

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

**Third Quarter Results**  
(3-month results ended December 31, 2020)

**Brother Industries, Ltd.**  
**February 3, 2021**

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

## Results for FY2020 Q3 (Oct.-Dec.)

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

- **P&S business:**

Profit increased substantially due to the stronger-than-expected recovery of consumables, along with ongoing demand for SOHO products targeting people working from home

- **P&H business:**

Demand for handmade using home sewing machines continued and sales increased mainly in low-end equipment, resulting in substantial increase in both revenue and profit

- **Machinery business (Machine tools):**

Both revenue and profit increased as demand in the automotive and general machinery industries recovered in China

- **N&C business:**

The difficult circumstances continued due to shortened business hours at karaoke locations and declining demand for commercial karaoke machines

- **Domino business:**

In addition to C&M hardware, consumables (C&M/DP) maintained momentum following gradual recovery of demand

## Forecast for FY2020

- ✓ **The forecast for FY2020 consolidated results was revised upward due mainly to better-than-expected results in Q3 despite expected worsening of the business environment in the N&C business**
  - **P&S business:**  
Revised upward in light of better-than expected results in Q3, the firm performance of hardware products in the SOHO segment associated with ongoing demand from people working from home, and anticipated recovery of demand for consumables
  - **P&H business:**  
Revised upward in response to better-than-expected results in Q3 and anticipated continuation of demand for handmade using home sewing machines
  - **Machinery business (Machine tools):**  
Revised upward in anticipation of continued recovery of demand in the automotive and general machinery industries in China
  - **N&C business:**  
Revised downward due to impairment charges for karaoke clubs, along with the impact of resurgence of COVID-19

## Dividend Forecast for FY2020

- The amount of year-end dividend will be left undecided and will be determined and announced based on the shareholder return policy upon determination of business results

## Results for FY2020 Q3 (Oct.-Dec.)

# Consolidated Results for FY2020 Q3



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

(100 Millions of Yen)

	19Q3	20Q3	Change	Rate of Change (w/o FX)
Sales Revenue	1,664	<b>1,774</b>	110	6.6% (8.2%)
Business Segment Profit	183	<b>314</b>	130	71.1%
Business Segment Profit Ratio	11.0%	<b>17.7%</b>		
Other income/expense	6	<b>-10</b>	-16	
Operating Profit	189	<b>303</b>	114	60.5%
Operating Profit Ratio	11.4%	<b>17.1%</b>		
Income before Tax	193	<b>304</b>	111	57.4%
Net Income	143	<b>228</b>	85	59.8%
USD	108.98	<b>104.45</b>		
EUR	120.65	<b>124.41</b>		

# Results for FY2020 Q3 by Business Segment



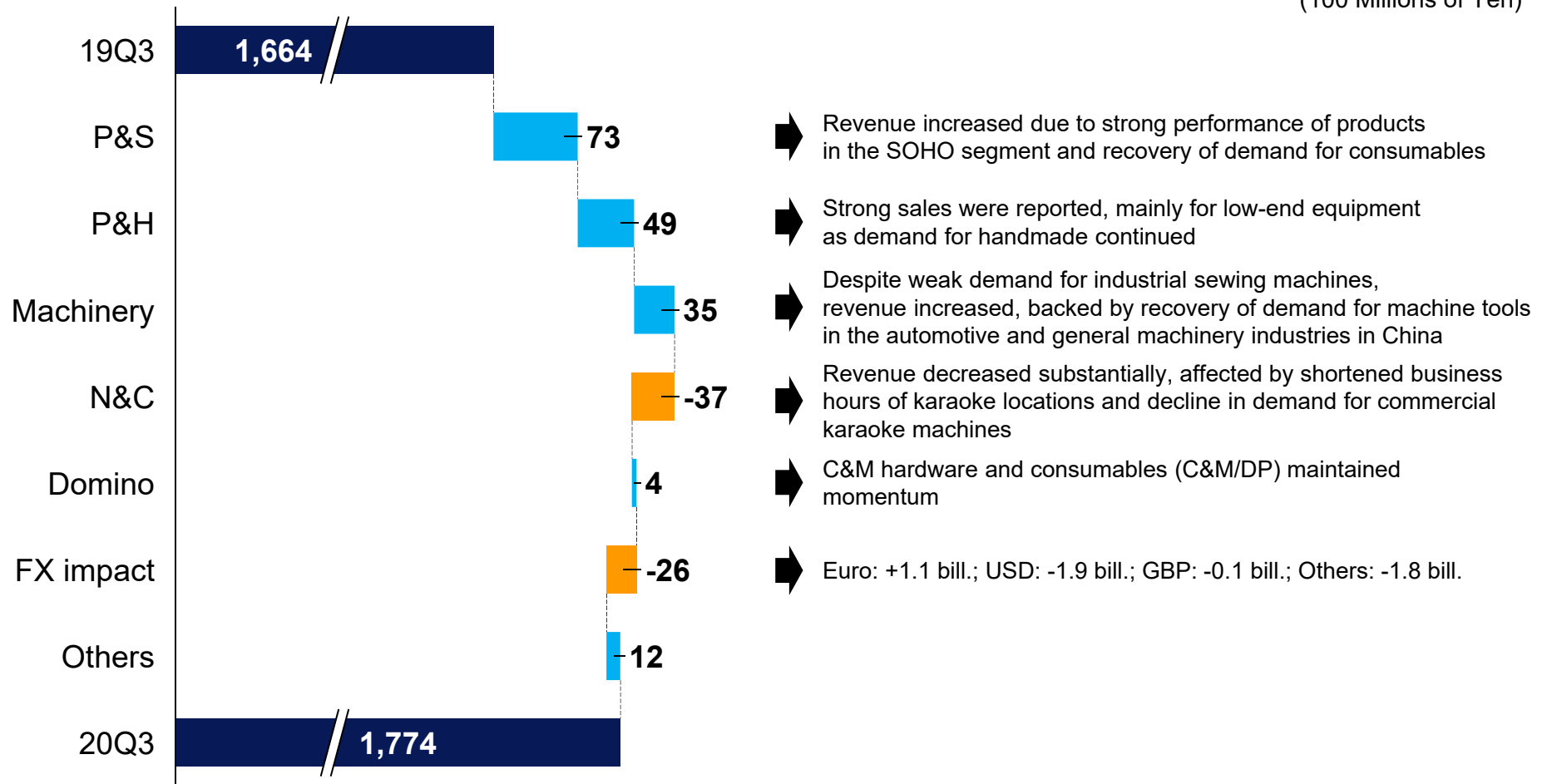
(100 Millions of Yen)

	19Q3	20Q3	change	
<b>Printing &amp; Solutions</b>	Sales Revenue	1,039	1,092	53
	Business Segment Profit	146	243	97
	Operating Profit	151	242	92
<b>Personal &amp; Home</b>	Sales Revenue	116	161	45
	Business Segment Profit	14	41	27
	Operating Profit	16	40	24
<b>Machinery</b>	Sales Revenue	186	221	34
	Business Segment Profit	8	22	14
	Operating Profit	8	13	6
<b>Network &amp; Contents</b>	Sales Revenue	125	88	-37
	Business Segment Profit	8	-6	-15
	Operating Profit	8	-7	-15
<b>Domino business</b>	Sales Revenue	172	176	3
	Business Segment Profit	8	13	5
	Operating Profit	7	10	3
<b>Other</b>	Sales Revenue	25	37	12
	Business Segment Profit	-0	2	2
	Operating Profit	0	4	4
<b>Total</b>	Sales Revenue	1,664	1,774	110
	Business Segment Profit	183	314	130
	Operating Profit	189	303	114

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

Revenue increased as the P&S, P&H, and machinery (machine tools) businesses remained firm

(100 Millions of Yen)

