

**Fiscal Year 2022** (ending March 31, 2023)

**Third Quarter Financial Results**

**Brother Industries, Ltd.**

**February 7, 2023**

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 FY2022 Q3 (Oct.-Dec.)

**Revenue increased due mainly to positive FX effects**

**Profit decreased substantially due to factors such as the lower gross profit caused by decreased sales of consumables in the P&S business, and an increase in SG&A, and parts and materials costs**

◆ **Sales revenue** **216.8 billion yen/ +17.5% (year-on-year)**

- ✓ The positive FX effects resulting from the weaker yen contributed greatly to the increase in revenue

◆ **Business segment profit** **16.0 billion yen/ -31.8% (year-on-year)**

- ✓ In the P&S business, despite effects from price adjustments, profit decreased substantially due to the lower gross profit caused by the change in the sales ratio of hardware and consumables, and decreased sales of consumables
- ✓ Factors such as an increase in SG&A, and parts and materials costs put pressure on profit

## Forecast for FY2022

**The forecasts for both sales revenue and business segment profit have been revised downward in response to lower-than-expected results in the third quarter and revised plans for the fourth quarter mainly in the P&S business**

### Financial Results for FY2022 Q3

Although revenue increased due mainly to positive FX effects, profit decreased substantially due to factors such as the lower gross profit caused by decreased sales of consumables in the P&S business, an increase in SG&A, parts and materials costs.

#### Sales revenue

Sales revenue increased by 17.5% year-on-year to **216.8** billion yen.

In particular, the positive FX effects resulting from the weaker yen contributed greatly to the increase in revenue.

#### Business segment profit

Business segment profit decreased by 31.8% year-on-year to **16.0** billion yen.

In the P&S business, despite effects from price adjustments, profit decreased substantially due to the lower gross profit caused by the change in the sales ratio of hardware and consumables, and decreased sales of consumables.

In addition, factors such as an increase in SG&A, parts and materials costs put pressure on profit.

### Forecast for FY2022

The forecasts for both sales revenue and business segment profit have been revised downward in response to lower-than-expected results in the third quarter and revised plans for the fourth quarter mainly in the P&S business.

## Results for FY2022 Q3 (Oct.-Dec.)

# Consolidated Results for FY2022 Q3



Revenue increased due mainly to positive FX effects  
 Profit decreased substantially due to factors such as the lower gross profit caused by decreased sales of consumables in the P&S business, and an increase in SG&A, and parts and materials costs

(100 Millions of Yen)

|  | 21Q3   | 22Q3          | Change (w/o FX) | Rate of Change (w/o FX) |
|--|--------|---------------|-----------------|-------------------------|
| Sales revenue                          | 1,845  | <b>2,168</b>  | 324<br>(78)     | 17.5%<br>(4.2%)         |
| Business Segment Profit                | 235    | <b>160</b>    | -75<br>(-68)    | -31.8%<br>(-29.0%)      |
| Business Segment Profit Ratio          | 12.8%  | 7.4%          |                 |                         |
| Other income/expense                   | 13     | <b>55</b>     | 42              |                         |
| Operating Profit                       | 248    | <b>215</b>    | -33             | -13.3%                  |
| Operating Profit Ratio                 | 13.5%  | 9.9%          |                 |                         |
| Income before Tax                      | 252    | <b>219</b>    | -33             | -13.0%                  |
| Net Income attribute to parent company | 174    | <b>127</b>    | -47             | -27.1%                  |
| USD                                    | 113.60 | <b>141.16</b> | 27.56           |                         |
| EUR                                    | 130.39 | <b>143.74</b> | 13.35           |                         |

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I will now discuss business results.

In the third quarter of FY2022, sales revenue was **216.8** billion yen, up 32.4 billion yen from the same period of the previous year due mainly to positive FX effects.

Meanwhile, with regard to profit,

Business segment profit was **16.0** billion yen, down 7.5 billion yen.

Operating profit was **21.5** billion yen, down 3.3 billion yen.

Net income attributable to owners of the parent company was **12.7** billion yen, down 4.7 billion yen.



# Results for FY2022 Q3 by Business Segment



(100 Millions of Yen)

|                  | Sales revenue |              |            | Business segment profit |            |            | Operating profit |            |            |
|------------------|---------------|--------------|------------|-------------------------|------------|------------|------------------|------------|------------|
|                  | 21Q3          | 22Q3         | Change     | 21Q3                    | 22Q3       | Change     | 21Q3             | 22Q3       | Change     |
| <b>P&amp;S</b>   | 1,149         | 1,337        | 188        | 178                     | 91         | -87        | 179              | 102        | -77        |
| <b>Machinery</b> | 208           | 257          | 49         | 28                      | 28         | 0          | 28               | 26         | -2         |
| <b>Domino</b>    | 207           | 255          | 48         | 8                       | 11         | 3          | 8                | 3          | -5         |
| <b>Nissei</b>    | 54            | 61           | 7          | 4                       | 7          | 3          | 4                | 7          | 2          |
| <b>P&amp;H</b>   | 113           | 137          | 24         | 15                      | 21         | 6          | 16               | 21         | 5          |
| <b>N&amp;C</b>   | 85            | 91           | 6          | 0                       | 2          | 1          | 12               | 1          | -11        |
| <b>Other</b>     | 28            | 31           | 3          | 2                       | 2          | 0          | 2                | 55         | 54         |
| <b>Total</b>     | <b>1,845</b>  | <b>2,168</b> | <b>324</b> | <b>235</b>              | <b>160</b> | <b>-75</b> | <b>248</b>       | <b>215</b> | <b>-33</b> |

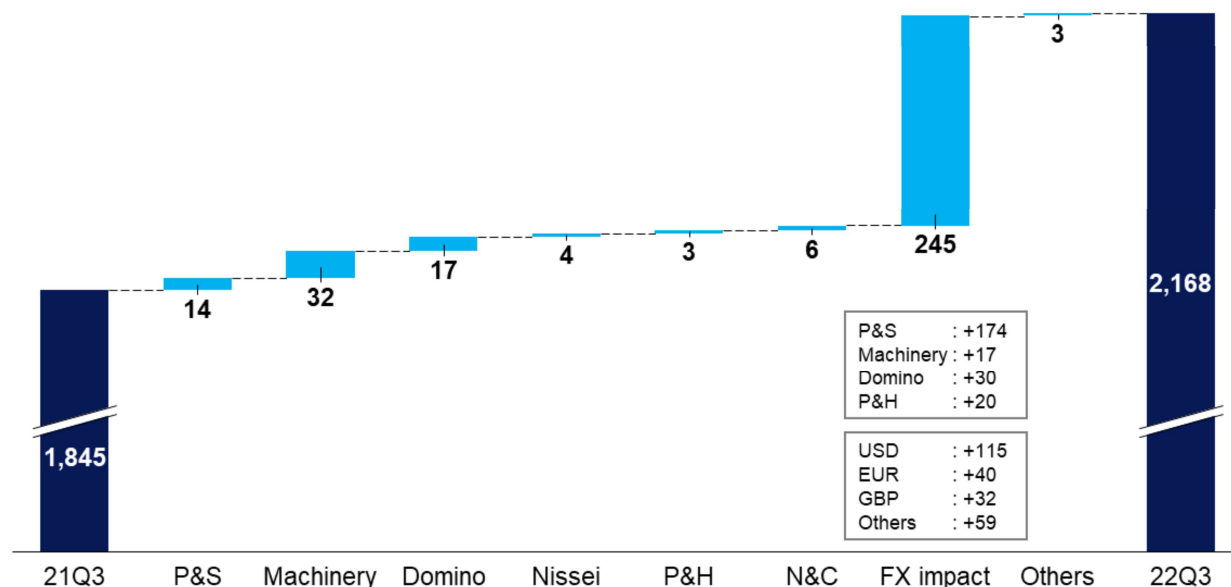
\* "Other" includes elimination amounts from inter-segment transactions.

This slide shows results in each business segment.

Effective FY2022 business segmentation has been changed as per the medium-term business strategy "CS B2024" (FY2022 to FY2024) and the figures for FY2021 have been revised as well for comparison. The same applies to the figures on the following pages.

Revenue increased, due mainly to positive FX effects

(100 Millions of Yen)



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

These are the main factors behind the changes in sales revenue for the third quarter of FY2022. The amount of change for each business is on a results basis excluding FX effects.

• **P&S**

Although sales of consumables decreased, hardware performed well, resulting in an increase in revenue for the business as a whole.

