

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

**Third Quarter Financial Results**

**Brother Industries, Ltd.**

**February 1, 2022**

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

## Results for FY2021 Q3 (Oct.-Dec.)

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

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

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

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

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

## Forecast for FY2021 / Shareholder returns

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

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

### Financial Results for FY2021 Q3

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

**Sales revenue** was up 4.0% year-on-year to **184.5 billion yen**.

In the P&S business, revenue increased due mainly to positive FX effects.

In the P&H business, revenue fell below the high level of the previous year, in which there was special demand from those staying at home.

The Machinery business recorded an increase in revenue as a result of recovery of demand for capital investment in industrial sewing machines among apparel manufacturers and firm performance of machine tools and industrial parts.

**Business segment profit** was **23.5 billion yen**.

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

### Forecast for FY2021

The forecasts for revenue and profit have been revised upward mainly in response to positive FX effects due to a weaker yen than anticipated.

### Shareholder returns

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

## Results for FY2021 Q3 (Oct.-Dec.)

# Consolidated Results for FY2021 Q3



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

(100 Millions of Yen)

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

I will explain the consolidated results for the third quarter.

Sales revenue in the third quarter of FY2021 was up 7.0 billion yen year-on-year to **184.5** billion yen. Business segment profit decreased 7.8 billion yen to **23.5** billion yen, and operating profit decreased 5.5 billion yen to **24.8** billion yen.

# Results for FY2021 Q3 by Business Segment



(100 Millions of Yen)

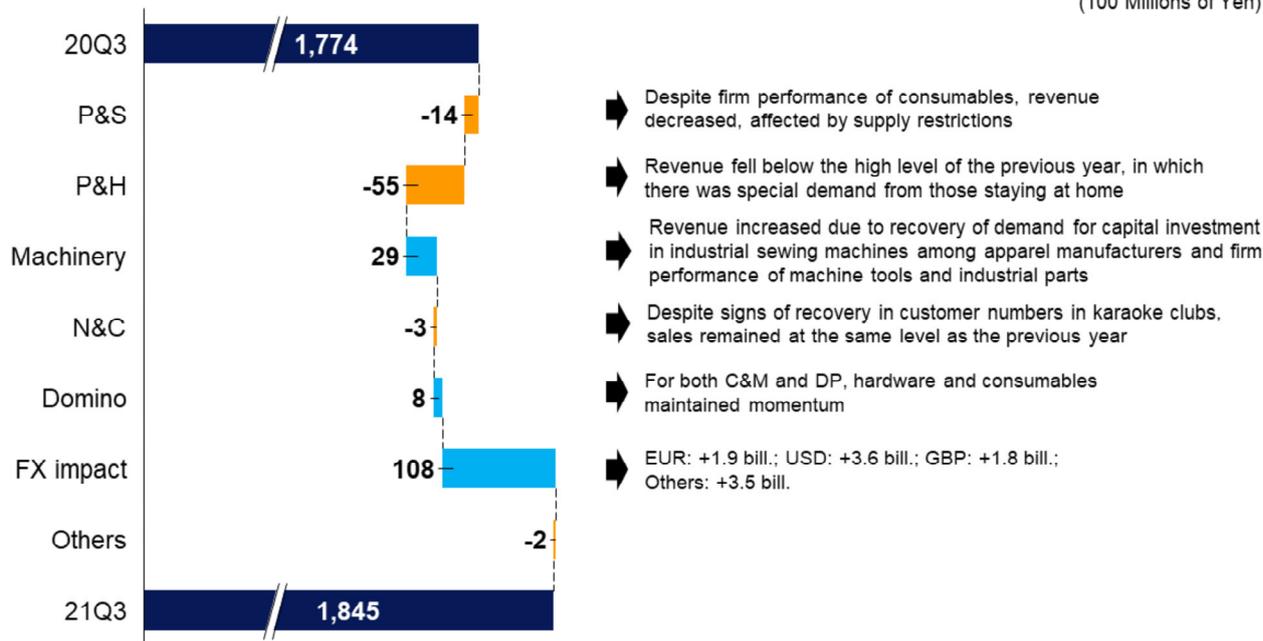
		20Q3	21Q3	change
<b>Printing &amp; Solutions</b>	Sales Revenue	1,092	1,149	57
	Business Segment Profit	243	178	-65
	Operating Profit	242	179	-63
<b>Personal &amp; Home</b>	Sales Revenue	161	113	-47
	Business Segment Profit	41	15	-26
	Operating Profit	40	16	-25
<b>Machinery</b>	Sales Revenue	221	262	41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

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

This slide shows results in each business segment.

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

(100 Millions of Yen)



- ➡ Despite firm performance of consumables, revenue decreased, affected by supply restrictions
- ➡ Revenue fell below the high level of the previous year, in which there was special demand from those staying at home
- ➡ Revenue increased due to recovery of demand for capital investment in industrial sewing machines among apparel manufacturers and firm performance of machine tools and industrial parts
- ➡ Despite signs of recovery in customer numbers in karaoke clubs, sales remained at the same level as the previous year
- ➡ For both C&M and DP, hardware and consumables maintained momentum
- ➡ EUR: +1.9 bill.; USD: +3.6 bill.; GBP: +1.8 bill.; Others: +3.5 bill.

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

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

**•P&S**

Despite firm performance of consumables, revenue decreased due to the impact of supply restrictions on All-in-One and printer hardware.

**•P&H**

Revenue fell below the high level of the previous year, in which there was special demand from those staying at home.

**•Machinery**

Revenue increased due to the firm performance of machine tools and industrial parts, as well as the recovery of demand for capital investment in industrial sewing machines among apparel manufacturers.

**•N&C**

As the number of people infected by COVID-19 decreased toward the end of the year, there were signs of recovery in the number of customers in Karaoke clubs. However, revenue remained at the same level as in the previous year.