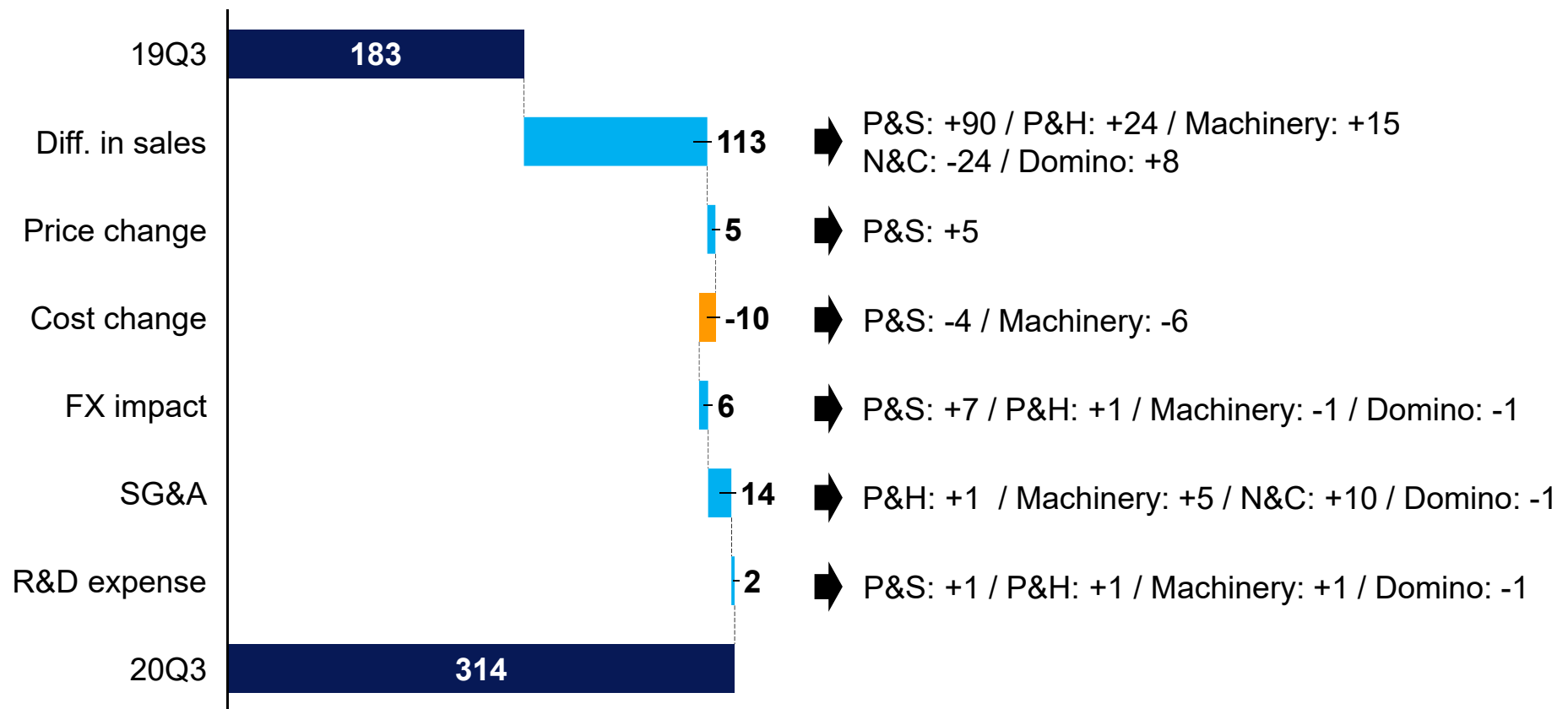


\* Amounts of change are on a results basis excluding foreign exchange effects

## Main Factors for Changes in BSP

Profit increased substantially due to dampening effects on SG&A expenses, in addition to increase in gross profit mainly in the P&S, P&H, and machinery (machine tools) businesses

(100 Millions of Yen)





## Results for FY2020 Q3YTD

# Consolidated Results for FY2020 Q3YTD



Cumulative Q3 profit exceeded the previous year's level

(100 Millions of Yen)

	19Q3 YTD	20Q3 YTD	Change	Rate of Change (w/o FX)
Sales Revenue	4,849	<b>4,675</b>	-174	-3.6% (-1.7%)
Business Segment Profit	545	<b>633</b>	88	16.2%
Business Segment Profit Ratio	11.2%	<b>13.5%</b>		
Other income/expense	9	<b>-5</b>	-14	
Operating Profit	554	<b>628</b>	74	13.4%
Operating Profit Ratio	11.4%	<b>13.4%</b>		
Income before Tax	557	<b>630</b>	73	13.2%
Net Income	416	<b>475</b>	60	14.3%
USD	109.10	<b>105.87</b>		
EUR	121.46	<b>122.30</b>		

# Results for FY2020 Q3YTD by Business Segment

(100 Millions of Yen)

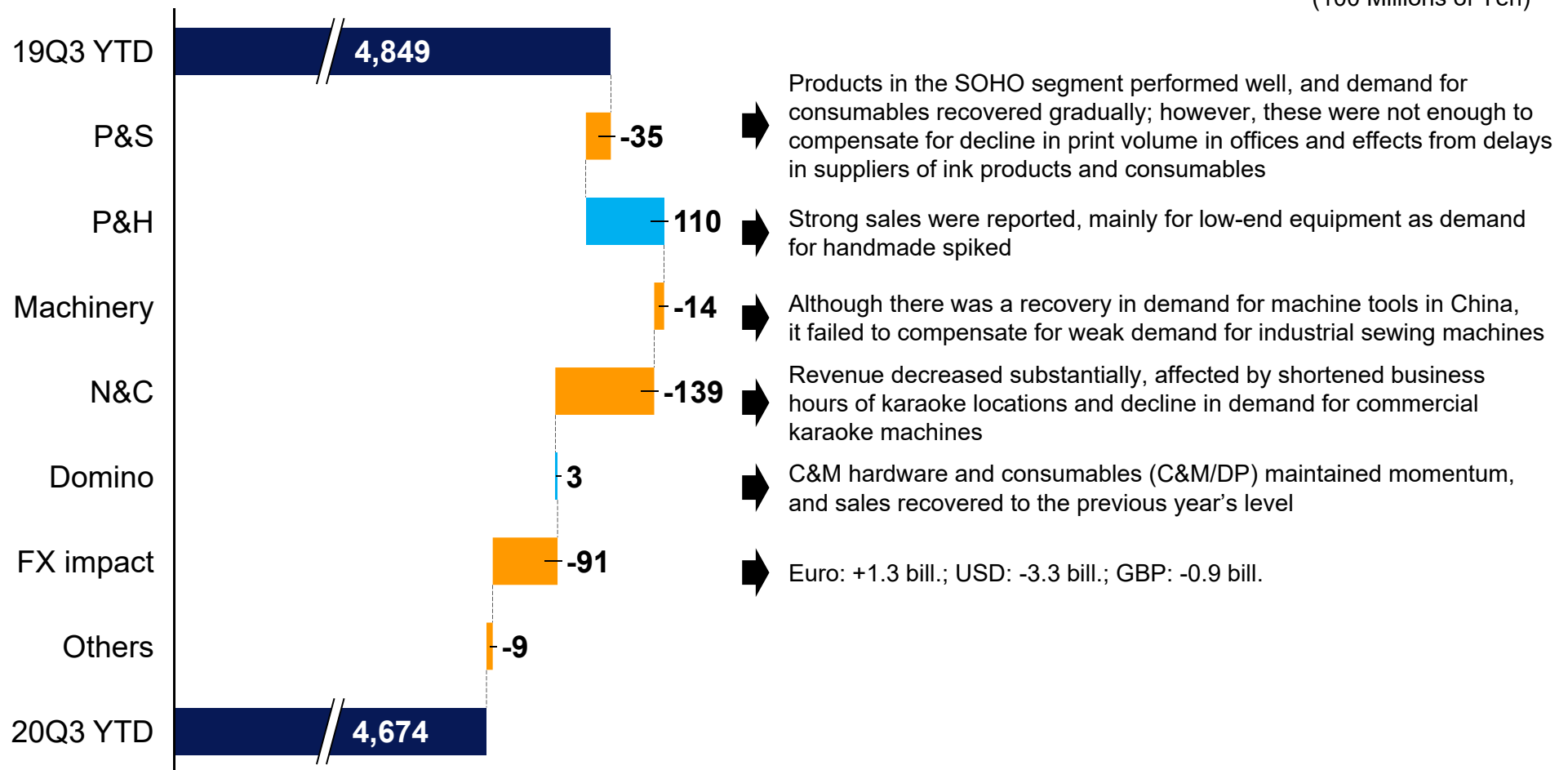
		19Q3YTD	20Q3YTD	change
<b>Printing &amp; Solutions</b>	Sales Revenue	2,972	2,871	-100
	Business Segment Profit	458	526	68
	Operating Profit	462	529	68
<b>Personal &amp; Home</b>	Sales Revenue	315	413	99
	Business Segment Profit	24	82	58
	Operating Profit	25	80	56
<b>Machinery</b>	Sales Revenue	579	560	-19
	Business Segment Profit	16	29	12
	Operating Profit	16	19	2
<b>Network &amp; Contents</b>	Sales Revenue	377	238	-139
	Business Segment Profit	19	-33	-53
	Operating Profit	19	-29	-48
<b>Domino business</b>	Sales Revenue	508	502	-5
	Business Segment Profit	27	33	6
	Operating Profit	27	25	-2
<b>Other</b>	Sales Revenue	99	90	-9
	Business Segment Profit	3	-1	-3
	Operating Profit	7	6	-2
<b>Total</b>	Sales Revenue	4,849	4,675	-174
	Business Segment Profit	545	633	88
	Operating Profit	554	628	74

