

# Fiscal Year 2023 (ending March 31, 2024) First Quarter Financial Results

**Brother Industries, Ltd.**  
**August 7, 2023**

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

## Results for FY2023 Q1 (Apr.-Jun.)

**While sales revenue was flat year-on-year due mainly to positive FX effects, business segment profit decreased due to increased SG&A and promotion, as well as decreased gross profit resulting from lower sales in the P&H and Machinery businesses**

### ◆ Sales revenue **200.4 billion yen/ +0.3% (year-on-year)**

- ✓ Sales revenue was flat year on year due to positive FX effects, despite the impact of sluggish market conditions mainly in the Machinery (Machine Tools) business.

### ◆ Business segment profit **23.1 billion yen/ -6.7% (year-on-year)**

- ✓ Despite positive effects of decreased logistics costs and price adjustments mainly in the P&S business, business segment profit decreased due to decreased gross profit resulting from decreased sales in the P&H and Machinery businesses
- ✓ Profit was squeezed by increased SG&A and promotion, as well as other factors

## Forecast for FY2023

**No change from the previous forecast (announced on May 8, 2023), including the exchange rate precondition and segment breakdown**

### Results for FY2023 Q1 (Apr.-Jun.)

While sales revenue was flat year-on-year due mainly to the positive impact of foreign exchange rates, business segment profit decreased due to an increase in SG&A and sales promotion expenses, as well as decrease in gross profit resulting from lower sales in the P&H and Machinery businesses.

#### Sales revenue

A year-on-year increase of 0.3% to **200.4** billion yen.

Despite the impact of sluggish market conditions, mainly in the Machinery Business (Machine Tools), sales revenue was flat year-on-year due to the positive impact of foreign exchange rates.

#### Business segment profit

A year-on-year decrease of 6.7% to **23.1** billion yen.

Despite a decrease in logistics costs and the effects of price adjustments mainly in the P&S business, business segment profit decreased due to a decline in gross profit associated with lower sales in the P&H and Machinery businesses.

In addition, increases in SG&A expenses and sales promotion expenses weighed on profits.

### Forecast for FY2023

As the business environment for the expected period is uncertain, the previous forecast announced on May 8, 2023 remains unchanged, including foreign exchange rate preconditions and segment breakdown, at this point in time.

**Results for FY2023 Q1 (Apr.-Jun.)**

# Consolidated Results for FY2023 Q1



While sales revenue was flat year-on-year due mainly to positive FX effects, profit decreased due to increased SG&A and promotion, as well as decreased gross profit resulting from decreased sales in the P&H and Machinery businesses

(100 Millions of Yen)

	22Q1	23Q1	Change (w/o FX)	Rate of Change (w/o FX)
Sales revenue	1,997	<b>2,004</b>	7 (-79)	0.3% (-4.0%)
Business segment profit	248	<b>231</b>	-17 (-31)	-6.7% (-12.4%)
Business segment profit ratio	12.4%	<b>11.5%</b>		
Other income/expense	2	<b>-11</b>	-13	
Operating profit	250	<b>220</b>	-30	-12.0%
Operating profit ratio	12.5%	<b>11.0%</b>		
Income before tax	253	<b>227</b>	-26	-10.5%
Net income attribute to parent company	174	<b>162</b>	-11	-6.6%
USD	129.04	<b>138.11</b>	9.07	
EUR	138.24	<b>150.35</b>	12.11	

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4

Sales revenue for the first quarter of FY2023 increased by 0.7 billion yen year-on-year to **200.4** billion yen, due mainly to the positive impact of foreign exchange rates.

Meanwhile, in terms of profits,

Business segment profit

decreased by 1.7 billion yen to **23.1** billion yen

Operating profit

decreased by 3.0 billion yen to **22.0** billion yen

Net income attribute to parent company

decreased by 1.1 billion yen to **16.2** billion yen

# Results for FY2023 Q1 by Business Segment



(100 Millions of Yen)

	Sales revenue			Business segment profit			Operating profit		
	22Q1	23Q1	Change	22Q1	23Q1	Change	22Q1	23Q1	Change
<b>P&amp;S</b>	1,218	1,272	54	179	193	14	169	180	11
<b>Machinery</b>	234	188	-47	21	10	-11	24	12	-13
<b>Domino</b>	237	256	19	16	21	5	20	18	-2
<b>Nissei</b>	60	53	-7	6	5	-1	7	5	-2
<b>P&amp;H</b>	142	115	-28	20	-6	-26	20	-6	-26
<b>N&amp;C</b>	84	89	5	3	5	2	7	6	-1
<b>Other</b>	22	31	10	3	4	1	3	6	3
<b>Total</b>	<b>1,997</b>	<b>2,004</b>	<b>7</b>	<b>248</b>	<b>231</b>	<b>-17</b>	<b>250</b>	<b>220</b>	<b>-30</b>

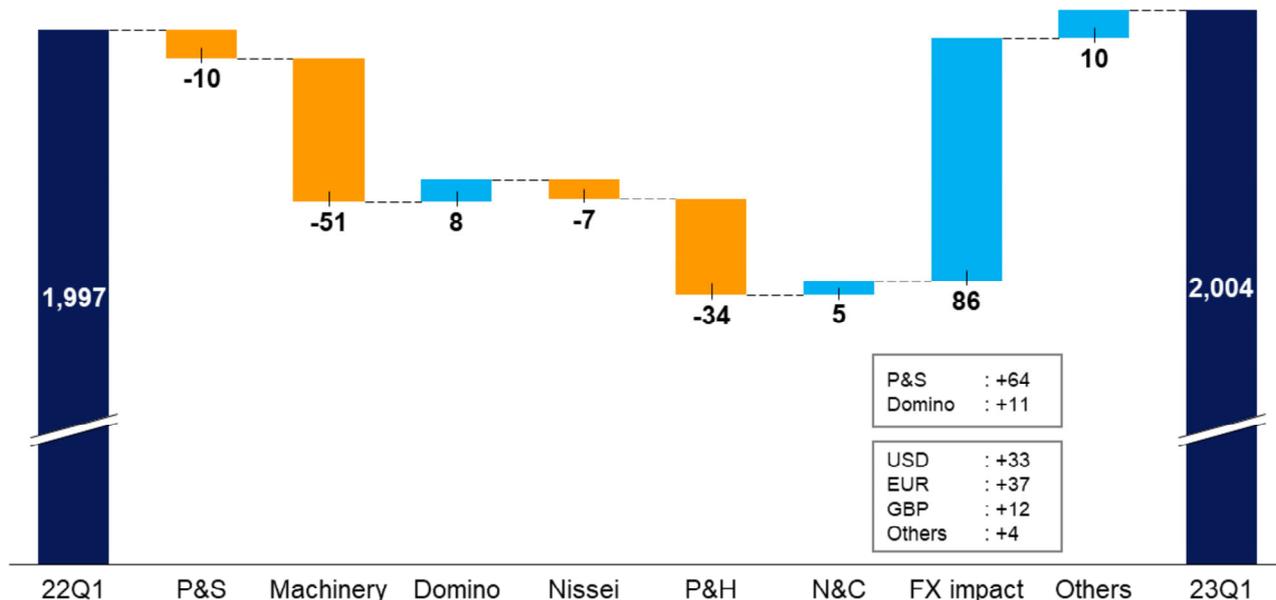
\* "Other" includes elimination amounts from inter-segment transactions.

