



May 7, 2021

Company Name: Brother Industries, Ltd.
Representative: Ichiro Sasaki, Representative Director & President
(Code: 6448; First Section of the Tokyo Stock Exchange and Nagoya Stock Exchange)
Contact: Toshihiro Ito, Managing Executive Officer in Charge of Finance & Accounting Dept.
(Tel: 052.824.2075)

Notice Regarding the Recording of Impairment Loss, Differences between Consolidated Results Forecasts and Actual Results for the Fiscal Year Ended March 31, 2021, and Revisions of Year-End Dividend Forecast

Brother Industries, Ltd. (the “Company”) announced today that it recorded an impairment loss in the fourth quarter of the fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021), and consequently consolidated results for the fiscal year ended March 31, 2021 deviated from the forecasts announced on February 3, 2021. Following the determination of business results, the Company has also revised its year-end dividend forecast, which was left undecided, as described below.

1. Recording of impairment loss

The Company performed an impairment test for goodwill in the Domino business pursuant to International Financial Reporting Standards (IFRS) and as a result recorded an impairment loss of 27.2 billion yen on goodwill in consolidated results for the fiscal year ended March 31, 2021. To turn the Domino business into a next growth pillar of the Brother Group, the Company has focused on strengthening the business since it became a subsidiary in June 2015. However, the Company recorded an impairment loss on part of its goodwill after adopting more careful assumptions in future business plans due to effects from the spread of COVID-19.

2. Differences between consolidated results forecasts and actual results for the fiscal year ended March 31, 2021

(1) Differences between consolidated results forecasts and actual results (April 1, 2020 to March 31, 2021)

(millions of yen)

	Revenue	Business segment profit	Operating profit	Profit before income taxes	Profit for the period	Profit for the period attributable to owners of the parent company	Basic earnings per share for the period (JPY)
Previous forecast (A)	625,000	72,000	68,500	68,000	51,000	51,000	196.27
Results for the fiscal year ended March 31, 2021 (B)	631,812	78,076	42,731	42,944	24,659	24,520	94.36
Change (B-A)	6,812	6,076	-25,769	-25,056	-26,341	-26,480	—
Change (%)	1.1	8.4	-37.6	-36.8	-51.6	-51.9	—
(Reference) Results for the fiscal year ended March 31, 2020	637,259	66,942	67,329	67,046	49,699	49,566	190.80

(2) Reasons for the differences

Operating profits and subsequent items fell below the previous forecasts due to reasons such as temporary costs that occurred in conjunction with site realignment at some consolidated subsidiaries in the P&S business, in addition to the recording of an impairment loss of 27.2 billion yen in the Domino business.

3. Revisions of year-end dividend forecast

(1) Details of the revisions of year-end dividend forecast

(JPY)

	Dividend per share		
	Interim	Year-end	Annual
Previous forecast (announced on February 3, 2021)		Undecided	Undecided
Revised forecast		33.00	60.00
Dividends paid in the fiscal year ended March 31, 2021	27.00		
Dividends paid in the previous fiscal year (ended March 31, 2020)	30.00	30.00	60.00

(2) Reasons for the revisions

The Company's basic policy is to provide stable shareholder returns while taking into consideration maintaining internal reserves needed for investment in future growth, the status of cash flows, and other factors.

Under CS B2021, the Company's medium-term business strategy which ends in FY2021, the Company aims to make investments to build the foundations for future growth while providing stable shareholder returns with a target consolidated payout ratio of 35%. In addition, the Company has also set a minimum annual dividend of 60 yen per share, except during periods when financial results decline substantially as a result of rapid deterioration in the business environment.

The Company announces that following the determination of business results, it has decided the amount of the year-end dividend, which was left undecided, based on the above shareholder return policy.