

**Fiscal Year 2021** (ending March 31, 2022)

**Second Quarter Financial Results**

**Brother Industries, Ltd.**

**November 8, 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 FY2021 Q2 (Jul.-Sep.)

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

**Business segment profit reached to the same level as the previous year, which was an all-time high for Q2**

◆ **Sales revenue** **176.5 billion yen/ +12.5% (year-on-year)**

- ✓ In the P&S business, despite supply restrictions, revenue increased due to strong demand for hardware products for people working from home, firm performance of consumables, and positive FX effects.
- ✓ The Machinery business recorded a substantial increase in revenue, mainly as a result of strong performance by machine tools in China and recovery of demand for capital investment in industrial sewing machines among apparel manufacturers.

◆ **Business segment profit** **23.2 billion yen/ -0.6% (year-on-year)**

- ✓ Despite higher gross profit in the Machinery and P&S businesses and positive FX effects, business segment profit was flat year-on-year due to high logistics costs and parts and materials costs.

## Forecast for FY2021

**The forecast for each measure of profit has been revised upward in response to positive FX effects and higher profit in the P&S business, mainly in Q2**

### Financial Results for FY2021 Q2

In addition to positive FX effects, the Machinery business performed well, resulting in higher revenue.

Business segment profit reached the same level as the previous year, an all-time high for the second quarter since the transition to IFRS.

**Sales revenue** was up 12.5% year-on-year to **176.5 billion yen**.

In the P&S business, there were supply restrictions due to lower operating rates at factories, but the strong demand for hardware used by people working from home continued, and due to this and effects from improvement in the product mix and price responses as well as firm performance by consumables, revenue increased.

In the Machinery business, revenue increased substantially, mainly as a result of strong performance by machine tools for the automobile industry in China as well as a recovery of demand for capital investment in industrial sewing machines among apparel manufacturers.

**Business segment profit** was **23.2 billion yen**.

Although logistics costs and parts and materials costs were higher, business segment profit remained flat year-on-year as a result of higher gross profit in the Machinery and P&S businesses and positive FX effects.

### Forecast for FY2021

The forecast for each measure of profit has been revised upward in response to positive FX effects due to a weaker yen than anticipated and higher profit in the P&S business, mainly in the second quarter.

## Results for FY2021 Q2 (Jul.-Sep.)

## Consolidated Results for FY2021 Q2

Due to strong performance, mainly in the Machinery business, as well as positive FX effects, revenue was up  
Business segment profit reached to the same level as the previous year, which was an all-time high for Q2

(100 Millions of Yen)

	20Q2	21Q2	Change	Rate of Change (w/o FX)
Sales Revenue	1,569	<b>1,765</b>	196	12.5% (+7.3%)
Business Segment Profit	234	<b>232</b>	-1	-0.6%
Business Segment Profit Ratio	14.9%	<b>13.2%</b>		
Other income/expense	-1	<b>15</b>	16	
Operating Profit	233	<b>247</b>	15	6.3%
Operating Profit Ratio	14.8%	<b>14.0%</b>		
Income before Tax	232	<b>248</b>	17	7.2%
Net Income	181	<b>182</b>	1	0.6%
USD	105.88	<b>110.47</b>		
EUR	123.71	<b>130.31</b>		

I will explain the consolidated results for the second quarter.

Sales revenue in the second quarter of FY2021 was up 19.6 billion yen year-on-year to **176.5** billion yen.

Business segment profit was **23.2** billion yen, the same level as in the previous year, and operating profit increased 1.5 billion yen to **24.7** billion yen.

# Results for FY2021 Q2 by Business Segment



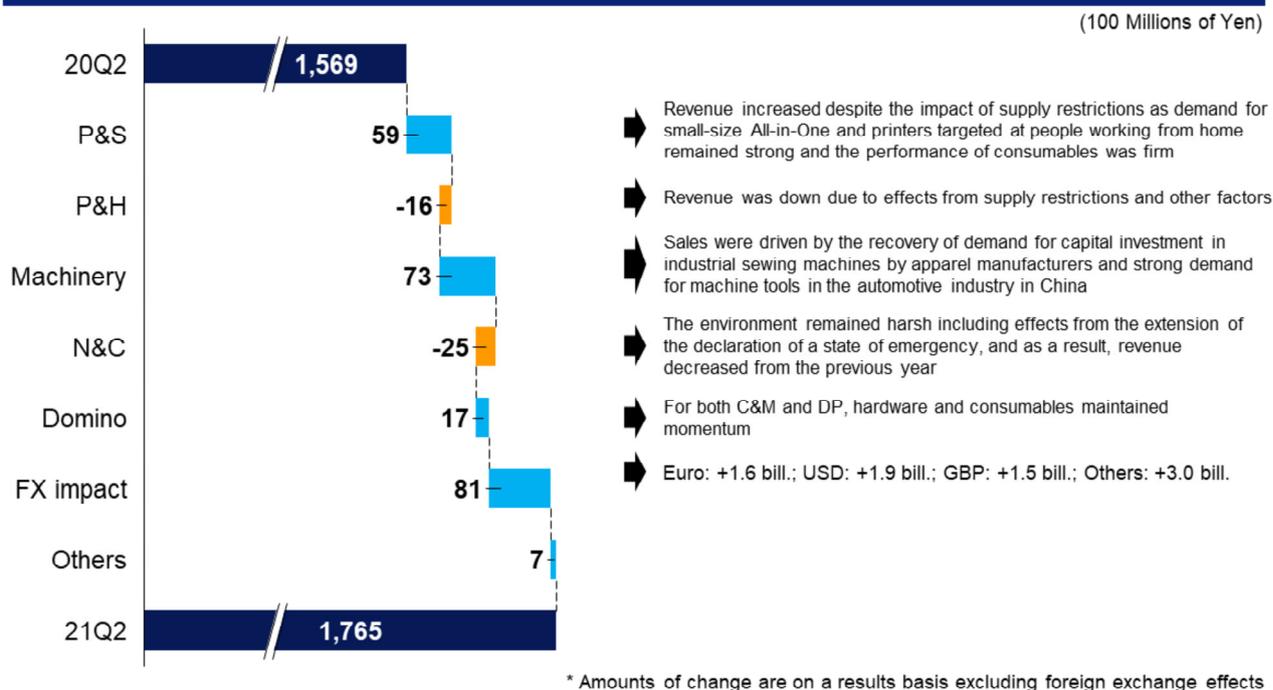
(100 Millions of Yen)

		20Q2	21Q2	change
<b>Printing &amp; Solutions</b>	Sales Revenue	950	1,061	111
	Business Segment Profit	189	159	-30
	Operating Profit	186	164	-22
<b>Personal &amp; Home</b>	Sales Revenue	144	134	-10
	Business Segment Profit	27	26	-1
	Operating Profit	26	28	2
<b>Machinery</b>	Sales Revenue	189	271	82
	Business Segment Profit	8	36	28
	Operating Profit	9	37	28
<b>Network &amp; Contents</b>	Sales Revenue	88	64	-25
	Business Segment Profit	-4	-12	-8
	Operating Profit	0	-5	-6
<b>Domino business</b>	Sales Revenue	173	204	31
	Business Segment Profit	16	22	6
	Operating Profit	12	22	10
<b>Other</b>	Sales Revenue	24	31	7
	Business Segment Profit	-2	1	3
	Operating Profit	-1	3	4
<b>Total</b>	Sales Revenue	1,569	1,765	196
	Business Segment Profit	234	232	-1
	Operating Profit	233	247	15

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

This slide shows results in each business segment.

The Machinery and P&S businesses were firm and due in part to positive FX effects, revenue was higher



These are the main factors for changes in the sales revenue in the second quarter.

• **P&S**

Despite some impact on sales from supply restrictions, demand for small-size All-in-Ones and printers targeted at people working from home remained strong, and as a result of effects from improvement in the product mix and price responses as well as firm performance by consumables, sales revenue increased.

• **P&H**

Demand was firm but supply restrictions occurred in conjunction with lower operating rates at factories due to the spread of COVID-19 in southeast Asia, and as a result, sales revenue was down.

• **Machinery**

Sales were driven by the recovery of demand for capital investment in industrial sewing machines by apparel manufacturers as well as a strong demand for machine tools in the automotive industry in China, and as a result, sales revenue was up substantially.

• **N&C**

The environment remain harsh including repeated declarations of a state of emergency, and as a result, revenue decreased.

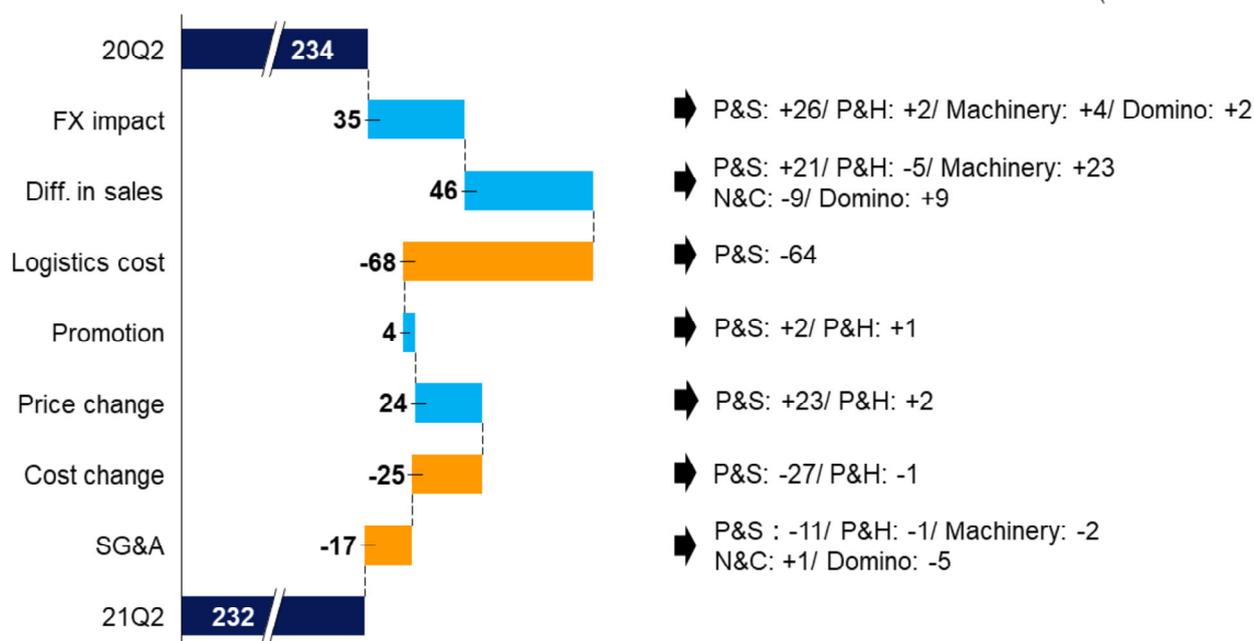
• **Domino**

For both C&M and DP, sales of hardware and consumables were firm, and revenue increased.

Conditions differ among the business segments, but the Machinery business and P&S business were firm, and positive FX effects from the low value of the yen added **8.1** billion yen. Company-wide, sales revenue increased 19.6 billion yen to **176.5** billion yen.

Despite increased gross profit in the Machinery and P&S businesses and positive FX effects, business segment profit was flat from the previous year due to higher logistics costs and parts and materials costs

(100 Millions of Yen)



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

• **FX effects**

Most of the FX effects were in the P&S business.

• **Differences in sales**

Higher sales in each business segment, mainly in the Machinery and P&S businesses, contributed to higher business segment profit.

• **Logistics cost** (\* Previously, this data was included in the difference in sales, but starting in the first quarter of FY2021, it has been included in logistics costs)

Logistics costs (ocean and air freight rates) were up, mainly in the P&S business.

Airfreight was used to respond to supply delays of laser printer consumables.

• **Price change**

The impact was mainly in the P&S business. Average prices increased as a result of improvement in the product mix.

• **Cost change**

Costs for parts and materials increased, mainly for semiconductors and resin materials in the P&S business.

• **Change in selling, general, and administrative expenses**

SG&A expenses were up in almost all businesses.

Despite higher gross profit in the Machinery and P&S businesses and positive FX effects, business segment profit remained flat from the previous year at **23.2** billion yen due to higher logistics costs and parts and materials costs.