Here is the summary of each business segment.

# FY2023 Q1 Main Factors for Changes in Sales Revenue

Sales revenue was flat year-on-year due to positive FX effects, despite the impact of sluggish market conditions mainly in the Machinery business

(100 Millions of Yen)



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

Factors for the changes in sales revenue in the first quarter of FY2023. Figures are on a results basis excluding the impact of exchange rates.

## •P&S

Sales of both Communications & printing equipment and Labeling decreased.

## •Machinery

Sales of both Machine tools and Industrial sewing machines declined due to sluggish market conditions.

## •Domino

Sales increased due to steady growth in Coding & Marking.

## •Nissei

Sales of both gear reducers and gears decreased due to postponement of capital investment.

## •P&H

Sales decreased due to sluggish market conditions in each region.

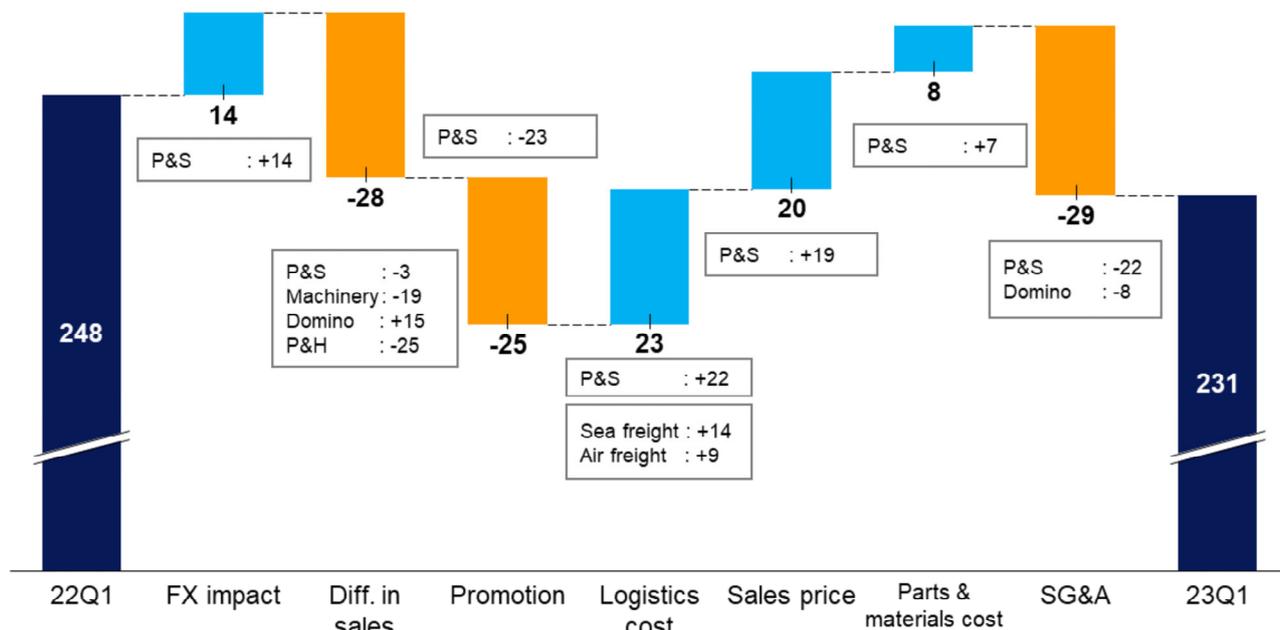
## •N&C

Sales increased due to a recovery in customer traffic at karaoke clubs as a result of the infectious disease classification of the COVID-19 has been changed to lower level in Japan.

In addition to these factors, there was the positive impact of the depreciation of the yen which contributed by 8.6 billion yen, and the overall company's sales revenue increased by 0.7 billion yen to reach 200.4 billion yen.

Business segment profit decreased due mainly to decreased gross profit resulting from decreased sales in the P&H and Machinery businesses, in addition to increased SG&A and promotion, despite decreased logistics costs and the positive impact of price adjustments mainly in the P&S business

(100 Millions of Yen)



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7

Factors contributing to increase or decreases in business segment profit. Here are comments on the main elements.

**•Differences in sales**

Changes in the product mix mainly due to a decrease in sales of mid-to-high-end models in the P&H business. Sales of Machine tools and Industrial sewing machines in the Machinery Business decreased.

**•Promotion expenses**

In the P&S business, sales promotion expenses increased as the competitive environment was gradually returning as a result of resolution of supply constraints in each company.

**•Logistics costs**

Mainly in the P&S business, logistics costs decreased due to the stabilization of the hike in ocean freight rates.

**•Sales price**

The average unit price rose mainly in the P&S business due to the effects of price adjustments and other factors.

**•SGA cost**

The increase was mainly due to increased personnel expenses caused by inflation and the strengthening of sales activities.

As a result, business segment profit decreased by 1.7 billion yen to 23.1 billion yen.

## Forecast for FY2023

No change from the previous forecast,  
including the exchange rate precondition and segment breakdown

(100 Millions of Yen)

	FY22 Actual	FY23 Forecast	Change (w/o FX)	Rate of Change (w/o FX)
Sales revenue	8,153	<b>8,400</b>	247 (310)	3.0% (3.8%)
Business segment profit	604	<b>700</b>	96 (111)	15.9% (18.4%)
Business segment profit ratio	7.4%	<b>8.3%</b>		
Other income/expense	-50	<b>0</b>	50	
Operating profit	554	<b>700</b>	146	26.4%
Operating profit ratio	6.8%	<b>8.3%</b>		
Income before tax	570	<b>700</b>	130	22.9%
Net income attribute to parent company	391	<b>500</b>	109	27.9%
USD	134.95	<b>135.00</b>	0.05	
EUR	141.24	<b>140.00</b>	-1.24	

Because the business environment for the forecast period is uncertain, the previous forecast announced on May 8, 2023 remains unchanged, including foreign exchange rate preconditions and segment breakdown, at this point in time.