• **Machinery**

Sales of industrial sewing machines decreased due to concerns over an economic slowdown. Demand for machine tools was firm despite effects from supply constraints caused by shortages of parts and materials, and revenue for the business as a whole increased.

• **Domino**

Revenue increased as consumables maintained momentum for both C&M and DP.

• **Nissei**

Revenue increased due mainly to the strong performance of reducers resulting from increased demand for capital investment.

• **P&H**

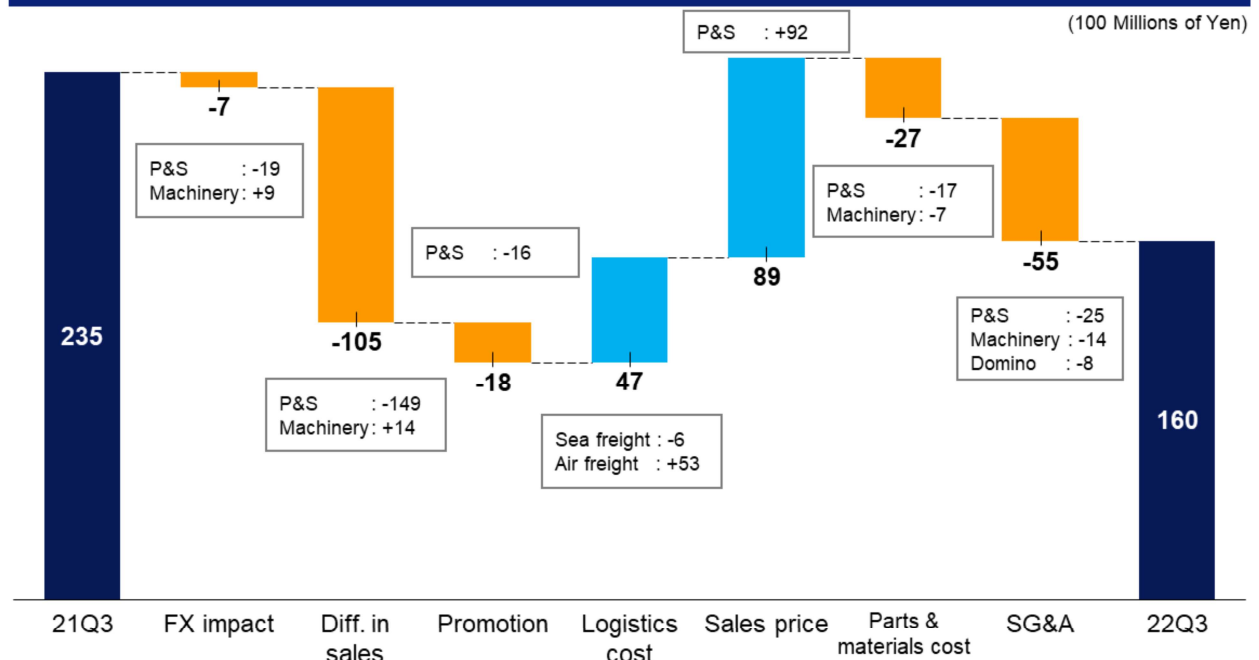
Although stay-at-home demand has run its course, sales were firm, especially in the Americas, resulting in an increase in revenue.

• **N&C**

Revenue increased as sales at karaoke clubs increased with the recovery of the number of karaoke customers following the easing of activity restrictions under the COVID-19 pandemic, and sales of karaoke systems were firm.

Due to these factors, in addition to the positive FX effects of 24.5 billion yen resulting from the weaker yen, company-wide sales revenue increased 32.4 billion yen to **216.8** billion yen.

Despite effects from price adjustments mainly in the P&S business, profit decreased substantially due to factors such as the lower gross profit caused by the lower consumables to hardware ratio and decreased sales of consumables mainly in the P&S business, as well as an increase in SG&A, and parts and materials costs



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

• **FX impact**

While the Machinery and other businesses had positive FX effects, the P&S business had negative FX effects due mainly to the decline in the value of the yen against the U.S. dollar.

• **Differences in sales**

The lower gross profit caused by the lower consumables to hardware ratio and decreased sales of consumables in the P&S business had a large impact.

• **Logistics cost**

In the P&S business, air transportation expenses decreased substantially from the same period of the previous year.

• **Sales price**

The impact was mainly in the P&S business. Average unit prices increased as a result of the effects of price adjustments.

• **Parts and materials costs**

The change was mainly due to higher costs for electronic components in the P&S business.

• **SG&A**

Personnel expenses, logistics-related costs in the U.S., and other expenses increased.

As a result of these factors, business segment profit was **16.0** billion yen, a year-on-year decrease of 7.5 billion yen.

## Results for FY2022 Q3 YTD (Apr.-Dec.)

# Consolidated Results for FY2022 Q3 YTD



Revenue increased, due mainly to firm performance of the P&S business, in addition to positive FX effects  
 Despite effects from price adjustments in the P&S business, business segment profit decreased substantially due mainly to the lower gross profit caused by decreased sales of consumables in the P&S business, as well as a significant increase in parts and materials costs, and an increase in SG&A

(100 Millions of Yen)

|   | FY21<br>Q3 YTD | FY22<br>Q3 YTD | Change<br>(w/o FX) | Rate of Change<br>(w/o FX) |
|---|----------------|----------------|--------------------|----------------------------|
| Sales revenue                             | 5,350          | <b>6,135</b>   | 785<br>(124)       | 14.7%<br>(2.3%)            |
| Business Segment Profit                   | 729            | <b>520</b>     | -210<br>(-259)     | -28.7%<br>(-35.5%)         |
| Business Segment Profit Ratio             | 13.6%          | <b>8.5%</b>    |                    |                            |
| Other income/expense                      | 31             | <b>70</b>      | 39                 |                            |
| Operating Profit                          | 760            | <b>590</b>     | -170               | -22.4%                     |
| Operating Profit Ratio                    | 14.2%          | <b>9.6%</b>    |                    |                            |
| Income before Tax                         | 768            | <b>601</b>     | -166               | -21.7%                     |
| Net Income<br>attribute to parent company | 543            | <b>430</b>     | -113               | -20.8%                     |
| USD                                       | 111.38         | <b>135.40</b>  | 24.02              |                            |
| EUR                                       | 130.85         | <b>140.42</b>  | 9.57               |                            |

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Due mainly to positive FX effects, sales revenue for the year-to-date Q3 of FY2022 was up 78.5 billion yen to **613.5** billion yen.

Meanwhile, with regard to profit,

Business segment profit was **52.0** billion yen, down 21.0 billion yen

Operating profit was **59.0** billion yen, down 17.0 billion yen

Net income attributable to owners of the parent company was **43.0** billion yen, down 11.3 billion yen.

# Results for FY2022 Q3 YTD by Business Segment



(100 Millions of Yen)