## Results for FY2021 First Half (Apr.-Sep.)

# Consolidated Results for FY2021 1H



Results improved from FY2020 Q2, which was significantly affected by COVID-19, with revenue and each measure of profit reaching all-time highs for 1H (since the transition to IFRS)

(100 Millions of Yen)

	FY20 1H	FY21 1H	Change	Rate of Change (w/o FX)
Sales Revenue	2,901	<b>3,505</b>	605	20.8% (+14.4%)
Business Segment Profit	320	<b>494</b>	174	54.4%
Business Segment Profit Ratio	11.0%	<b>14.1%</b>		
Other income/expense	5	<b>18</b>	12	
Operating Profit	325	<b>512</b>	187	57.4%
Operating Profit Ratio	11.2%	<b>14.6%</b>		
Income before Tax	326	<b>516</b>	189	58.0%
Net Income	247	<b>368</b>	121	49.1%
USD	106.68	<b>110.18</b>		
EUR	121.36	<b>130.97</b>		

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Results in the first half of FY2021 improved compared to the same period of the previous year, when results were substantially affected by COVID-19.

Sales revenue was up 60.5 billion yen to **350.5** billion yen.

Business segment profit increased 17.4 billion yen to **49.4** billion yen, and operating profit was up 18.7 billion yen to **51.2** billion yen. The profit ratio exceeded 14%.

# Results for FY2021 1H by Business Segment



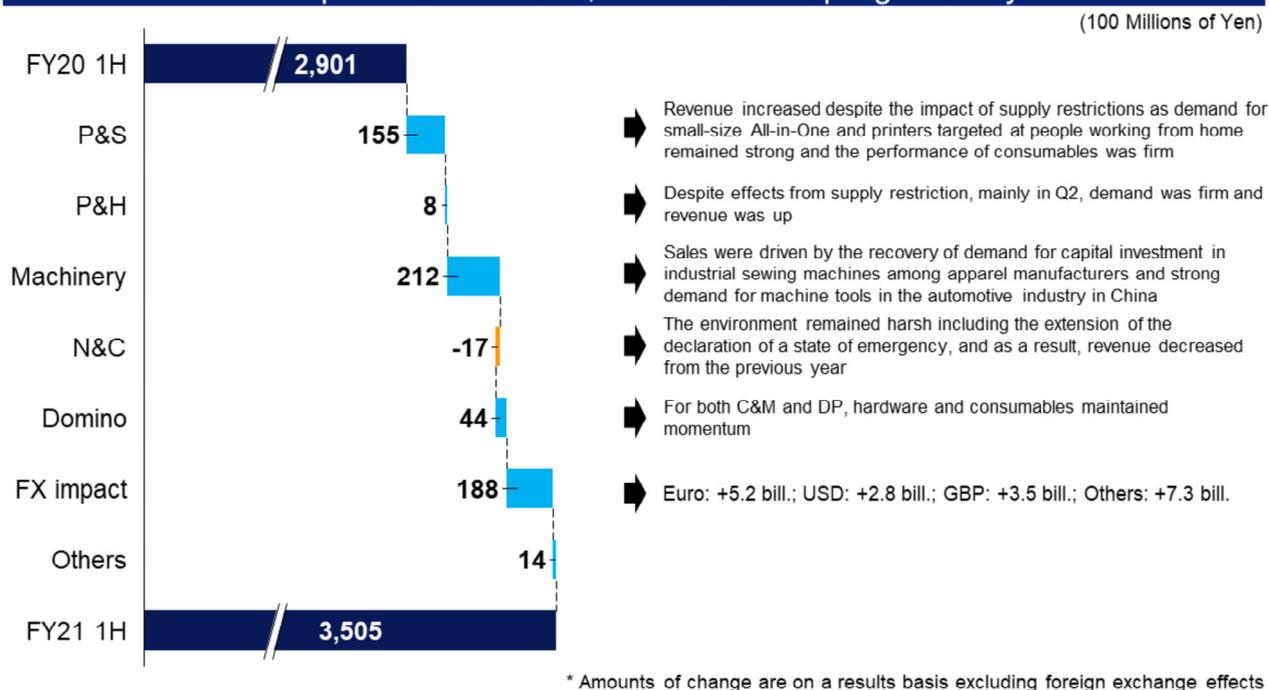
(100 Millions of Yen)

		FY20 1H	FY21 1H	change
<b>Printing &amp; Solutions</b>	Sales Revenue	1,779	2,052	272
	Business Segment Profit	283	323	40
	Operating Profit	287	327	40
<b>Personal &amp; Home</b>	Sales Revenue	252	275	23
	Business Segment Profit	41	58	17
	Operating Profit	40	58	18
<b>Machinery</b>	Sales Revenue	340	575	236
	Business Segment Profit	7	88	81
	Operating Profit	5	88	83
<b>Network &amp; Contents</b>	Sales Revenue	150	133	-17
	Business Segment Profit	-27	-20	7
	Operating Profit	-22	-9	14
<b>Domino business</b>	Sales Revenue	327	403	77
	Business Segment Profit	20	43	23
	Operating Profit	14	43	28
<b>Other</b>	Sales Revenue	52	66	14
	Business Segment Profit	-2	3	5
	Operating Profit	2	5	3
<b>Total</b>	Sales Revenue	2,901	3,505	605
	Business Segment Profit	320	494	174
	Operating Profit	325	512	187

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

This slide shows results in each business segment.

Sales recovered from FY2020 1H, which was significantly affected by COVID-19, and were firm  
With positive FX effects, revenue was up significantly



These are the main factors of changes in sales revenue in the first half of FY2021. Sales revenue in the N&C business was down year-on-year but was higher in all other businesses.

• **P&S**

In the P&S business, despite effects on sales from supply restrictions, demand for small-size All-in-Ones and printers targeted at people working from home remained strong. Also, the performance of consumables was firm, and as a result, sales revenue was up.

• **P&H**

Despite effects on sales in the P&H business from supply restrictions caused by the spread of COVID-19 in Southeast Asia, mainly in the second quarter, results were strong in the first quarter, and sales revenue for the first half as a whole was up.

• **Machinery**

Sales were driven by the recovery of demand for capital investment in industrial sewing machines among apparel manufacturers and strong demand for machine tools in the automotive industry in China, and as a result, sales revenue was up.

• **N&C**

Conditions remained harsh including repeated declarations of a state of emergency, and sales revenue was down.

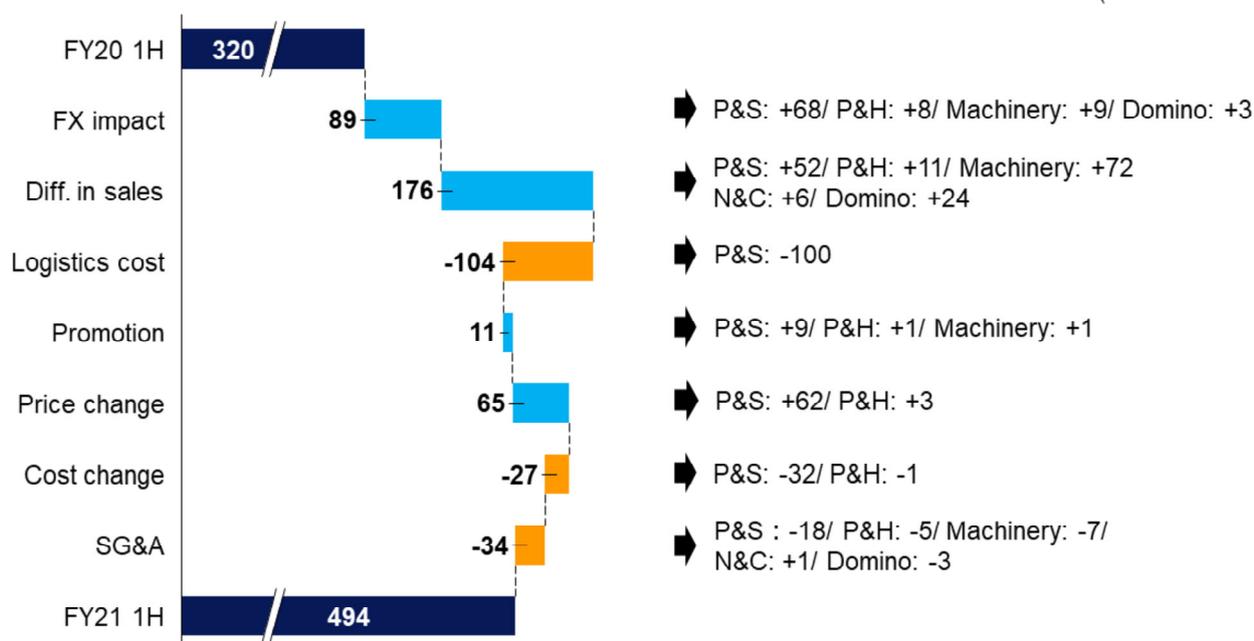
• **Domino**

C&M and DP as well as hardware and consumables maintained momentum, and sales revenue was up.

Positive FX effects totaled 18.8 billion yen, and as a result, company-wide sales revenue increased 60.5 billion yen to **350.5** billion yen.

Profit increased substantially due to increased gross profit in the Machinery and P&S businesses and higher average unit price in the P&S business in addition to positive FX effects

(100 Millions of Yen)



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

• **FX effects**

Most of the FX effects were in the P&S business.

• **Difference in sales**

Higher sales in each business segment, mainly in the Machinery and P&S businesses, contributed to higher segment profit.

• **Logistics cost** (\* Previously, this data was included in the difference in sales, but starting in the first quarter of FY2021, it has been included in logistics costs)

Logistics costs (ocean and air freight rates) were up, mainly in the P&S business.

Airfreight was used to respond to supply delays of laser printer consumables caused by lockdowns at factories.

• **Price change**

The main impact was in the P&S business. Average prices increased as a result of improvement in the product mix.

• **Cost change**

Costs for parts and materials increased, mainly for semiconductors and resin materials in the P&S business.

• **Change in selling, general, and administrative expenses**

SG&A expenses were up in almost all businesses.

As a result of these factors, business segment profit increased 17.4 billion yen to **49.4** billion yen.

## Forecast for FY2021

# Forecast for FY2021

The forecast for each measure of profit has been revised upward in response to positive FX effects and higher profit in the P&S business, mainly in Q2

(100 Millions of Yen)

	Previous Forecast	FY21 Forecast	Change	Rate of Change	FY20	Change	Rate of Change (w/o FX)
Sales Revenue	6,950	<b>6,950</b>	0	0.0%	6,318	632	10.0% (+6.5%)
Business Segment Profit	680	<b>780</b>	100	14.7%	781	-1	-0.1%
Business Segment Profit Ratio	9.8%	<b>11.2%</b>			12.4%		
Other income/expense	-5	<b>0</b>	5		-353	353	
Operating Profit	675	<b>780</b>	105	15.6%	427	353	82.5%
Operating Profit Ratio	9.7%	<b>11.2%</b>			6.8%		
Income before Tax	675	<b>780</b>	105	15.6%	429	351	81.6%
Net Income	460	<b>530</b>	70	15.2%	245	285	116.1%
USD	108.81	<b>109.48</b>			106.17		
EUR	127.59	<b>128.59</b>			123.73		

The forecasts for each measure of profit for the year have been revised upward to reflect positive FX effects due to a weaker than expected yen and higher profit in the P&S business, mainly in the second quarter.

Forecasts for sales revenue have been adjusted in individual business segments, but the overall forecast remains unchanged from the previous forecast.

The forecast for business segment profit has been increased by 10.0 billion yen to **78.0** billion yen.

The forecast for operating profit has been increased by 10.5 billion yen to **78.0** billion yen.

The forecast for net income attributable to owners of the parent has been increased by 7.0 billion yen to **53.0** billion yen.