[Reference: From the presentation materials released on May 8, 2023] Year-on-year comparison

Sales revenue is expected to increase by 24.7 billion yen to **840** billion yen

As for profits,

Business segment profit will	increase by 9.6 billion yen	to <b>70</b> billion yen
Operating profit will	increase by 14.6 billion yen	to <b>70</b> billion yen
Net income attribute to parent company will	increase by 10.9 billion yen	to <b>50</b> billion yen

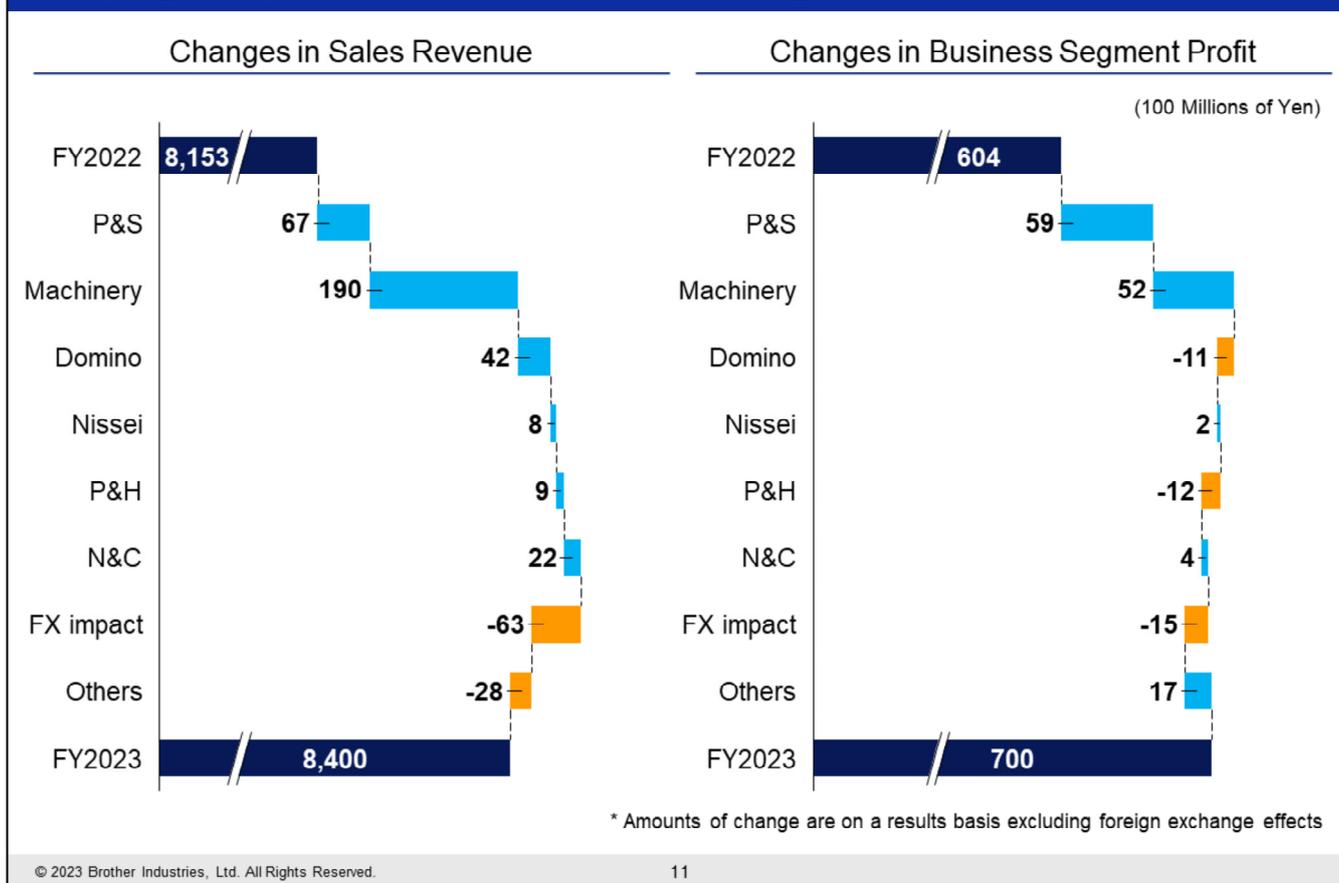
# Forecast for FY2023 by Business Segment

(100 Millions of Yen)

	Sales revenue			Business segment profit			Operating profit		
	FY22 Actual	FY23 Forecast	Change	FY22 Actual	FY23 Forecast	Change	FY22 Actual	FY23 Forecast	Change
<b>P&amp;S</b>	4,967	4,970	3	371	415	44	365	415	50
<b>Machinery</b>	964	1,156	192	95	148	53	98	148	50
<b>Domino</b>	1,008	1,058	50	56	45	-11	-58	45	103
<b>Nissei</b>	235	242	7	19	21	2	18	21	3
<b>P&amp;H</b>	510	511	1	58	44	-14	59	44	-15
<b>N&amp;C</b>	353	375	22	5	9	4	8	9	1
<b>Other</b>	116	88	-28	1	18	17	64	18	-46
<b>Total</b>	<b>8,153</b>	<b>8,400</b>	<b>247</b>	<b>604</b>	<b>700</b>	<b>96</b>	<b>554</b>	<b>700</b>	<b>146</b>

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

Here is the summary of each business segment.



[Reference: From the presentation materials released on May 8, 2023]

Factors contributing to increase or decreases in sales revenue and business segment profit in FY2023 (compared to the previous fiscal year).

**•P&S**

Revenue will increase due to continuous focus on hardware sales in communications & printing equipment as well as easing of supply constraints caused by parts and materials shortages in labeling. Profit will increase due to a significant improvement in sea freight and lower logistics-related expenses in the U.S., despite an increase in promotion according to recovery in our supply capacity as well as competitors.

**•Machinery**

Both revenue and profit will increase, mainly in machine tools, due to firm sales in the automobile and general machinery markets.

**•Domino**

Revenue will increase due to firm demand, especially in C&M. Profit will decrease due to the cost of renewing ERP systems on a global basis, an increase in SG&A resulting from strengthened sales activities, etc.

**•Nissei**

Both revenue and profit will increase due to continued demand for capital investment brought about by the growing need for automation in factories.

**•P&H**

Sales will be on a par with the previous year as stay-at-home demand has run its course. Profit will decrease due to factors such as a change in the sales ratio resulting from a decrease in sales of middle- and high-end models, and others.

