

Fiscal Year 2022 (ending March 31, 2023)

Second Quarter Financial Results

Brother Industries, Ltd.

November 9, 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 FY2022 Q2 (Jul.–Sep.)

Revenue increased due mainly to positive FX effects

Profit decreased substantially due to factors such as the lower gross profit caused by decreased sales of consumables in the P&S business, a significant increase in parts and materials costs, and an increase in SG&A

◆ Sales revenue **196.9 billion yen/ +11.6% (year-on-year)**

- ✓ The positive FX effects resulting from the weaker yen contributed greatly to the increase in revenue
- ✓ If the FX effects are excluded, revenue decreased in the P&S business due to downturn after a last-minute surge in demand ahead of consumables price hikes
- ✓ Revenue decreased in the P&H business as stay-at-home demand has run its course and sales decreased for middle- and high-end models

◆ Business segment profit **11.1 billion yen/ -52.1% (year-on-year)**

- ✓ Profit decreased substantially mainly due to lower gross profit caused by decreased sales of consumables in the P&S business
- ✓ A significant increase in parts and materials costs and an increase in SG&A put pressure on profit

Forecast for FY2022

The forecast for sales revenue has been revised upward in response to positive FX effects and easing of supply constraints in the P&S business

The forecast for business segment profit has been revised downward, despite positive FX effects, in response to a significant increase in parts and materials costs and lower-than-expected profit in the first half

Financial Results for FY2022 Q2

Although revenue increased, due mainly to positive FX effects, profit decreased substantially due to factors such as the lower gross profit caused by decreased sales of consumables in the P&S business, a significant increase in parts and materials costs, and an increase in SG&A.

Sales revenue

Sales revenue increased by 11.6% year-on-year to **196.9** billion yen.

In the P&S business, sales of hardware were firm for inkjet All-in-Ones and both laser All-in-Ones and printers as supply constraints resulting from a shortage of parts and materials were eased. For consumables, on the other hand, there was a downturn after a last-minute surge in demand ahead of price hikes. For the business as a whole, revenue increased due to positive FX effects.

In the P&H business, despite positive FX effects, revenue decreased as stay-at-home demand has run its course and sales decreased for middle- and high-end models.

Business segment profit

Business segment profit decreased by 52.1% year-on-year to **11.1** billion yen.

Profit decreased substantially due to factors such as lower gross profit caused by decreased sales of consumables in the P&S business, as well as a significant increase in parts and materials costs and an increase in SG&A expenses.

Forecast for FY2022

The forecast for sales revenue has been revised upward in response to positive FX effects, eased supply constraints in the P&S business, and other factors.

The forecast for business segment profit has been revised downward, despite positive FX effects, in response to a significant increase in parts and materials costs and lower-than-expected profit in the first half.

Results for FY2022 Q2 (Jul.-Sep.)

Consolidated Results for FY2022 Q2



Revenue increased due mainly to positive FX effects
 Profit decreased substantially due to factors such as the lower gross profit caused by decreased sales of consumables in the P&S business, a significant increase in parts and materials costs, and an increase in SG&A

	21Q2	22Q2	Change (w/o FX)	Rate of Change (w/o FX)
Sales revenue	1,765	1,969	204 (-37)	11.6% (-2.1%)
Business Segment Profit	232	111	-121 (-152)	-52.1% (-65.5%)
Business Segment Profit Ratio	13.2%	5.7%		
Other income/expense	15	13	-2	
Operating Profit	247	124	-123	-49.6%
Operating Profit Ratio	14.0%	6.3%		
Income before Tax	248	129	-119	-48.0%
Net Income attribute to parent company	182	129	-53	-29.3%
USD	110.47	138.68	28.21	
EUR	130.31	140.32	10.01	

(100 Millions of Yen)

I will now discuss business results.

In the second quarter of FY2022, sales revenue was **196.9** billion yen, up 20.4 billion yen from the same period of the previous year.

With regard to profit,

Business segment profit was **11.1** billion yen, down 12.1 billion yen.

Operating profit was **12.4** billion yen, down 12.3 billion yen.

Net income attributable to owners of the parent company decreased substantially, down 5.3 billion yen to **12.9** billion yen.

Results for FY2022 Q2 by Business Segment



(100 Millions of Yen)

	Sales revenue			Business segment profit			Operating profit		
	21Q2	22Q2	Change	21Q2	22Q2	Change	21Q2	22Q2	Change
P&S	1,061	1,187	126	159	51	-108	164	54	-109
Machinery	221	240	19	31	32	1	32	34	2
Domino	212	251	40	22	13	-9	22	18	-4
Nissei	50	59	9	5	6	1	5	6	1
P&H	134	116	-18	26	7	-19	28	8	-19
N&C	64	85	22	-12	1	13	-5	2	7
Other	23	31	7	0	2	1	2	2	-0
Total	1,765	1,969	204	232	111	-121	247	124	-123

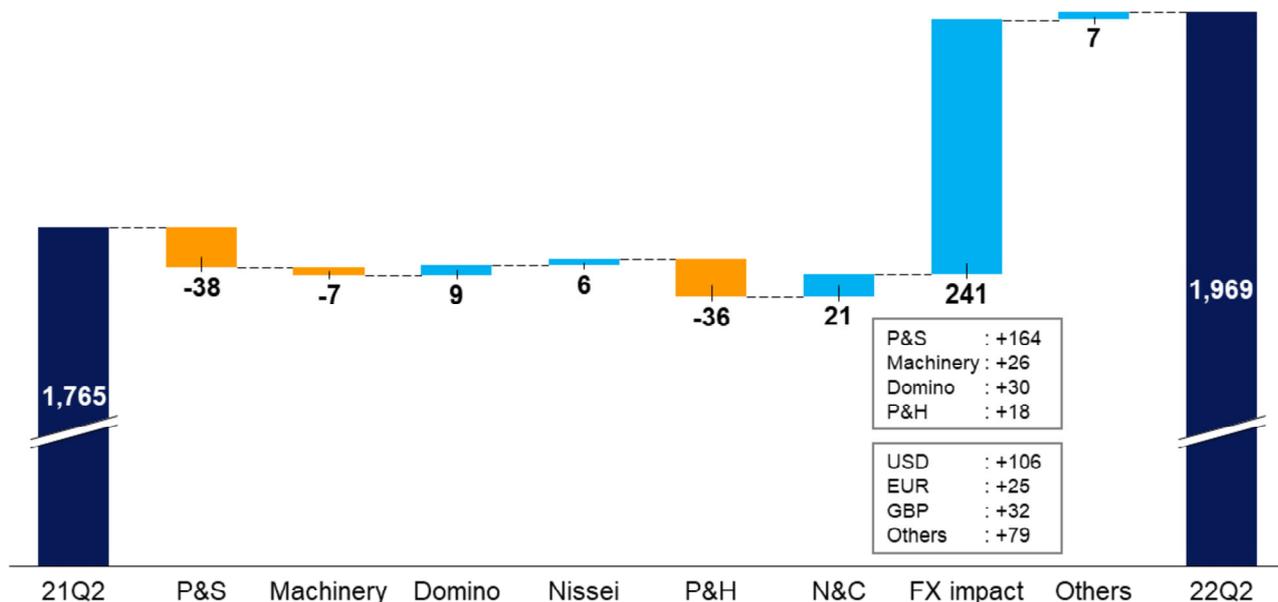
This slide shows results in each business segment.