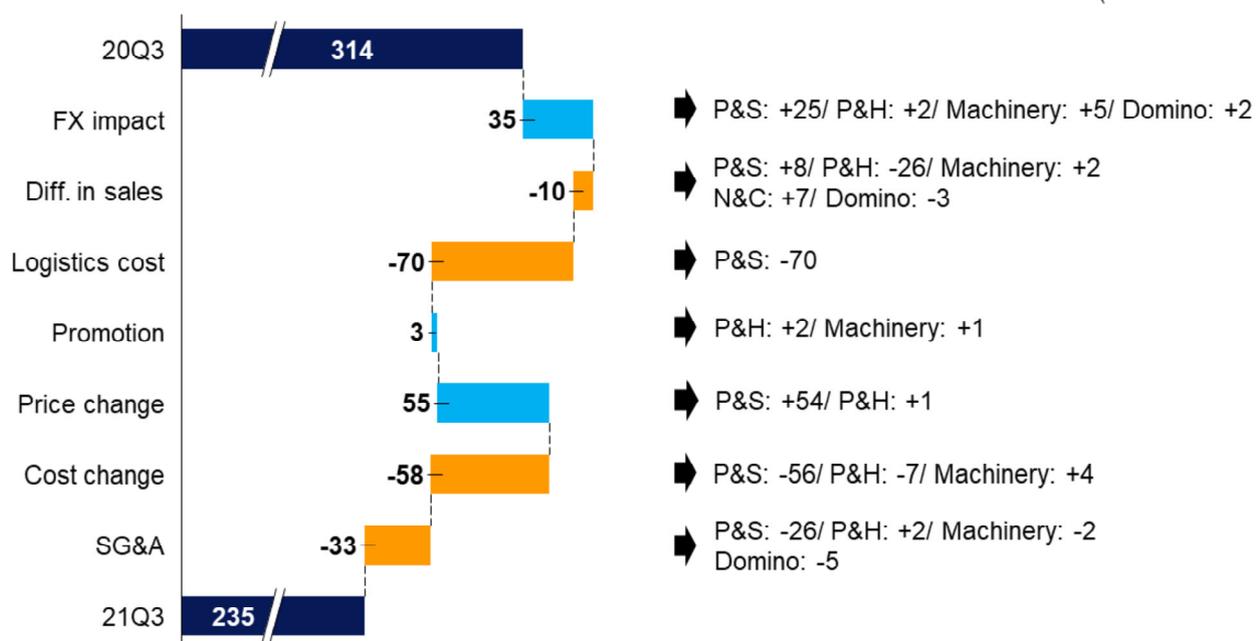
**•Domino**

For both C&M and DP, hardware and consumables maintained momentum, and revenue increased.

Company-wide, sales revenue increased 7.0 billion yen to **184.5** billion yen due to positive FX effects from the low value of the yen and the firm performance of the Machinery business.

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

(100 Millions of Yen)



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

**•FX effects**

The FX effects were mainly in the P&S business.

**•Differences in sales**

In the P&H business, sales decreased from the same period of the previous year, in which there was special demand from those staying at home.

**•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 shortages of laser printer consumables.

**•Price change**

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

**•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 the P&S and Domino businesses.

Despite factors such as higher average unit prices in the P&S business and positive FX effects, business segment profit decreased 7.8 billion yen to **23.5** billion yen companywide due to a significant increase of logistics costs and parts and materials costs.

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

# Consolidated Results for FY2021 Q3YTD

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

(100 Millions of Yen)

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

Due mainly to the firm performance of the Machinery and P&S businesses, in addition to positive FX effects, sales revenue for the year-to-date Q3 of FY2021 was up 67.5 billion yen year-on-year to **535.0** billion yen.

Business segment profit increased 9.6 billion yen to **72.9** billion yen, and operating profit was up 13.2 billion yen to **76.0** billion yen.

# Results for FY2021 Q3YTD by Business Segment



(100 Millions of Yen)

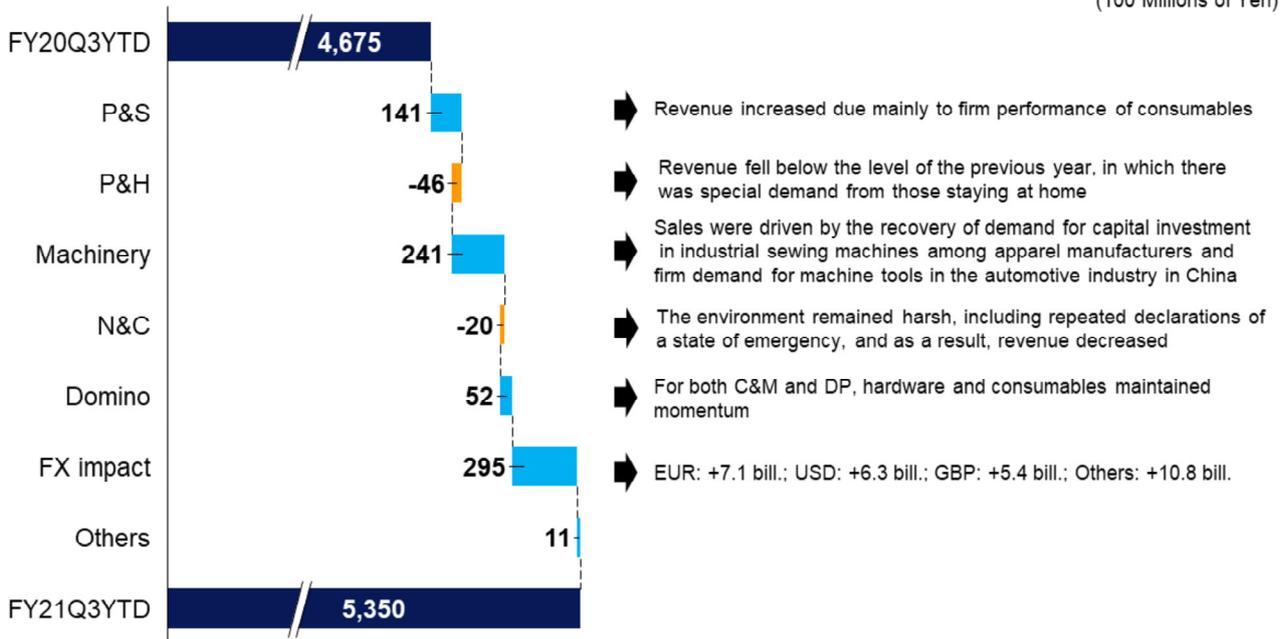
		FY20Q3YTD	FY21Q3YTD	change
<b>Printing &amp; Solutions</b>	Sales Revenue	2,871	3,201	329
	Business Segment Profit	526	501	-25
	Operating Profit	529	506	-23
<b>Personal &amp; Home</b>	Sales Revenue	413	389	-25
	Business Segment Profit	82	73	-9
	Operating Profit	80	74	-6
<b>Machinery</b>	Sales Revenue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

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

This slide shows results in each business segment.