**•N&C**

Both revenue and profit will increase due to the expected recovery in demand for karaoke.

As a result of the above, both revenue and profit are expected to increase as a whole.

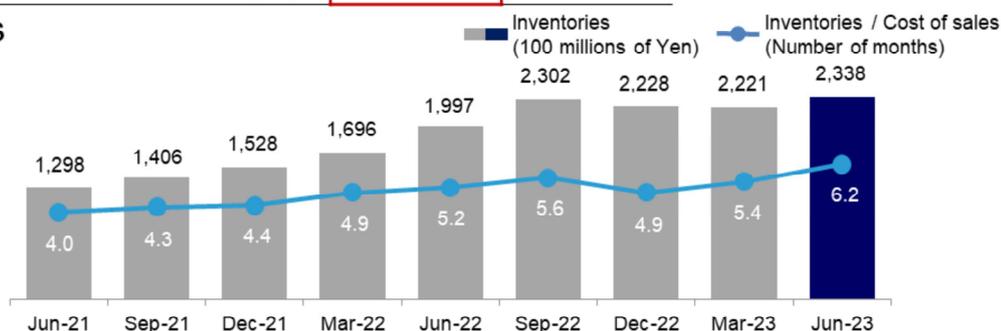
# Financial Position

	End of Mar 2023	End of Jun 2023	Change	
				(100 Millions of Yen)
Current assets	5,117	<b>5,163</b>	45	
Cash&Cash equivalents	1,190	<b>1,092</b>	-98	
Inventories	2,221	<b>2,338</b>	117	
Non-current assets	3,387	<b>3,570</b>	183	
Total liabilities	2,538	<b>2,309</b>	-229	
Interest-bearing debt	374	<b>232</b>	-143	
Shareholders' equity*	5,966	<b>6,423</b>	457	*Equity attributable to owners of the parent company
Total assets	8,505	<b>8,733</b>	228	

	End of Mar 2023	End of Jun 2023	Change
Net cash	816	<b>860</b>	44
Shareholders' equity ratio	70.2%	<b>73.5%</b>	3.4%
ROE	6.8%	-	-

## Inventories



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12

Net cash was 86 billion yen.

Both inventories and inventory turnover increased from the end of March 2023, but this was due to the impact of exchange rates.

Production adjustments have been made in line with demand, and both inventories and inventory turnover decreased excluding the impact of exchange rates.

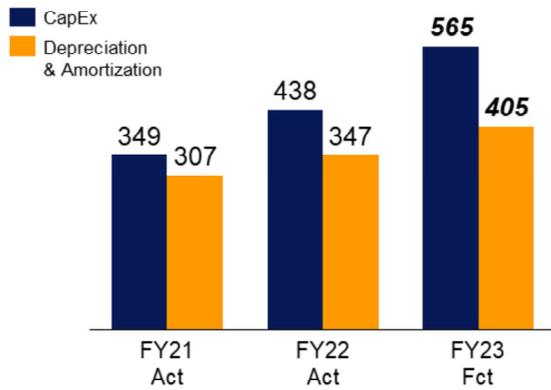
We will however continue to work on rationalization as inventory levels remain high, particularly in the P&S business.

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

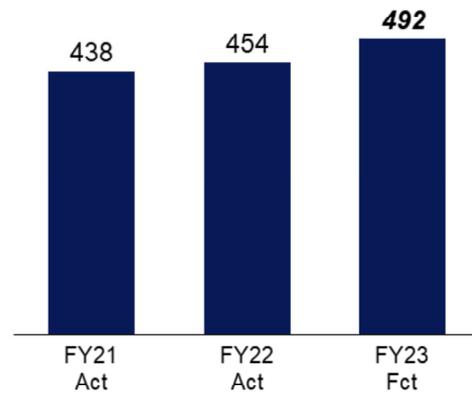


(100 Millions of Yen)

## Capital Expenditure/Depreciation & Amortization



## R&D Expenses



### Breakdown by business (CapEx)

	FY21	FY22	FY23
Industrial area	68	82	122
Consumer area & Others	281	356	443
<b>Total</b>	<b>349</b>	<b>438</b>	<b>565</b>

### Breakdown by business (R&D)

	FY21	FY22	FY23
Industrial area	103	123	134
Consumer area & Others	335	331	358
<b>Total</b>	<b>438</b>	<b>454</b>	<b>492</b>

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

Capital expenditures, depreciation, and research and development expenses for FY2023 remain unchanged from the previous announcement.

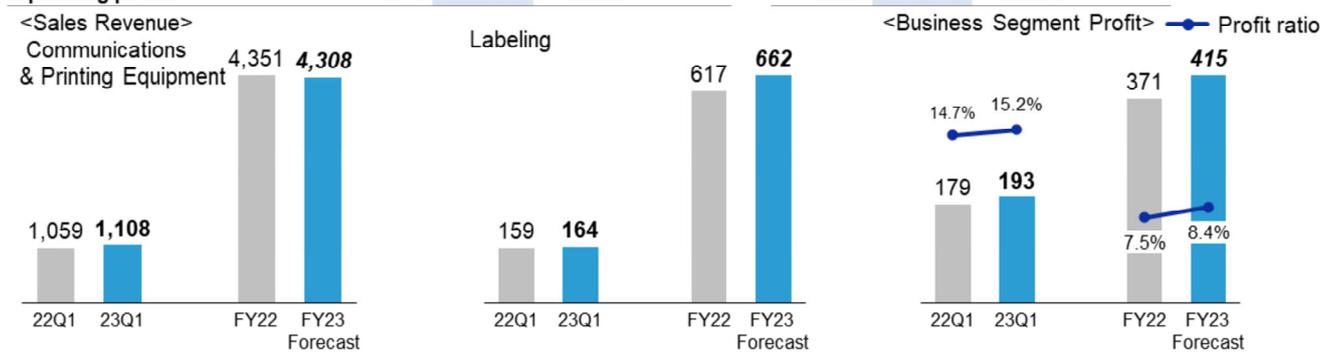
**Business Segment Information**

# Printing & Solutions Sales Revenue & Profit

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(100 Millions of Yen)