Effective FY2022 business segmentation has been changed as per the Medium-Term Business Strategy CS B2024 (FY2022 to FY2024) and the figures for FY2021 has been revised as well for comparison.

The same applies to the figures for the following pages.

Although revenue decreased mainly in the P&S and P&H businesses, overall revenue increased due 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 behind the changes in sales revenue for the second quarter of FY2022.

• **P&S**

As for hardware, sales volume increased in conjunction with the easing of supply constraints, and there were also effects from price adjustments.

On the other hand, consumables were affected by factors such as logistics disruptions in the U.S. and a downturn after a last-minute surge in demand ahead of price hikes in Europe. As a result, revenue for the business as a whole decreased.

• **Machinery**

Industrial sewing machines performed well due to the recovery of demand for capital investment among apparel manufacturers. However, revenue decreased as machine tools remained affected by the supply constraints resulting from shortages of parts and materials that continued from the first quarter.

• **Domino**

Revenue increased as consumables maintained momentum for both C&M and DP.

• **Nissei**

Revenue increased due mainly to the strong performance of reducers resulting from increased demand for capital investment.

• **P&H**

Stay-at-home demand has run its course, and sales also decreased for middle- and high-end models, resulting in a decrease in revenue.

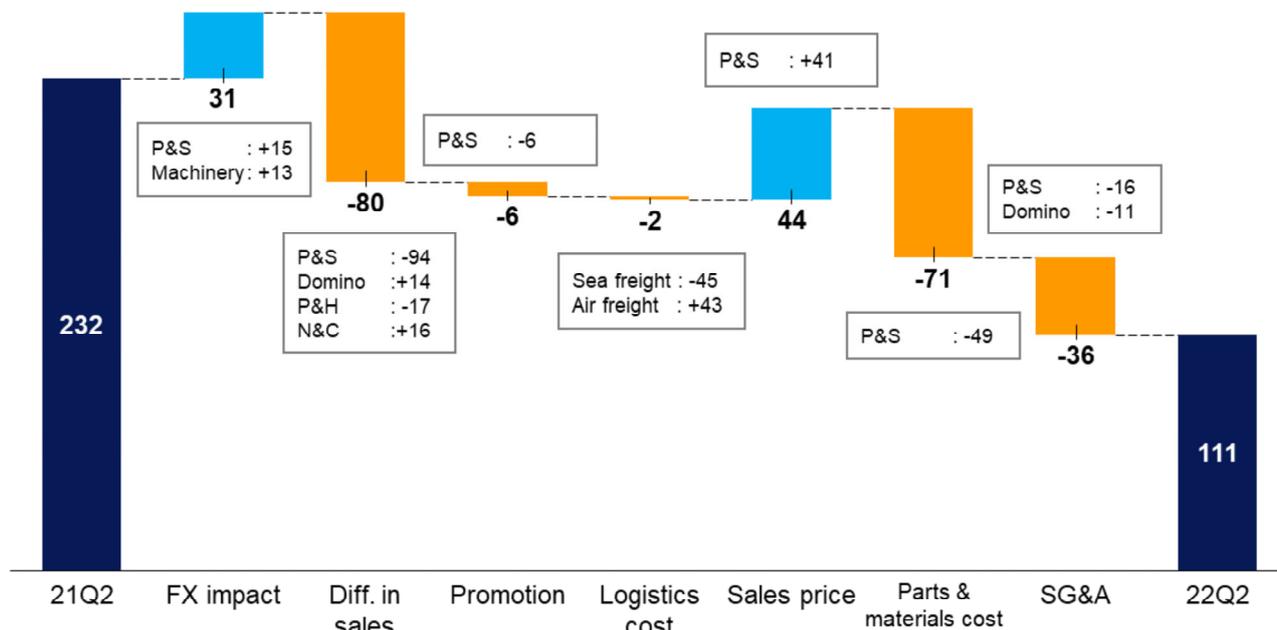
• **N&C**

Revenue increased as the number of karaoke customers recovered following the easing of activity restrictions for the COVID-19 pandemic.

Company-wide sales revenue increased 20.4 billion yen to **196.9** billion yen, which includes the positive FX effects of 24.1 billion yen resulting from the weaker yen.

Profit decreased substantially due to factors such as the lower gross profit resulting from decreased sales of consumables in the P&S business, a significant increase in parts and materials costs, and an increase in SG&A, despite effects from price responses mainly in the P&S business and positive FX effects

(100 Millions of Yen)



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

• **FX impact**

Almost all businesses, especially the P&S and Machinery businesses, had positive FX effects.

• **Differences in sales**

Decreased sales, mainly in the P&S and P&H businesses, had an impact.

In the P&S business, although sales of hardware were firm, sales of consumables decreased substantially.

• **Sales price**

The impact was mainly in the P&S business. Average unit prices increased as a result of the effects of price adjustments.

• **Parts and materials costs**

The change was mainly due to higher costs for electronic components in the P&S business.

• **SG&A**

SG&A expenses, especially personnel expenses, increased.

As a result of these factors, business segment profit was **11.1** billion yen, a year-on-year decrease of 12.1 billion yen.

Results for FY2022 First Half (Apr.-Sep.)