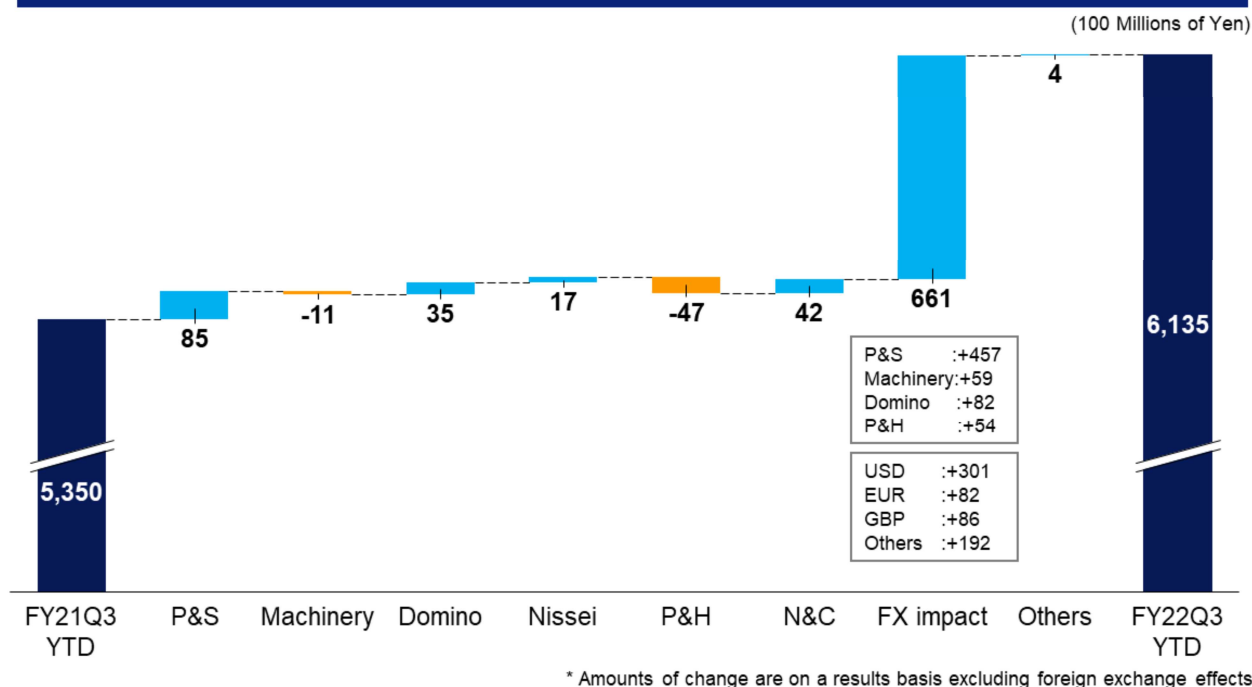
|                  | Sales revenue  |                |            | Business segment profit |                |             | Operating profit |                |             |
|------------------|----------------|----------------|------------|-------------------------|----------------|-------------|------------------|----------------|-------------|
|                  | FY21<br>Q3 YTD | FY22<br>Q3 YTD | Change     | FY21<br>Q3 YTD          | FY22<br>Q3 YTD | Change      | FY21<br>Q3 YTD   | FY22<br>Q3 YTD | Change      |
| <b>P&amp;S</b>   | 3,201          | 3,742          | 542        | 501                     | 320            | -181        | 506              | 326            | -180        |
| <b>Machinery</b> | 683            | 731            | 48         | 106                     | 80             | -25         | 106              | 85             | -21         |
| <b>Domino</b>    | 626            | 743            | 117        | 52                      | 41             | -11         | 51               | 40             | -10         |
| <b>Nissei</b>    | 154            | 180            | 25         | 14                      | 19             | 5           | 15               | 19             | 5           |
| <b>P&amp;H</b>   | 389            | 395            | 7          | 73                      | 48             | -25         | 74               | 49             | -25         |
| <b>N&amp;C</b>   | 218            | 260            | 42         | -19                     | 5              | 25          | 3                | 10             | 7           |
| <b>Other</b>     | 79             | 83             | 4          | 4                       | 7              | 3           | 6                | 61             | 55          |
| <b>Total</b>     | <b>5,350</b>   | <b>6,135</b>   | <b>785</b> | <b>729</b>              | <b>520</b>     | <b>-210</b> | <b>760</b>       | <b>590</b>     | <b>-170</b> |

\* "Other" includes elimination amounts from inter-segment transactions.

This slide shows results in each business segment.

# FY2022 Q3 YTD Main Factors for Changes in Sales Revenue

Revenue increased, due mainly to positive FX effects



These are the main factors behind the changes in sales revenue for the year-to-date Q3 of FY2022. The amount of change for each business is on a results basis excluding FX effects.

### • P&S

Demand for consumables decreased following a last-minute surge ahead of price hikes. For hardware, however, there were effects from price adjustments, in addition to an increase in sales volume in conjunction with the easing of supply constraints, resulting in an increase in revenue for the business as a whole.

### • Machinery

With regard to machine tools, although there were effects from supply constraints caused by shortages of parts and materials, demand was firm in the automobile and general machinery markets. Meanwhile, sales of industrial sewing machines decreased due to concerns over an economic slowdown, and revenue in the business as a whole also decreased.

### • Domino

Revenue increased as consumables maintained momentum for both C&M and DP.

### • Nissei

Revenue increased due to the strong performance of reducers resulting from increased demand for capital investment.

### • P&H

Revenue decreased as stay-at-home demand has run its course in many areas and sales of middle- and high-end models decreased.

### • N&C

Revenue increased as sales at karaoke clubs increased with the recovery of the number of karaoke customers following the easing of activity restrictions to prevent the COVID-19 pandemic, and sales of karaoke systems were firm.

Company-wide sales revenue increased 78.5 billion yen to **613.5** billion yen, which includes the positive FX effects of 66.1 billion yen resulting from the weaker yen.

Despite effects from price adjustments and positive FX effects, profit decreased due to lower gross profit caused by the lower consumables to hardware ratio and decreased sales of consumables mainly in the P&S business, as well as a significant increase in parts and materials costs, and an increase in SG&A



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

• **FX impact**

Almost all businesses had positive FX effects.

• **Differences in sales**

The lower gross profit caused by the lower consumables to hardware ratio and decreased sales of consumables in the P&S business had a large impact.

• **Sales price**

The impact was mainly in the P&S business. Average unit prices increased as a result of the effects of price adjustments.

• **Parts and materials costs**

The change was mainly due to higher costs for electronic components in the P&S business.

• **SG&A**

Personnel expenses, logistics-related costs in the U.S., and other expenses increased.

As a result of these factors, business segment profit was **52.0** billion yen, a year-on-year decrease of 21.0 billion yen.



## Forecast for FY2022

## Forecast for FY2022



The forecasts for both sales revenue and business segment profit have been revised downward in response to lower-than-expected results in the third quarter and revised plans for the fourth quarter mainly in the P&S business

(100 Millions of Yen)

|  | Previous Forecast | FY22 Forecast | Change (w/o FX) | Rate of Change (w/o FX) | FY21 Actual | Change (w/o FX) | Rate of Change (w/o FX) |
|--|-------------------|---------------|-----------------|-------------------------|-------------|-----------------|-------------------------|
| Sales revenue                          | 8,400             | <b>8,250</b>  | -150<br>(-206)  | -1.8%<br>(-2.5%)        | 7,109       | 1,141<br>(346)  | 16.0%<br>(4.9%)         |
| Business Segment Profit                | 700               | <b>650</b>    | -50<br>(-62)    | -7.1%<br>(-8.9%)        | 846         | -196<br>(-228)  | -23.1%<br>(-26.9%)      |
| Business Segment Profit Ratio          | 8.3%              | <b>7.9%</b>   |                 |                         | 11.9%       |                 |                         |
| Other income/expense                   | 30                | <b>80</b>     | 50              |                         | 9           | 71              |                         |
| Operating Profit                       | 730               | <b>730</b>    | 0               | 0.0%                    | 855         | -125            | -14.6%                  |
| Operating Profit Ratio                 | 8.7%              | <b>8.8%</b>   |                 |                         | 12.0%       |                 |                         |
| Income before Tax                      | 730               | <b>730</b>    | 0               | 0.0%                    | 864         | -134            | -15.5%                  |
| Net Income attribute to parent company | 510               | <b>510</b>    | 0               | 0.0%                    | 610         | -100            | -16.4%                  |
| USD                                    | 134.92            | <b>135.13</b> | 0.21            |                         | 112.86      | 22.27           |                         |
| EUR                                    | 137.61            | <b>139.67</b> | 2.06            |                         | 131.01      | 8.66            |                         |

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This slide shows our forecast for FY2022.

No changes have been made to the previous exchange rate assumptions, which serve as preconditions for our forecast, at 135 yen to the USD and 135 yen to the EUR.

For sales revenue, we have revised our forecast downward to **825.0** billion yen, a decrease of 15.0 billion yen from the previous forecast announced on November 9, 2022, in response to lower-than-expected results in the third quarter and revised plans for the fourth quarter mainly in the P&S business despite positive FX effects.

We have also revised our forecast for business segment profit downward by 5.0 billion yen to **65.0** billion yen in response to the revised forecast for sales revenue.