	22Q1	23Q1	Change	Change w/o FX	FY22	FY23 Forecast	Change vs LY	Change w/o FX
<b>Sales revenue</b>	<b>1,218</b>	<b>1,272</b>	<b>4.4%</b>	<b>-0.8%</b>	<b>4,967</b>	<b>4,970</b>	<b>0.1%</b>	<b>1.4%</b>
<b>Communications &amp; printing equipment</b>	<b>1,059</b>	<b>1,108</b>	<b>4.6%</b>	<b>-0.6%</b>	<b>4,351</b>	<b>4,308</b>	<b>-1.0%</b>	<b>0.3%</b>
Americas	403	410	1.9%	-2.8%	1,688	1,695	0.4%	2.3%
Europe	324	360	10.9%	1.6%	1,351	1,308	-3.2%	-2.3%
Asia & others	210	238	13.5%	11.5%	847	856	1.0%	2.6%
Japan (incl. OEM)	123	100	-18.2%	-20.0%	464	449	-3.3%	-3.1%
<b>Labeling</b>	<b>159</b>	<b>164</b>	<b>3.1%</b>	<b>-2.1%</b>	<b>617</b>	<b>662</b>	<b>7.3%</b>	<b>8.5%</b>
Americas	82	75	-8.9%	-13.7%	286	309	8.3%	9.9%
Europe	42	49	15.5%	6.1%	186	193	3.7%	4.5%
Asia & others	24	29	21.2%	19.9%	98	103	4.6%	6.1%
Japan	10	11	5.6%	5.6%	46	56	21.8%	21.8%
<b>Business segment profit</b>	<b>179</b>	<b>193</b>	<b>7.8%</b>	-	<b>371</b>	<b>415</b>	<b>11.9%</b>	-
<b>Operating profit</b>	<b>169</b>	<b>180</b>	<b>6.3%</b>	-	<b>365</b>	<b>415</b>	<b>13.8%</b>	-



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15

Sales revenue in the first quarter of the P&S business was **127.2** billion yen. Growth on the local currency basis was negative 0.8%.

## •Communications & printing equipment

Sales revenue was **110.8** billion yen. Growth on the local currency basis was negative 0.6%. The details are explained on the next page.

## •Labeling

Sales revenue was **16.4** billion yen. Growth on the local currency basis was negative 2.1%. Demand was sluggish in the Americas, particularly for consumables, despite steady growth in Europe and Asia.

Supply constraints caused by material shortages, which had continued since the second quarter of previous fiscal year, were resolved.

Business segment profit was **19.3** billion yen.

Despite an increase in sales promotion and SG&A expenses, business segment profit increased due to the effects of lower logistics costs and price adjustments, as well as the positive impact of foreign exchange rates.

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



	21Q1	21Q2	21Q3	21Q4	22Q1	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	FY21	FY22
<b>Laser (LBP)</b>														
<b>Sales revenue growth rate (JPY/YoY)</b>														
Hardware	-10%	-4%	-9%	-8%	41%	45%	42%	36%	4%	-	-	-	-8%	41%
Consumable	21%	15%	14%	16%	18%	-8%	0%	4%	3%	-	-	-	16%	3%
<b>Sales revenue growth rate (LC/YoY)</b>														
Hardware	-16%	-9%	-15%	-13%	25%	23%	21%	23%	-1%	-	-	-	-13%	23%
Consumable	12%	9%	6%	9%	7%	-20%	-13%	-6%	-3%	-	-	-	9%	-8%
<b>Inkjet (IJP)</b>														
<b>Sales revenue growth rate (JPY/YoY)</b>														
Hardware	90%	95%	17%	15%	18%	32%	46%	39%	5%	-	-	-	45%	33%
Consumable	11%	-6%	-3%	2%	19%	-2%	8%	13%	15%	-	-	-	0%	9%
<b>Sales revenue growth rate (LC/YoY)</b>														
Hardware	79%	87%	11%	10%	8%	16%	30%	27%	2%	-	-	-	38%	20%
Consumable	5%	-10%	-7%	-2%	11%	-12%	-2%	4%	9%	-	-	-	-4%	0%
<b>Consumable ratio</b>														
	56%	57%	58%	59%	53%	47%	49%	53%	54%	-	-	-	57%	51%
<b>Growth rate of hardware (Units/YoY)</b>														
Laser (LBP)	-28%	-16%	-20%	-16%	14%	9%	3%	8%	-1%	-	-	-	-20%	8%
Inkjet (IJP)	65%	101%	1%	7%	8%	16%	42%	43%	4%	-	-	-	34%	26%

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16

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

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

Laser (LBP) sales growth was -1% for the hardware and -3% for consumables, inkjet (IJP) sales grew 2% for the hardware and 9% for consumables.

Regarding lasers (LBP), sales of the hardware remained firm in Europe, but decreased in China, resulting in the same level as the previous year.

As for consumables, there was last-minute demand prior to the price increase in Europe, but sales decreased mainly in the Americas.

As for inkjet (IJP), sales of the hardware declined in Europe and the US, but were strong in Asia, resulting in a slight year-on-year increase. Sales of consumables remained firm on a global basis, including last-minute demand prior to price increases in Europe.

### •Growth rate of hardware in units

Unit sales of lasers (LBP) were on a par with the same period of the previous year due to a decrease in the Americas, despite steady sales in Europe and Asia. In inkjet (IJP), sales of tank models for emerging market grew.

# Machinery Sales Revenue & Profit

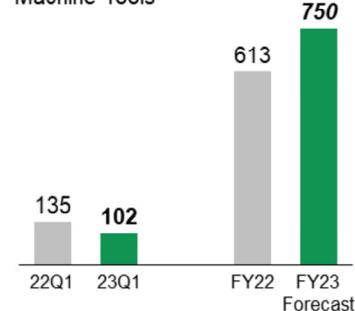
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(100 Millions of Yen)

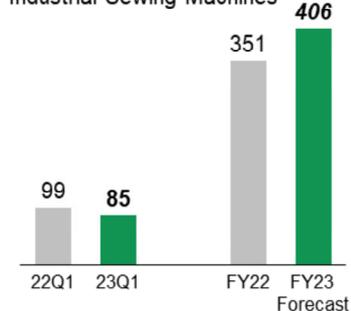
	22Q1	23Q1	Change	Change w/o FX	FY22	FY23 Forecast	Change vs LY	Change w/o FX
<b>Sales revenue</b>	<b>234</b>	<b>188</b>	<b>-19.9%</b>	<b>-21.8%</b>	<b>964</b>	<b>1,156</b>	<b>19.9%</b>	<b>19.8%</b>
<b>Machine tools</b>	<b>135</b>	<b>102</b>	<b>-24.5%</b>	<b>-24.6%</b>	<b>613</b>	<b>750</b>	<b>22.4%</b>	<b>21.8%</b>
Americas	10	7	-28.5%	-	41	38	-6.0%	-
Europe	12	9	-30.7%	-	38	42	10.5%	-
Asia & others	90	67	-25.6%	-	432	534	23.5%	-
Japan	24	20	-15.5%	-	103	137	33.1%	-
<b>Industrial sewing machines</b>	<b>99</b>	<b>85</b>	<b>-13.7%</b>	<b>-18.0%</b>	<b>351</b>	<b>406</b>	<b>15.7%</b>	<b>16.2%</b>
Americas	27	26	-6.3%	-11.6%	105	121	14.7%	16.1%
Europe	21	22	7.2%	-1.8%	74	85	15.9%	17.1%
Asia & others	47	32	-32.4%	-34.4%	155	178	14.8%	14.5%
Japan	4	6	48.9%	48.9%	17	22	29.0%	29.0%
<b>Business segment profit</b>	<b>21</b>	<b>10</b>	<b>-54.3%</b>	<b>-</b>	<b>95</b>	<b>148</b>	<b>55.1%</b>	<b>-</b>
<b>Operating profit</b>	<b>24</b>	<b>12</b>	<b>-52.4%</b>	<b>-</b>	<b>98</b>	<b>148</b>	<b>50.6%</b>	<b>-</b>