Consolidated Results for FY2022 1H



Revenue increased, due mainly to firm performance of the P&S business in the first quarter, in addition to positive FX effects

Business segment profit decreased substantially due mainly to a significant increase in parts and materials costs and an increase in SG&A, despite effects from price responses mainly in the P&S business

(100 Millions of Yen)

	FY21 Q2 YTD	FY22 Q2 YTD	Change (w/o FX)	Rate of Change (w/o FX)
Sales revenue	3,505	3,967	461 (46)	13.2% (1.3%)
Business Segment Profit	494	359	-135 (-190)	-27.3% (-38.5%)
Business Segment Profit Ratio	14.1%	9.1%		
Other income/expense	18	15	-2	
Operating Profit	512	375	-137	-26.8%
Operating Profit Ratio	14.6%	9.4%		
Income before Tax	516	382	-134	-25.9%
Net Income				
attribute to parent company	368	303	-66	-17.8%
USD	110.18	133.46	23.28	
EUR	130.97	138.79	7.82	

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In the first half of FY2022, sales revenue was **396.7** billion yen, up 46.1 billion yen from the same period of the previous year.

With regard to profit,

Business segment profit was **35.9** billion yen, down 13.5 billion yen

Operating profit was **37.5** billion yen, down 13.7 billion yen

Net income attributable to owners of the parent company was **30.3** billion yen, down 6.6 billion yen.

Results for FY2022 1H by Business Segment



(100 Millions of Yen)

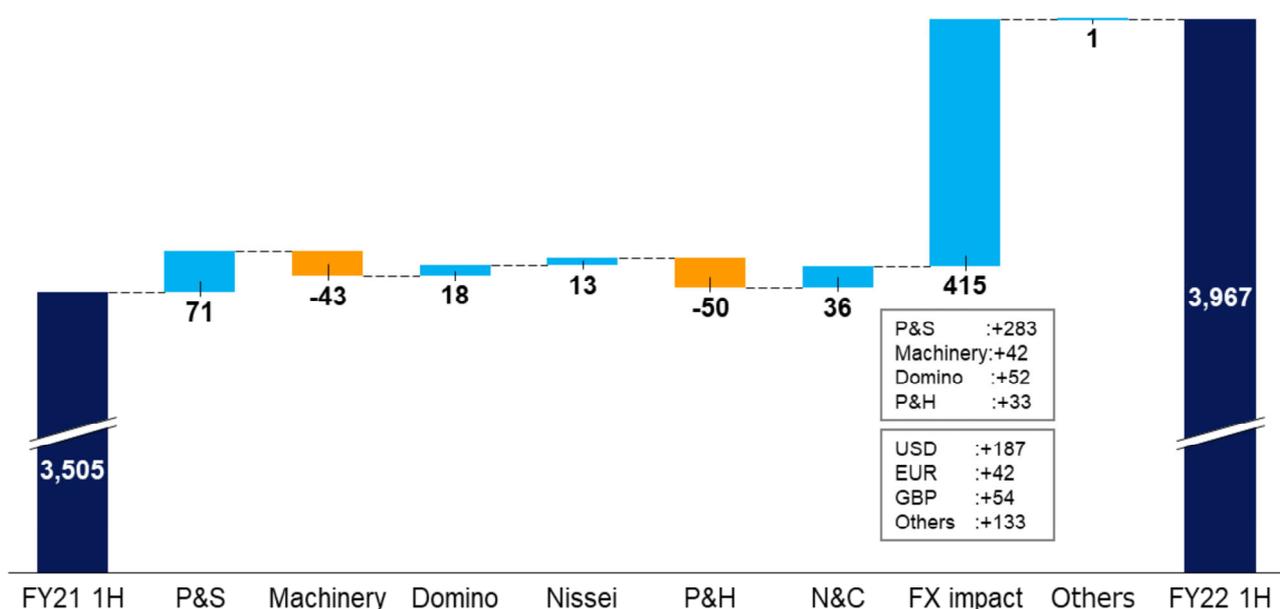
	Sales revenue			Business segment profit			Operating profit		
	FY21 Q2 YTD	FY22 Q2 YTD	Change	FY21 Q2 YTD	FY22 Q2 YTD	Change	FY21 Q2 YTD	FY22 Q2 YTD	Change
P&S	2,052	2,405	353	323	230	-93	327	224	-103
Machinery	474	474	-0	78	53	-25	78	58	-19
Domino	419	489	70	43	30	-14	43	37	-5
Nissei	101	119	18	10	12	2	10	13	3
P&H	275	258	-17	58	27	-31	58	28	-30
N&C	133	169	36	-20	4	24	-9	9	17
Other	51	52	1	2	5	3	4	5	1
Total	3,505	3,967	461	494	359	-135	512	375	-137

This slide shows results in each business segment.

FY2022 1H Main Factors for Changes in Sales Revenue

Revenue increased, due mainly 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 behind the changes in sales revenue for the first half of FY2022.

• P&S

Demand for consumables decreased following a last-minute surge ahead of price hikes. For hardware, however, there were effects from price adjustments, in addition to an increase in sales volume in conjunction with the easing of supply constraints, resulting in an increase in revenue for the business as a whole.

• Machinery

Despite firm demand for capital investment in industrial sewing machines among apparel manufacturers, revenue decreased as machine tools were affected by supply constraints resulting from shortages of parts and materials.

• Domino

Revenue increased as consumables maintained momentum for both C&M and DP.

• Nissei

Revenue increased due mainly to the strong performance of reducers resulting from increased demand for capital investment.

• P&H

Revenue decreased as stay-at-home demand has run its course in many areas.

• N&C

Revenue increased as the number of karaoke customers recovered following the easing of activity restrictions for the COVID-19 pandemic.

Company-wide sales revenue increased 46.1 billion yen to **396.7** billion yen, which includes the positive FX effects of 41.5 billion yen resulting from the weaker yen.

Profit decreased due to a significant increase of parts and materials costs, an increase in SG&A and the lower gross profit despite effects from price responses mainly in the P&S business and positive FX effects



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

• **FX impact**

Almost all businesses had positive FX effects.

• **Differences in sales**

Decreased sales, mainly in the P&S, P&H, and Machinery businesses, had an impact. In the P&S business, although sales of hardware were firm, sales of consumables decreased.