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

(100 Millions of Yen)



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

These are the main factors for changes in sales revenue in the year-to-date Q3 of FY2021.

•P&S

Revenue increased due mainly to the firm performance of consumables.

•P&H

Although demand remained firm, especially in Europe and the U.S., revenue fell below the level of the previous year, in which there was special demand from those staying at home.

In addition, there was an impact from the loss of sales opportunities resulting from lower operating rates at factories due to the spread of COVID-19 in southeast Asia.

•Machinery

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

•N&C

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

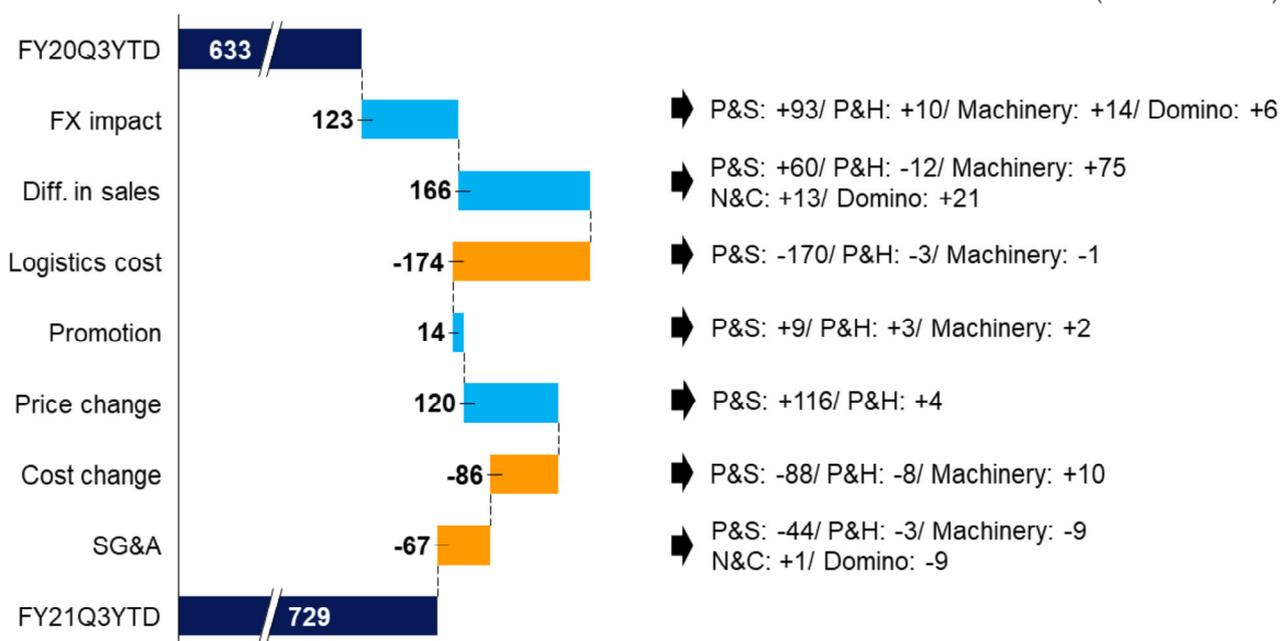
•Domino

For both C&M and DP, hardware and consumables maintained momentum, and sales revenue was up.

Company-wide sales revenue increased 67.5 billion yen to **535.0** billion yen, which includes the positive FX effects of 29.5 billion yen resulting from the low value of the yen.

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

(100 Millions of Yen)



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These are the factors for 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, 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 shortages of laser printer consumables.

• **Price change**

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

• **Cost change**

Costs for parts and materials increased, mainly for semiconductors and resin materials in the P&S business. In the Machinery business, factory operating rates increased year-on-year, providing cost reduction effects.

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

SG&A expenses were up in the P&S, Machinery, Domino, and other businesses.

As a result of these factors, business segment profit increased 9.6 billion yen to **72.9** billion yen.

## Forecast for FY2021

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

(100 Millions of Yen)

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

Taking into account positive FX effects due to a weaker than expected yen, the forecasts for sales and profit for the year have been revised upward.

The forecast for sales has been increased by 5.0 billion yen to **700.0** billion yen.

The forecast for business segment profit has been increased by 3.0 billion yen to **81.0** billion yen.

The forecast for operating profit has been increased by 4.0 billion yen to **82.0** billion yen.

The forecast for net income attributable to owners of the parent company has been increased by 5.0 billion yen to **58.0** billion yen.