<Sales Revenue>

Machine Tools

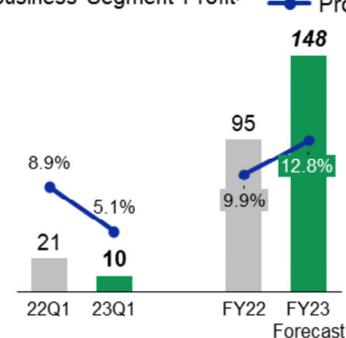


Industrial Sewing Machines



<Business Segment Profit>

— Profit ratio



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17

In the Machinery Business, sales revenue in the first quarter was **18.8** billion yen. Growth on a local currency basis was negative 21.8%.

## •Machine tools

Sales revenue was **10.2** billion yen. Growth on a local currency basis was negative 24.6%.

Due to aggravating market conditions in China, sales revenue decreased significantly as the demand for capital investment in the automotive and general machinery markets remained sluggish.

## •Industrial sewing machine

Sales revenue was **8.5** billion yen, with a negative growth of 18.0% on a local currency basis.

Sales of industrial sewing machines decreased year-on-year significantly due to the continued sluggish demand for capital investment among apparel manufacturers in Asia, which was firm in the same period of last year.

On the other hand, sales of garment printers were firm due to a recovery in market conditions.

Overall sales decreased despite the positive impact of exchange rates.

Business segment profit was **1** billion yen.

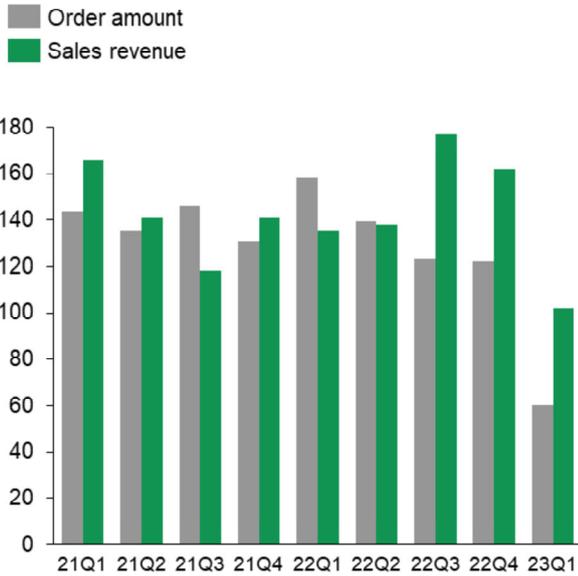
Despite the positive impact of exchange rates, business segment profit decreased substantially due to the decrease in sales.

# Machinery (Machine Tools) Order Trends

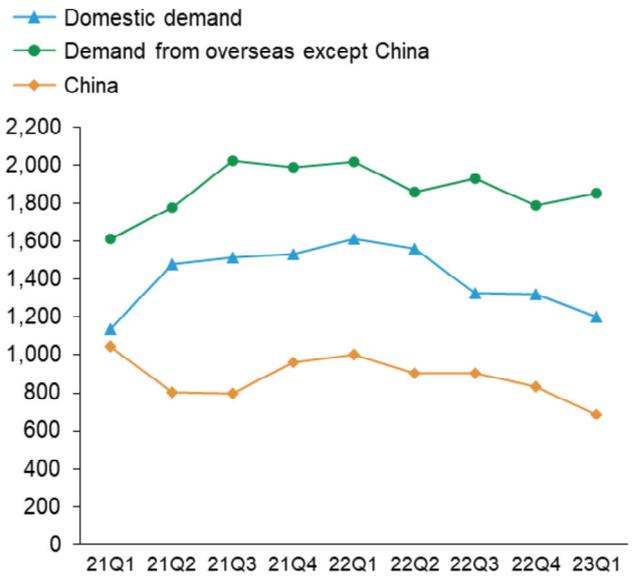


(100 Millions of Yen)

## Trends in order amount and sales revenue



## (Reference) Machine tool statistics of the Japan Machine Tool Builders' Association



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

\* 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.

In the first quarter of FY2023, orders significantly decreased due to the aggravating market conditions in China.

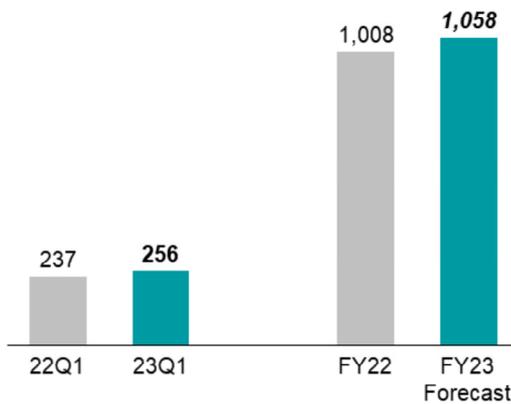
# Domino Sales Revenue & Profit

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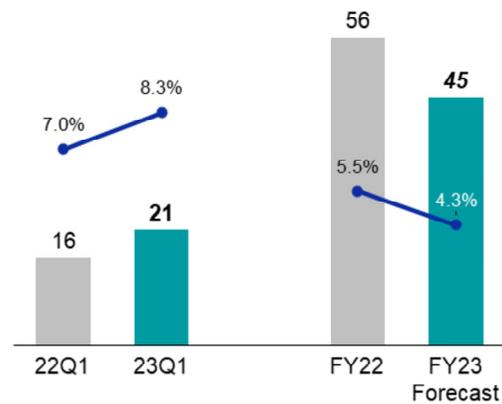
(100 Millions of Yen)