No changes have been made to the previous forecasts for operating profit, income before tax, and net income due in part to gains on sale of fixed assets

# Forecast for FY2022 by Business Segment



(100 Millions of Yen)

|                  | Sales revenue     |               |             | Business Segment Profit |               |            | Operating Profit  |               |          |
|------------------|-------------------|---------------|-------------|-------------------------|---------------|------------|-------------------|---------------|----------|
|                  | Previous Forecast | FY22 Forecast | Change      | Previous Forecast       | FY22 Forecast | Change     | Previous Forecast | FY22 Forecast | Change   |
| <b>P&amp;S</b>   | 5,132             | 4,993         | -139        | 430                     | 370           | -60        | 430               | 376           | -54      |
| <b>Machinery</b> | 1,053             | 1,053         | 0           | 135                     | 135           | 0          | 136               | 136           | 0        |
| <b>Domino</b>    | 966               | 988           | 22          | 43                      | 47            | 4          | 42                | 47            | 5        |
| <b>Nissei</b>    | 234               | 234           | 1           | 18                      | 18            | 0          | 16                | 17            | 1        |
| <b>P&amp;H</b>   | 517               | 508           | -9          | 60                      | 60            | 0          | 60                | 61            | 1        |
| <b>N&amp;C</b>   | 361               | 352           | -9          | 4                       | 1             | -3         | 4                 | 4             | 0        |
| <b>Other</b>     | 137               | 122           | -15         | 10                      | 19            | 9          | 42                | 89            | 47       |
| <b>Total</b>     | <b>8,400</b>      | <b>8,250</b>  | <b>-150</b> | <b>700</b>              | <b>650</b>    | <b>-50</b> | <b>730</b>        | <b>730</b>    | <b>0</b> |

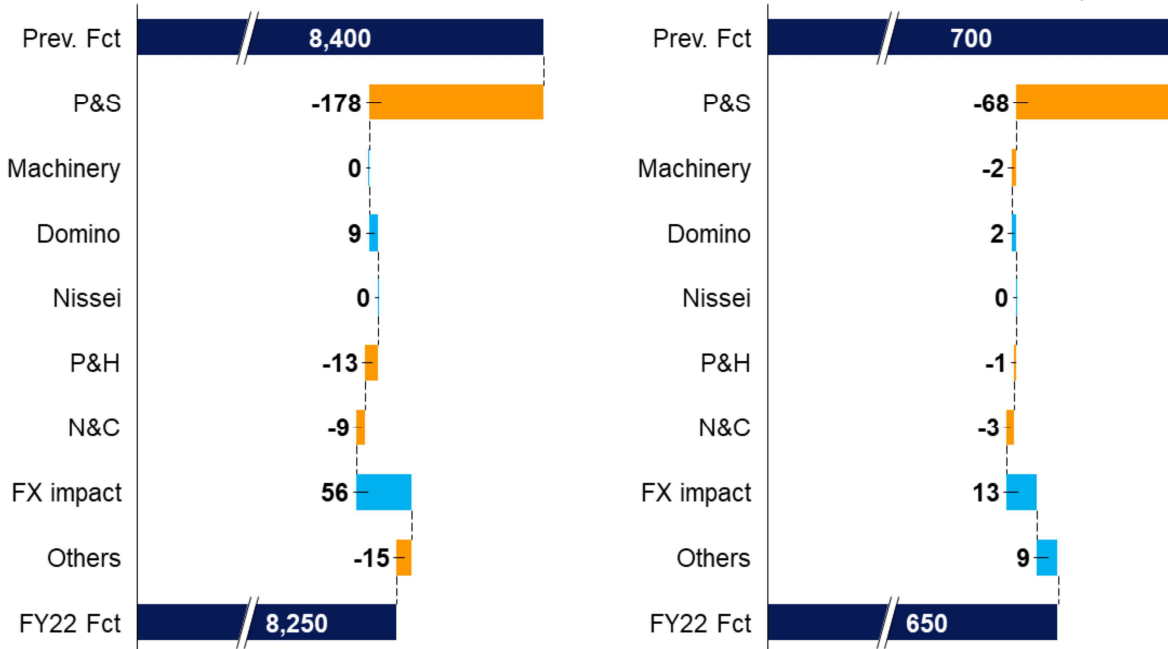
\* "Other" includes elimination amounts from inter-segment transactions.

This slide shows the forecast for the full year by business segment.

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

These are the main factors behind the changes from the previous forecasts for sales revenue and business segment profit in FY2022.

• P&S

The forecasts for both sales and profit have been revised downward in response to lower-than-expected results in the third quarter and revised plans for the fourth quarter.

Although there were positive FX effects aside from the above factors, we have revised our results forecasts downward for both sales and business segment profit.

# Financial Position

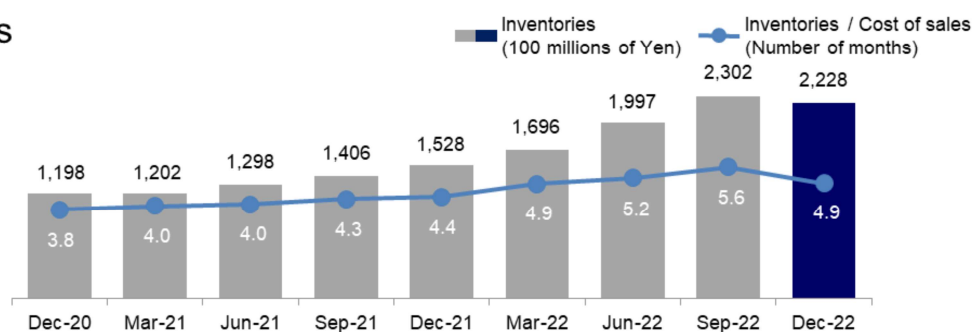
(100 Millions of Yen)

|                       | End of Mar. 22 | End of Dec. 22 | Change |
|-----------------------|----------------|----------------|--------|
| Current assets        | 4,767          | <b>5,027</b>   | 260    |
| Cash&Cash equivalents | 1,679          | <b>1,077</b>   | -602   |
| Inventories           | 1,696          | <b>2,228</b>   | 532    |
| Non-current assets    | 3,344          | <b>3,405</b>   | 61     |
| Total liabilities     | 2,499          | <b>2,533</b>   | 34     |
| Interest-bearing debt | 408            | <b>432</b>     | 23     |
| Shareholders' equity* | 5,611          | <b>5,899</b>   | 287    |
| Total assets          | 8,111          | <b>8,432</b>   | 321    |

\*Equity attributable to owners of the parent company

|                            | End of Mar. 22 | End of Dec. 22 | Change |
|----------------------------|----------------|----------------|--------|
| Net cash                   | 1,271          | <b>646</b>     | -625   |
| Shareholders' equity ratio | 69.2%          | <b>70.0%</b>   | 0.8%   |
| ROE                        | 11.7%          | -              | -      |

## Inventories



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Net cash stood at 64.6 billion yen.

With regard to inventories, although declining from the end of September 2022, the inventory level has still remained high, especially in the P&S business.

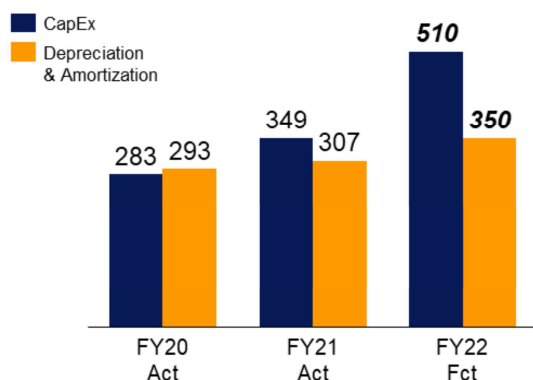
We will continue to seek the appropriate inventory level toward the end of the fiscal year by measures such as adjusting our production according to demand.

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

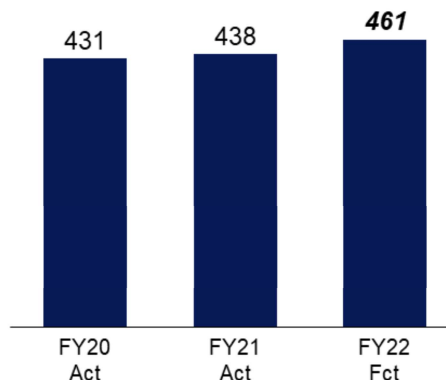
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(100 Millions of Yen)

## Capital Expenditure/Depreciation & Amortization



## R&D Expenses



### Breakdown by business (CapEx)

|                        | FY20       | FY21       | FY22       |
|------------------------|------------|------------|------------|
| Industrial area        | 52         | 68         | 113        |
| Consumer area & Others | 231        | 281        | 397        |
| <b>Total</b>           | <b>283</b> | <b>349</b> | <b>510</b> |

### Breakdown by business (R&D)

|                        | FY20       | FY21       | FY22       |
|------------------------|------------|------------|------------|
| Industrial area        | 91         | 103        | 129        |
| Consumer area & Others | 340        | 335        | 332        |
| <b>Total</b>           | <b>431</b> | <b>438</b> | <b>461</b> |

\* The industrial area combines the Machinery, Domino, and Nissei businesses

There have been no revisions made to the previously announced forecasts for capital expenditure, depreciation and amortization, and R&D expenses in FY2022.