# Forecast for FY2021 by Business Segment

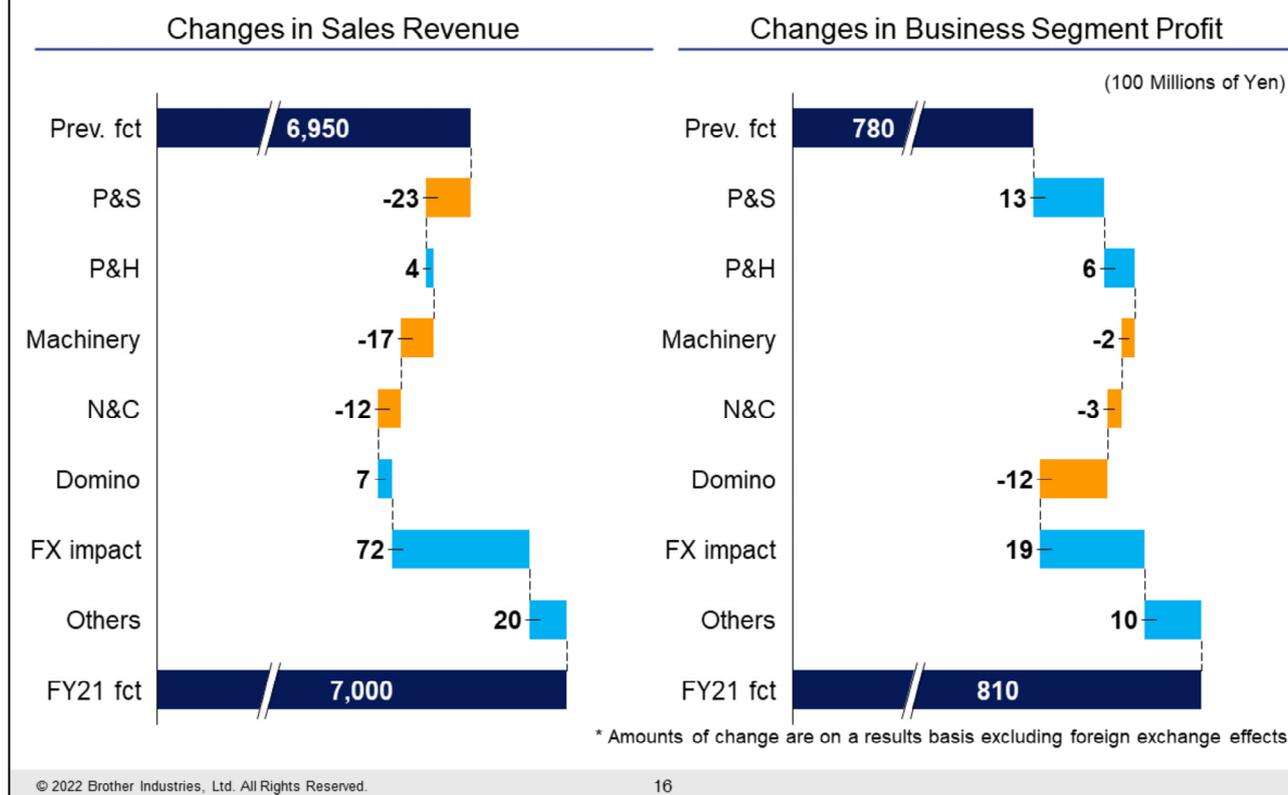


(100 Millions of Yen)

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

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

This slide shows the forecast of results by business segment.



These are the main factors for the changes in sales revenue and business segment profit forecasts for FY2021 from the previous forecast.

- In the P&S business, taking into account the impact of lower operating rates at factories on supply, the forecast for sales revenue has been revised downward. The forecast for business segment profit has been revised upward despite anticipated higher logistics costs and parts and materials costs, mainly because results in the third quarter were better than previously projected.
- In the P&H business, the forecasts for both sales revenue and business segment profit have been revised upward mainly because results in the third quarter were better than previously projected.
- In the Machinery business, the forecasts for both sales revenue and business segment profit have been revised downward, mainly taking into account the impact of a lockdown implemented at Xian Factory in China from the end of December 2021 on machine tools and industrial sewing machines.
- In the N&C business, the premises for a market recovery in the fourth quarter have been reviewed due to the rapid spread of the COVID-19 variant and the forecasts for both sales revenue and business segment profit have been revised downward. As for the forecast for operating profit, closure costs for unprofitable karaoke clubs and an impairment loss on club equipment have been incorporated.
- In the Domino business, the forecast for business segment profit has been revised downward mainly due to increase in SG&A expenses and higher logistics costs and parts and materials costs.

Adding the positive FX effects to these factors, the forecasts for both sales revenue and business segment profit for the year have been increased.

# Financial Position

(100 Millions of Yen)

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

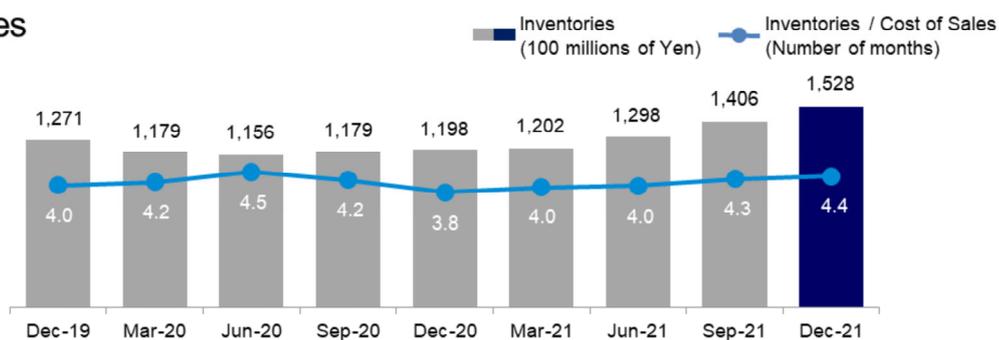
### Net Cash

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

### Shareholders' Equity Ratio

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

## Inventories



Net cash at the end of the third quarter was 120.8 billion yen.

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

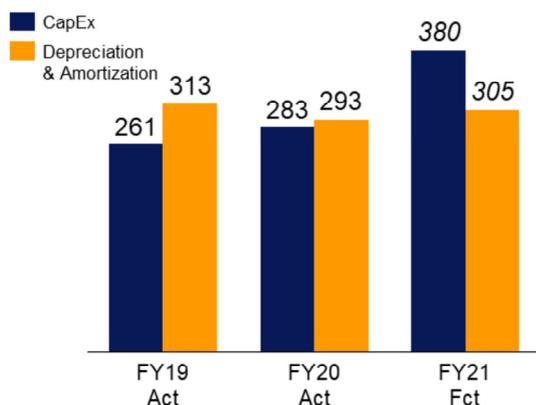
On the other hand, there has been a shortage of hardware inventories.

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

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(100 Millions of Yen)

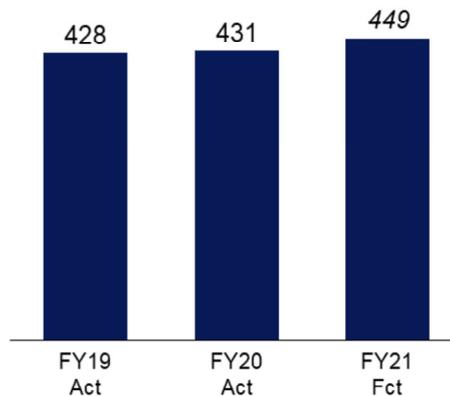
## Capital Expenditure/ Depreciation & Amortization



### Breakdown by business (CapEx)

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

## R&D Expenses



### 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>

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Revisions have been made to the forecast of capital expenditure and depreciation and amortization for FY2021 due mainly to a delay in the progress of mold investment for new products in the P&S business resulting from the effects of COVID-19.

There are no changes in the forecast of R&D expenses since the time of the previous announcement.

### 【Dividend forecast】

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

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

### 【Share repurchase】

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

Following upward revisions to the results forecast for FY2021, the previous dividend forecast has been revised. The year-end dividend forecast is revised to be 34 yen per share.

Accordingly, the annual dividend for FY2021 is projected to be 64 yen per share (previous forecast 60 yen).