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

## Main Factors for Changes in Sales Revenue

Despite strong P&H performance, revenue decreased as a drop in N&C and negative FX impact could not be absorbed

(100 Millions of Yen)



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

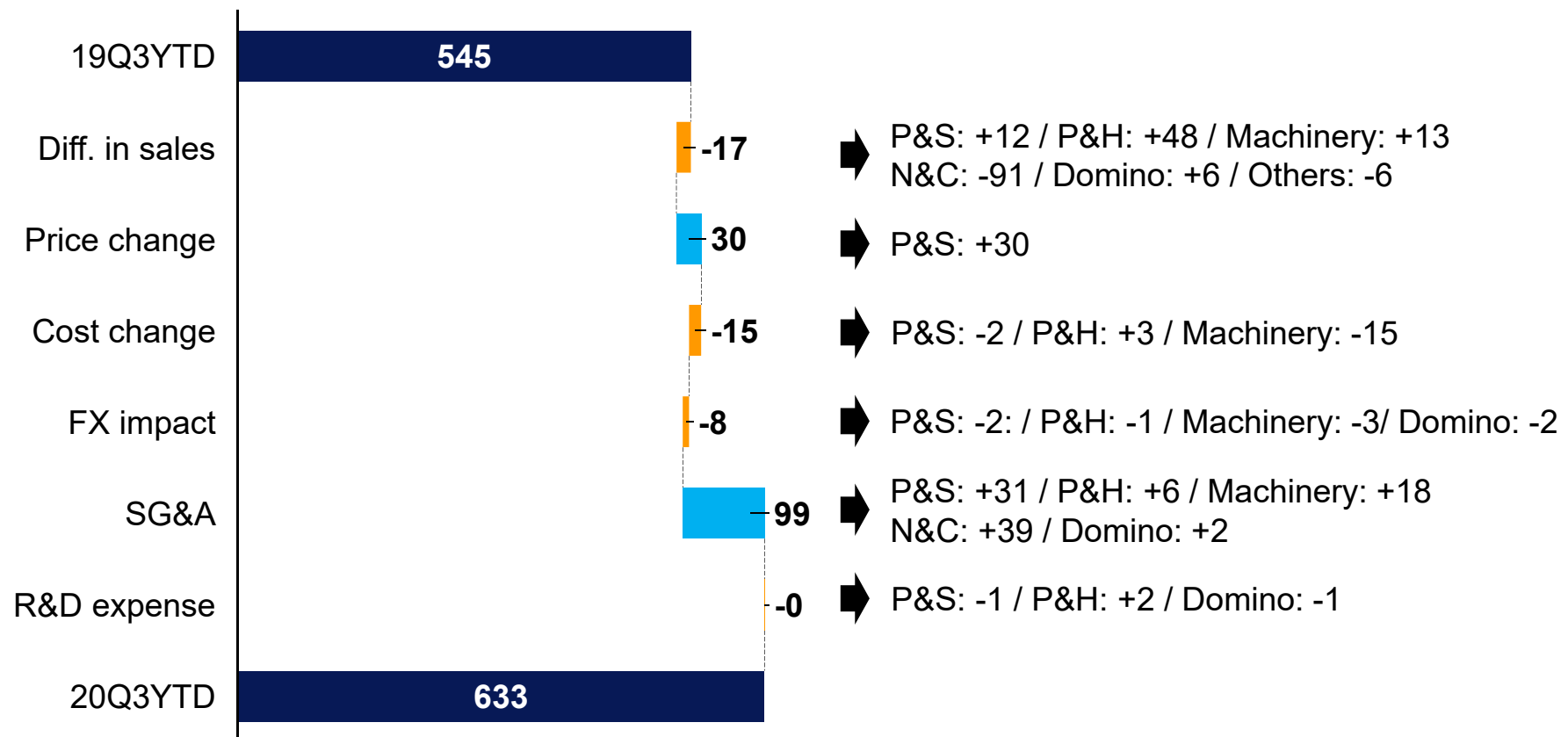
# FY2020 Q3YTD

## Main Factors for Changes in BSP



Profit increased due to dampening effects on SG&A expenses in all businesses in addition to increase in gross profit mainly in the P&H business

(100 Millions of Yen)



## Forecast for FY2020

# Forecast for FY2020



The forecast for FY2020 consolidated results was revised upward due to a decrease in SG&A expenses throughout the year and strong performance mainly in Q3 despite expected worsening of the business environment in the N&C business

(100 Millions of Yen)

	Previous Forecast	<b>FY20 Forecast</b>	Change	Rate of Change	FY19	Change	Rate of Change (w/o FX)
Sales Revenue	6,000	<b>6,250</b>	250	4.2%	6,373	-123	-1.9% (-0.1%)
Business Segment Profit	550	<b>720</b>	170	30.9%	669	51	7.6%
Business Segment Profit Ratio	9.2%	<b>11.5%</b>			10.5%		
Other income/expense	-15	<b>-35</b>	-20		4	-39	
Operating Profit	535	<b>685</b>	150	28.0%	673	12	1.7%
Operating Profit Ratio	8.9%	<b>11.0%</b>			10.6%		
Income before Tax	530	<b>680</b>	150	28.3%	670	10	1.4%
Net Income	400	<b>510</b>	110	27.5%	496	14	2.9%
USD	106.35	<b>105.25</b>			109.10		
EUR	121.05	<b>123.07</b>			121.14		

# Forecast for FY2020 by Business Segment



(100 Millions of Yen)