• **Sales price**

The impact was mainly in the P&S business. Average unit prices increased as a result of the effects of price adjustments.

• **Parts and materials costs**

The change was mainly due to higher costs for electronic components in the P&S business.

• **SG&A**

SG&A expenses, especially personnel expenses, increased.

As a result of these factors, business segment profit was **35.9** billion yen, a year-on-year decrease of 13.5 billion yen.

Forecast for FY2022

Forecast for FY2022

The forecast for sales revenue has been revised upward in response to positive FX effects and easing of supply constraints in the P&S business

The forecast for business segment profit has been revised downward in response to a significant increase in parts and materials costs and lower-than-expected profit in the first half

(100 Millions of Yen)

	Previous Forecast	FY22 Forecast	Change (w/o FX)	Rate of Change (w/o FX)	FY21 Actual	Change (w/o FX)	Rate of Change (w/o FX)
Sales revenue	7,750	8,400	650 (194)	8.4% (2.5%)	7,109	1,291 (527)	18.2% (7.4%)
Business Segment Profit	730	700	-30 (-37)	-4.1% (-5.0%)	846	-146 (-175)	-17.2% (-20.7%)
Business Segment Profit Ratio	9.4%	8.3%			11.9%		
Other income/expense	0	30	30		9	21	
Operating Profit	730	730	0	0.0%	855	-125	-14.6%
Operating Profit Ratio	9.4%	8.7%			12.0%		
Income before Tax	730	730	0	0.0%	864	-134	-15.5%
Net Income							
attribute to parent company	510	510	0	0.0%	610	-100	-16.4%
USD	122.00	134.92	12.92		112.86	22.06	
EUR	133.00	137.61	4.61		131.01	6.60	

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This slide shows our forecast for FY2022.

Taking the current situation into account, we have changed our exchange rate assumptions for the second half, which serve as preconditions for our forecast, from 122 yen to 135 yen to the USD and also 133 yen to 135 yen to the EUR.

For sales revenue, we have revised up our forecast to **840** billion yen, an increase of 65.0 billion yen from the previous forecast announced on May 11, 2022, reflecting factors such as the positive FX effects and eased supply constraints in the P&S business.

On the other hand, we have revised down our forecast for business segment profit by 3.0 billion yen to **70.0** billion yen, in response to a significant increase in parts and materials costs and lower-than-expected profit in the first half.

No changes have been made to the previous forecasts for operating profit, income before tax and net income.

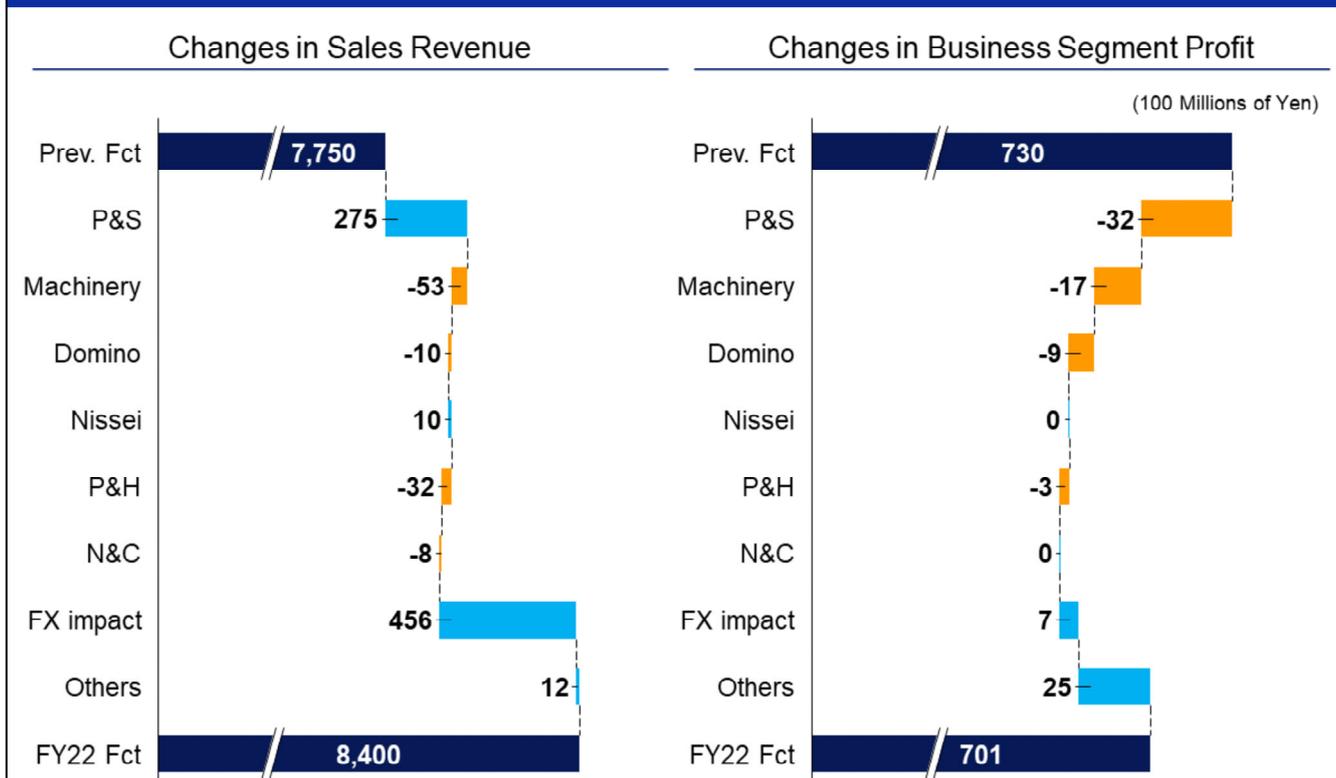
Forecast for FY2022 by Business Segment



(100 Millions of Yen)

	Sales revenue			Business Segment Profit			Operating Profit		
	Previous Forecast	FY22 Forecast	Change	Previous Forecast	FY22 Forecast	Change	Previous Forecast	FY22 Forecast	Change
P&S	4,553	5,132	579	485	430	-55	485	430	-55
Machinery	1,070	1,053	-17	135	135	0	136	136	0
Domino	900	966	66	43	43	0	42	42	0
Nissei	220	234	13	18	18	0	16	16	0
P&H	513	517	4	60	60	0	60	60	0
N&C	369	361	-8	4	4	0	4	4	0
Other	125	137	12	-15	10	25	-13	42	55
Total	7,750	8,400	650	730	700	-30	730	730	0

This slide shows the forecast for the full year by business segment.



