%
Japan	31	39	25.2%	25.2%

	FY20	Previous Forecast	FY21 Forecast	Change vs LY	Change w/o FX
	789	1,073	1,063	34.7%	29.7%
	242	316	327	35.4%	27.8%
Americas	87	94	96	10.4%	5.2%
Europe	56	72	71	28.8%	22.6%
Asia & Others	88	146	146	66.4%	54.6%
Japan	12	3	14	19.1%	19.1%
	387	561	531	37.2%	32.6%
Americas	20	33	33	64.8%	-
Europe	19	34	34	79.9%	-
Asia & Others	289	406	375	29.7%	-
Japan	59	89	89	51.0%	-
	160	196	205	27.6%	25.6%
Americas	21	27	28	34.9%	28.6%
Europe	-	-	-	-	-
Asia & Others	20	23	27	38.6%	29.0%
Japan	120	146	150	24.6%	24.6%

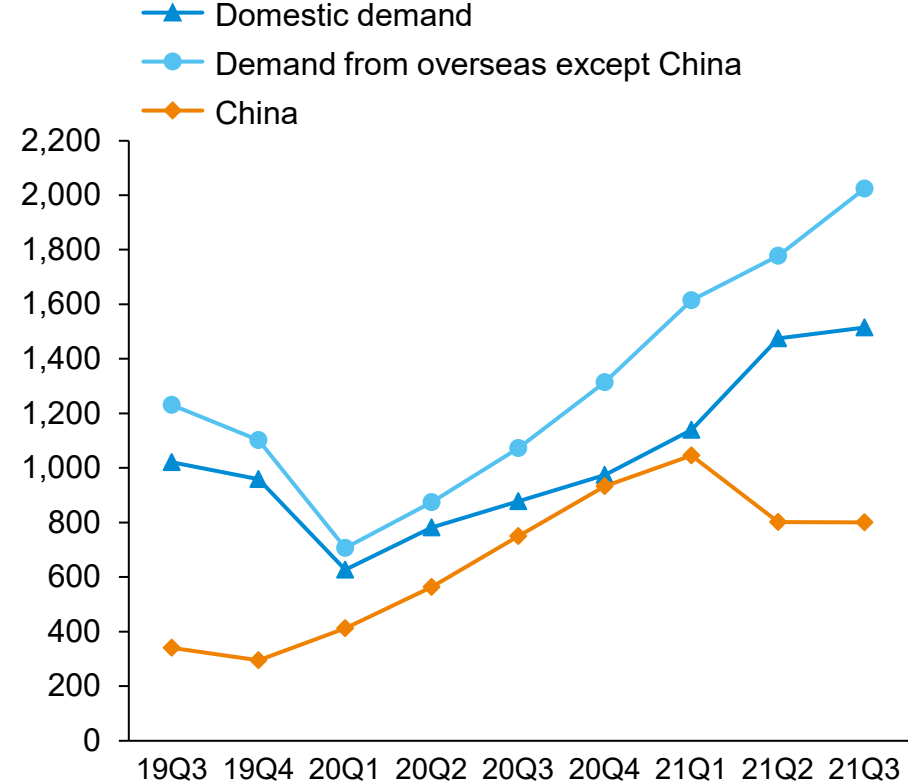
Machinery (Machine tools) Order Trends

(100 Millions of Yen)

Trends in order amount and sales revenue



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



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

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

Network & Contents Sales Revenue & Profit

(100 Millions of Yen)

	20Q3	21Q3	Change
Sales Revenue	88	85	-3.1%

	FY20	Previous Forecast	FY21 Forecast	Change vs LY
Sales Revenue	310	313	301	-3.0%