Also, to enhance shareholder returns and capital efficiency and implement flexible capital policies, the Company will conduct share repurchases up to 10 billion yen.

[Explanation from Representative Director & President Ichiro Sasaki]

In FY2021, the extraordinary situation has continued due to the effects of COVID-19 and increased risk surrounding the supply chain. However, after deliberations at Board of Directors meetings, we have decided to implement shareholder returns for this fiscal year through both share repurchases and upward revision of dividend payment.

First, with regard to share repurchases, this time we will repurchase our own shares up to 10 billion yen.

Taking into account the consolidated results, cash flows, current stock prices, and other factors, we have decided to conduct share repurchases as our landing point for FY2021 has come into view.

As for dividends, we take stability and continuity into consideration.

Following revisions to the results forecast, we have revised upward the dividend forecast for this fiscal year from the previous announcement.

## Business Segment Information

# Printing & Solutions Sales Revenue & Profit

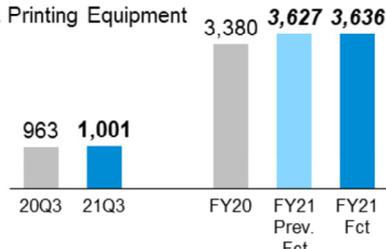
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(100 Millions of Yen)

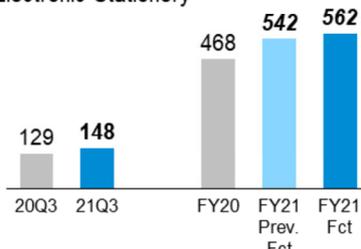
	20Q3	21Q3	Change	Change w/o FX	FY20	Previous Forecast	FY21 Forecast	Change vs LY	Change w/o FX
<b>Sales Revenue</b>	<b>1,092</b>	<b>1,149</b>	5.2%	-1.3%	<b>3,848</b>	<b>4,169</b>	<b>4,198</b>	9.1%	3.9%
<b>Communications &amp; Printing equipment</b>	<b>963</b>	<b>1,001</b>	3.9%	-2.5%	<b>3,380</b>	<b>3,627</b>	<b>3,636</b>	7.6%	2.5%
Americas	335	357	6.6%	-1.8%	1,214	1,275	1,307	7.7%	2.2%
Europe	323	330	2.1%	-3.5%	1,133	1,148	1,165	2.8%	-2.4%
Asia & Others	177	176	-1.0%	-9.4%	622	679	683	9.8%	2.1%
Japan	129	139	8.0%	8.0%	410	524	481	17.1%	17.1%
<b>Electronic stationery</b>	<b>129</b>	<b>148</b>	15.3%	7.6%	<b>468</b>	<b>542</b>	<b>562</b>	20.0%	14.0%
Americas	54	65	21.6%	11.8%	204	244	253	23.7%	17.6%
Europe	41	46	10.9%	4.8%	142	167	171	20.9%	14.8%
Asia & Others	21	24	15.4%	5.4%	70	84	89	28.1%	18.3%
Japan	13	13	2.2%	2.2%	52	48	48	-7.7%	-7.7%
<b>Business Segment Profit</b>	<b>243</b>	<b>178</b>	-26.7%	-	<b>652</b>	<b>554</b>	<b>580</b>	-11.0%	-
<b>Operating Profit</b>	<b>242</b>	<b>179</b>	-26.0%	-	<b>610</b>	<b>564</b>	<b>593</b>	-2.8%	-

<Sales Revenue>

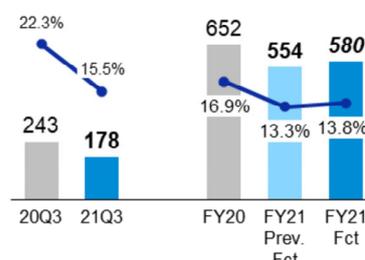
Communications & Printing Equipment



Electronic Stationery



<Business Segment Profit> Profit ratio



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Sales revenue in the P&S business in the third quarter was **114.9** billion yen, down 1.3% on a local currency basis.

## •Communications & printing equipment

Sales revenue was **100.1** billion yen, down 2.5% on a local currency basis.

As for inkjet All-in-Ones, the hardware sales volume was on a par with the level of the same period of the previous year.

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. To address supply shortages of consumables, the use of airfreight was continued.

Due to positive FX effects and the firm performance of consumables overall, sales revenue for the business as a whole was up.

## •Electronic stationery

Sales revenue was **14.8** billion yen, up 7.6% 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 effects from improvement in the product mix and price responses, as well as positive FX effects, business segment profit decreased by 26.7% year-on-year to **17.8** billion yen as a result of a significant increases in 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/YoY)</b>															
Hardware	-9%	-8%	-7%	-2%	6%	19%	18%	18%	-10%	-4%	-9%	-	-7%	15%	-6%
Consumable	2%	-6%	-2%	-3%	-18%	1%	0%	-1%	21%	15%	14%	-	-2%	-5%	14%
<b>Sales revenue growth rate (LC/YoY)</b>															
Hardware	-6%	-4%	-3%	2%	11%	22%	21%	18%	-16%	-9%	-15%	-	-3%	18%	-10%
Consumable	4%	-1%	3%	0%	-15%	2%	2%	-3%	12%	9%	6%	-	1%	-4%	8%
<b>IJP</b>															
<b>Sales revenue growth rate (JPY/YoY)</b>															
Hardware	-2%	8%	-7%	-3%	-37%	-49%	-12%	-3%	90%	95%	17%	-	-1%	-25%	40%
Consumable	1%	-2%	-8%	4%	-23%	-1%	9%	-6%	11%	-6%	-3%	-	-2%	-5%	-3%
<b>Sales revenue growth rate (LC/YoY)</b>															
Hardware	1%	13%	-4%	0%	-33%	-48%	-9%	-3%	79%	87%	11%	-	2%	-23%	34%
Consumable	3%	3%	-5%	7%	-20%	-1%	10%	-8%	5%	-10%	-7%	-	2%	-5%	-6%
<b>Cosumable Ratio</b>															
	60%	58%	57%	59%	55%	57%	55%	56%	56%	57%	58%	-	58%	55%	56%
<b>Growth rate of Hardware (YoY)</b>															
LBP	-13%	-4%	-2%	3%	12%	10%	6%	0%	-28%	-16%	-20%	-	-5%	7%	-
IJP	0%	13%	1%	7%	-39%	-57%	-24%	-25%	65%	101%	1%	-	5%	-36%	-

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

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

The sales revenue growth rates for laser printers (LBP) were -15% for hardware and +6% for consumables. Due to hardware supply restrictions, sales have not yet recovered to the level of the same period of the previous year, which remained strong thanks to growth in demand from those staying at home. Airfreight continued to be 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 +11% for hardware and -7% for consumables. Thanks in part to effects from price responses, sales of hardware exceeded the level of the same period of the previous year.