# Forecast for FY2021 by Business Segment



(100 Millions of Yen)

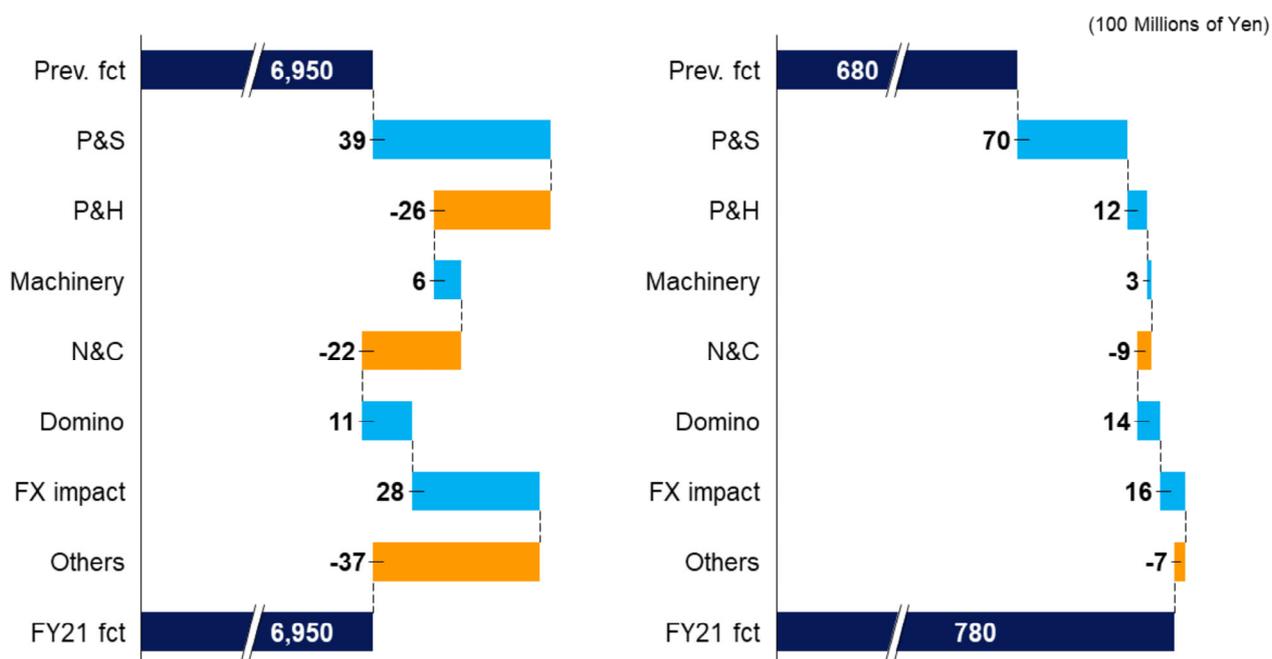
		Previous Fct	FY21 Fct	change	FY20 Act	FY21 Fct	change
<b>Printing &amp; Solutions</b>	Sales Revenue	4,110	4,169	59	3,848	4,169	321
	Business Segment Profit	471	554	83	652	554	-98
	Operating Profit	489	564	75	610	564	-46
<b>Personal &amp; Home</b>	Sales Revenue	509	487	-22	537	487	-50
	Business Segment Profit	62	75	13	98	75	-23
	Operating Profit	64	76	12	96	76	-20
<b>Machinery</b>	Sales Revenue	1,064	1,073	9	789	1,073	284
	Business Segment Profit	115	119	4	41	119	78
	Operating Profit	115	118	3	33	118	85
<b>Network &amp; Contents</b>	Sales Revenue	335	313	-22	310	313	3
	Business Segment Profit	-17	-26	-9	-52	-26	26
	Operating Profit	-2	-2	0	-73	-2	71
<b>Domino business</b>	Sales Revenue	767	780	13	698	780	82
	Business Segment Profit	47	62	15	48	62	14
	Operating Profit	43	61	18	-239	61	300
<b>Other</b>	Sales Revenue	165	128	-37	136	128	-8
	Business Segment Profit	2	-4	-6	-5	-4	1
	Operating Profit	-34	-37	-3	2	-37	-39
<b>Total</b>	Sales Revenue	6,950	6,950	0	6,318	6,950	632
	Business Segment Profit	680	780	100	781	780	-1
	Operating Profit	675	780	105	427	780	353

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

This slide shows the forecast of results by business segment.

Changes in Sales Revenue

Changes in Business Segment Profit



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

These are the main factors of the changes in sales revenue and business segment profit forecasts from the previous forecast.

- In the P&S business, results in the second quarter were better than previously projected, and the forecasts for both sales revenue and business segment profit have been revised upward.
- In the P&H business, taking into account the impact of supply shortages due to lower factory utilization rates and the slowdown of demand from those staying at home, the forecast for sales revenue has been revised downward, but the forecast for business segment profit has been revised upward due to the strong performance in the second quarter and the effects of improvement in the product mix.
- In the Machinery business and Domino business, the strong second-quarter results were incorporated and the forecasts for both sales revenue and business segment profit were revised upward.
- In the N&C business, the premises for a market recovery in the second half were reviewed and the forecasts for both sales revenue and business segment profit were revised downward.

Adding the positive FX effects to these factors, the forecast for business segment profit as a whole for the year was increased.

# Financial Position

(100 Millions of Yen)

	End of FY20	End of FY21Q2	Change
Current assets	4,288	<b>4,416</b>	129
Cash&Cash equivalents	1,910	<b>1,734</b>	-176
Inventories	1,202	<b>1,406</b>	205
Non-current assets	3,151	<b>3,163</b>	11
Total liabilities	2,442	<b>2,290</b>	-152
Interest-bearing debt	575	<b>387</b>	-187
Equity attributable to owners of the parent company	4,831	<b>5,120</b>	289
Total assets	7,439	<b>7,579</b>	140

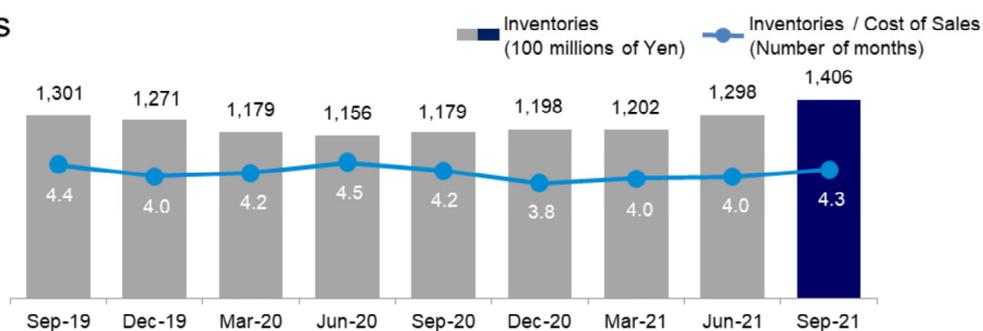
### Net Cash

End of FY20 : +133.5 billion yen  
End of FY21Q2 : +134.6 billion yen

### Shareholders' Equity Ratio

End of FY20 : 64.9%  
End of FY21Q2 : 67.6%

## Inventories



Net cash at the end of the second quarter was 134.6 billion yen.

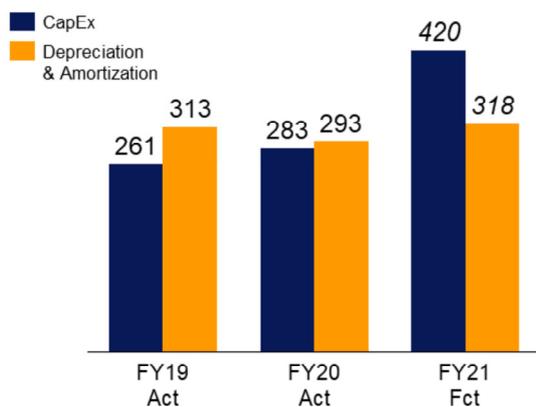
Inventories increased slightly, mainly as a result of progress in supplementing inventories of consumables in the P&S business.

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

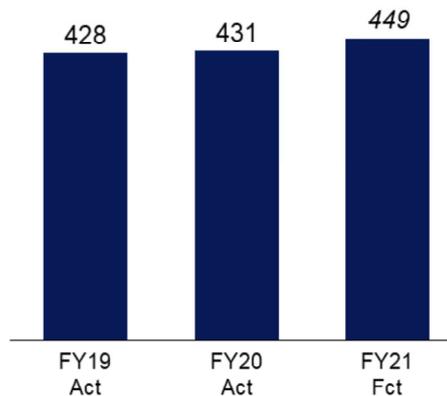
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(100 Millions of Yen)

## Capital Expenditure/ Depreciation & Amortization



## R&D Expenses



### Breakdown by business (CapEx)

	FY19	FY20	FY21
P&S	109	135	199
P&H	5	10	14
Machinery	24	30	52
N&C	49	19	28
Domino	21	21	34
Others	52	67	93
<b>Total</b>	<b>261</b>	<b>283</b>	<b>420</b>

### 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
<b>Total</b>	<b>428</b>	<b>431</b>	<b>449</b>

There are no changes in the forecast of capital expenditure, depreciation and amortization, and R&D expenses for FY2021 since the time of the previous announcement.

## Business Segment Information

# Printing & Solutions Sales Revenue & Profit

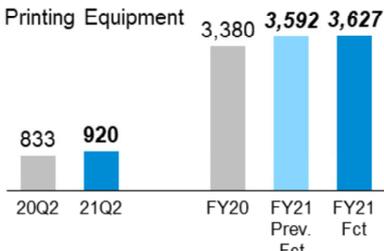
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(100 Millions of Yen)

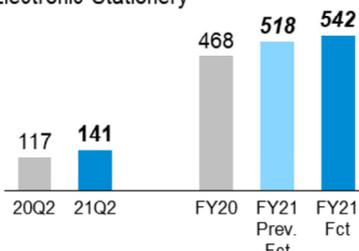
	20Q2	21Q2	Change	Change w/o FX	FY20	Previous Forecast	FY21 Forecast	Change vs LY	Change w/o FX
<b>Sales Revenue</b>	<b>950</b>	<b>1,061</b>	11.6%	6.2%	<b>3,848</b>	<b>4,110</b>	<b>4,169</b>	8.4%	4.5%
<b>Communications &amp; Printing equipment</b>	<b>833</b>	<b>920</b>	10.3%	5.0%	<b>3,380</b>	<b>3,592</b>	<b>3,627</b>	7.3%	3.6%
Americas	298	331	11.1%	5.6%	1,214	1,251	1,275	5.1%	1.2%
Europe	272	290	6.5%	1.1%	1,133	1,147	1,148	1.3%	-2.5%
Asia & Others	163	189	15.7%	7.4%	622	670	679	9.2%	3.3%
Japan	100	110	9.9%	9.9%	410	524	524	27.7%	27.7%
<b>Electronic stationery</b>	<b>117</b>	<b>141</b>	20.9%	14.9%	<b>468</b>	<b>518</b>	<b>542</b>	15.8%	11.4%
Americas	50	68	36.4%	29.9%	204	225	244	19.3%	15.0%
Europe	36	39	7.2%	1.6%	142	161	167	17.7%	13.1%
Asia & Others	17	22	28.4%	18.1%	70	82	84	19.8%	12.2%
Japan	13	12	-9.5%	-9.5%	52	50	48	-8.2%	-8.2%
<b>Business Segment Profit</b>	<b>189</b>	<b>159</b>	-16.0%	-	<b>652</b>	<b>471</b>	<b>554</b>	-15.0%	-
<b>Operating Profit</b>	<b>186</b>	<b>164</b>	-12.1%	-	<b>610</b>	<b>489</b>	<b>564</b>	-7.5%	-

<Sales Revenue>

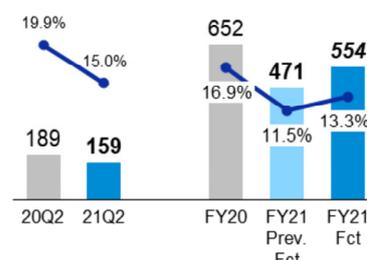
Communications & Printing Equipment



Electronic Stationery



<Business Segment Profit> Profit ratio



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Sales revenue in the P&S business in the second quarter was 106.1 billion yen, up 6.2% on a local currency basis.

## • Communications & printing equipment

Sales revenue was **92.0** billion yen, up 5.0% on a local currency basis.

With regard to inkjet multi-function printers, there were supply restrictions due to lockdowns at factories in the previous year, but the status of supplies improved this year, and the hardware sales volume was up substantially.

On the other hand, with regard to laser All-in-Ones and printers, supply restrictions caused by lower operating rates at factories due to COVID-19 had an impact, and the hardware sales volume was down. Consumable supply delays were addressed by using airfreight.