## Business Segment Information

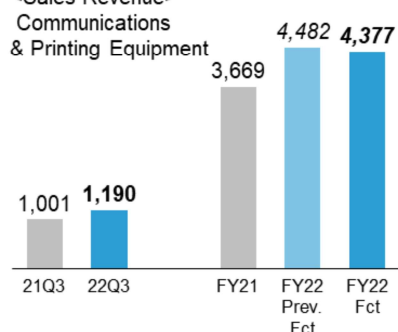
# Printing & Solutions Sales Revenue & Profit

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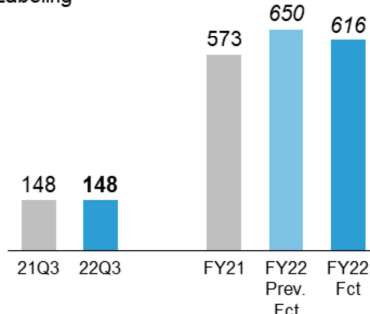
(100 Millions of Yen)

|                                     | 21Q3         | 22Q3         | Change        | Change w/o FX | FY21         | Previous Forecast | FY22 Forecast | Change vs LY  | Change w/o FX |
|-------------------------------------|--------------|--------------|---------------|---------------|--------------|-------------------|---------------|---------------|---------------|
| <b>Sales Revenue</b>                | <b>1,149</b> | <b>1,337</b> | <b>16.4%</b>  | <b>1.2%</b>   | <b>4,242</b> | <b>5,132</b>      | <b>4,993</b>  | <b>17.7%</b>  | <b>4.6%</b>   |
| Communications & Printing Equipment | 1,001        | 1,190        | 18.9%         | 3.3%          | 3,669        | 4,482             | 4,377         | 19.3%         | 6.0%          |
| Americas                            | 357          | 472          | 32.4%         | 8.1%          | 1,307        | 1,800             | 1,741         | 33.2%         | 12.2%         |
| Europe                              | 330          | 369          | 12.1%         | 1.3%          | 1,210        | 1,335             | 1,332         | 10.1%         | 2.4%          |
| Asia & Others                       | 176          | 217          | 23.6%         | 9.3%          | 698          | 860               | 839           | 20.3%         | 7.0%          |
| Japan (includes OEM)                | 139          | 131          | -5.9%         | -11.5%        | 455          | 486               | 465           | 2.2%          | -3.7%         |
| <b>Labeling</b>                     | <b>148</b>   | <b>148</b>   | <b>-0.4%</b>  | <b>-13.2%</b> | <b>573</b>   | <b>650</b>        | <b>616</b>    | <b>7.4%</b>   | <b>-4.6%</b>  |
| Americas                            | 65           | 64           | -2.1%         | -20.2%        | 260          | 321               | 289           | 11.3%         | -6.4%         |
| Europe                              | 46           | 49           | 6.7%          | -3.2%         | 173          | 181               | 182           | 5.2%          | -1.8%         |
| Asia & Others                       | 24           | 23           | -3.5%         | -14.6%        | 91           | 102               | 99            | 8.2%          | -3.8%         |
| Japan                               | 13           | 11           | -11.1%        | -11.1%        | 49           | 47                | 46            | -6.4%         | -6.4%         |
| <b>Business Segment Profit</b>      | <b>178</b>   | <b>91</b>    | <b>-49.0%</b> | <b>-</b>      | <b>598</b>   | <b>430</b>        | <b>370</b>    | <b>-38.1%</b> | <b>-</b>      |
| <b>Operating Profit</b>             | <b>179</b>   | <b>102</b>   | <b>-42.9%</b> | <b>-</b>      | <b>594</b>   | <b>430</b>        | <b>376</b>    | <b>-36.7%</b> | <b>-</b>      |

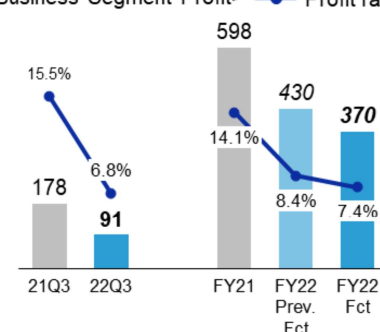
<Sales Revenue>



Labeling



<Business Segment Profit> Profit ratio



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Sales revenue in the P&S business was **133.7** billion yen in the third quarter, up 1.2% on a local currency basis.

## • Communications & Printing equipment

Sales revenue was **119.0** billion yen. The growth rate on a local currency basis was +3.3%.

I will explain the details on the next page.

## • Labeling

Sales revenue was **14.8** billion yen. The growth rate on a local currency basis was -13.2%.

In particular, sales of hardware dropped, affected by supply constraints caused by shortages of parts and materials.

Business segment profit was **9.1** billion yen.

Despite effects from price adjustments, profit decreased substantially due to factors such as the lower gross profit caused by the lower consumables to hardware ratio and decreased sales of consumables, as well as an increase in SG&A, parts and materials costs.



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



|  | 20Q1 | 20Q2 | 20Q3 | 20Q4 | 21Q1 | 21Q2 | 21Q3 | 21Q4 | 22Q1 | 22Q2 | 22Q3 | 22Q4 | FY20 | FY21 |
|--|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| <b>LBP</b>                                 |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| <b>Sales revenue growth rate (JPY/YoY)</b> |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| Hardware                                   | 6%   | 19%  | 18%  | 18%  | -10% | -4%  | -9%  | -8%  | 41%  | 45%  | 42%  | -    | 15%  | -8%  |
| Consumable                                 | -18% | 1%   | 0%   | -1%  | 21%  | 15%  | 14%  | 16%  | 18%  | -8%  | 0%   | -    | -5%  | 16%  |
| <b>Sales revenue growth rate (LC/YoY)</b>  |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| Hardware                                   | 11%  | 22%  | 21%  | 18%  | -16% | -9%  | -15% | -13% | 25%  | 23%  | 21%  | -    | 18%  | -13% |
| Consumable                                 | -15% | 2%   | 2%   | -3%  | 12%  | 9%   | 6%   | 9%   | 7%   | -20% | -13% | -    | -4%  | 9%   |
| <b>IJP</b>                                 |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| <b>Sales revenue growth rate (JPY/YoY)</b> |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| Hardware                                   | -37% | -49% | -12% | -3%  | 90%  | 95%  | 17%  | 15%  | 18%  | 32%  | 46%  | -    | -25% | 45%  |
| Consumable                                 | -23% | -1%  | 9%   | -6%  | 11%  | -6%  | -3%  | 2%   | 19%  | -2%  | 8%   | -    | -5%  | 0%   |
| <b>Sales revenue growth rate (LC/YoY)</b>  |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| Hardware                                   | -33% | -48% | -9%  | -3%  | 79%  | 87%  | 11%  | 10%  | 8%   | 16%  | 30%  | -    | -23% | 38%  |
| Consumable                                 | -20% | -1%  | 10%  | -8%  | 5%   | -10% | -7%  | -2%  | 11%  | -12% | -2%  | -    | -5%  | -4%  |
| <b>Consumable Ratio</b>                    |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
|  | 55%  | 57%  | 55%  | 56%  | 56%  | 57%  | 58%  | 59%  | 53%  | 47%  | 49%  | -    | 55%  | 57%  |
| <b>Growth rate of Hardware (Units/YoY)</b> |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| LBP  | 12%  | 10%  | 6%   | 0%   | -28% | -16% | -20% | -16% | 14%  | 9%   | 3%   | -    | 7%   | -20% |
| IJP  | -39% | -57% | -24% | -25% | 65%  | 101% | 1%   | 7%   | 8%   | 16%  | 42%  | -    | -36% | 34%  |

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This slide shows the sales revenue growth rate and consumable ratios of major printing products in the third quarter.

## • Sales revenue growth rate (local currency basis)

The sales revenue growth rates for laser printers (LBP) were +21% for hardware and -13% for consumables. The sales revenue growth rates for inkjet printers (IJP) were +30% for hardware and -2% for consumables.

Sales of hardware substantially exceeded the level of the same period of the previous fiscal year due to effects from price adjustments, in addition to the increase in sales volume partly in conjunction with the easing of supply constraints.

With regard to consumables, the downturn after a last-minute surge in demand ahead of price hikes in Europe eased. However, sales, especially for laser consumables, decreased substantially as the impact of logistics disruptions in the U.S. continued and the level of stocks at channels remained suppressed mainly in Europe and the U.S.