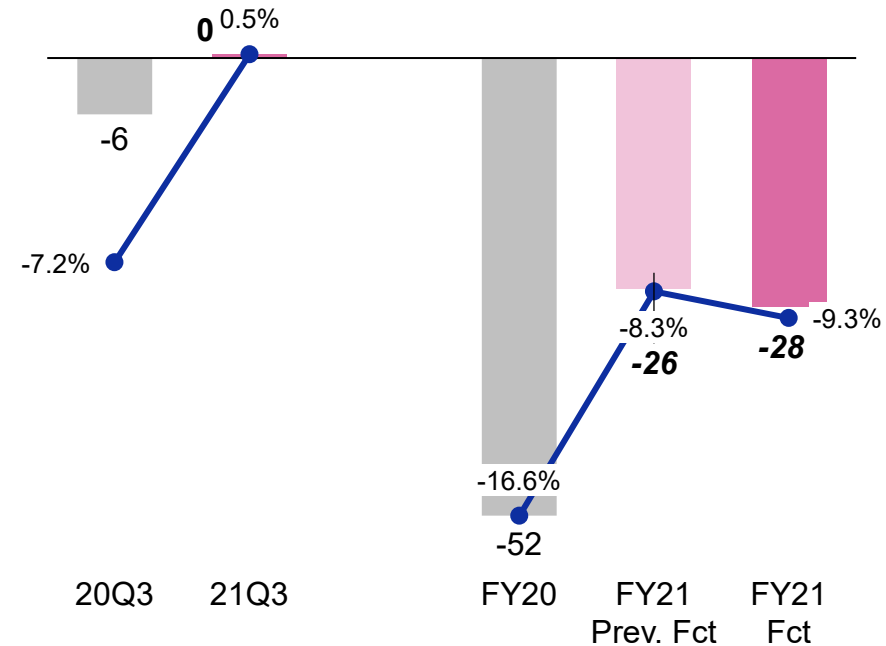
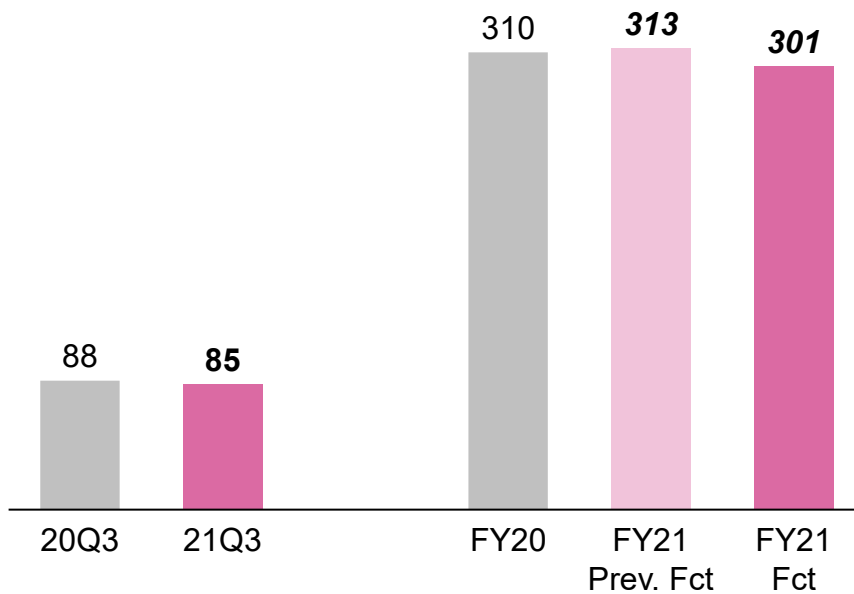
Business Segment Profit	-6	0	-
Operating Profit	-7	12	-

Business Segment Profit	-52	-26	-28	-
Operating Profit	-73	-2	-7	-

<Sales Revenue>

<Business Segment Profit>

● Profit Ratio



Domino Sales Revenue & Profit

(100 Millions of Yen)