Although there were some differences in the status of supplies among products, demand for hardware from people working at home remain strong, and with the addition of an improvement in the product mix, the effects of price responses, firm sales of consumables, and positive FX effects, sales revenue for the business as a whole was up.

## • Electronic stationery

Sales revenue was **14.1** billion yen, up 14.9% on a local currency basis.

In both the labeling system/printer field and the solution field centered on mobile printers, sales revenue increased due to a recovery in demand.

Despite positive FX effects and firm sales of consumables overall, business segment profit decreased by 16.0% year-on-year to **15.9** billion yen as a result of higher parts and materials costs and logistics costs.

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



	19Q1	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	FY19	FY20	FY21 Fct
<b>LBP</b>															
<b>Sales revenue growth rate (JPY)</b>															
Hardware	-9%	-8%	-7%	-2%	6%	19%	18%	18%	-10%	-4%	-	-	-7%	15%	-3%
Consumable	2%	-6%	-2%	-3%	-18%	1%	0%	-1%	21%	15%	-	-	-2%	-5%	9%
<b>Sales revenue growth rate (LC)</b>															
Hardware	-6%	-4%	-3%	2%	11%	22%	21%	18%	-16%	-9%	-	-	-3%	18%	-6%
Consumable	4%	-1%	3%	0%	-15%	2%	2%	-3%	12%	9%	-	-	1%	-4%	5%
<b>IJP</b>															
<b>Sales revenue growth rate (JPY)</b>															
Hardware	-2%	8%	-7%	-3%	-37%	-49%	-12%	-3%	90%	95%	-	-	-1%	-25%	40%
Consumable	1%	-2%	-8%	4%	-23%	-1%	9%	-6%	11%	-6%	-	-	-2%	-5%	-5%
<b>Sales revenue growth rate (LC)</b>															
Hardware	1%	13%	-4%	0%	-33%	-48%	-9%	-3%	79%	87%	-	-	2%	-23%	36%
Consumable	3%	3%	-5%	7%	-20%	-1%	10%	-8%	5%	-10%	-	-	2%	-5%	-8%
<b>Consumable Ratio</b>															
	60%	58%	57%	59%	55%	57%	55%	56%	56%	57%	-	-	58%	55%	55%
<b>Growth rate of Hardware</b>															
LBP	-13%	-4%	-2%	3%	12%	10%	6%	0%	-28%	-16%	-	-	-5%	7%	-
IJP	0%	13%	1%	7%	-39%	-57%	-24%	-25%	65%	101%	-	-	5%	-36%	-

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This slide shows the sales revenue growth rate and consumable ratios of main products in the second quarter.

- **Sales revenue growth rate (local currency basis)**

The sales revenue growth rates for laser printers (LBP) were -9% for hardware and +9% for consumables. The hardware supply restrictions caused by a decrease in factory operating rates are gradually improving but have not yet fully recovered. Airfreight was utilized for consumables in order to prioritize customer responses, and efforts were made to build up inventories.

The sales revenue growth rates for inkjet printers (IJP) were +87% for hardware and -10% for consumables. In the previous year, sales of hardware were down substantially due to supply restrictions throughout the year, but the status of supplies improved this year and as a result, sales were up significantly.

- **Sales volume growth rate**

The sales volume of LBP was affected by supply restrictions and was -16%.

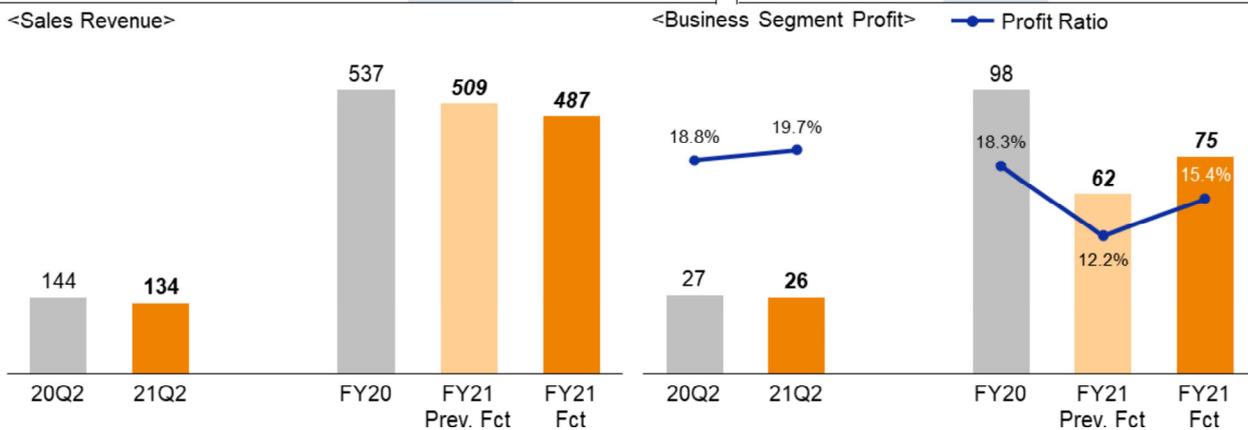
On the other hand, the status of supplies for IJP improved compared to the same period of the previous year, when the sales volume was down substantially due to the effects of lockdowns at factories, and as a result, the sales volume growth rate was +101%.

# Personal & Home Sales Revenue & Profit



(100 Millions of Yen)

	20Q2	21Q2	Change	Change w/o FX	FY20	Previous Forecast	FY21 Forecast	Change vs LY	Change w/o FX
<b>Sales Revenue</b>	<b>144</b>	<b>134</b>	-6.7%	-10.9%	<b>537</b>	<b>509</b>	<b>487</b>	-9.3%	-12.7%
Americas	74	79	7.4%	2.5%	273	271	265	-3.0%	-6.5%
Europe	42	36	-16.0%	-20.0%	160	146	139	-13.2%	-17.2%
Asia & Others	14	12	-10.0%	-15.3%	56	56	49	-11.6%	-15.8%
Japan	14	7	-48.7%	-48.7%	48	37	34	-29.7%	-29.7%
<b>Business Segment Profit</b>	<b>27</b>	<b>26</b>	-2.3%	-	<b>98</b>	<b>62</b>	<b>75</b>	-23.5%	-
<b>Operating Profit</b>	<b>26</b>	<b>28</b>	5.9%	-	<b>96</b>	<b>64</b>	<b>76</b>	-21.2%	-



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Sales revenue in the P&H business in the second quarter was **13.4** billion yen, down 10.9% on a local currency basis.

Recently, demand has been generally firm overseas, but operating rates at factories fell due to the spread of COVID-19 in southeast Asia, and supply restrictions resulted in the loss of sales opportunities.

With regard to business segment profit, despite higher parts and materials costs, and improved product mix and curtailed sales promotion expenses resulted in business segment profit remaining nearly flat from the same period of the previous year.

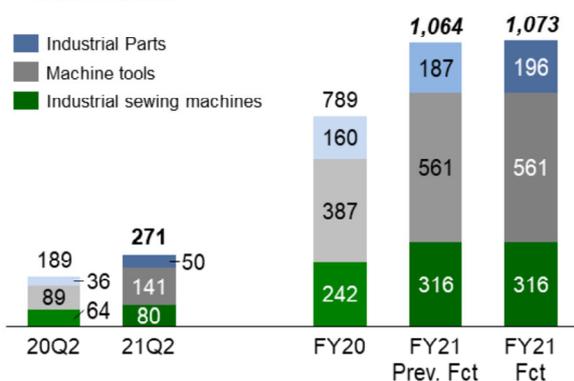
# Machinery Sales Revenue & Profit

brother  
at your side

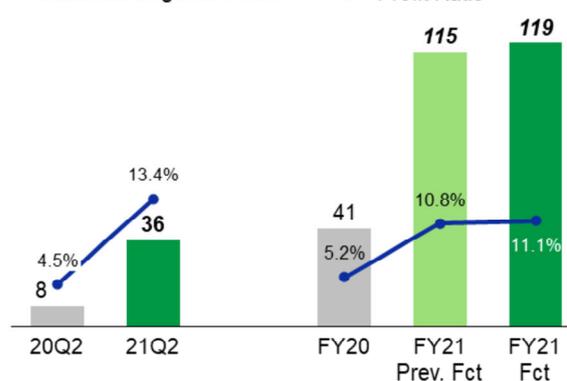
(100 Millions of Yen)

	20Q2	21Q2	Change	Change w/o FX	FY20	Previous Forecast	FY21 Forecast	Change vs LY	Change w/o FX
<b>Sales Revenue</b>	<b>189</b>	<b>271</b>	<b>43.4%</b>	<b>38.3%</b>	<b>789</b>	<b>1,064</b>	<b>1,073</b>	<b>36.0%</b>	<b>31.8%</b>
Industrial sewing machines	64	80	25.3%	18.4%	242	316	316	30.8%	25.3%
Machine tools	89	141	57.3%	52.5%	387	561	561	44.9%	40.3%
Industrial Parts	36	50	41.1%	38.6%	160	187	196	22.1%	20.9%
<b>Business Segment Profit</b>	<b>8</b>	<b>36</b>	<b>329.7%</b>	<b>-</b>	<b>41</b>	<b>115</b>	<b>119</b>	<b>188.8%</b>	<b>-</b>
<b>Operating Profit</b>	<b>9</b>	<b>37</b>	<b>320.6%</b>	<b>-</b>	<b>33</b>	<b>115</b>	<b>118</b>	<b>257.2%</b>	<b>-</b>

<Sales Revenue>



<Business Segment Profit>



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23

In the Machinery business, sales and profit were strong in all three business areas in the second quarter.

Sales revenue for the Machinery business overall was **27.1** billion yen. On a local currency basis, the growth rate was +38.3%, a substantial increase.

The breakdown of sales revenue is as follows:

Sales of industrial sewing machines were **8.0** billion yen, machine tools were **14.1** billion yen, and industrial parts were **5.0** billion yen.

- **Industrial sewing machines**

Sales of industrial sewing machines were strong due to a recovery in capital investment demand for apparel in Asia and China.

- **Machine tools**

Sales in automotive-related markets in China were strong and there were effects from spot orders received from IT-related customers at the end of the previous fiscal year, and as a result, sales revenue was up substantially.

- **Industrial parts**

As a result of a recovery in capital investment demand, sales revenues for both reducers and gears were up substantially.

Due to the effects of higher sales revenues, business segment profit was **3.6** billion yen, increasing substantially from 800 million yen in the same period of the previous year.

# Machinery Sales Revenue by Region

**brother**  
at your side

(100 Millions of Yen)

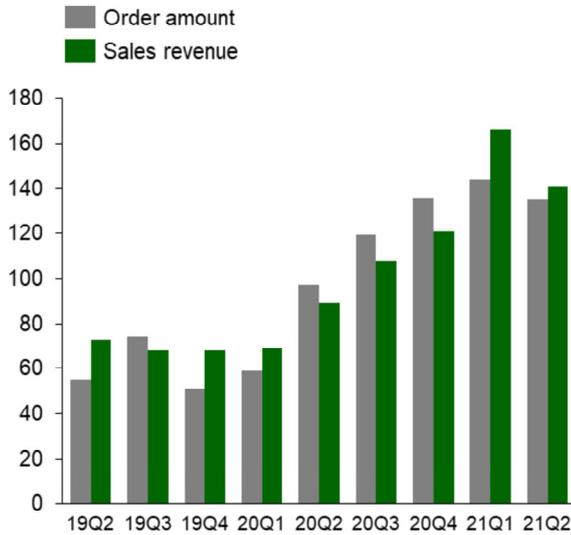
	20Q2	21Q2	Change	Change w/o FX	FY20	Previous Forecast	FY21 Forecast	Change vs LY	Change w/o FX
<b>Sales Revenue</b>	<b>189</b>	<b>271</b>	<b>43.4%</b>	<b>38.3%</b>	<b>789</b>	<b>1,064</b>	<b>1,073</b>	<b>36.0%</b>	<b>31.8%</b>
<b>Industrial sewing machines</b>	<b>64</b>	<b>80</b>	<b>25.3%</b>	<b>18.4%</b>	<b>242</b>	<b>316</b>	<b>316</b>	<b>30.8%</b>	<b>25.3%</b>
Americas	29	23	-19.8%	-23.4%	87	98	94	8.5%	4.8%
Europe	14	15	7.0%	1.8%	56	73	72	30.6%	26.2%
Asia & Others	18	39	116.3%	101.7%	88	130	146	66.7%	57.7%
Japan	3	3	3.2%	3.2%	12	16	3	-71.2%	-71.2%
<b>Machine tools</b>	<b>89</b>	<b>141</b>	<b>57.3%</b>	<b>52.5%</b>	<b>387</b>	<b>561</b>	<b>561</b>	<b>44.9%</b>	<b>40.3%</b>
Americas	1	10	590.8%	-	20	34	33	65.8%	-
Europe	3	8	171.6%	-	19	30	34	77.3%	-
Asia & Others	73	102	40.2%	-	289	401	406	40.3%	-
Japan	12	21	71.9%	-	59	97	89	50.2%	-
<b>Industrial Parts</b>	<b>36</b>	<b>50</b>	<b>41.1%</b>	<b>38.6%</b>	<b>160</b>	<b>187</b>	<b>196</b>	<b>22.1%</b>	<b>20.9%</b>
Americas	5	8	50.3%	43.7%	21	20	27	31.0%	26.5%
Europe	-	-	-	-	-	-	-	-	-
Asia & Others	4	6	59.2%	45.5%	20	22	23	18.0%	10.2%
Japan	27	36	36.6%	36.6%	120	145	146	21.3%	21.3%