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

These are the main factors behind the changes from the previous forecasts for sales revenue and business segment profit in FY2022.

• **P&S**

Sales revenue has been revised upward due to the easing of supply constraints, but profit has been revised downward due to a significant increase in parts and materials costs and lower-than-expected profit in the first half.

• **Other than P&S**

Forecasts with FX effects remain unchanged. (Ref. P15)

As a result of these factors, in addition to positive FX effects, we forecast an increase in sales revenue but a decrease in business segment profit on a company-wide basis.

Financial Position

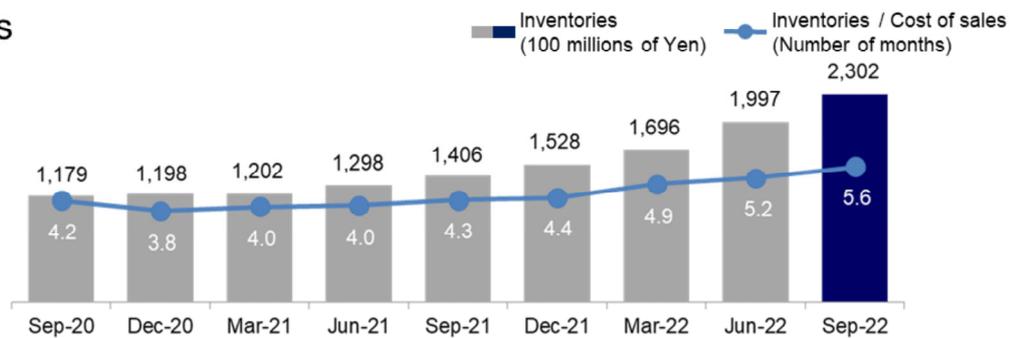
	End of Mar 22	End of Sep22	Change
Current assets	4,767	5,294	527
Cash&Cash equivalents	1,679	1,298	-382
Inventories	1,696	2,302	606
Non-current assets	3,344	3,482	138
Total liabilities	2,499	2,660	161
Interest-bearing debt	408	415	7
Shareholders' equity*	5,611	6,116	504
Total assets	8,111	8,776	665

(100 Millions of Yen)

*Equity attributable to owners of the parent company

	End of Mar 22	End of Sep22	Change
Net cash	1,271	882	-389
Shareholders' equity ratio	69.2%	69.7%	0.5%
ROE	11.7%	-	-

Inventories



Net cash stood at 88.2 billion yen.

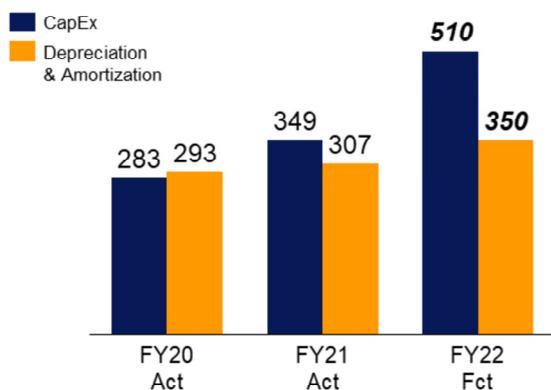
With regard to inventories, inventories in transit increased mainly in the P&S business.

Capital Expenditure/ Depreciation and Amortization/ R&D Expenses

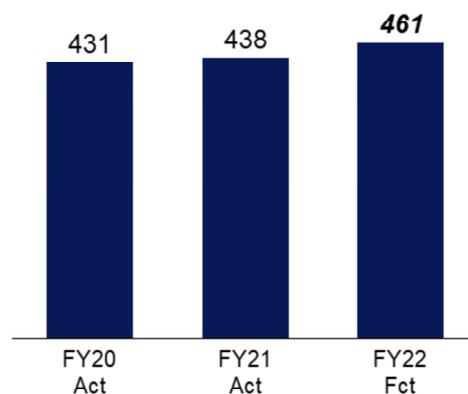


(100 Millions of Yen)

Capital Expenditure/Depreciation & Amortization



R&D Expenses



Breakdown by business (CapEx)

	FY20	FY21	FY22
Industrial area	52	68	113
Consumer area & Others	231	281	397
Total	283	349	510

Breakdown by business (R&D)

	FY20	FY21	FY22
Industrial area	91	103	129
Consumer area & Others	340	335	332
Total	431	438	461

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

There have been no revisions made to the previously announced forecasts for capital expenditure, depreciation and amortization, and R&D expenses in FY2022.

Business Segment Information

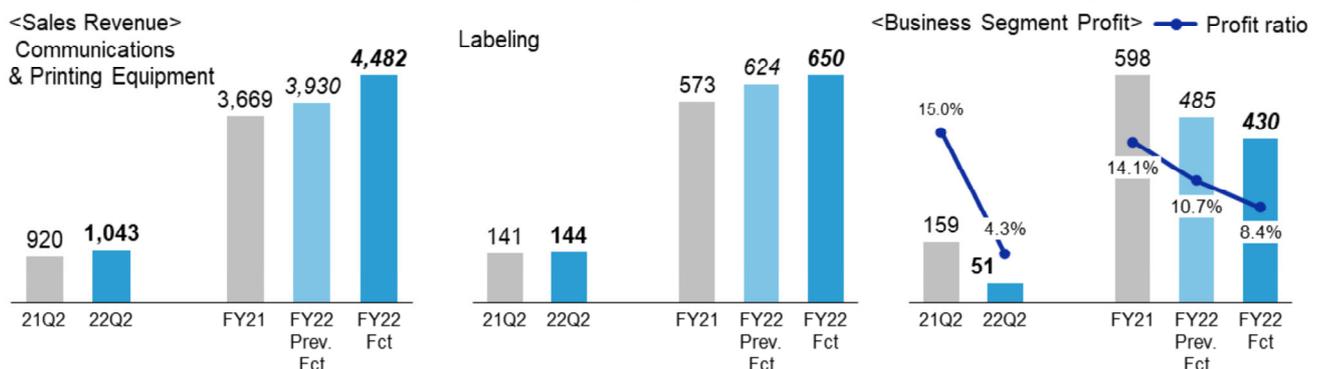
*The sales revenue by region of the first quarter of FY2022 is disclosed as a supplementary information below
<https://download.brother.com/pub/com/investor/accounts/2023/fy2023q1/2022q1e-sup.pdf>