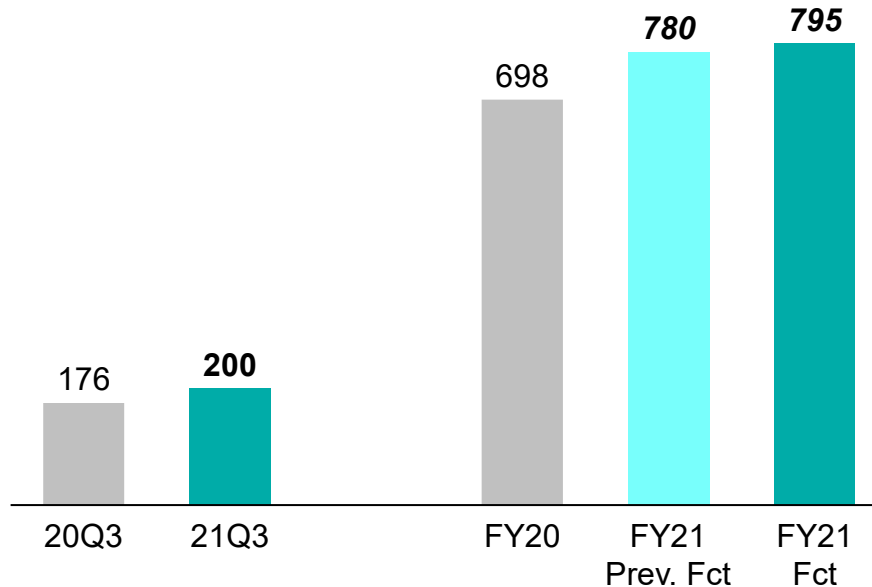
	20Q3	21Q3	Change	Change w/o FX
Sales Revenue	176	200	13.8%	4.4%
Americas	44	47	4.9%	-2.1%
Europe	80	92	15.1%	3.0%
Asia & Others	51	61	19.5%	11.3%

	FY20	Previous Forecast	FY21 Forecast	Change vs LY	Change w/o FX
Sales Revenue	698	780	795	13.8%	6.0%
Americas	176	192	196	11.2%	4.2%
Europe	324	362	367	13.3%	4.3%
Asia & Others	198	226	231	16.9%	10.9%

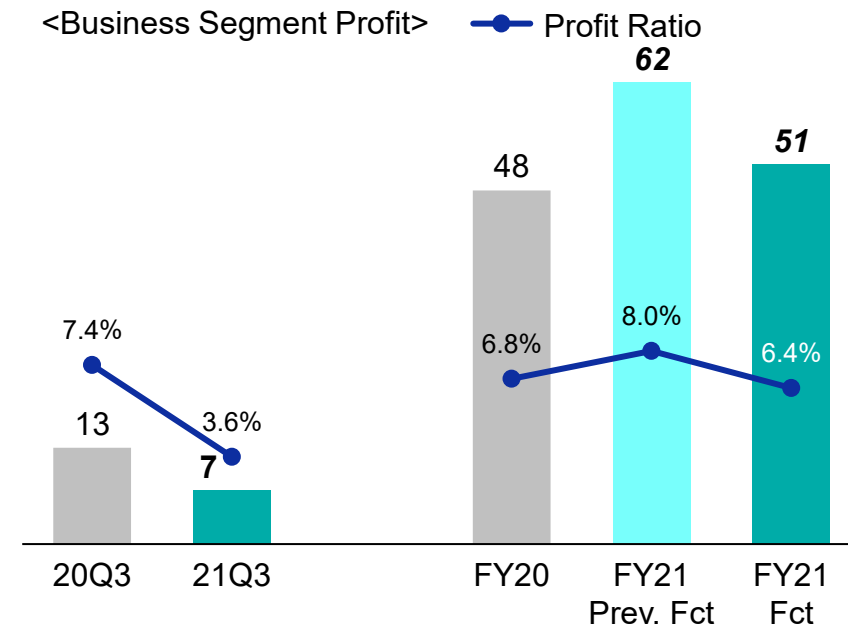
Business Segment Profit	13	7	-44.5%	-
Operating Profit	10	7	-31.7%	-

Business Segment Profit	48	62	51	7.3%	-
Operating Profit	-239	61	49	-	-

<Sales Revenue>



<Business Segment Profit>



The new medium-term business strategy CS B2024 (FY2022-2024) will be announced on the same day as the FY2021 financial results announcement (scheduled for May 2022)

brother
at your side