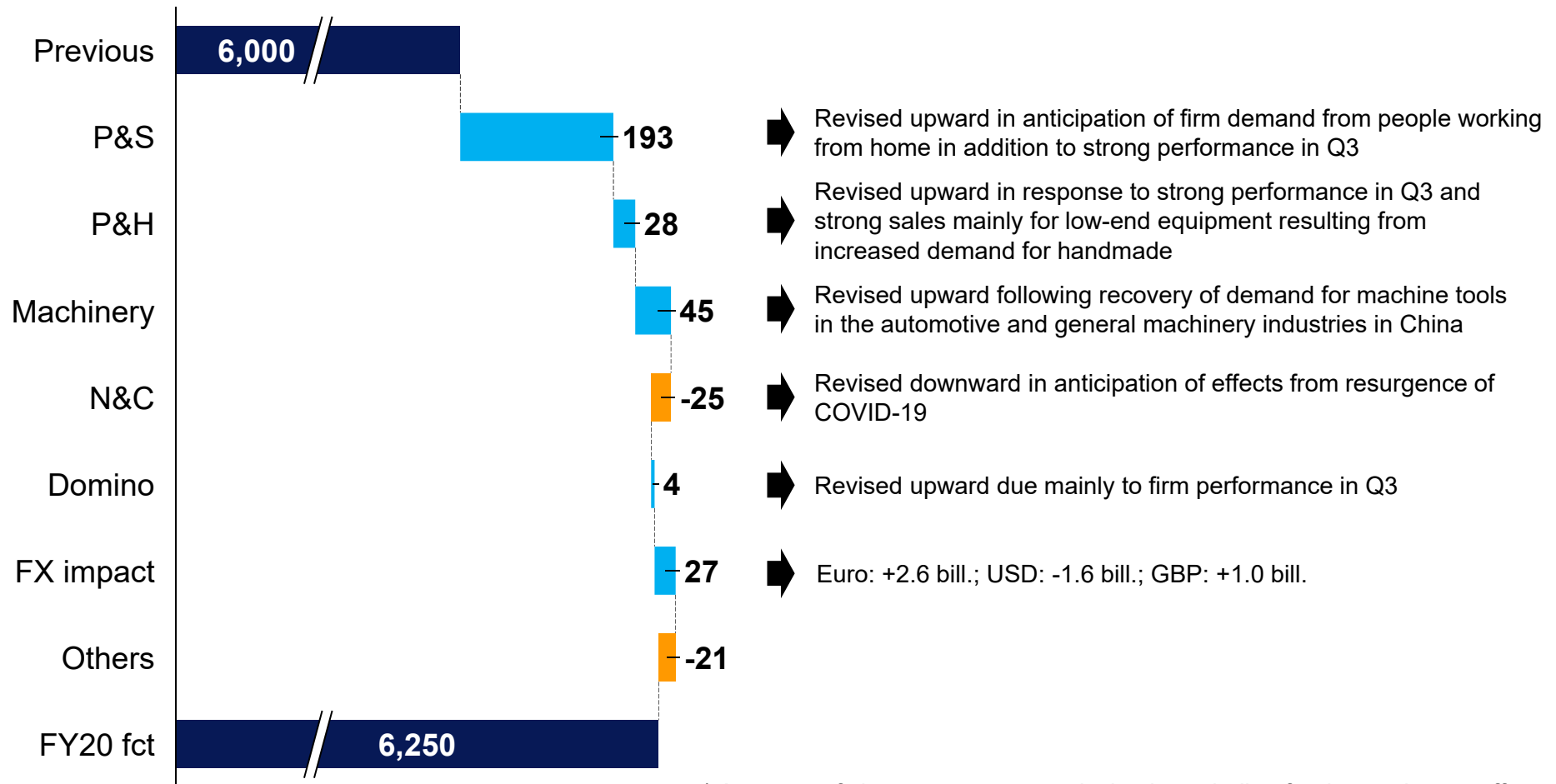
		Previous Fct	FY20 Fct	change	FY19 Act	FY20 Fct	change
<b>Printing &amp; Solutions</b>	Sales Revenue	3,628	3,837	209	3,907	3,837	-70
	Business Segment Profit	500	625	125	571	625	54
	Operating Profit	512	629	117	571	629	58
<b>Personal &amp; Home</b>	Sales Revenue	500	528	28	409	528	119
	Business Segment Profit	69	93	24	31	93	62
	Operating Profit	69	91	22	32	91	59
<b>Machinery</b>	Sales Revenue	722	768	46	748	768	20
	Business Segment Profit	4	30	26	7	30	23
	Operating Profit	-6	19	25	6	19	13
<b>Network &amp; Contents</b>	Sales Revenue	335	310	-25	491	310	-181
	Business Segment Profit	-48	-59	-11	21	-59	-80
	Operating Profit	-45	-85	-40	19	-85	-104
<b>Domino business</b>	Sales Revenue	659	672	13	675	672	-3
	Business Segment Profit	37	40	3	38	40	2
	Operating Profit	33	31	-2	39	31	-8
<b>Other</b>	Sales Revenue	156	135	-21	142	135	-7
	Business Segment Profit	-12	-9	3	4	-9	-13
	Operating Profit	-28	0	28	9	0	-9
<b>Total</b>	Sales Revenue	6,000	6,250	250	6,373	6,250	-123
	Business Segment Profit	550	720	170	669	720	51
	Operating Profit	535	685	150	673	685	12

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



Sales revenue was revised upward in all businesses excluding the N&C business

(100 Millions of Yen)

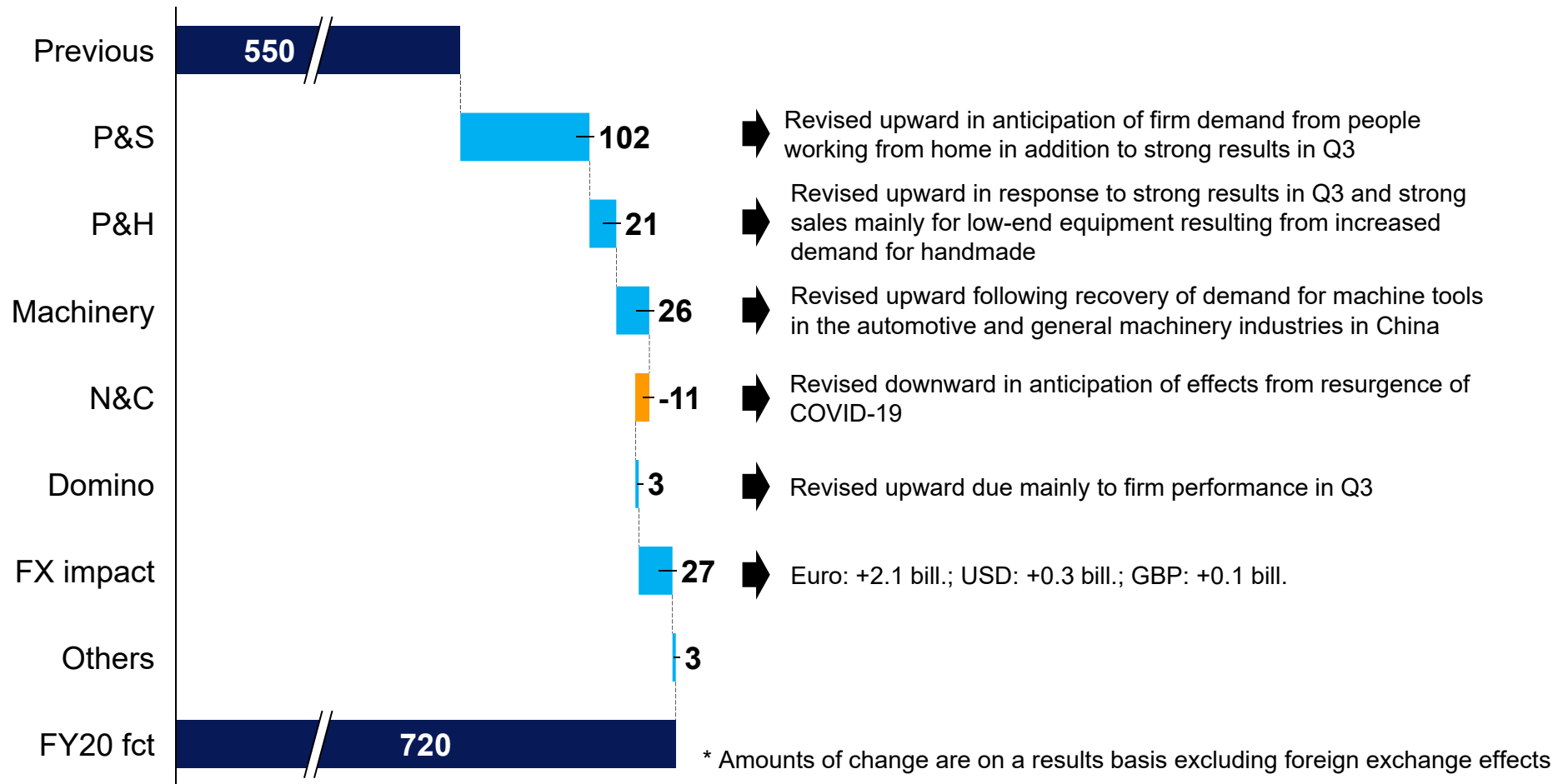


\* Amounts of change are on a results basis excluding foreign exchange effects

## Main Factors for Changes in BSP

Profit outlook was revised up following strong performance of the P&S business mainly in Q3

(100 Millions of Yen)



# Balance Sheet

(100 Millions of Yen)

	FY19	FY20Q3	Change
Current assets	4,088	<b>4,488</b>	401
Cash&Cash equivalents	1,684	<b>2,054</b>	370
Inventories	1,179	<b>1,198</b>	20
Non-current assets	3,227	<b>3,287</b>	60
Total liabilities	2,863	<b>2,846</b>	-17
Interest-bearing debt	1,070	<b>953</b>	-117
Equity attributable to owners of the parent company	4,285	<b>4,763</b>	478
Total assets	7,315	<b>7,775</b>	461