Printing & Solutions Sales Revenue & Profit

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	21Q2	22Q2	Change	Change w/o FX	FY21	Previous Forecast	FY22 Forecast	Change vs LY	Change w/o FX	(100 Millions of Yen)
Sales Revenue	1,061	1,187	11.9%	-3.6%	4,242	4,553	5,132	21.0%	8.4%	
Communications & Printing Equipment	920	1,043	13.4%	-2.2%	3,669	3,930	4,482	22.2%	9.5%	
Americas	331	392	18.6%	-4.2%	1,307	1,518	1,800	37.7%	16.6%	
Europe	290	295	1.7%	-6.5%	1,210	1,151	1,335	10.4%	4.5%	
Asia & Others	189	240	27.2%	8.9%	698	732	860	23.4%	10.6%	
Japan	110	116	5.0%	-4.0%	455	529	486	7.0%	0.8%	
Labeling	141	144	1.7%	-12.5%	573	624	650	13.4%	1.2%	
Americas	68	65	-4.2%	-23.0%	260	282	321	23.6%	4.4%	
Europe	39	39	-1.3%	-8.9%	173	188	181	4.3%	-1.0%	
Asia & Others	22	30	36.3%	16.8%	91	101	102	11.7%	0.1%	
Japan	12	10	-18.3%	-18.3%	49	53	47	-5.4%	-5.4%	
Business Segment Profit	159	51	-68.1%	-	598	485	430	-28.0%	-	
Operating Profit	164	54	-66.8%	-	594	485	430	-27.6%	-	

*Japan includes OEM



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Sales revenue in the P&S business was **118.7** billion yen in the second quarter, down 3.6% on a local currency basis.

• Communications & Printing equipment

Sales revenue was **104.3** billion yen.

Although the growth rate on a local currency basis was -2.2%, revenue increased as a whole due to positive FX effects.

• Labeling

Sales revenue was **14.4** billion yen. The growth rate on a local currency basis was -12.5%.

In particular, sales of hardware dropped, affected by supply constraints resulting from shortages of parts and materials.

Business segment profit was **5.1** billion yen.

Despite the effects of price adjustments and positive FX effects, profit decreased substantially due to factors such as the lower gross profit caused by decreased sales of consumables, a significant increase in parts and materials costs, and an increase in SG&A expenses.

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



	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	22Q1	22Q2	22Q3	22Q4	FY20	FY21
LBP														
Sales revenue growth rate (JPY/YoY)														
Hardware	6%	19%	18%	18%	-10%	-4%	-9%	-8%	41%	45%	-	-	15%	-8%
Consumable	-18%	1%	0%	-1%	21%	15%	14%	16%	18%	-8%	-	-	-5%	16%
Sales revenue growth rate (LC/YoY)														
Hardware	11%	22%	21%	18%	-16%	-9%	-15%	-13%	25%	23%	-	-	18%	-13%
Consumable	-15%	2%	2%	-3%	12%	9%	6%	9%	7%	-20%	-	-	-4%	9%
IJP														
Sales revenue growth rate (JPY/YoY)														
Hardware	-37%	-49%	-12%	-3%	90%	95%	17%	15%	18%	32%	-	-	-25%	45%
Consumable	-23%	-1%	9%	-6%	11%	-6%	-3%	2%	19%	-2%	-	-	-5%	0%
Sales revenue growth rate (LC/YoY)														
Hardware	-33%	-48%	-9%	-3%	79%	87%	11%	10%	8%	16%	-	-	-23%	38%
Consumable	-20%	-1%	10%	-8%	5%	-10%	-7%	-2%	11%	-12%	-	-	-5%	-4%
Cosumable Ratio	5.5%	5.7%	5.5%	5.6%	5.6%	5.7%	5.8%	5.9%	5.3%	4.7%	-	-	5.5%	5.7%
Growth rate of Hardware (Units/YoY)														
LBP	12%	10%	6%	0%	-28%	-16%	-20%	-16%	14%	9%	-	-	7%	-20%
IJP	-39%	-57%	-24%	-25%	65%	101%	1%	7%	8%	16%	-	-	-36%	34%

*The sales revenue growth rate of LBP Hardware (local currency basis) for the first quarter of FY2022 has been revised to 25% from the previous announcement (August 5, 2022) of 28%.

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 +23% for hardware and -20% for consumables. The sales revenue growth rates for inkjet printers (IJP) were +16% for hardware and -12% for consumables.

Sales of hardware exceeded the level of the same period of the previous fiscal year due to effects from price adjustments, in addition to the increase in sales volume in conjunction with the easing of supply constraints.

Sales of consumables decreased substantially, affected by factors such as a downturn after a last-minute surge in demand ahead of price hikes in Europe and logistics disruptions in the U.S.

• Growth rate of hardware in units

Sales volume exceeded the level of the same period of the previous year for both LBP and IJP following the easing of supply constraints resulting from shortages of parts and materials.