## • Growth rate of hardware in units

Sales volume was firm for laser All-in-Ones and printers compared to the same period of the previous year, in which there were supply constraints caused by shortages of parts and materials.

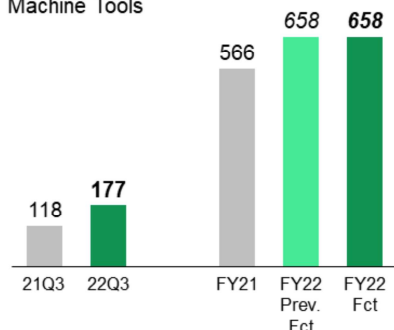
Sales volume was firm for inkjet All-in-Ones, especially tank models for the Asian market.

# Machinery Sales Revenue & Profit

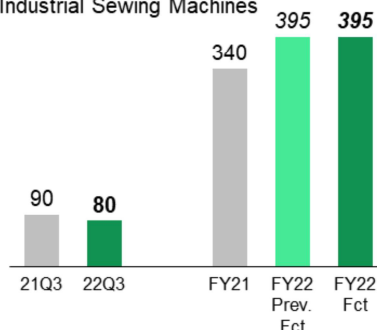
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|                                   | 21Q3       | 22Q3       | Change        | Change w/o FX | FY21       | Previous Forecast | FY22 Forecast | Change vs LY | Change w/o FX | (100 Millions of Yen) |
|-----------------------------------|------------|------------|---------------|---------------|------------|-------------------|---------------|--------------|---------------|-----------------------|
| <b>Sales Revenue</b>              | <b>208</b> | <b>257</b> | <b>23.3%</b>  | <b>15.1%</b>  | <b>905</b> | <b>1,053</b>      | <b>1,053</b>  | <b>16.3%</b> | <b>7.7%</b>   |                       |
| <b>Machine Tools</b>              | <b>118</b> | <b>177</b> | <b>50.2%</b>  | <b>45.7%</b>  | <b>566</b> | <b>658</b>        | <b>658</b>    | <b>16.4%</b> | <b>11.4%</b>  |                       |
| Americas                          | 7          | 13         | 78.7%         | -             | 33         | 35                | 35            | 7.2%         | -             |                       |
| Europe                            | 9          | 12         | 29.4%         | -             | 34         | 35                | 35            | 2.8%         | -             |                       |
| Asia & Others                     | 81         | 123        | 52.3%         | -             | 408        | 444               | 444           | 8.7%         | -             |                       |
| Japan                             | 21         | 30         | 41.3%         | -             | 90         | 143               | 143           | 59.5%        | -             |                       |
| <b>Industrial Sewing Machines</b> | <b>90</b>  | <b>80</b>  | <b>-11.9%</b> | <b>-24.8%</b> | <b>340</b> | <b>395</b>        | <b>395</b>    | <b>16.1%</b> | <b>1.6%</b>   |                       |
| Americas                          | 28         | 28         | 0.2%          | -19.1%        | 94         | 115               | 115           | 22.6%        | 2.6%          |                       |
| Europe                            | 22         | 17         | -23.3%        | -30.3%        | 72         | 80                | 80            | 10.4%        | 4.8%          |                       |
| Asia & Others                     | 38         | 31         | -19.2%        | -31.6%        | 159        | 182               | 182           | 14.4%        | -2.3%         |                       |
| Japan                             | 2          | 4          | 67.8%         | 67.8%         | 15         | 18                | 18            | 21.3%        | 21.3%         |                       |
| <b>Business Segment Profit</b>    | <b>28</b>  | <b>28</b>  | <b>0.2%</b>   | <b>-</b>      | <b>126</b> | <b>135</b>        | <b>135</b>    | <b>7.6%</b>  | <b>-</b>      |                       |
| <b>Operating Profit</b>           | <b>28</b>  | <b>26</b>  | <b>-6.9%</b>  | <b>-</b>      | <b>126</b> | <b>136</b>        | <b>136</b>    | <b>7.3%</b>  | <b>-</b>      |                       |

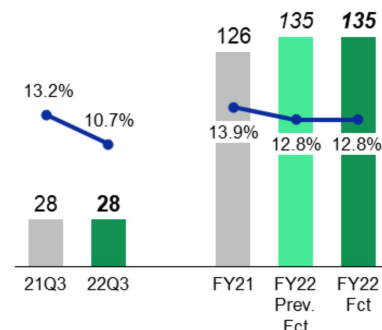
<Sales Revenue>  
Machine Tools



Industrial Sewing Machines



<Business Segment Profit> Profit ratio



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Sales revenue in the Machinery business was **25.7** billion yen in the third quarter, up 15.1% on a local currency basis.

## • Machine tools

Sales revenue was **17.7** billion yen. The growth rate on a local currency basis was +45.7%.

Demand remained firm in the automobile and general machinery markets.

Despite the impact of supply constraints caused by shortages of parts and materials, the production state improved compared to the second quarter and revenue increased significantly.

## • Industrial sewing machines

Sales revenue was **8.0** billion yen. The growth rate on a local currency basis was -24.8%.

With regard to industrial sewing machines, demand for capital investment among apparel manufacturers in Asia decreased due to concerns over an economic slowdown.

For garment printers, sales decreased, especially in the Americas.

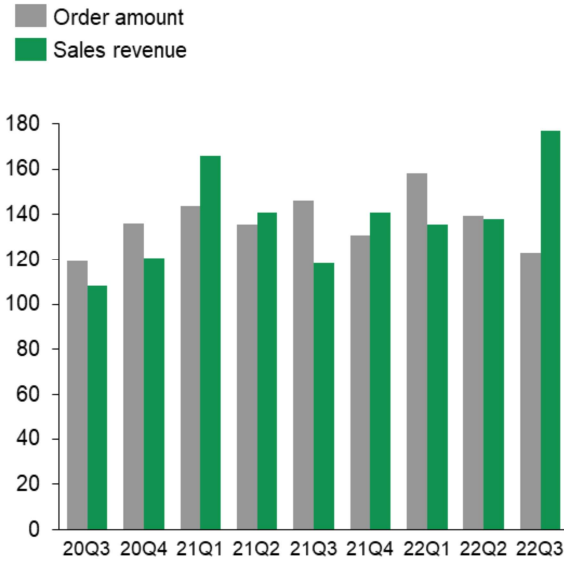
Business segment profit was **2.8** billion yen.

Despite an increase in SG&A, parts and materials costs, business segment profit was on a par with the level of the same period of the previous year due in part to positive FX effects.

# Machinery (Machine Tools) Order Trends

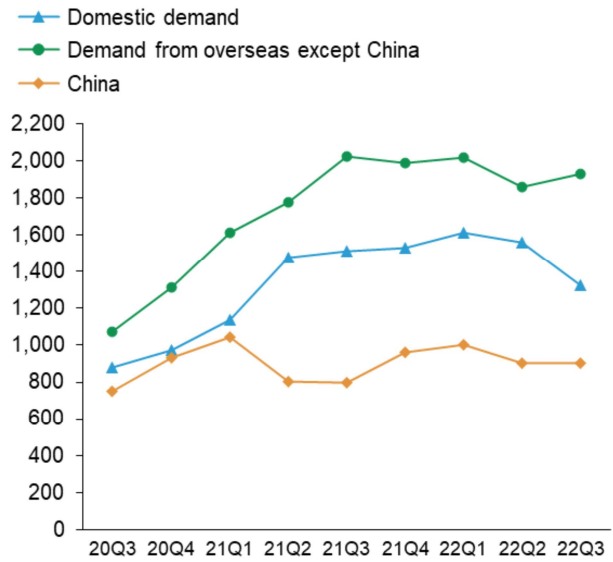


Trends in order amount and sales revenue



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

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



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

This slide shows trends in sales revenue and order amounts by quarter.

The order amounts are the aggregate amounts of orders for hardware products from both Japan and overseas.

Despite steady demand, the order amounts decreased in the third quarter of FY2022 compared to the first half, affected by supply constraints caused by shortages of parts and materials.