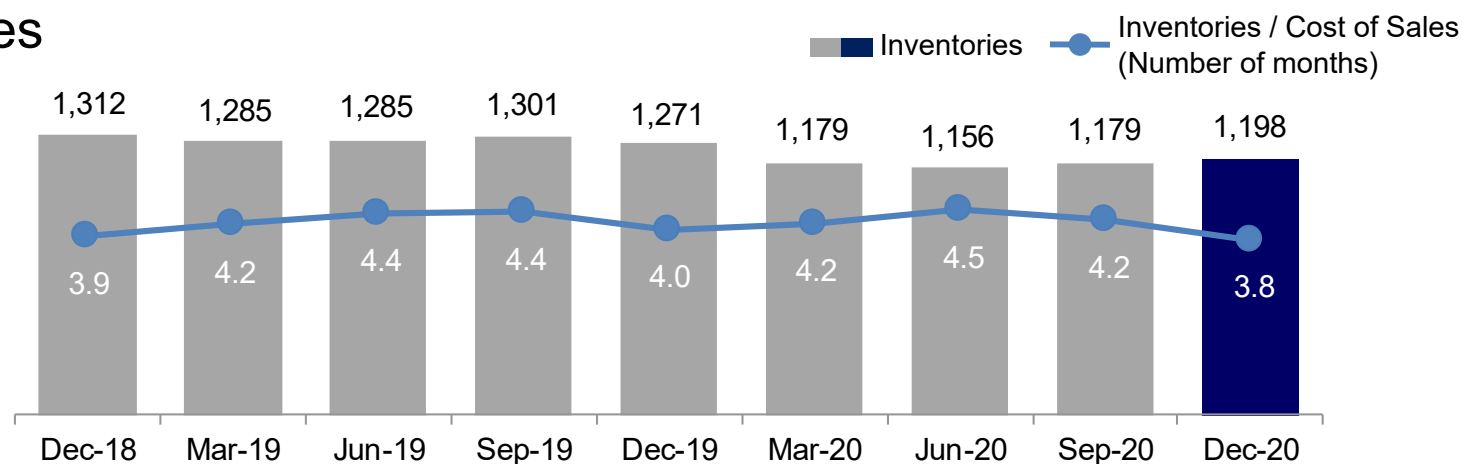
## Net Cash

End of FY19 : +¥61.4 billion  
End of FY20Q3 : +¥110.0 billion

## Shareholders' Equity Ratio

End of FY19 : 58.6%  
End of FY20Q3 : 61.3%

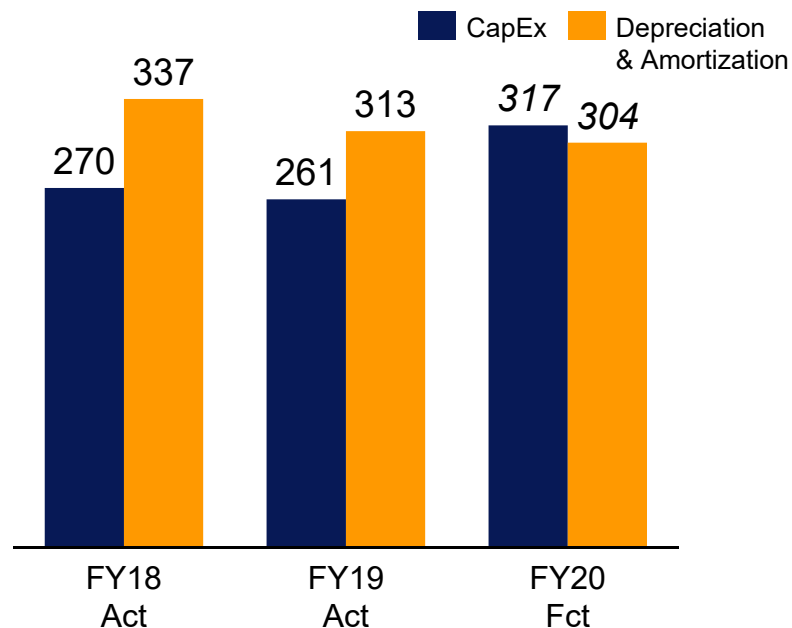
## Inventories



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



## Capital Expenditure / Depreciation & Amortization

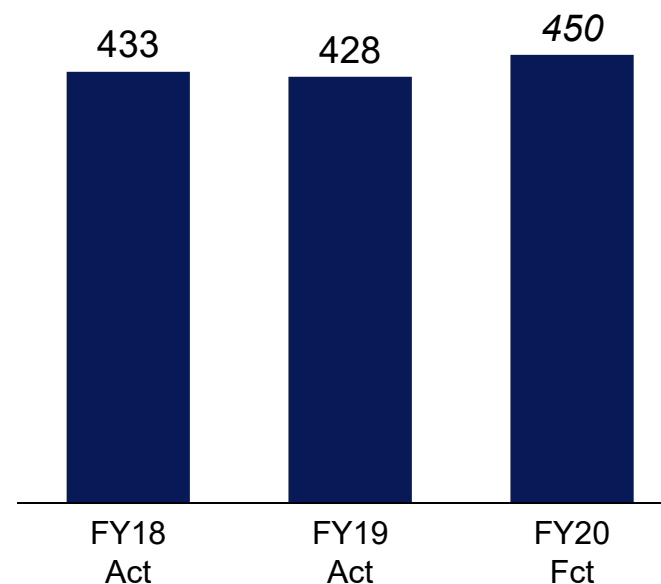


### Breakdown by business (CapEx)

	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
<b>Total</b>	<b>270</b>	<b>261</b>	<b>317</b>

## R&D Expenses

(100 Millions of Yen)



### Breakdown by business (R&D)

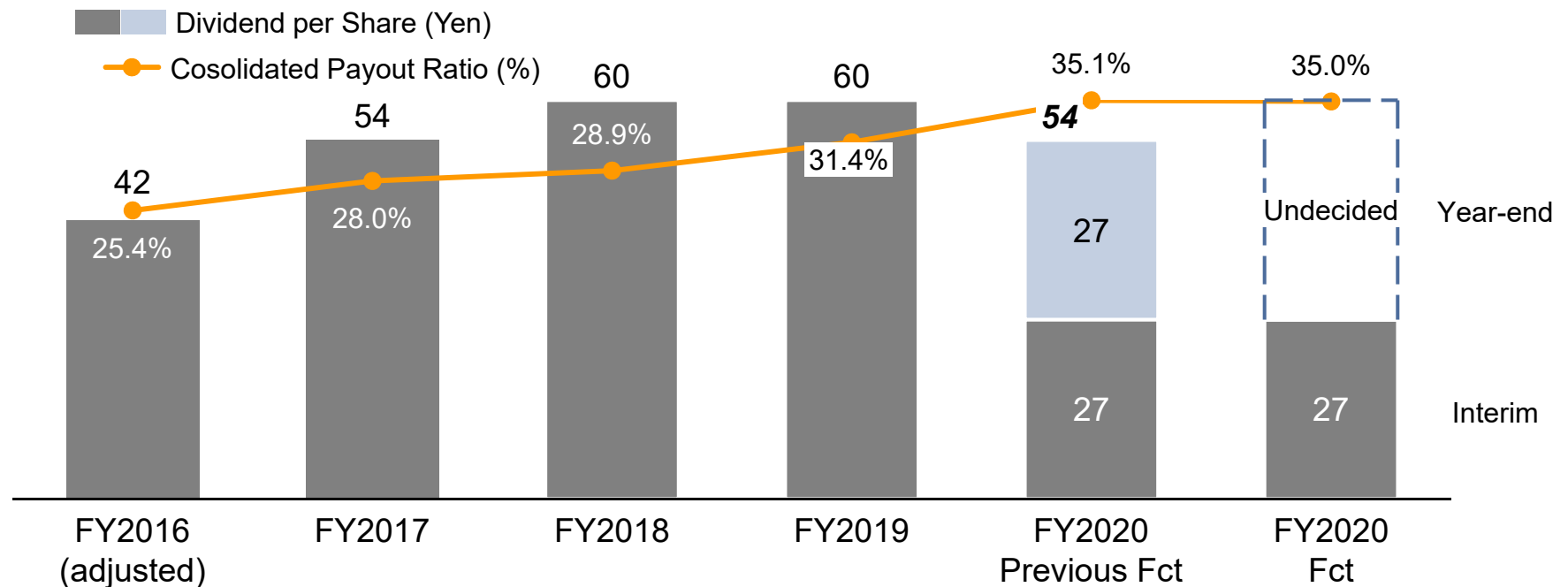
	FY18	FY19	FY20
P&S	290	277	291
P&H	22	22	23
Machinery	50	54	57
N&C	5	9	10
Domino	38	38	40
Others	27	29	29
<b>Total</b>	<b>433</b>	<b>428</b>	<b>450</b>

# Dividend Forecast

The amount of year-end dividend will be left undecided and will be determined and announced based on the shareholder return policy upon determination of business results

Although the Company made upward revisions to its consolidated results forecast for the fiscal year ending March 31, 2021 in light of recent trends in business performance and other factors, actual results may deviate from the forecast announced this time given the impact of resurgence of COVID-19 in the U.S., Europe, and Japan.

Taking such a situation into consideration, the Company will leave the year-end dividend forecast for the current fiscal year undecided at this point, and will again determine and announce its year-end dividend based on the shareholder return policy (payout ratio of 35%) when business results for the current fiscal year are determined.