	22Q1	23Q1	Change	Change w/o FX	FY22	FY23 Forecast	Change vs LY	Change w/o FX
<b>Sales revenue</b>	<b>237</b>	<b>256</b>	<b>7.9%</b>	<b>3.4%</b>	<b>1,008</b>	<b>1,058</b>	<b>4.9%</b>	<b>8.7%</b>
Americas	57	64	11.9%	-1.6%	243	271	11.8%	17.9%
Europe	97	113	15.9%	13.2%	437	437	0.2%	1.8%
Asia & others	73	70	-4.5%	-5.2%	288	306	6.5%	11.9%
Japan	10	10	-1.0%	-1.0%	41	43	4.1%	4.1%
<b>Business segment profit</b>	<b>16</b>	<b>21</b>	<b>28.6%</b>	-	<b>56</b>	<b>45</b>	<b>-19.3%</b>	-
<b>Operating profit</b>	<b>20</b>	<b>18</b>	<b>-10.8%</b>	-	<b>-58</b>	<b>45</b>	-	-

<Sales Revenue>



<Business Segment Profit> Profit ratio



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19

Sales revenue in the Domino business in the first quarter was **25.6** billion yen. Growth on a local currency basis was positive 3.4%.

In the hardware business, C&M\* performed steadily. Consumables remained firm in both C&M and DP\*.

Business segment profit was **2.1** billion yen. Despite an increase in SG&A expenses as a result of strengthened sales activities, business segment profit increased due to the effects of higher sales and changes in the product mix.

Operating income was **1.8** billion yen due to foreign exchange losses.

\*C&M: coding and marking, DP: digital printing

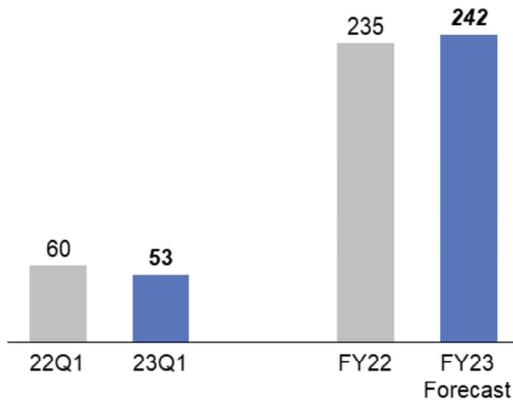
# Nissei Sales Revenue & Profit

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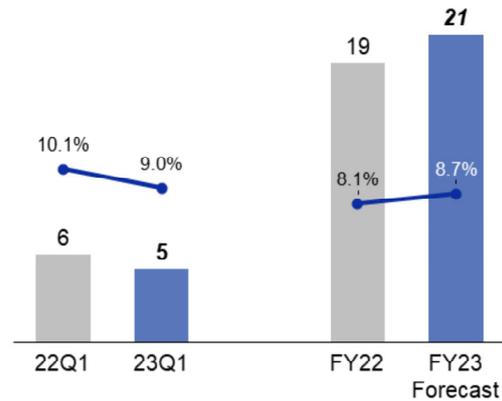
(100 Millions of Yen)

	22Q1	23Q1	Change	Change w/o FX	FY22	FY23 Forecast	Change vs LY	Change w/o FX
<b>Sales revenue</b>	<b>60</b>	<b>53</b>	<b>-11.2%</b>	<b>-12.3%</b>	<b>235</b>	<b>242</b>	<b>3.1%</b>	<b>3.3%</b>
Americas	10	8	-18.6%	-24.0%	38	38	-0.8%	-0.4%
Europe	-	-	-	-	-	-	-	-
Asia & others	10	11	11.8%	10.5%	37	38	1.3%	2.5%
Japan	41	35	-14.9%	-14.9%	160	167	4.4%	4.4%
<b>Business segment profit</b>	<b>6</b>	<b>5</b>	<b>-21.1%</b>	<b>-</b>	<b>19</b>	<b>21</b>	<b>10.5%</b>	<b>-</b>
<b>Operating profit</b>	<b>7</b>	<b>5</b>	<b>-27.3%</b>	<b>-</b>	<b>18</b>	<b>21</b>	<b>16.0%</b>	<b>-</b>

<Sales Revenue>



<Business Segment Profit> Profit ratio



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20

Sales revenue in the Nissei business in the first quarter was **5.3** billion yen. Growth on a local currency basis was negative 12.3%.

Sales of both gear reducers and gears have been sluggish, mainly due to postponement of capital investment caused by aggravating economic sentiment in China, resulting in a decline in sales revenue.

Business segment profit was **0.5** billion yen. Profits declined due to lower sales.

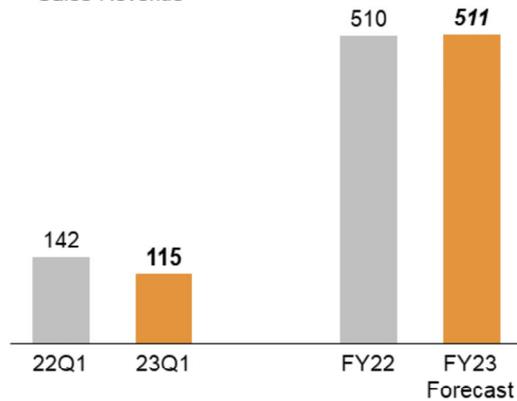
# Personal & Home Sales Revenue & Profit

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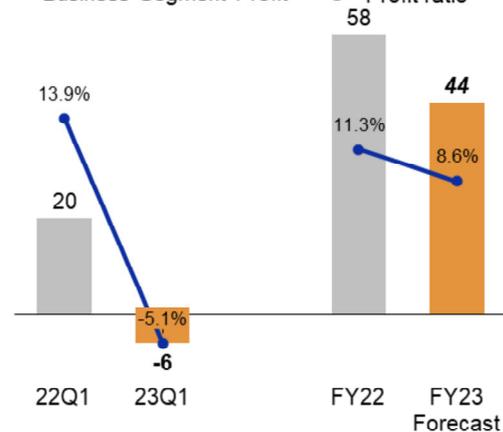
(100 Millions of Yen)

	22Q1	23Q1	Change	Change w/o FX	FY22	FY23 Forecast	Change vs LY	Change w/o FX
<b>Sales revenue</b>	<b>142</b>	<b>115</b>	<b>-19.4%</b>	<b>-23.8%</b>	<b>510</b>	<b>511</b>	<b>0.2%</b>	<b>1.8%</b>
Americas	85	69	-18.0%	-22.5%	316	311	-1.7%	0.0%
Europe	35	28	-21.4%	-28.1%	112	113	0.1%	1.2%
Asia & others	14	13	-9.8%	-10.9%	52	56	8.1%	10.4%
Japan	8	5	-41.6%	-41.6%	29	31	7.9%	7.9%
<b>Business segment profit</b>	<b>20</b>	<b>-6</b>	-	-	<b>58</b>	<b>44</b>	<b>-23.9%</b>	-
<b>Operating profit</b>	<b>20</b>	<b>-6</b>	-	-	<b>59</b>	<b>44</b>	<b>-24.8%</b>	-

<Sales Revenue>



<Business Segment Profit>



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21

Sales revenue in the first quarter of the P&H business was **11.5** billion yen. Growth on a local currency basis was negative 23.8%.