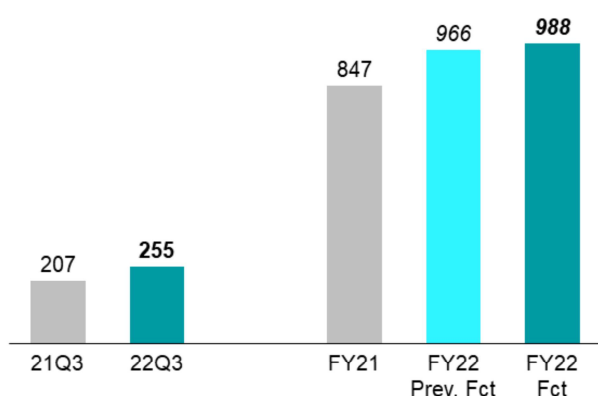
# Domino Sales Revenue & Profit

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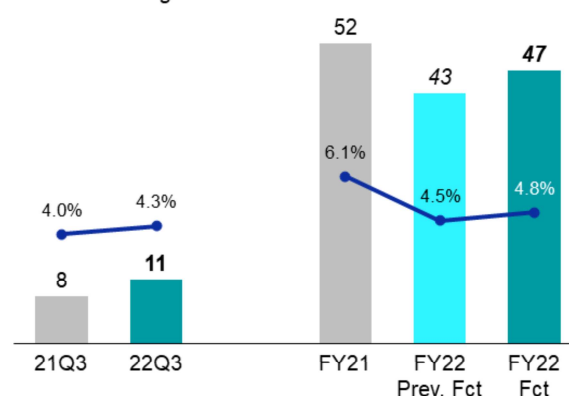
(100 Millions of Yen)

|                                | 21Q3 | 22Q3 | Change | Change w/o FX | FY21 | Previous Forecast | FY22 Forecast | Change vs LY | Change w/o FX |
|--------------------------------|------|------|--------|---------------|------|-------------------|---------------|--------------|---------------|
| <b>Sales Revenue</b>           | 207  | 255  | 22.9%  | 8.2%          | 847  | 966               | 988           | 16.6%        | 5.5%          |
| Americas                       | 47   | 63   | 35.4%  | 19.4%         | 202  | 233               | 238           | 17.7%        | 5.9%          |
| Europe                         | 92   | 108  | 17.4%  | 4.3%          | 379  | 416               | 428           | 12.9%        | 3.1%          |
| Asia & Others                  | 61   | 73   | 19.3%  | 1.7%          | 237  | 276               | 282           | 19.0%        | 4.8%          |
| Japan                          | 7    | 10   | 42.9%  | 42.9%         | 30   | 41                | 41            | 36.8%        | 36.8%         |
| <b>Business Segment Profit</b> | 8    | 11   | 35.1%  | -             | 52   | 43                | 47            | -9.4%        | -             |
| <b>Operating Profit</b>        | 8    | 3    | -63.1% | -             | 43   | 42                | 47            | 8.5%         | -             |

<Sales Revenue>



<Business Segment Profit> — Profit ratio



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Sales revenue in the Domino business was **25.5** billion yen in the third quarter. The growth rate on a local currency basis was +8.2 %.

With regard to hardware, C&M performed well.

As for consumables, both C&M and DP continued to maintain momentum.

Business segment profit was **1.1** billion yen.

Profit increased due mainly to positive FX effects.

Operating profit was **300** million yen due to FX losses.

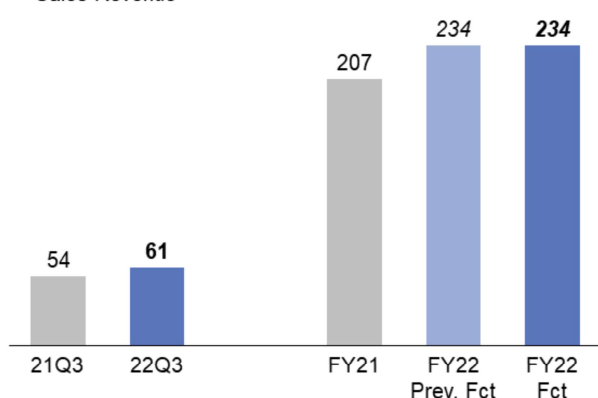
# Nissei Sales Revenue & Profit

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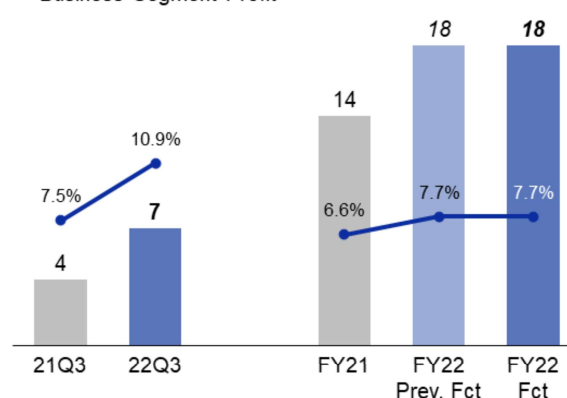
(100 Millions of Yen)

|                                | 21Q3 | 22Q3 | Change | Change w/o FX | FY21 | Previous Forecast | FY22 Forecast | Change vs LY | Change w/o FX |
|--------------------------------|------|------|--------|---------------|------|-------------------|---------------|--------------|---------------|
| <b>Sales Revenue</b>           | 54   | 61   | 13.2%  | 7.6%          | 207  | 234               | 234           | 12.8%        | 8.3%          |
| Americas                       | 7    | 11   | 58.0%  | 26.9%         | 30   | 37                | 38            | 25.3%        | 3.9%          |
| Europe                         | -    | -    | -      | -             | -    | -                 | -             | -            | -             |
| Asia & Others                  | 8    | 10   | 24.8%  | 14.0%         | 28   | 35                | 36            | 28.5%        | 16.8%         |
| Japan                          | 39   | 40   | 2.8%   | 2.8%          | 149  | 162               | 160           | 7.5%         | 7.5%          |
| <b>Business Segment Profit</b> | 4    | 7    | 65.3%  | -             | 14   | 18                | 18            | 30.8%        | -             |
| <b>Operating Profit</b>        | 4    | 7    | 56.1%  | -             | 13   | 16                | 17            | 26.0%        | -             |

<Sales Revenue>



<Business Segment Profit> — Profit ratio



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Sales revenue in the Nissei business was **6.1** billion yen in the third quarter. The growth rate on a local currency basis was +7.6%.

Reducers performed strongly due to increased demand for capital investment, such as the need for automation at factories.

Business segment profit was **700** million yen.

Profit increased according to the effects of higher revenue as well as positive FX effects.

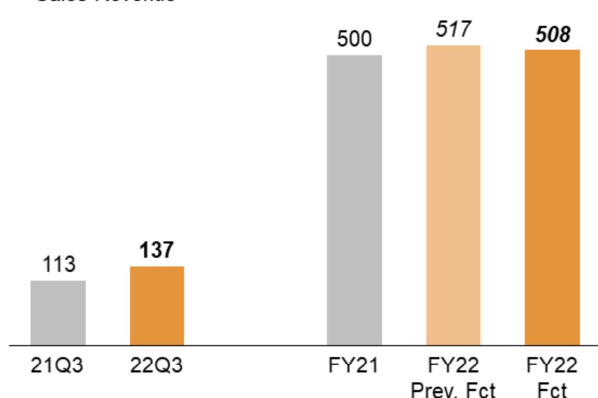
# Personal & Home Sales Revenue & Profit

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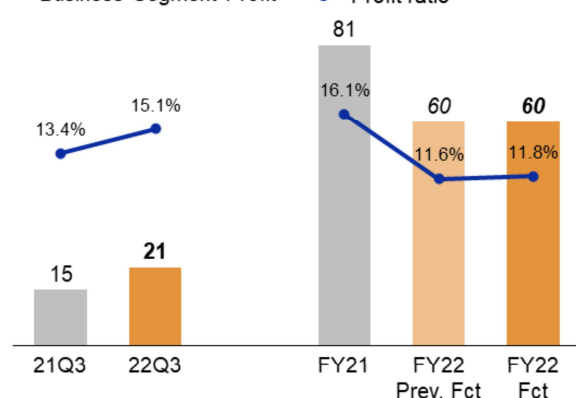
(100 Millions of Yen)

|                                | 21Q3       | 22Q3       | Change       | Change w/o FX | FY21       | Previous Forecast | FY22 Forecast | Change vs LY  | Change w/o FX |
|--------------------------------|------------|------------|--------------|---------------|------------|-------------------|---------------|---------------|---------------|
| <b>Sales Revenue</b>           | <b>113</b> | <b>137</b> | <b>20.8%</b> | <b>2.8%</b>   | <b>500</b> | <b>517</b>        | <b>508</b>    | <b>1.6%</b>   | <b>-11.2%</b> |
| Americas                       | 63         | 84         | 33.8%        | 8.5%          | 277        | 325               | 317           | 14.5%         | -4.3%         |
| Europe                         | 31         | 33         | 3.5%         | -6.1%         | 140        | 106               | 108           | -22.8%        | -27.8%        |
| Asia & Others                  | 13         | 14         | 5.3%         | -6.1%         | 52         | 55                | 53            | 3.2%          | -6.8%         |
| Japan                          | 6          | 6          | 9.3%         | 9.3%          | 31         | 31                | 29            | -5.7%         | -5.7%         |
| <b>Business Segment Profit</b> | <b>15</b>  | <b>21</b>  | <b>36.2%</b> | <b>-</b>      | <b>81</b>  | <b>60</b>         | <b>60</b>     | <b>-25.7%</b> | <b>-</b>      |
| <b>Operating Profit</b>        | <b>16</b>  | <b>21</b>  | <b>33.6%</b> | <b>-</b>      | <b>82</b>  | <b>60</b>         | <b>61</b>     | <b>-25.7%</b> | <b>-</b>      |

<Sales Revenue>



<Business Segment Profit> — Profit ratio



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Sales revenue in the P&H business in the third quarter was **13.7** billion yen, up 2.8% on a local currency basis.