## **Business Segment Information**

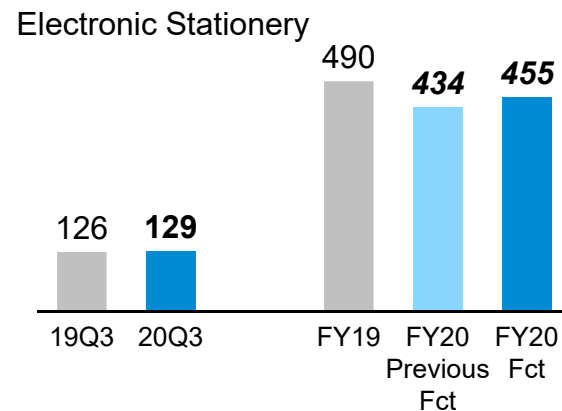
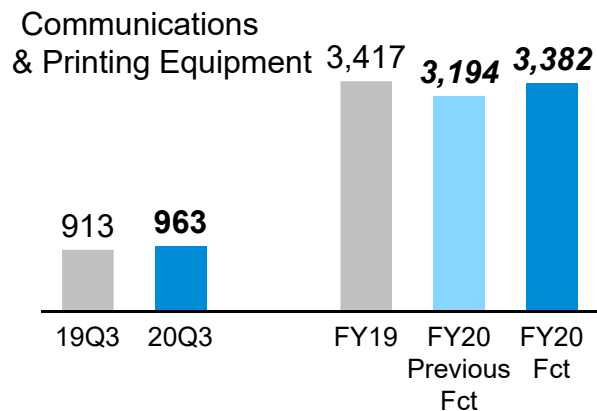
# Printing & Solutions Sales Revenue & Profit



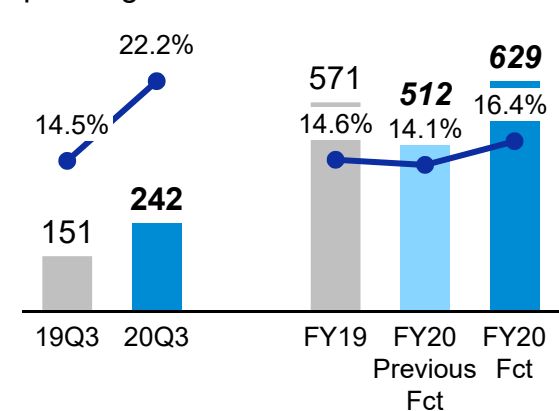
(100 Millions of Yen)

	19Q3	20Q3	Change	Change x FX	FY19	Previous Forecast	FY20	Change v LY	Change x FX
<b>Sales Revenue</b>	<b>1,039</b>	<b>1,092</b>	5.1%	7.0%	<b>3,907</b>	<b>3,628</b>	<b>3,837</b>	-1.8%	0.3%
<b>Communications &amp; Printing equipment</b>	<b>913</b>	<b>963</b>	5.5%	7.4%	<b>3,417</b>	<b>3,194</b>	<b>3,382</b>	-1.0%	1.1%
Americas	334	335	0.2%	6.2%	1,256	1,175	1,215	-3.3%	2.1%
Europe	300	323	7.6%	6.3%	1,133	1,041	1,135	0.2%	-0.6%
Asia & Others	153	177	15.7%	16.8%	591	585	618	4.5%	6.9%
Japan	126	129	1.9%	1.9%	437	394	414	-5.3%	-5.3%
<b>Electronic stationery</b>	<b>126</b>	<b>129</b>	2.1%	4.0%	<b>490</b>	<b>434</b>	<b>455</b>	-7.1%	-5.3%
Americas	58	54	-7.4%	-1.9%	226	187	194	-14.4%	-10.0%
Europe	37	41	10.5%	8.1%	144	131	141	-2.2%	-3.9%
Asia & Others	20	21	5.0%	5.8%	72	66	68	-5.7%	-3.5%
Japan	11	13	18.8%	18.8%	47	50	52	10.2%	10.2%
<b>Business Segment Profit</b>	<b>146</b>	<b>243</b>	66.9%	-	<b>571</b>	<b>500</b>	<b>625</b>	9.4%	-
<b>Operating Profit</b>	<b>151</b>	<b>242</b>	60.8%	-	<b>571</b>	<b>512</b>	<b>629</b>	10.2%	-

<Sales Revenue>



<Operating Profit>



# 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
<b>LBP</b>															
<b>Sales revenue growth rate (JPY)</b>															
Hardware	1%	-3%	-5%	-17%	-9%	-8%	-7%	-2%	6%	19%	18%	-	-6%	-7%	16%
Consumable	1%	1%	-1%	-4%	2%	-6%	-2%	-3%	-18%	1%	0%	-	-1%	-2%	-4%
<b>Sales revenue growth rate (LC)</b>															
Hardware	2%	0%	-1%	-12%	-6%	-4%	-3%	2%	11%	22%	21%	-	-2%	-3%	20%
Consumable	1%	3%	2%	-1%	4%	-1%	3%	0%	-15%	2%	2%	-	1%	1%	-3%
<b>IJP</b>															
<b>Sales revenue growth rate (JPY)</b>															
Hardware	-6%	-6%	2%	-6%	-2%	8%	-7%	-3%	-37%	-49%	-12%	-	-4%	-1%	-26%
Consumable	1%	-1%	-3%	-5%	1%	-2%	-8%	4%	-23%	-1%	9%	-	-2%	-2%	-6%
<b>Sales revenue growth rate (LC)</b>															
Hardware	-3%	-2%	6%	-1%	1%	13%	-4%	0%	-33%	-48%	-9%	-	-1%	2%	-23%
Consumable	1%	1%	0%	-2%	3%	3%	-5%	7%	-20%	-1%	10%	-	0%	2%	-5%
<b>Cosumable Ratio</b>															
	58%	58%	57%	61%	60%	58%	57%	59%	55%	57%	55%	-	58%	58%	55%
<b>Growth rate of Hardware</b>															
LBP	-1%	-8%	-7%	-16%	-13%	-4%	-2%	3%	12%	10%	6%	-	-8%	-5%	-
IJP	-1%	-2%	-1%	-4%	0%	13%	1%	7%	-39%	-57%	-24%	-	-2%	5%	-



# Personal & Home Sales Revenue & Profit

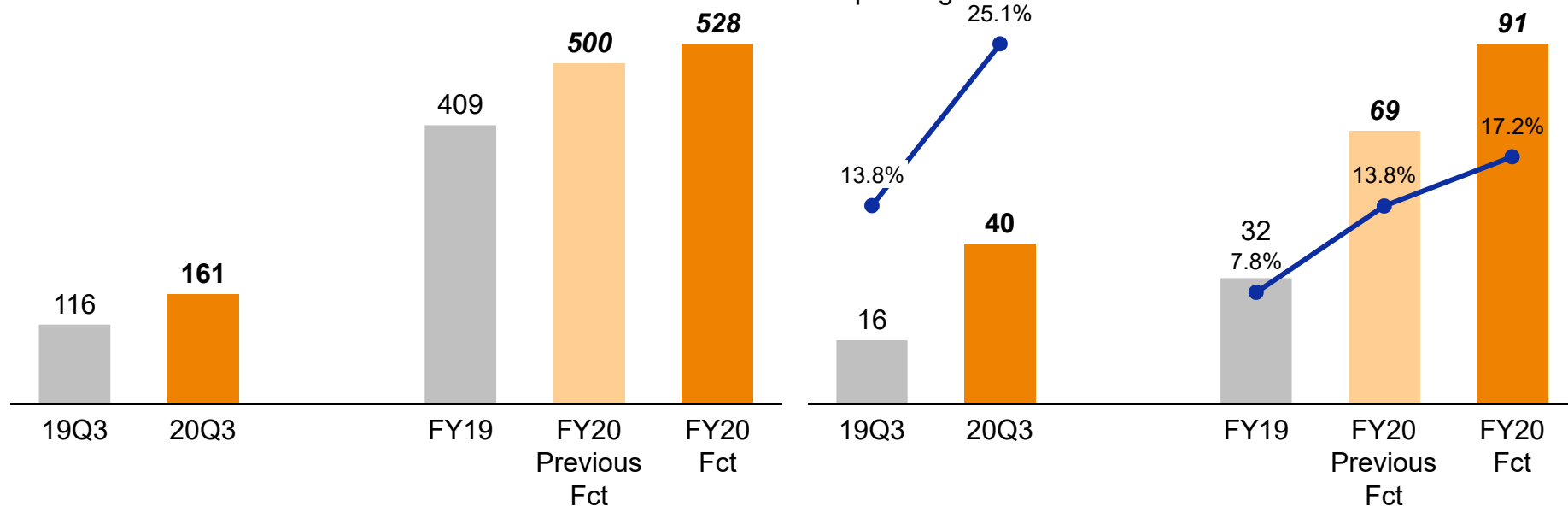
brother  
at your side

(100 Millions of Yen)