# Machinery (Machine tools) Order Trends



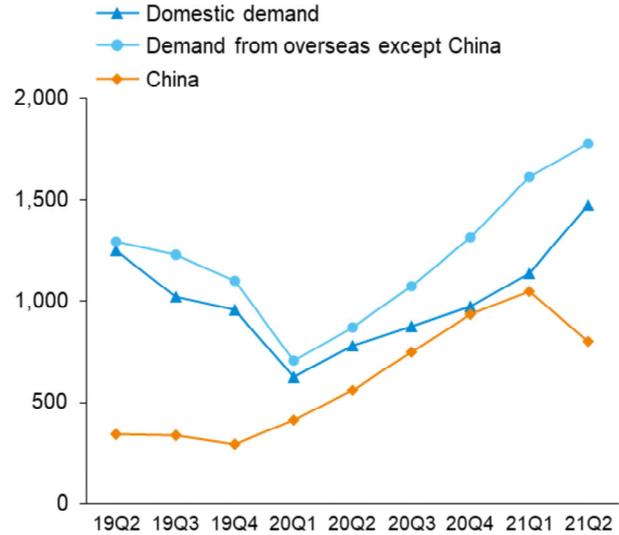
(100 Millions of Yen)

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

(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.

Orders remain strong compared to the previous year, particularly orders from China, but there was a decline in orders in the second quarter of FY2021 compared to the first quarter.

Similarly, statistics from the Japan Machine Tool Builders' Association show progress in the recovery of both internal and external demand, but there has been a slowdown in China alone.

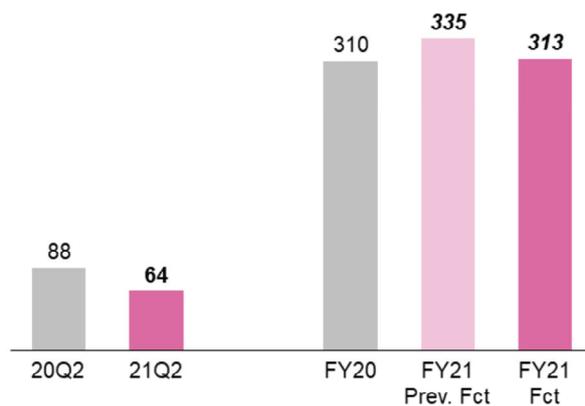
# Network & Contents Sales Revenue & Profit



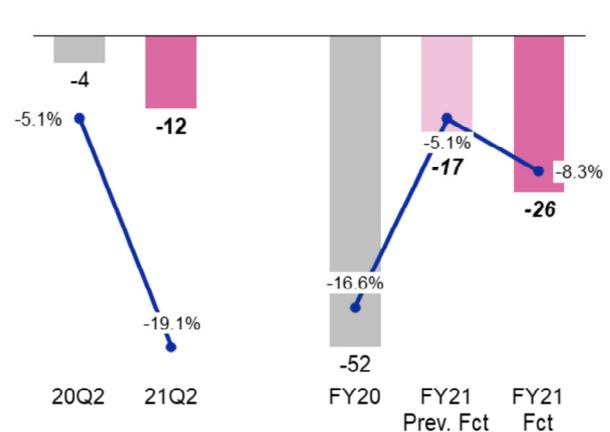
(100 Millions of Yen)

	20Q2	21Q2	Change	FY20	Previous Forecast	FY21 Forecast	Change vs LY
<b>Sales Revenue</b>	<b>88</b>	<b>64</b>	<b>-27.7%</b>	<b>310</b>	<b>335</b>	<b>313</b>	<b>0.9%</b>
<b>Business Segment Profit</b>	<b>-4</b>	<b>-12</b>	<b>-</b>	<b>-52</b>	<b>-17</b>	<b>-26</b>	<b>-</b>
<b>Operating Profit</b>	<b>0</b>	<b>-5</b>	<b>-</b>	<b>-73</b>	<b>-2</b>	<b>-2</b>	<b>-</b>

<Sales Revenue>



<Business Segment Profit> Profit Ratio



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Sales revenue in the N&C business was **6.4** billion yen in the second quarter, a decrease of 27.7% year-on-year.

The business environment in Japan remains adverse including repeated declarations of a state of emergency in response to the resurgence of COVID-19. Sales revenues were down year-on-year in both the karaoke club business and karaoke business.

Despite progress in cutting expenses, these efforts were unable to make up for the effects of the resurgence of COVID-19, and a business segment loss of **1.2** billion yen were recorded, compared to a loss of 400 million yen in the same period of the previous year.

Although there were effects from employment adjustment subsidies, an operating loss of **500** million yen were recorded.

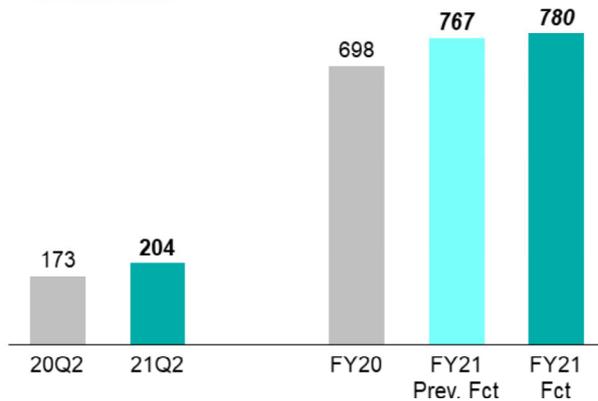
# Domino Sales Revenue & Profit

brother  
at your side

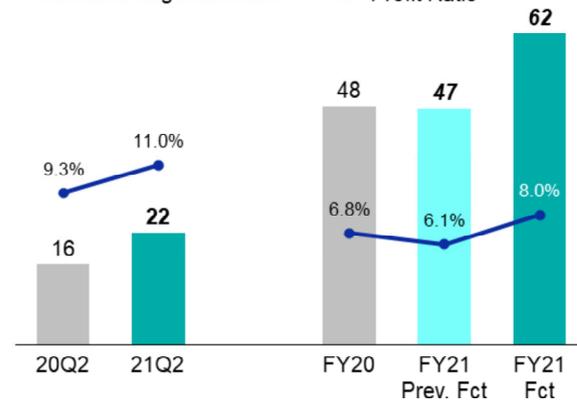
(100 Millions of Yen)

	20Q2	21Q2	Change	Change w/o FX	FY20	Previous Forecast	FY21 Forecast	Change vs LY	Change w/o FX
<b>Sales Revenue</b>	<b>173</b>	<b>204</b>	17.9%	9.9%	<b>698</b>	<b>767</b>	<b>780</b>	11.7%	5.0%
Americas	45	51	13.1%	5.5%	176	190	192	8.9%	3.0%
Europe	77	91	17.5%	6.8%	324	358	362	11.7%	3.8%
Asia & Others	51	62	22.6%	16.2%	198	219	226	14.1%	9.3%
<b>Business Segment Profit</b>	<b>16</b>	<b>22</b>	39.9%	-	<b>48</b>	<b>47</b>	<b>62</b>	30.4%	-
<b>Operating Profit</b>	<b>12</b>	<b>22</b>	80.5%	-	<b>-239</b>	<b>43</b>	<b>61</b>	-	-

<Sales Revenue>



<Business Segment Profit> Profit Ratio



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27

Sales revenue in the Domino business was **20.4** billion yen in the second quarter. On a pound basis, the growth rate was +9.9%.

With regard to hardware, in addition to C&M, the DP market recovered, and sales of consumables in both the C&M and DP markets remained firm.

Business segment profit was **2.2** billion yen.

As a result mainly of the increase in sales revenue, business segment profit was up 39.9% year-on-year, a substantial increase.

**brother**  
at your side

# **Tender Offer for Nissei Corporation**

**November 8, 2021**  
**Brother Industries, Ltd.**

Conduct a tender offer for Nissei, a consolidated subsidiary of which Brother holds approximately 60.2% of shares

- Accelerate decision making by the entire Brother Group and focus on “Machinery/FA – accelerate growth” as specified in the “CS B2021” Medium-Term Business Strategy in pursuit of further enhancement of the Brother Group’s corporate value by both companies

## ◆ Outline of Tender Offer

Purchase period	November 9 to December 21, 2021 (30 business days)
Purchase price	1,500 yen per common share (Represent a 44.23% premium to the closing price on November 5, 2021)
Number of shares to be purchased	All common shares (excluding, however, shares held by Brother Industries, Ltd. and Nissei Corporation)
Minimum number of shares to be purchased	1,801,242 shares (6.50% of issued shares excluding shares held by Nissei)
Funds for purchase	Own funds
Matters concerning two-step acquisition	If Brother is unable to acquire all common shares through the tender offer, it plans to conduct a squeeze-out after the completion of the tender offer through either (i) a demand for cash-out or (ii) share consolidation

## Nissei

Trade name	Nissei Corporation
Location of headquarters	1-1, Inoue, Izumi-cho, Anjo, Aichi
Representative	Yoshihisa Nozaki, President and Representative Director
Description of main businesses	Manufacture and sale of reducers and gears and real estate leasing
Listed securities exchanges	Second sections of the Tokyo Stock Exchange and the Nagoya Stock Exchange



Brother Industries announced today, November 8 that it will conduct a tender offer for Nissei Corporation, a consolidated subsidiary.

Nissei is a leading manufacturer in the small-size gear motor and OEM gear markets. Brother Industries acquired Nissei and it became a consolidated subsidiary in January 2013.

Nissei engages in the Industrial Parts business, which is part of the Machinery business of the Brother Group. Its Industrial Parts business comprises mainly the Reducer business and the Gear business.

In the Reducer business, Nissei produces and sells gear motors and other products to a wide range of customers in various fields, such as transport machinery, machine tools, and food packaging machinery. In the Gear business, it manufactures and sells high precision gears for robots and a variety of other OEM gears, such as gears for machine tools and electric tools.

The Brother Group is focusing in particular on the robot and FA machinery markets, which are expected to grow in the future, in order to achieve “Machinery/FA – accelerate growth” as set out in the current Medium-Term Business Strategy “CS B2021.” We are advancing initiatives to further expand sales through acquisition of new contracts for Nissei’s high precision gears and accelerating the launch of newly developed high stiffness reducers.

Brother industries currently holds 60.17% of Nissei shares and aims to make the company a wholly-owned subsidiary through this tender offer.

By making Nissei a wholly-owned subsidiary and a privately-held company, we will promote collaboration, sharing of managerial resources and expertise, and personnel exchanges between the two companies even more actively. Amid significant changes in the business environment, such as the acceleration of efforts to achieve carbon neutrality and digitization, Brother and Nissei will work more closely than ever before, expand business as a group by drawing on the strengths of a variety of unique technologies and global networks, and accelerate initiatives to leap forward in the industrial field, as set out in the Brother Group’s new vision.

An outline of the tender offer is as stated in this slide, and we will commence the tender offer tomorrow, November 9. The result of the tender offer will be announced through a news release or other means.