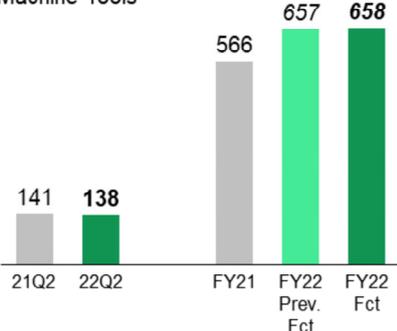
Machinery Sales Revenue & Profit

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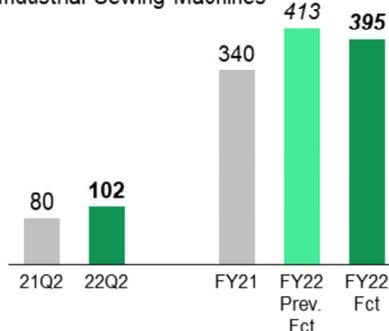
	21Q2	22Q2	Change	Change w/o FX	FY21	Previous Forecast	FY22 Forecast	Change vs LY	Change w/o FX	(100 Millions of Yen)
Sales Revenue	221	240	8.6%	-3.1%	905	1,070	1,053	16.3%	7.7%	
Machine Tools	141	138	-1.7%	-8.8%	566	657	658	16.4%	11.4%	
Americas	10	5	-45.2%	-	33	36	35	7.2%	-	
Europe	8	6	-28.3%	-	34	36	35	2.8%	-	
Asia & Others	102	105	3.0%	-	408	468	444	8.7%	-	
Japan	21	22	4.8%	-	90	117	143	59.5%	-	
Industrial Sewing Machines	80	102	26.7%	6.8%	340	413	395	16.1%	1.6%	
Americas	23	27	14.9%	-7.8%	94	116	115	22.6%	2.6%	
Europe	15	19	28.6%	19.4%	72	84	80	10.4%	4.8%	
Asia & Others	39	51	31.2%	7.3%	159	191	182	14.4%	-2.3%	
Japan	3	4	50.4%	50.4%	15	22	18	21.3%	21.3%	
Business Segment Profit	31	32	1.8%	-	126	135	135	7.3%	-	
Operating Profit	32	34	7.4%	-	126	136	136	8.1%	-	

<Sales Revenue>

Machine Tools

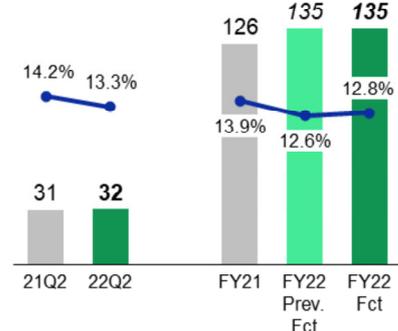


Industrial Sewing Machines



<Business Segment Profit>

Profit ratio



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Sales revenue in the Machinery business was **24.0** billion yen in the second quarter, down 3.1% on a local currency basis.

• Machine tools

Sales revenue was **13.8** billion yen. The growth rate on a local currency basis was -8.8%.

Although orders remained steady, the impact of supply constraints caused by shortages of parts and materials continued from the first quarter.

• Industrial sewing machines

Sales revenue was **10.2** billion yen. The growth rate on a local currency basis was +6.8%.

Sales of industrial sewing machines were firm due to recovery of demand for capital investment among apparel manufacturers in Asia.

For garment printers, sales decreased, mainly in the U.S., but revenue increased due to positive FX effects.

Business segment profit was **3.2** billion yen.

Despite a significant increase in parts and materials costs and an increase in SG&A expenses, business segment profit was on a par with the level of the same period of the previous year due to positive FX effects.

Machinery (Machine Tools) Order Trends

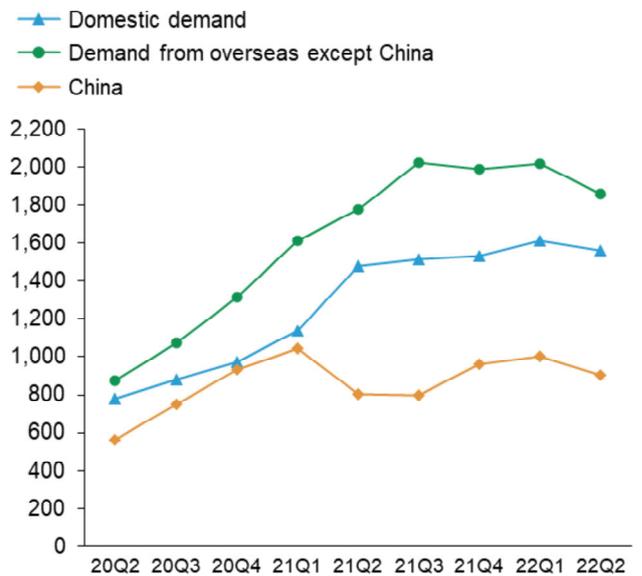


(100 Millions of Yen)

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.

Both domestic and overseas demand were firm in the second quarter of FY2022.

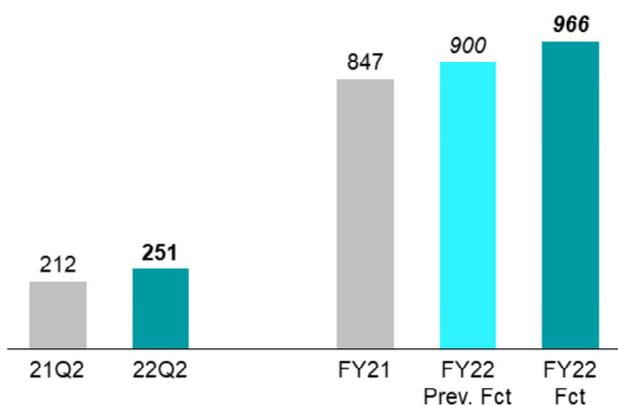
Domino Sales Revenue & Profit

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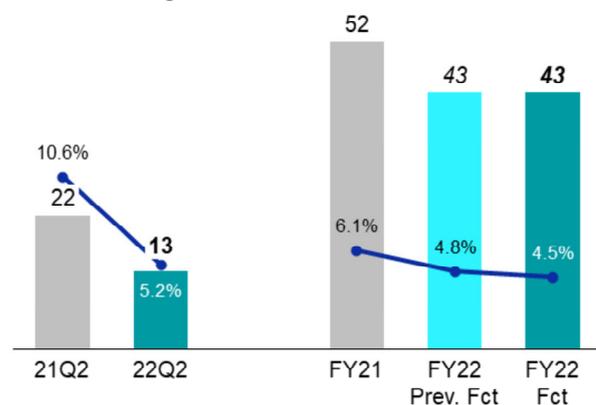
(100 Millions of Yen)

	21Q2	22Q2	Change	Change w/o FX	FY21	Previous Forecast	FY22 Forecast	Change vs LY	Change w/o FX
Sales Revenue	212	251	18.8%	4.4%	847	900	966	14.0%	4.4%
Americas	51	57	13.3%	-0.6%	202	215	233	15.3%	4.8%
Europe	91	111	22.5%	7.5%	379	388	416	9.9%	1.7%
Asia & Others	62	72	14.6%	-1.0%	237	253	276	16.7%	4.2%
Japan	8	11	44.5%	44.5%	30	44	41	36.3%	36.3%
Business Segment Profit	22	13	-41.8%	-	52	43	43	-16.7%	-
Operating Profit	22	18	-19.7%	-	43	42	42	-2.5%	-

<Sales Revenue>



<Business Segment Profit> Profit ratio



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Sales revenue in the Domino business was **25.1** billion yen in the second quarter. The growth rate on a local currency basis was +4.4 %.