Sales of consumables decreased, affected by the building up of inventories and supply restrictions in the previous fiscal year.

## •Sales volume growth rate

The sales volume growth rate of LBP was affected by supply restrictions and was -20%.

The sales volume growth rate for IJP increased significantly in the first half of FY2021 compared to the first half of the previous fiscal year, in which a large drop in the sales volume was recorded due to supply restrictions.

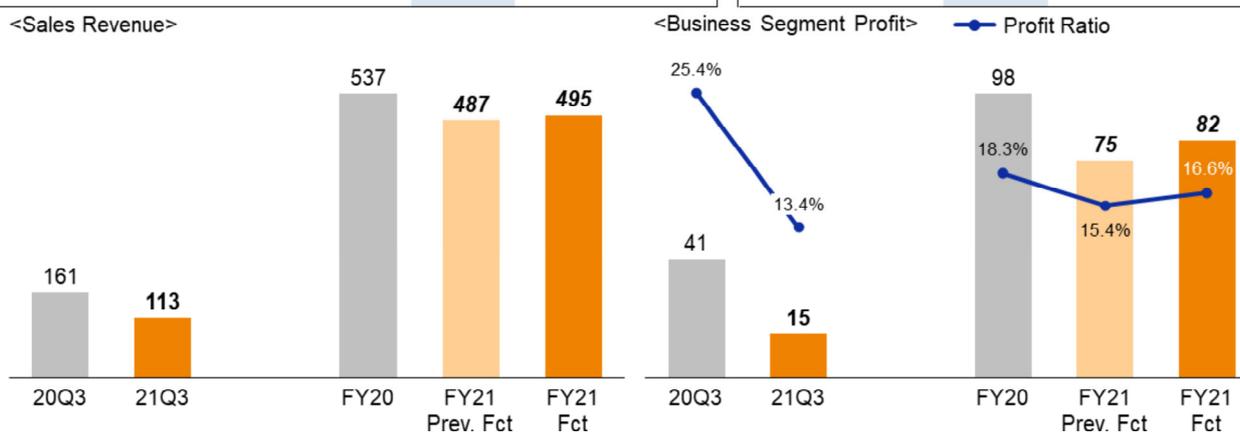
The sales volume for the third quarter was on a par with the level of the same period of the previous year, in which the sales volume was recovering.

# Personal & Home Sales Revenue & Profit



(100 Millions of Yen)

	20Q3	21Q3	Change	Change w/o FX	FY20	Previous Forecast	FY21 Forecast	Change vs LY	Change w/o FX
<b>Sales Revenue</b>	<b>161</b>	<b>113</b>	-29.5%	-34.1%	<b>537</b>	<b>487</b>	<b>495</b>	-7.7%	-12.0%
Americas	84	63	-24.8%	-30.6%	273	265	270	-1.0%	-5.5%
Europe	48	31	-34.3%	-37.6%	160	139	142	-11.3%	-16.1%
Asia & Others	17	13	-21.3%	-27.2%	56	49	51	-9.0%	-14.6%
Japan	12	6	-54.1%	-54.1%	48	34	32	-32.3%	-32.3%
<b>Business Segment Profit</b>	<b>41</b>	<b>15</b>	-62.8%	-	<b>98</b>	<b>75</b>	<b>82</b>	-16.4%	-
<b>Operating Profit</b>	<b>40</b>	<b>16</b>	-61.3%	-	<b>96</b>	<b>76</b>	<b>84</b>	-12.9%	-



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Sales revenue in the P&H business in the third quarter was **11.3** billion yen, down 34.1% on a local currency basis.

Recently, demand has returned to normal from the level of the previous year, in which there was special demand from those staying at home.

In addition, the business was affected by the loss of sales opportunities associated with lower operating rates at factories due to the spread of COVID-19 in southeast Asia.

Due in part to decrease in sales revenue and higher parts and materials costs, business segment profit decreased 2.6 billion yen from the 4.1 billion yen of the same period of the previous year to **1.5** billion yen.

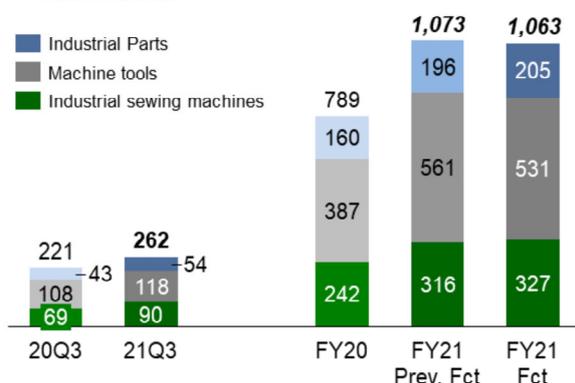
# Machinery Sales Revenue & Profit

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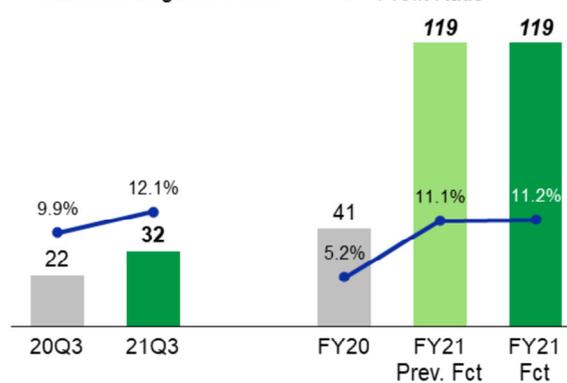
(100 Millions of Yen)

	20Q3	21Q3	Change	Change w/o FX	FY20	Previous Forecast	FY21 Forecast	Change vs LY	Change w/o FX
<b>Sales Revenue</b>	<b>221</b>	<b>262</b>	<b>18.8%</b>	<b>13.2%</b>	<b>789</b>	<b>1,073</b>	<b>1,063</b>	<b>34.7%</b>	<b>29.7%</b>
Industrial sewing machines	69	90	30.2%	20.4%	242	316	327	35.4%	27.8%
Machine tools	108	118	9.4%	5.3%	387	561	531	37.2%	32.6%
Industrial Parts	43	54	24.0%	21.5%	160	196	205	27.6%	25.6%
<b>Business Segment Profit</b>	<b>22</b>	<b>32</b>	<b>45.0%</b>	<b>-</b>	<b>41</b>	<b>119</b>	<b>119</b>	<b>188.8%</b>	<b>-</b>
<b>Operating Profit</b>	<b>13</b>	<b>32</b>	<b>139.9%</b>	<b>-</b>	<b>33</b>	<b>118</b>	<b>120</b>	<b>263.2%</b>	<b>-</b>

<Sales Revenue>



<Business Segment Profit>



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In the Machinery business, sales and profit were firm in all three business areas in the third quarter.