# Brother Group New Vision

**November 8, 2021**

**Brother Industries, Ltd.**

\*: The explanatory materials concerning “At your side 2030,” the Brother Group’s new vision, are the same as those released on the following Website on October 6, 2021.  
<https://global.brother/en/corporate/vision>

\* The explanatory materials concerning “At your side 2030,” the Brother Group’s new vision, are the same as those released on the following Website on October 6, 2021.

<https://global.brother/en/corporate/vision>

# Background of the New Vision

First is an explanation of the background to formulation of the new vision.

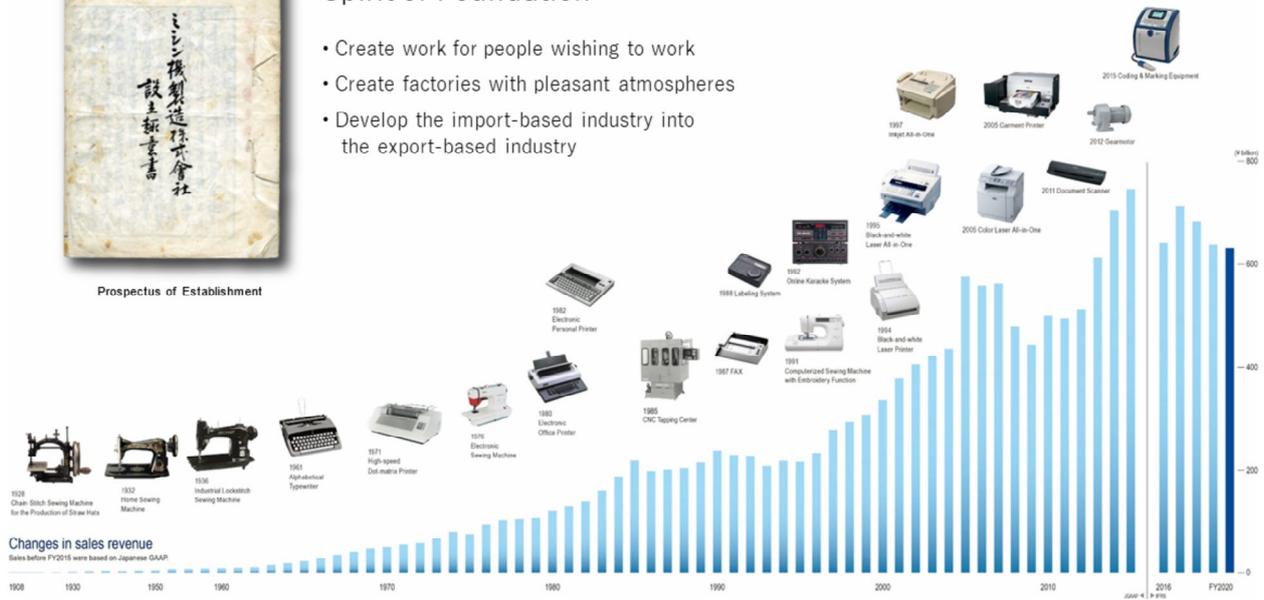
Since founding, Brother has been grasping changes in customer needs and innovating its business to solve social issues.



Prospectus of Establishment

## Spirit of Foundation

- Create work for people wishing to work
- Create factories with pleasant atmospheres
- Develop the import-based industry into the export-based industry



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The Brother Group started in the sewing machine repair business in 1908 and later diversified its business by developing proprietary technology and utilizing its accumulated core technology. Brother has always been grasping changes in customer needs and innovating its business. In all areas, Brother puts customers first, and unique and original manufacturing has been the driving force of our growth.

Furthermore, creating work for people wishing to work, creating factories with pleasant atmospheres, and developing the import-based industry into the export-based industry are our founding spirit, and Brother has always conducted business with the objectives of contributing to society and creating work environments where employees can perform meaningful work with passion.

Brother has been promoting business activities with the spirit of "At your side."



Putting customers first in every situation with the spirit of "At your side."



"Brother Group Global Charter" is the foundation of all activities by the global Brother Group.

The Brother Group has developed business with the "At your side." spirit.

"At your side," which means putting customer first in every situation and considering things and conducting business from the customer's perspective, has long been an important principle at Brother.

In addition, the Brother Group Global Charter provides the foundation for all activities by the approximately 40,000 Brother Group employees working around the world.

The Charter has been translated into 28 languages and distributed to all Brother Group employees in more than 40 countries and regions around the world.

**In addition to changes in society, the business environment surrounding Brother is also changing.**

## Changes in society

- Values, including workstyles, have changed significantly.
- The changes have been accelerated by the COVID-19 pandemic.
- As there has been growing demand for sustainability, the trend toward questioning the *raison d'être* and social value of companies has spread globally.

## Changes in the business environment

- Digitalization and remote work
- Diversification of purchasing behavior
- Growing demand for mass customization
- Acceleration of automation and networking at manufacturing facilities
- Growing risks in the supply chain due to disasters, infectious diseases, geopolitical risks, etc.

In addition to changes in society, the business environment surrounding Brother is also changing.

Changes in workstyles have been accelerated by the COVID-19 pandemic, demands for sustainability are increasing, and the trend of questioning the reasons for existence and social value of companies is spreading. Brother's business environment is also undergoing changes including digitalization and increased remote work.

For the Group to grow while responding to these changes, we formulated the new vision for the period until FY2030 based on the belief that it is necessary to draw a picture of our aspirations from a long-term perspective and link it to our strategies.

# New Vision

## Brother Group New Vision

# At your side 2030

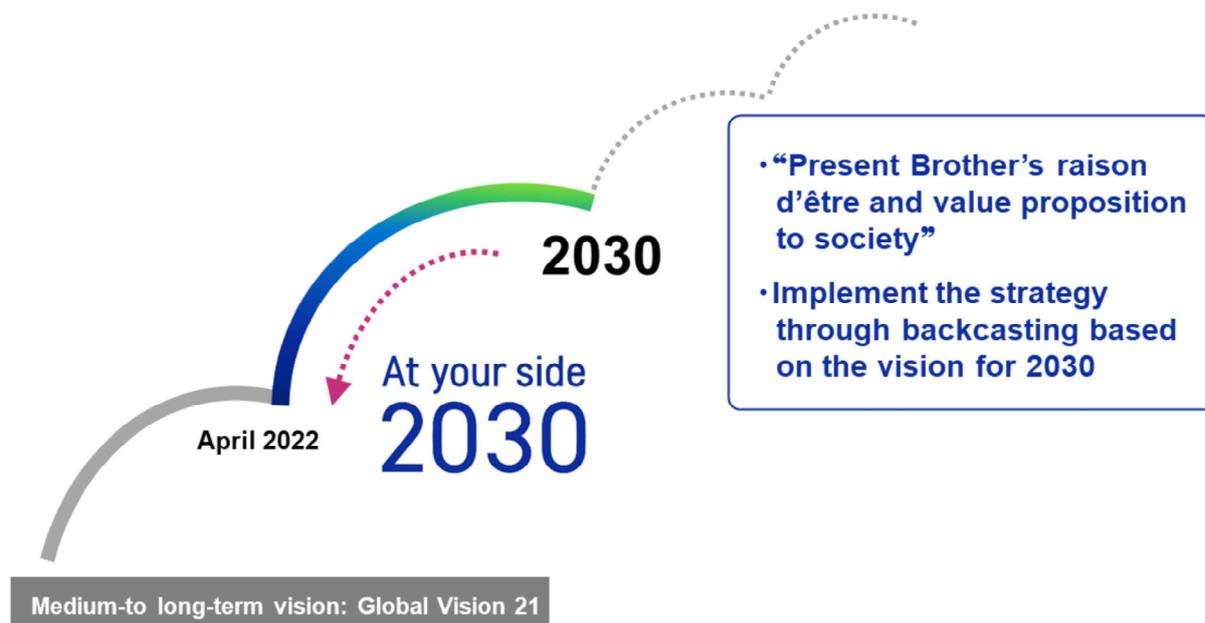
The name of this new vision is “At your side 2030.”

We adopted this name to express the direction that the Brother Group will take until FY2030 with an awareness of the “At your side.” spirit, which we must maintain unchanged and value into the future.

This vision was developed and completed over about 10 months through repeated discussions by the Brother Group personnel who will serve as the next generation of leaders as they worked remotely during the COVID-19 pandemic and with additional discussion by officers.

# Implement Strategy through Backcasting Based on the Vision for 2030

“Present Brother’s raison d’être and value proposition to society” and implement the strategy through backcasting by clearly setting the deadline of 2030.



This vision is a statement of the reason for the Group’s existence and the value that we can provide to society. By setting specific goals for 2030, we will incorporate the vision into strategies by backcasting from those goals.

Our next medium-term business strategy based on the vision is currently being developed, and we plan to announce it in about spring of next year.

Although it is somewhat in the future, please wait until this announcement for the details.

What value do we offer to customers and society toward 2030?  
At your side 2030 shows "Our Approach" and "Our Focus Areas" based on "Our Purpose."



Next is an explanation of the structure of the vision.

The vision positions the Brother Group's purpose as its starting point and indicates how we can offer value to customers and society and the specific areas that we will focus on through 2030.

# At your side 2030

## Our Purpose

By being "At your side," we enable people's productivity and creativity, contribute to society, and help protect the earth.

## Our Approach

We identify and eliminate barriers to customers' success by utilizing our unique technologies and global network.

## Our Focus Areas

- **Industrial** - Become a trusted, invaluable solutions partner.
- **Printing** - Continue leading print innovation and pioneering new offerings.

Next are specific explanations of Our Purpose, Our Approach, and Our Focus areas.

## Our Purpose

**By being "At your side,"  
we enable people's productivity and creativity,  
contribute to society, and help protect the earth.**

- **As we have throughout our history, Brother continues to help unlock people's innate productivity and creativity.**
- **By supporting people in their value-creation journeys, and helping them realize their aspirations and goals, we contribute to a better society.**
- **We are also "At your side." for the environment, focusing on sustainability and on leaving as small a footprint as possible.**

First is Our Purpose.

We believe that the Brother Group's purpose is as follows: By being "At your side," we enable people's productivity and creativity, contribute to society, and help protect the earth.

This is a statement of the universal value provided by the Brother Group and its reason for existence. This idea of wanting to enhance productivity and creativity is the very spirit of "At your side," and is something that we should continue to hand down.

Despite the changing times, Brother will contribute to a better future as a close partner who supports the inherent capabilities that “you” have (including customers) to create value and make progress.



The “you” referred to here is of course customers, but it also includes Brother Group employees. In other words, we want to enhance our own productivity and creativity.

Also, as demands concerning sustainability including carbon neutrality increase, we have expressly declared that Brother’s reason for existence is to contribute to society and the earth, creating a better future.

## Our Approach

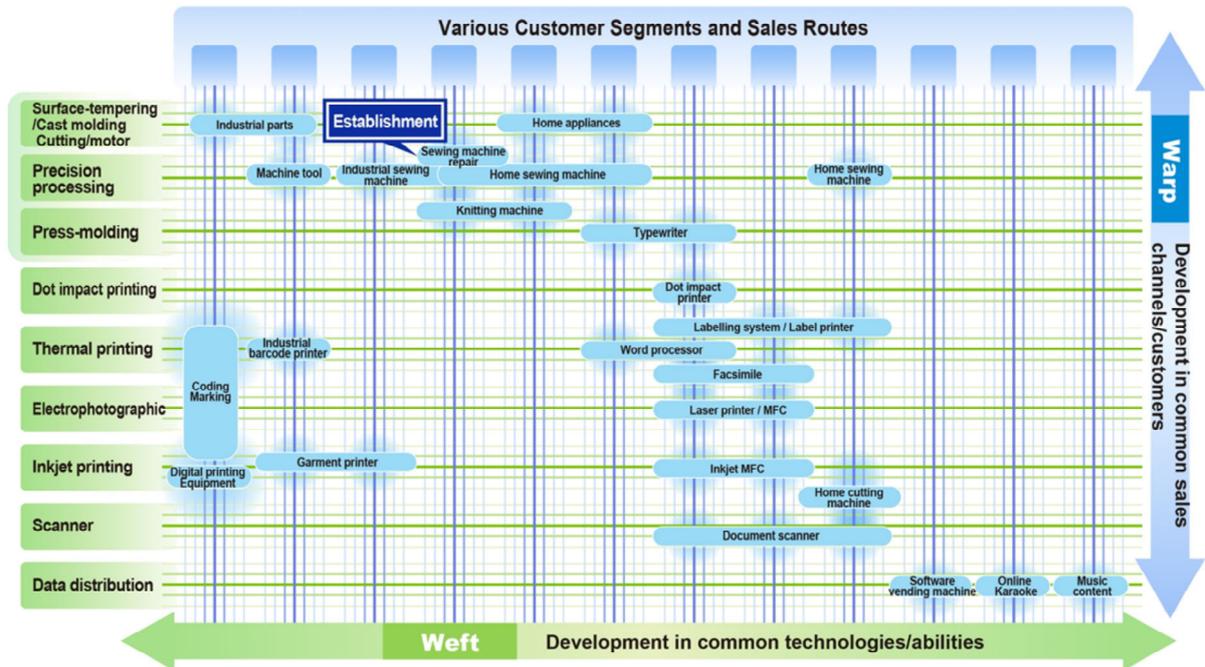
**We identify and eliminate barriers to customers' success by utilizing our unique technologies and global network.**

- **We will understand our customers' "value chain", identify their core challenges, and provide unique products and solutions that help them achieve their goals.**
- **We will continue developing and enhancing unique technologies across Brother's multi-business portfolio.**
- **We will take advantage of our global network of local experts, sales channels, and customer bases.**
- **We will expand our portfolio by focusing on adjacencies to our two strong assets, technology & global network.**

Next is an explanation of Our Approach.