	19Q3	20Q3	Change	Change x FX	FY19	Previous Forecast	FY20	Change v LY	Change x FX
<b>Sales Revenue</b>	<b>116</b>	<b>161</b>	<b>38.7%</b>	<b>42.2%</b>	<b>409</b>	<b>500</b>	<b>528</b>	<b>29.2%</b>	<b>32.9%</b>
Americas	63	84	33.7%	41.9%	223	261	272	21.8%	29.1%
Europe	34	48	39.4%	35.4%	108	138	154	42.4%	39.8%
Asia & Others	13	17	35.3%	37.4%	46	55	54	17.3%	20.2%
Japan	7	12	89.5%	89.5%	32	47	49	54.2%	54.2%
<b>Business Segment Profit</b>	<b>14</b>	<b>41</b>	<b>184.3%</b>	-	<b>31</b>	<b>69</b>	<b>93</b>	<b>197.2%</b>	-
<b>Operating Profit</b>	<b>16</b>	<b>40</b>	<b>151.9%</b>	-	<b>32</b>	<b>69</b>	<b>91</b>	<b>186.7%</b>	-

<Sales Revenue>

<Operating Profit> Profit Ratio



# Machinery Sales Revenue & Profit



(100 Millions of Yen)

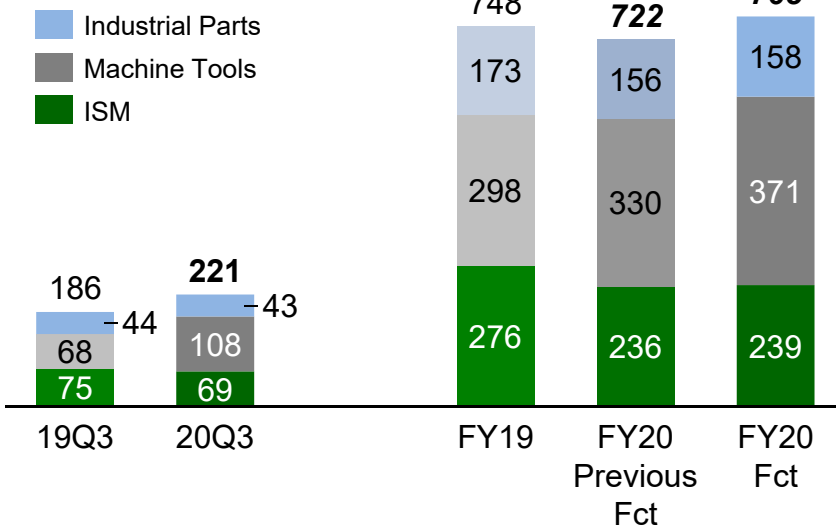
	19Q3	20Q3	Change	Change x FX
Sales Revenue	186	221	18.5%	18.8%
Industrial sewing machines	75	69	-7.0%	-5.7%
Machine tools	68	108	58.7%	57.9%
Industrial Parts	44	43	-0.8%	-0.3%

	FY19	Previous Forecast	FY20	Change v LY	Change x FX
Sales Revenue	748	722	768	2.7%	3.5%
Industrial sewing machines	276	236	239	-13.5%	-12.1%
Machine tools	298	330	371	24.5%	24.9%
Industrial Parts	173	156	158	-9.1%	-8.6%

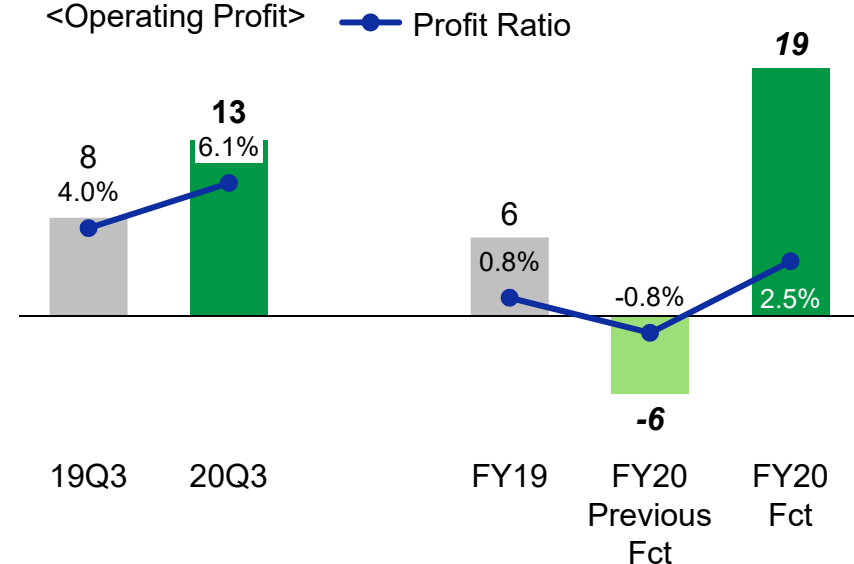
Business Segment Profit	8	22	179.9%	—
Operating Profit	8	13	79.5%	—

Business Segment Profit	7	4	30	332.0%	—
Operating Profit	6	-6	19	210.1%	—

<Sales Revenue>



<Operating Profit>



# Machinery Sales Revenue by Region

brother  
at your side

(100 Millions of Yen)

	19Q3	20Q3	Change	Change x FX	FY19	Previous Forecast	FY20	Change v LY	Change x FX
<b>Sales Revenue</b>	<b>186</b>	<b>221</b>	<b>18.5%</b>	<b>18.8%</b>	<b>748</b>	<b>722</b>	<b>768</b>	<b>2.7%</b>	<b>3.5%</b>
<b>Industrial sewing machines</b>	<b>75</b>	<b>69</b>	<b>-7.0%</b>	<b>-5.7%</b>	<b>276</b>	<b>236</b>	<b>239</b>	<b>-13.5%</b>	<b>-12.1%</b>
Americas	21	22	6.3%	11.1%	70	79	85	20.9%	25.0%
Europe	18	17	-8.0%	-10.4%	68	57	57	-15.4%	-17.0%
Asia & Others	33	27	-18.6%	-17.5%	129	90	86	-33.3%	-31.8%
Japan	2	3	50.6%	50.6%	9	10	11	15.5%	15.5%
<b>Machine tools</b>	<b>68</b>	<b>108</b>	<b>58.7%</b>	<b>57.9%</b>	<b>298</b>	<b>330</b>	<b>371</b>	<b>24.5%</b>	<b>24.9%</b>
Americas	3	5	103.5%	-	20	16	19	-6.1%	-
Europe	4	7	65.5%	-	21	18	17	-18.3%	-
Asia & Others	41	80	95.3%	-	168	243	278	66.0%	-
Japan	20	16	-22.2%	-	89	54	57	-36.3%	-
<b>Industrial Parts</b>	<b>44</b>	<b>43</b>	<b>-0.8%</b>	<b>-0.3%</b>	<b>173</b>	<b>156</b>	<b>158</b>	<b>-9.1%</b>	<b>-8.6%</b>
Americas	5	6	12.9%	17.8%	23	19	20	-13.3%	-10.3%
Europe	-	-	-	-	-	-	-	-	-
Asia & Others	5	6	30.7%	29.9%	18	18	19	6.0%	7.3%
Japan	33	31	-7.4%	-7.4%	132	119	118	-10.4%	-10.4%

# Network & Contents Sales Revenue & Profit



(100 Millions of Yen)