Sales revenue for the Machinery business overall was **26.2** billion yen.  
On a local currency basis, the growth rate was +13.2%.

The breakdown of sales revenue is as follows:

Sales of industrial sewing machines were **9.0** billion yen, machine tools were **11.8** billion yen, and industrial parts were **5.4** 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. As a result, sales revenue was up.

### •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, profit increased substantially in all three business areas. Business segment profit for the Machinery business as a whole was up 45.0% year-on-year to **3.2** billion yen.

# Machinery Sales Revenue by Region

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(100 Millions of Yen)

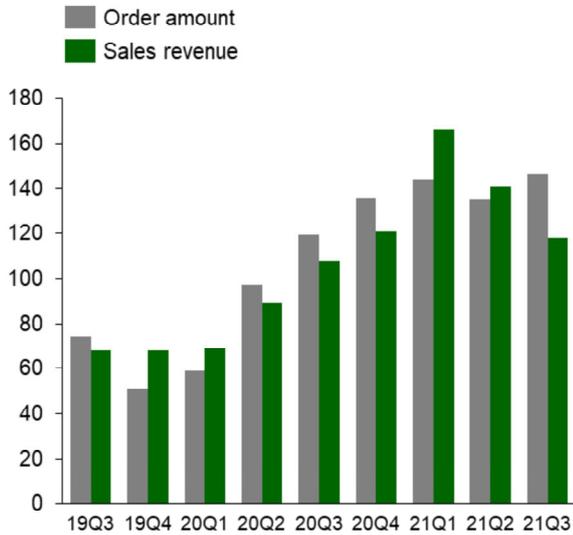
	20Q3	21Q3	Change	Change w/o FX	FY20	Previous Forecast	FY21 Forecast	Change vs LY	Change w/o FX
<b>Sales Revenue</b>	<b>221</b>	<b>262</b>	<b>18.8%</b>	<b>13.2%</b>	<b>789</b>	<b>1,073</b>	<b>1,063</b>	<b>34.7%</b>	<b>29.7%</b>
<b>Industrial sewing machines</b>	<b>69</b>	<b>90</b>	<b>30.2%</b>	<b>20.4%</b>	<b>242</b>	<b>316</b>	<b>327</b>	<b>35.4%</b>	<b>27.8%</b>
Americas	22	28	24.5%	14.6%	87	94	96	10.4%	5.2%
Europe	17	22	31.8%	25.2%	56	72	71	28.8%	22.6%
Asia & Others	27	38	40.8%	27.9%	88	146	146	66.4%	54.6%
Japan	3	2	-26.2%	-26.2%	12	3	14	19.1%	19.1%
<b>Machine tools</b>	<b>108</b>	<b>118</b>	<b>9.4%</b>	<b>5.3%</b>	<b>387</b>	<b>561</b>	<b>531</b>	<b>37.2%</b>	<b>32.6%</b>
Americas	5	7	37.0%	-	20	33	33	64.8%	-
Europe	7	9	26.5%	-	19	34	34	79.9%	-
Asia & Others	80	81	1.0%	-	289	406	375	29.7%	-
Japan	16	21	34.3%	-	59	89	89	51.0%	-
<b>Industrial Parts</b>	<b>43</b>	<b>54</b>	<b>24.0%</b>	<b>21.5%</b>	<b>160</b>	<b>196</b>	<b>205</b>	<b>27.6%</b>	<b>25.6%</b>
Americas	6	7	15.7%	6.3%	21	27	28	34.9%	28.6%
Europe	-	-	-	-	-	-	-	-	-
Asia & Others	6	8	25.8%	18.0%	20	23	27	38.6%	29.0%
Japan	31	39	25.2%	25.2%	120	146	150	24.6%	24.6%

# Machinery (Machine tools) Order Trends



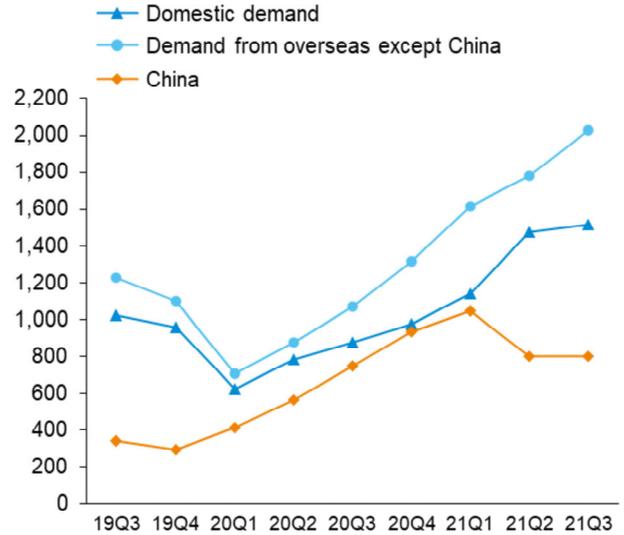
(100 Millions of Yen)

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 were affected by a slowdown in China in the second quarter of FY2021, but were recovering in the third quarter from both Japan and overseas.