We identify and eliminate barriers to customers' success by utilizing our unique technologies and global network.

Brother has created new businesses by utilizing continuity in technologies and sales channels/customers since its establishment. Brother's unique strength is this continuous extension weaved with threads of warp and weft.



This figure shows the continuity of sales channels and connections with customers, and the expansion of technological connections as the warp and weft and illustrates the placement of products and services. The expanse that has been woven over Brother's history of more than 110 years is Brother's strength.

At Brother, we see technology as a means of being of service to customers and eliminating barriers.

Going forward, we will continue to use these technologies, sales channels, and connections with customers and employ optimal technologies to eliminate customer barriers in order to continuously provide new value.

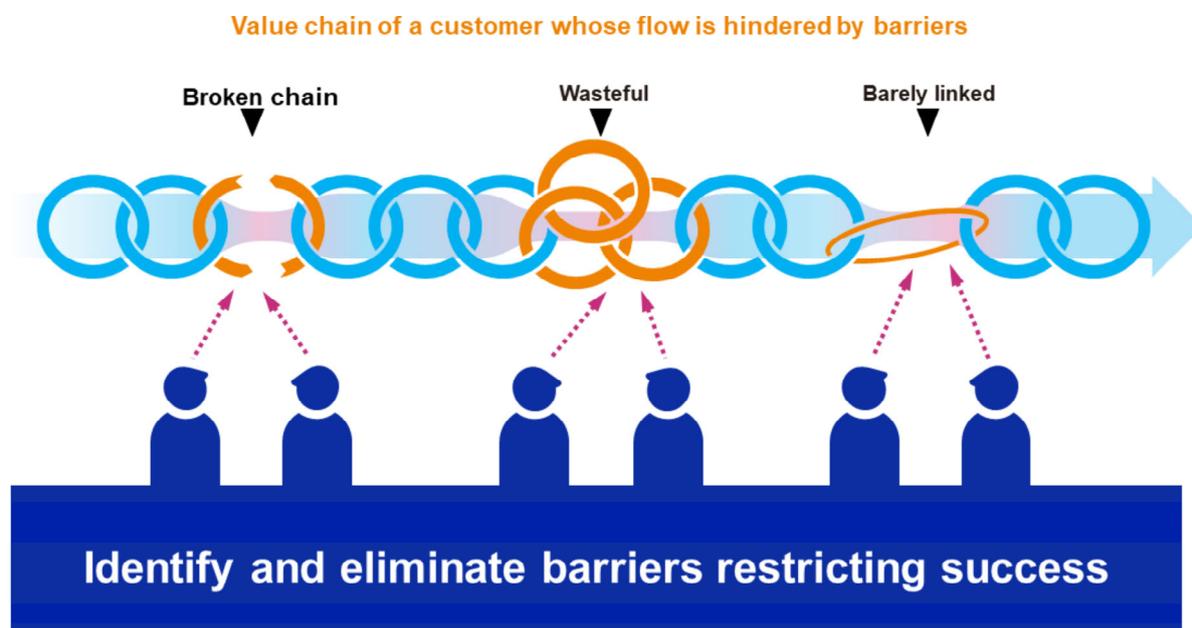
**We will swiftly deliver superior value as Global Team Brother, by utilizing our network of production, sales, service and development facilities located in more than 40 countries/regions, while learning from the outside.**



Brother currently conducts business globally, with production, sales, service, and development facilities in more than 40 countries and regions around the world.

We have used this network and listened to the opinions of customers worldwide concerning our products and services to rapidly make improvements and lead to the next product or service. In addition to these measures, we will swiftly deliver superior value globally by collaborating with external partners in order to gather new information and technology.

**Carefully analyze the value chain of a customer and identify barriers to the flow**



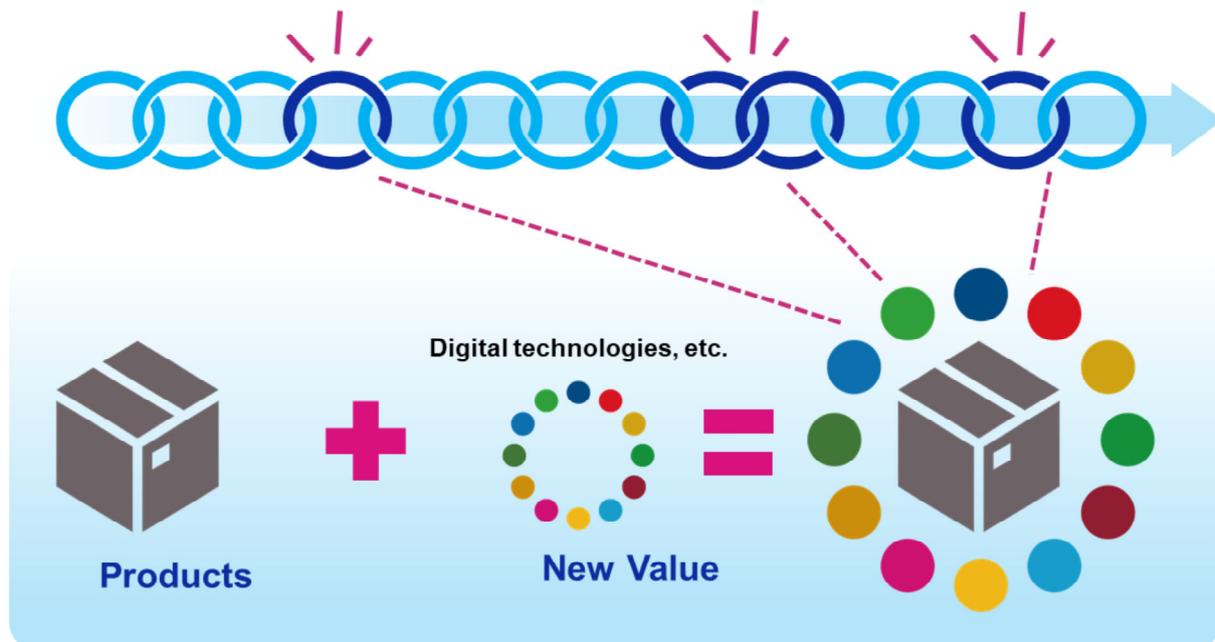
The barriers are sites that impede effective flows in the value chain, which is the process of value creation by a customer.

Under the new vision, we tackle the challenges of eliminating customers' barriers, not just by solving issues that customers are aware of, but also by carefully analyzing customers' value chains and identifying challenges that they haven't noticed.

## Our Approach Value Creation beyond Manufacturing

brother  
at your side

“Manufacturing” is Brother’s starting point. We will use this strength and widen the range of value proposition to customers, in order to eliminate the barriers.



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Moreover, we provide value that goes beyond manufacturing.

Brother is an enterprise that has provided value centered on manufacturing.

Going forward, we will reinforce our services and solutions by employing digital technologies, while using the strengths developed through manufacturing. By doing so, we will widen the range of value to customers so that we can contribute to eliminating customer barriers.

## Our Focus Areas

- **Industrial - Become a trusted, invaluable solutions partner.**

**In the industrial area: We will improve customers' productivity, solve their business challenges, and reduce our environmental impact.**

**By doing so, we will gain their trust and become an invaluable partner.**

- **Printing - Continue leading print innovation and pioneering new offerings.**

**In the printing area: Even with huge changes in the definition of "office work" and the printing environment, we will continue to exceed customers' expectations.**

**We will also build new business pillars that expand beyond our existing boundaries.**

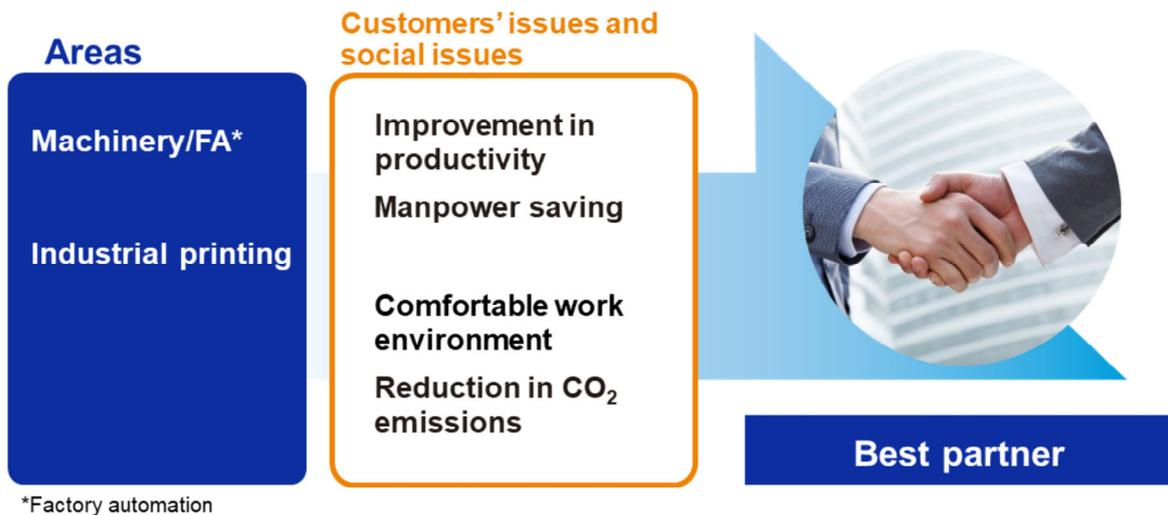
Next is an explanation of the areas that we will focus on until FY2030.

We will strive to become a trusted and invaluable solutions partner in the industrial area and to continue leading print innovation and pioneering new offerings in the printing area.

## Industrial - Become a trusted, invaluable solutions partner.

In the industrial area: We will improve customers' productivity, solve their business challenges, and reduce our environmental impact.

By doing so, we will gain their trust and become an invaluable partner.



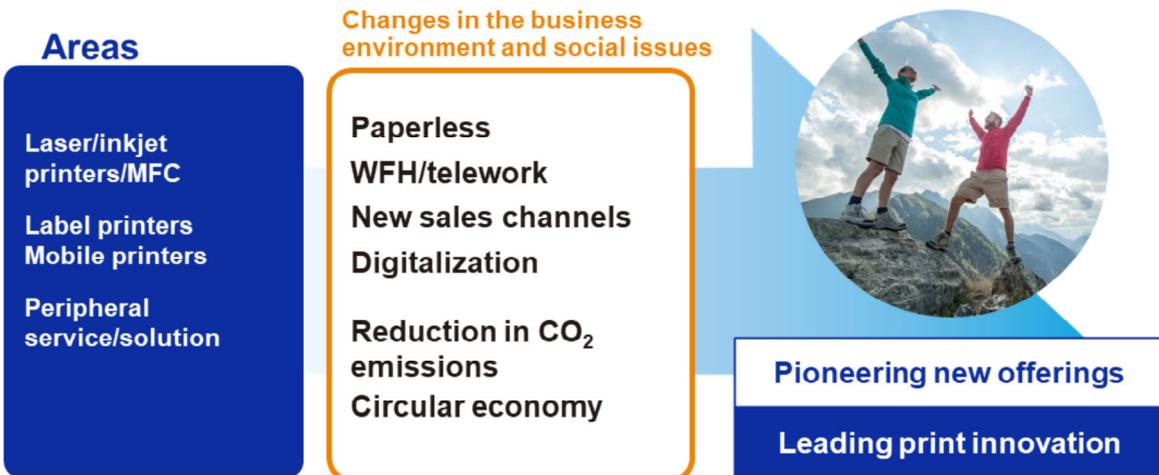
First is the industrial area.