Sales revenue declined due mainly to the lower sales of mid-to-high-end models caused by aggravating market conditions in each region.

Business segment profit was **0.6** billion yen negative.

This was mainly due to changes in the product mix caused by a decrease in sales of mid-to-high-end machines and an increase in sales promotion expenses.

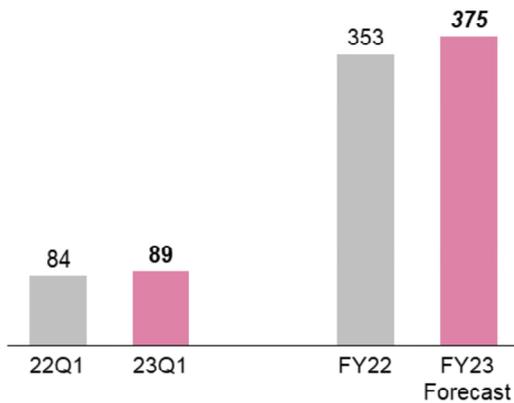
# Network & Contents Sales Revenue & Profit

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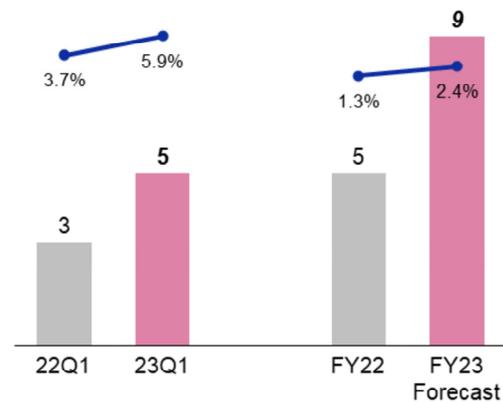
(100 Millions of Yen)

	22Q1	23Q1	Change	FY22	FY23 Forecast	Change vs LY
<b>Sales revenue</b>	<b>84</b>	<b>89</b>	<b>6.4%</b>	<b>353</b>	<b>375</b>	<b>6.4%</b>
<b>Business segment profit</b>	<b>3</b>	<b>5</b>	<b>70.9%</b>	<b>5</b>	<b>9</b>	<b>98.1%</b>
<b>Operating profit</b>	<b>7</b>	<b>6</b>	<b>-10.2%</b>	<b>8</b>	<b>9</b>	<b>10.4%</b>

<Sales Revenue>



<Business Segment Profit> — Profit ratio



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22

Sales revenue in the N&C business in the first quarter was **8.9** billion yen. A year-on-year increase of 6.4%.

Sales of karaoke clubs increased due to a recovery in customer traffic as a result of the infectious disease classification of the COVID-19 has been changed to lower level in Japan.

Business segment profit was **0.5** billion yen, increased due to higher sales revenue.

Operating profit no longer includes the COVID-19 related subsidies from government.

# ESG Topics

# External Evaluation: Selected for the first time for the MSCI Japan ESG Select Leaders Index



Selected for the first time for the MSCI Japan ESG Select Leaders Index  
With this, Brother has been included in all six ESG indices for Japanese equities used by the Government Pension Investment Fund (GPIF)

ESG indices for Japanese equities used by GPIF

(as of August 2023)

## • Selected for the first time for the MSCI Japan ESG Select Leaders Index

2023 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX

- FTSE Blossom Japan Index: Selected from 2020
- FTSE Blossom Japan Sector Relative Index: Selected from 2022
- MSCI Japan Empowering Women Index (WIN): Selected from 2019
- Morningstar Japan ex-REIT Gender Diversity Tilt Index: Selected from 2022
- S&P/JPX Carbon Efficient Index: Selected from 2018



FTSE Blossom  
Japan



FTSE Blossom  
Japan Sector  
Relative Index

2023 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)



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This is about external evaluations.

Brother Industries has been selected for the first time as a constituent of the "MSCI Japan ESG Select Leaders Index," an investment index that selects Japanese companies with excellent ESG compatibility.

As a result, Brother Industries is now selected for all six ESG domestic investment indices adopted by GPIF.

## External Evaluation: World's first recycled toner cartridge to obtain Blue Angel certification

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Recycled toner cartridges manufactured by Brother Industries (Slovakia) are the first in the world to obtain the German ecolabel Blue Angel certification\*



Remanufactured toner cartridges and ink cartridges for printers, copiers and multifunction devices

DE-UZ 177



Brother Industries (Slovakia)

<Efforts so far>

- 2001: Brother obtained the Blue Angel certification for its laser printers
- 2004: Recycling of toner cartridges began in the U.K.  
Since then, recycling has been carried out at factories in Slovakia, the U.S., and Japan
- 2008: Brother obtained the world's first Blue Angel certification for the inkjet All-in-Ones

**TN-3512 RE, a recycled toner cartridge manufactured by Brother Industries (Slovakia), obtained the world's first Blue Angel certification in the field of recycled toner cartridges**

\*Blue Angel Certification:

The world's first environmental label, born in Germany in 1978, with the aim of solving environmental problems and promoting the development and sales of environmentally friendly products. This time, Brother obtained the certification for the standard (DE-UZ 177) applied to recycled toner cartridges and ink cartridges such as printers and multifunction devices.

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25

Blue Angel is the world's first environmental label, which was established in Germany in 1978 with the aim of addressing environmental issues and promoting the development and sale of environmentally friendly products.

The Brother Group has been obtaining certifications in various products, such as the one for laser printers in 2001 and become the world's first to obtain the one for inkjet all-in-ones in 2008.

Brother Industries (Slovakia), a manufacturing subsidiary responsible for recycling consumables, has been working towards obtaining certification for recycled toner cartridges.

They have recently achieved the world's first Blue Angel certification\* in the field of recycled toner cartridge for the "TN-3512 RE".

\*Standards (DE-UZ 177) applicable to recycled toner cartridges and ink cartridges such as printers and multifunction devices

**brother**  
at your side

# Reference: Brother's business areas

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