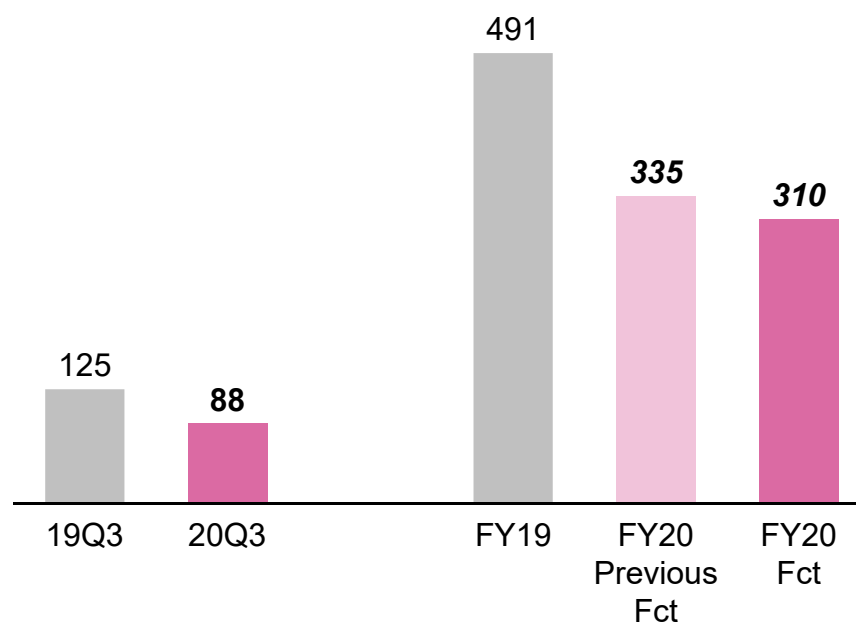
	19Q3	20Q3	Change
<b>Sales Revenue</b>	<b>125</b>	<b>88</b>	<b>-29.8%</b>

	FY19	Previous Forecast	FY20	Change v LY
<b>Sales Revenue</b>	<b>491</b>	<b>335</b>	<b>310</b>	<b>-36.9%</b>

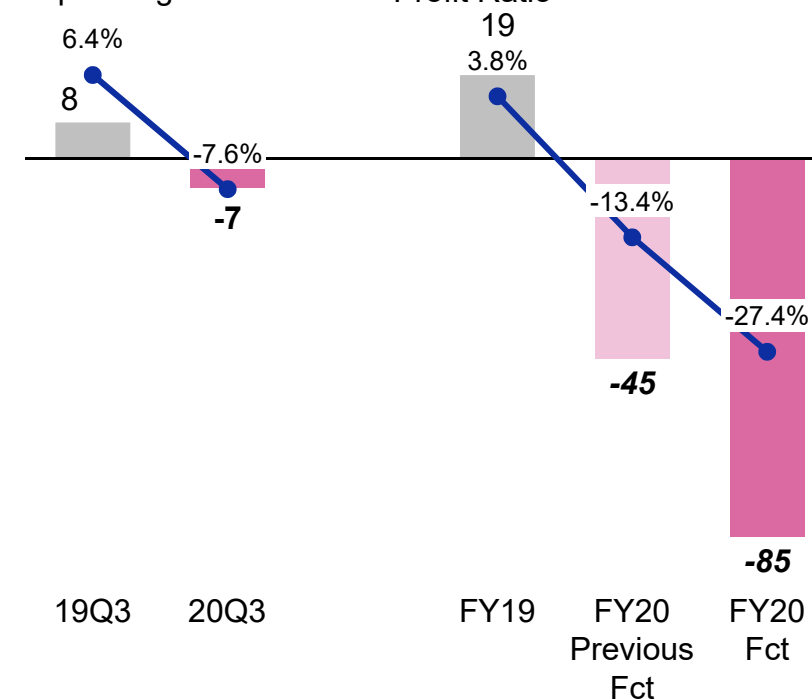
<b>Business Segment Profit</b>	<b>8</b>	<b>-6</b>	<b>-</b>
<b>Operating Profit</b>	<b>8</b>	<b>-7</b>	<b>-</b>

<b>Business Segment Profit</b>	<b>21</b>	<b>-48</b>	<b>-59</b>	<b>-</b>
<b>Operating Profit</b>	<b>19</b>	<b>-45</b>	<b>-85</b>	<b>-</b>

<Sales Revenue>



<Operating Profit>



# Domino Sales Revenue & Profit



(100 Millions of Yen)

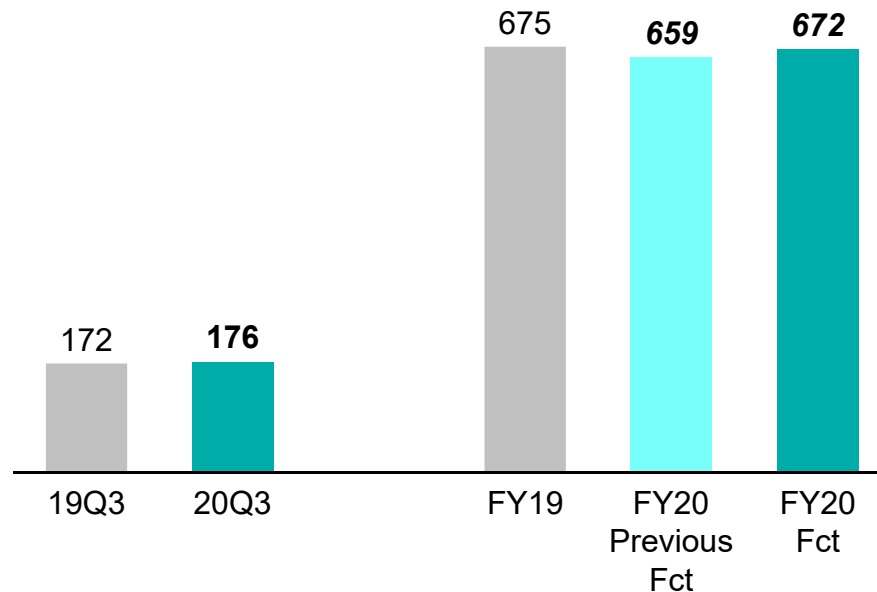
	19Q3	20Q3	Change	Change x FX
<b>Sales Revenue</b>	<b>172</b>	<b>176</b>	1.9%	2.5%
Americas	42	44	4.8%	9.2%
Europe	82	80	-2.4%	-3.2%
Asia & Others	48	51	6.8%	6.8%

	FY19	Previous Forecast	FY20	Change v LY	Change x FX
<b>Sales Revenue</b>	<b>675</b>	<b>659</b>	<b>672</b>	-0.5%	1.2%
Americas	165	166	170	3.4%	7.6%
Europe	329	305	311	-5.5%	-5.3%
Asia & Others	182	188	191	5.1%	7.4%

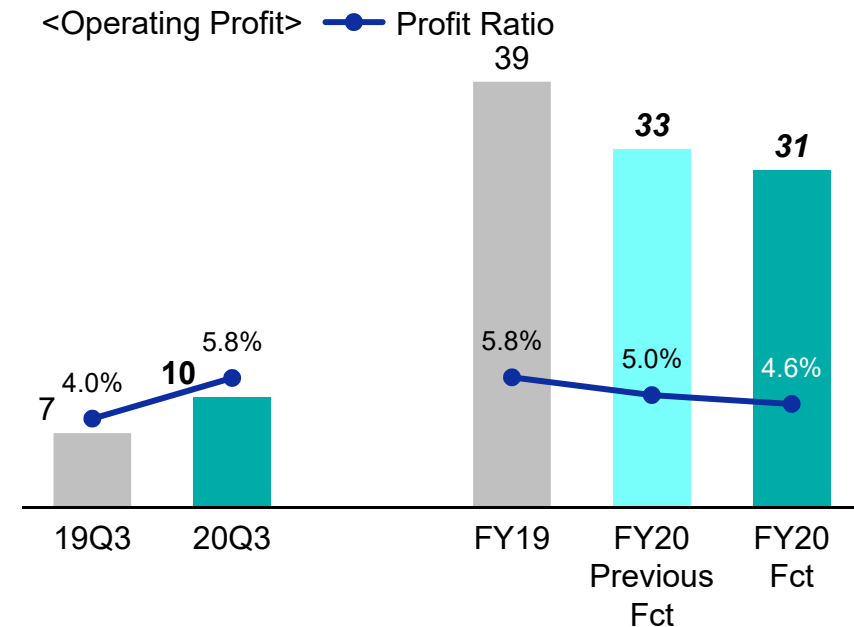
<b>Business Segment Profit</b>	<b>8</b>	<b>13</b>	68.3%	-
<b>Operating Profit</b>	<b>7</b>	<b>10</b>	48.6%	-

<b>Business Segment Profit</b>	<b>38</b>	<b>37</b>	<b>40</b>	5.6%	-
<b>Operating Profit</b>	<b>39</b>	<b>33</b>	<b>31</b>	-20.9%	-

<Sales Revenue>



<Operating Profit>



**brother**  
at your side