# Network & Contents Sales Revenue & Profit

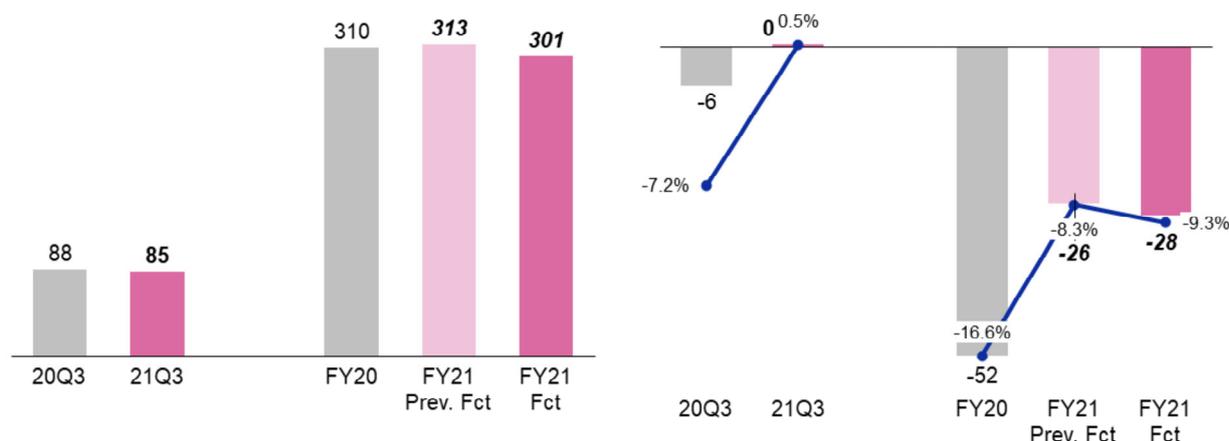


(100 Millions of Yen)

	20Q3	21Q3	Change	FY20	Previous Forecast	FY21 Forecast	Change vs LY
Sales Revenue	88	85	-3.1%	310	313	301	-3.0%
Business Segment Profit	-6	0	-	-52	-26	-28	-
Operating Profit	-7	12	-	-73	-2	-7	-

<Sales Revenue>

<Business Segment Profit> Profit Ratio



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Sales revenue in the N&C business was **8.5** billion yen in the third quarter, a decrease of 3.1% year-on-year.

In the third quarter, as the number of people infected by COVID-19 decreased toward the end of the year, the number of customers recovered gradually in the karaoke club business. However, sales revenue for the overall business decreased.

In terms of business segment profit, due in part to effects from the closure of unprofitable karaoke clubs implemented in the previous fiscal year, the business returned to being in the black.

As for operating profit, thanks to effects from employment adjustment subsidies, an operating profit of **1.2** billion yen was recorded, compared to an operating loss of 700 million yen in the same period of the previous year.

The forecasts for both sales revenue and profit for FY2021 have been revised downward as the premises for a market recovery in the fourth quarter have been reviewed due to the rapid spread of the COVID-19 variant. As for the forecast for operating profit, closure costs for unprofitable karaoke clubs and an impairment loss on club equipment have been incorporated.

(Number of karaoke clubs at the end of March 2021: 89 clubs)

(Number of karaoke clubs at the end of March 2022: 77 clubs (planned))

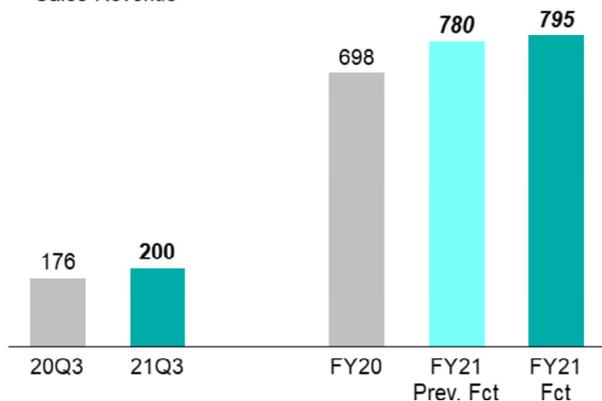
# Domino Sales Revenue & Profit

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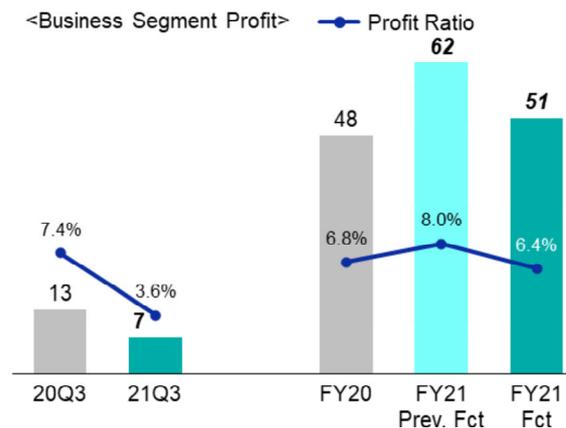
(100 Millions of Yen)

	20Q3	21Q3	Change	Change w/o FX	FY20	Previous Forecast	FY21 Forecast	Change vs LY	Change w/o FX
<b>Sales Revenue</b>	<b>176</b>	<b>200</b>	13.8%	4.4%	<b>698</b>	<b>780</b>	<b>795</b>	13.8%	6.0%
Americas	44	47	4.9%	-2.1%	176	192	196	11.2%	4.2%
Europe	80	92	15.1%	3.0%	324	362	367	13.3%	4.3%
Asia & Others	51	61	19.5%	11.3%	198	226	231	16.9%	10.9%
<b>Business Segment Profit</b>	<b>13</b>	<b>7</b>	-44.5%	-	<b>48</b>	<b>62</b>	<b>51</b>	7.3%	-
<b>Operating Profit</b>	<b>10</b>	<b>7</b>	-31.7%	-	<b>-239</b>	<b>61</b>	<b>49</b>	-	-

<Sales Revenue>



<Business Segment Profit>



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Sales revenue in the Domino business was **20.0** billion yen in the third quarter. On a pound basis, the growth rate was +4.4%.

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

Business segment profit was down 44.5% year-on-year to **700** million yen due to factors such as an increase in SG&A expenses.

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

The announcement of a new medium-term business strategy is scheduled for May 2022.

At the financial results briefing in November last year, we explained the new Brother Group vision, “At your side 2030.”

We are currently developing a three-year medium-term business strategy from FY2022 to FY2024 by backcasting from this vision. In light of the recent resurgence of COVID-19 and risk surrounding the supply chain, we are proceeding carefully with discussions concerning the assumptions to be made and other matters.

We will explain our strategies for sustainable growth, capital policies including efficient investment and shareholder returns, and other specific content in detail when announcing our new medium-term business strategy.

We plan to publish the strategy on the same date as the financial results announcement in May, so please wait a little longer for this.

\* The explanatory materials concerning “At your side 2030,” the Brother Group’s new vision, are available on the page below.

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

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