Brother conducts business targeting industrial areas including machinery, FA, and industrial printing. In areas where Brother's strengths are particularly useful, we will improve customers' productivity, overcome their business challenges, and reduce our environmental impact. By doing so, we will gain their trust and become an invaluable partner.

## • Printing - Continue leading print innovation and pioneering new offerings.

In the printing area: Even with huge changes in the definition of “office work” and the printing environment, we will continue to meet customers’ expectations.

We will also build new business pillars that expand beyond our existing boundaries.



Next is printing.

Even as the environments of office work and the printing business undergo major changes due to the expansion of remote work, digitalization, and other factors, we will continue to provide products and services that meet customer expectations. We will also build new business pillars that expand beyond our existing boundaries and lead print innovation to provide value to customers.

For more than 110 years, the Brother Group has met the needs of customers with the spirit of “At your side.” and changed itself.

We will continue to contribute to society, help protect the earth, and make changes so that we can contribute to the happiness of many more customers.



This was an explanation of “At your side 2030,” the new Brother Group vision.

## Brother's Commitment to the Environment

We believe that as we continue our business activities, fulfilling our responsibilities to the global environment is also extremely important. On the following slides is an explanation of the Brother Group's environmental initiatives.

Worked on eco-friendly products and corporate activities.

## Creation of eco-friendly products



- Proactive acquisition of environmental labels in various countries
- Energy saving of products
- Collection and recycling of toner cartridges

## Response to environmental laws and regulations/social trends in the world



- Promotion of environmental activities based on ISO 14001
- Compliance with REACH Regulation, RoHS Directive, etc.
- Establishment of a chemical substance control system

The Brother Group has long worked on eco-friendly products and corporate activities. We have proactively acquired environmental labels in various countries, offered energy saving products, and promoted collection and recycling of toner cartridges.

In addition, we have undertaken environmental activities based on the ISO 14001 international standard, which is designed to minimize environmental impact, and have established a chemical substance control system including compliance with EU systems concerning chemical and hazardous substances, the REACH Regulation, and the RoHS Directive.

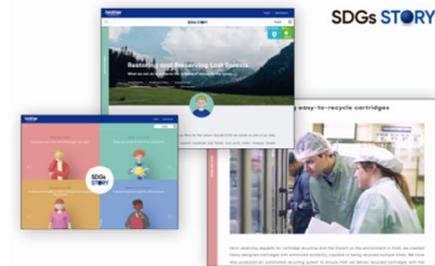
## Promoted social contribution activities and communication related to the environment.

### Implementation of environmental and social contribution activities in the world



Global development of activities with awareness of biodiversity conservation

### Promotion of environmental communication

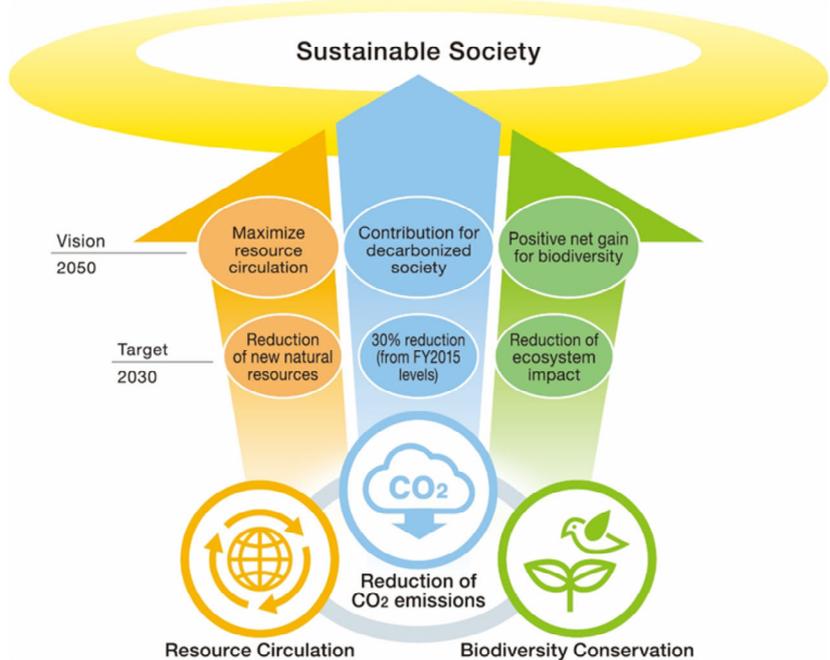


- Dissemination of information outside the company through the company's website "SDGs STORY."
- Implementation of environmental education for employees

We also undertake environmental and social contribution activities globally with an awareness of biodiversity conservation and conduct environmental communication including external dissemination of information through the company's website, "SDGs STORY," and implementation of environmental education for employees.

# Brother Group Environmental Vision 2050 (Before Revision)

Presented the goals under the 3 categories; CO<sub>2</sub> emissions reductions, resource circulation and biodiversity conservation, with the aim of realizing a society which develops in a sustainable manner by FY2050.



With the aim of accelerating activities even further, in 2018 we established the Brother Group Environmental Vision 2050, a statement of environmental goals for realizing a society which develops in a sustainable manner.

We have presented medium-term goals for FY2050 and FY2030 in three categories; reduction of CO<sub>2</sub> emissions, resource circulation, and biodiversity conservation, and are working to achieve those goals.

**Achieved the CO<sub>2</sub> emission reduction target for FY2030 ahead of schedule.**

Obtained SBT certification	Endorsed TCFD's Proposal	Achieved the CO <sub>2</sub> emission reduction target
 <p><b>The CO<sub>2</sub> emission reduction target obtained the certification of the Science Based Targets initiative in 2018.</b></p>	 <p><b>Expressed endorsement to the proposal of the Task Force on Climate-related Financial Disclosures (TCFD) in 2020.</b></p>	 <p><b>For Scopes 1 and 2, achieved the 30% reduction from FY2015 level set in the FY2030 target.</b></p>

This is an introduction to some of the specific initiatives that we have undertaken since 2018.

In 2018, we received Science Based Targets (SBT) Initiative certification for the CO<sub>2</sub> emissions reduction targets set in the Brother Group Environmental Vision. SBT certification is granted in cases where greenhouse gas emissions targets are compatible with the levels required by the Paris Agreement.

In addition, in 2020, we expressed our endorsement to the proposal of the Task Force on Climate-related Financial Disclosures (TCFD), an international framework regarding climate change, and announced the results of scenario analysis.

We have already achieved the target of 30% reductions of CO<sub>2</sub> emissions in Scopes 1 and 2 from the FY2015 level that was set as an FY2030 medium-term target.

## Revision of the Environmental Vision 2050

Although we have achieved the CO<sub>2</sub> emissions reduction targets for Scope 1 and 2 set as FY2030 medium-term targets, we reviewed and revised the CO<sub>2</sub> emissions reduction targets in the Brother Group Environmental Vision 2050 with the aim of further strengthening our measures addressing the global environment.

# Aim for Carbon Neutrality in All Business Operations By 2050

**CO<sub>2</sub> emission reduction target: 65% reduction in Scopes 1 and 2 from the FY2015 level by 2030.**

**Achieve carbon neutrality in all business operations and minimize CO<sub>2</sub> emissions from the entire value chain by 2050**

	FY2030 Target	FY2050 Vision
<b>Current CO<sub>2</sub> reduction target</b>	[Scopes 1 <sup>*1</sup> and 2 <sup>*2</sup> ] Achieve 30% Reduction [Scope 3 <sup>*3</sup> (Categories 1, 11, and 12 <sup>*4</sup> )] Achieve 30% Reduction	Proactively working in all business operations to reduce CO <sub>2</sub> emissions from the entire value chain so as to contribute toward creating a carbon-free society being sought by the world.
<b>Revised CO<sub>2</sub> reduction target</b>	[Scopes 1 <sup>*1</sup> and 2 <sup>*2</sup> ] Achieve <b>65%</b> Reduction [Scope 3 <sup>*3</sup> (Categories 1, 11, and 12 <sup>*4</sup> )] Achieve 30% Reduction	<b>Aim to achieve carbon neutrality<sup>*5</sup> in all business operations and minimize CO<sub>2</sub> emissions from the entire value chain</b> so as to contribute toward creating a carbon-free society.

\*1: Direct emission of greenhouse gases by the business operator

\*2: Indirect emission from the use of electricity, heat and steam supplied by others.

\*3: Indirect emission other than Scope 1 and Scope 2 (emission by others related to the activities of the business operator).

\*4: Target of reduction is CO<sub>2</sub> emissions at the time of product material procurement, product use, and product disposal.

\*5: Reduce CO<sub>2</sub> emissions from the Brother Group to zero as a whole.

The text in red indicates the changes from the previous version. We now seek to achieve 65% reductions in Scopes 1 and 2 CO<sub>2</sub> emissions from the FY2015 level by 2030, to achieve carbon neutrality by 2050, and to minimize CO<sub>2</sub> emissions throughout the entire value chain.

Brother is promoting activities to achieve carbon neutrality at Brother Group's facilities in the world.



- Promotion of energy saving activities
- Energy creation activities centered on the installation of solar panels
- Purchase of CO<sub>2</sub>-free electricity, etc.

In the head office area, aim to achieve carbon neutrality by the end of FY2026.



This is an explanation of our specific initiatives to achieve carbon neutrality and our investments in environmental fields. First of all, we seek to reduce CO<sub>2</sub> emissions through energy-saving measures and energy-creation activities centered on the installation of solar panels at Brother Group facilities including factories around the world. In addition, we are working to achieve carbon neutrality through measures such as purchasing CO<sub>2</sub>-free electricity.

As one aspect of these activities, we are building a new environmentally-conscious office building in the head office area in Nagoya city, as announced in the February 2020 press release, and we plan to achieve carbon neutrality by the end of FY2026 through energy creation activities including installation of solar panels.

\* Reference: February 26, 2020 news release: "New Office Building"  
<https://www.brother.co.jp/news/2020/200226mizuho/index.aspx> (in Japanese)

# Other Initiatives to Reduce CO<sub>2</sub> Emissions

Brother is firmly promoting various activities to achieve carbon neutrality as a priority issue for the company.

Invest in a venture fund that invests in the field of sustainability.



Invested in WiL Ventures III, L.P., a venture fund, whose investment areas include sustainability area and digital area such as DX.

Contribute to initiatives for hydrogen utilization



Conducted hydrogen transportation system demonstration in Namie Town, Fukushima—which aims to become a zero carbon city—toward the realization of a hydrogen-based society.

Establish a department that addresses climate change.

**Environment  
& Climate Change Strategy  
Department**

Established the new Environment & Climate Change Strategy Department on October 1 as a department dedicated to the strategic global promotion of climate change response.

In addition, we decided to invest in a U.S.-based venture fund that invests in the field of sustainability.

We are also conducting a demonstration of a hydrogen transportation system in Namie Town in Fukushima, which seeks to achieve carbon neutrality by 2050, with the aim of creating a hydrogen-based society.

In order to carry out these measures, on October 1 we established the Environment & Climate Change Strategy Department, a specialized organization dedicated to climate change responses.

The image shows the Brother logo in a bold, blue, lowercase sans-serif font. Below the main logo, the tagline "at your side" is written in a smaller, blue, lowercase sans-serif font. The entire logo and tagline are centered within a large, empty rectangular frame that has a thin black border.

**brother**  
at your side

This concludes the explanations of the Brother Group's new vision and environmental vision.

Brother will continue to meet the needs of customers based on the "At your side." spirit. We will work to achieve sustainable development of people and society and fulfill our responsibilities to the global environment in order to contribute to a better future.