Although stay-at-home demand has run its course, revenue increased as sales stayed firm, especially in the Americas, compared to the same period of the previous year, in which there were supply constraints.

Business segment profit was **2.1** billion yen.

Profit increased according to the effects of higher revenue.

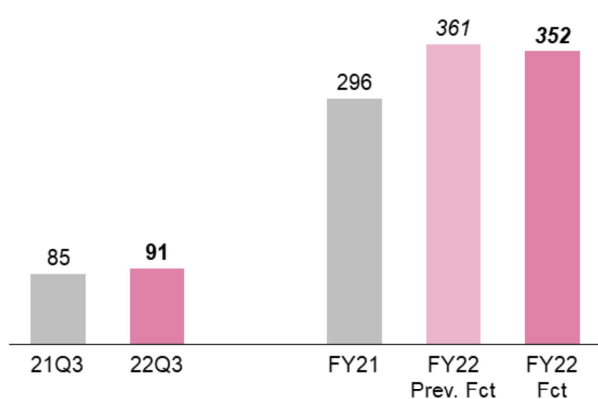
# Network & Contents Sales Revenue & Profit

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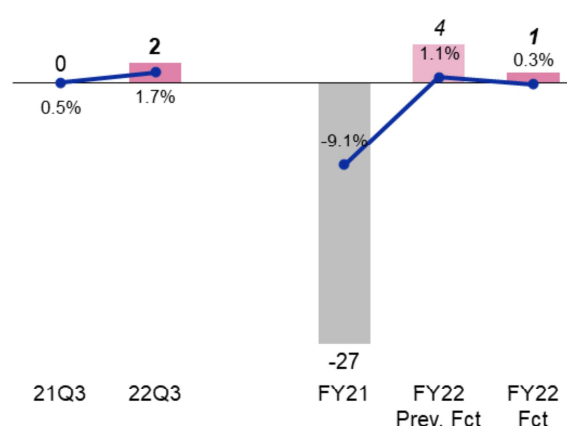
(100 Millions of Yen)

|                                | 21Q3      | 22Q3      | Change        | FY21       | Previous Forecast | FY22 Forecast | Change vs LY |
|--------------------------------|-----------|-----------|---------------|------------|-------------------|---------------|--------------|
| <b>Sales Revenue</b>           | <b>85</b> | <b>91</b> | <b>6.8%</b>   | <b>296</b> | <b>361</b>        | <b>352</b>    | <b>19.1%</b> |
| <b>Business Segment Profit</b> | <b>0</b>  | <b>2</b>  | <b>265.2%</b> | <b>-27</b> | <b>4</b>          | <b>1</b>      | <b>-</b>     |
| <b>Operating Profit</b>        | <b>12</b> | <b>1</b>  | <b>-91.1%</b> | <b>-6</b>  | <b>4</b>          | <b>4</b>      | <b>-</b>     |

<Sales Revenue>



<Business Segment Profit> — Profit ratio



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Sales revenue in the N&C business was **9.1** billion yen in the third quarter, an increase of 6.8% year-on-year.

Sales at karaoke clubs increased with the recovery of the number of karaoke customers following the easing of activity restrictions to prevent the COVID-19 pandemic, and sales of karaoke systems were firm.

Business segment profit was **200** million yen.

Operating profit decreased substantially due to the absence of benefits such as compensation for reduced operating hours and employment adjustment subsidies by the government.

## Topics

Lastly, I will share some topics. .



A new factory building has been completed in the Hoshizaki Manufacturing Facility to further strengthen the inkjet production base



New factory building in Hoshizaki



Rooftop solar panels

Purpose: Production of inkjet heads and related parts

Investment amount: About 10 billion yen

Start of operation: January 2023

#### ■ Materiality-related initiatives

- The building adopts the Brother Group's first **seismic isolation structure** as part of the **BCP responses**
- With the installation of **solar panels**, **CO<sub>2</sub> emissions** can be **reduced by about 60 tons annually**

We started the construction of a new factory building at our Hoshizaki Manufacturing Facility (Nagoya, Aichi) in August 2020, and it was completed in January 2023.

In our medium-term business strategy "CS B2024" (FY2022 to FY2024), we set "the enhancement of industrial inkjet manufacturing facilities" as one of the key measures towards expansion in the Industrial area.

This new factory building will contribute to achieve the measure through enhanced production of inkjet heads and related parts.

The new factory building uses the seismic isolation structure as part of the BCP responses for the first time among Brother Group's facilities.

Solar panels are also installed on the rooftop of the building. By using renewable energy for factory operation, we will reduce CO<sub>2</sub> emissions by about 60 tons annually.

A new factory will be constructed in India, where growth is expected particularly in the automobile and motorcycle markets, toward significant growth of the Machinery business



Image of completed factory

Purpose: Production of machine tools  
Investment amount: About 2 billion yen  
Planned completion: September 2024  
Location: Suburbs of Bengaluru



Production facilities for machine tools

### ■ Materiality-related initiatives

- To deliver products to customers in India within **shorter lead-time**
- With the installation of **solar panels**, **CO<sub>2</sub> emissions** can be **reduced by about 600 tons annually**

The next topic is the construction of a new machine tools factory in India.















Toward the achievement of "significant growth in the Industrial Equipment business" set out in our medium-term business strategy "CS B2024," we will construct a machine tools production factory in India, where growth is expected particularly in the automobile and motorcycle markets.

Machine tools are currently produced in Kariya Manufacturing Facility in Japan (Kariya, Aichi) and Brother Machinery (Xian) in China. By constructing a new production factory in India, we will build a system that enables us to deliver products to customers in India within shorter lead-time. As is the case of Hoshizaki Manufacturing Facility, with the installation of solar panels, we will also supply part of the electricity needed for factory operation and reduce CO<sub>2</sub> emissions by around 600 tons annually.

Planned investment is about 2 billion yen.

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# Reference: Brother's business areas

| Business areas     |                                     | Business segments    |                                  | Area (Main products & service portfolio)   |  |   |  |   |
|--------------------|-------------------------------------|----------------------|----------------------------------|--|--|---|--|---|
| Industrial area    | Machinery/FA                        | Nissei               |                                  |  <p>Reducer      Gear</p>                             |  <p>Machine tool</p>                 |  <p>Industrial Sewing Machine</p>  |  |   |
|                    |                                     | Machinery            | Industrial Equipment             |  |  |   |  |   |
|                    | Industrial Sewing Machines          |                      | Industrial Sewing Machines       |  <p>Garment printer</p>                               |  <p>Coding and marking equipment</p> |  <p>Digital printing equipment</p> |  |   |
|                    |                                     | Domino               |                                  |  |  |   |  |   |
| Consumer area      | Printing                            | Printing & Solutions | Commercial & Industrial Labeling |  <p>Commercial &amp; Industrial use label printer</p> |  <p>Mobile printer</p>                |  <p>Labeling system</p>            |  <p>Printer</p> |  <p>All-in-One</p> |
|                    |                                     |                      | Home & Office Labeling           |  |  |   |  |   |
|                    | Communications & Printing Equipment |                      |                                  |  |  |   |  |   |
|                    | Home & Culture                      | Personal & Home      |                                  |  <p>Home sewing machine</p>                          |  <p>Home cutting machine</p>       |  <p>Online Karaoke system</p>     |  |   |
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