With regard to hardware, C&M performed well.

As for consumables, both C&M and DP continued to maintain momentum.

Business segment profit was **1.3** billion yen.

Profit decreased substantially due in part to an increase in SG&A expenses resulting from the resumption of sales activities.

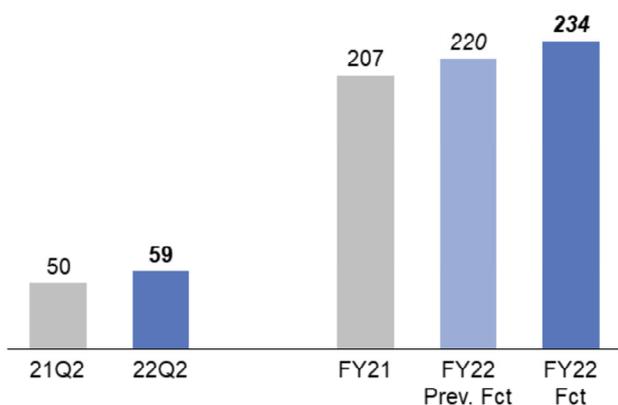
Nissei Sales Revenue & Profit

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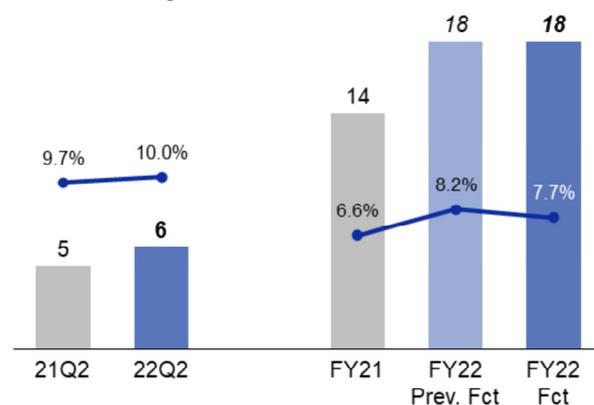
(100 Millions of Yen)

	21Q2	22Q2	Change	Change w/o FX	FY21	Previous Forecast	FY22 Forecast	Change vs LY	Change w/o FX
Sales Revenue	50	59	17.6%	11.6%	207	220	234	12.8%	8.3%
Americas	8	8	7.4%	-14.6%	30	32	37	21.1%	1.0%
Europe	-	-	-	-	-	-	-	-	-
Asia & Others	6	11	68.7%	48.0%	28	31	35	22.2%	12.5%
Japan	36	40	10.7%	10.7%	149	158	162	9.0%	9.0%
Business Segment Profit	5	6	21.5%	-	14	18	18	30.8%	-
Operating Profit	5	6	21.3%	-	13	16	16	18.6%	-

<Sales Revenue>



<Business Segment Profit> Profit ratio



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25

Sales revenue in the Nissei business was **5.9** billion yen in the second quarter. The growth rate on a local currency basis was +11.6%.

Reducers in particular performed strongly due to increased demand for capital investment, such as the growing need for automation at factories.

Business segment profit was **600** million yen, increasing due to the effects of higher revenue.

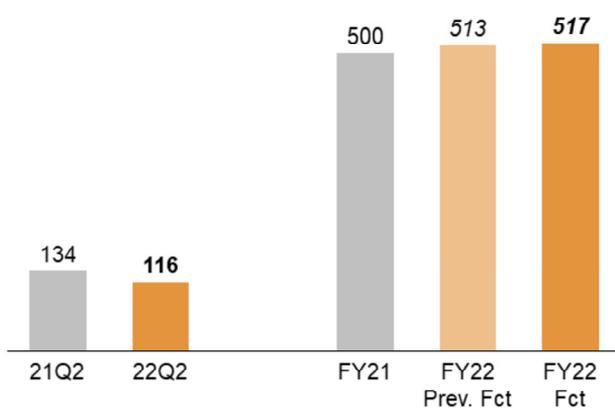
Personal & Home Sales Revenue & Profit

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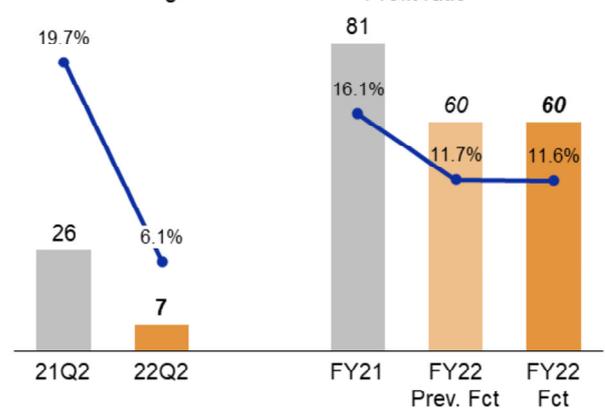
(100 Millions of Yen)

	21Q2	22Q2	Change	Change w/o FX	FY21	Previous Forecast	FY22 Forecast	Change vs LY	Change w/o FX
Sales Revenue	134	116	-13.4%	-27.0%	500	513	517	3.4%	-8.9%
Americas	79	77	-2.6%	-21.6%	277	295	325	17.3%	-1.4%
Europe	36	20	-45.0%	-49.0%	140	140	106	-24.5%	-28.2%
Asia & Others	12	14	13.4%	-0.7%	52	60	55	7.1%	-2.1%
Japan	7	6	-21.3%	-21.3%	31	18	31	0.4%	0.4%
Business Segment Profit	26	7	-73.1%	-	81	60	60	-25.7%	-
Operating Profit	28	8	-70.3%	-	82	60	60	-26.9%	-

<Sales Revenue>



<Business Segment Profit> — Profit ratio



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Sales revenue in the P&H business in the second quarter was **11.6** billion yen, down 27.0% on a local currency basis.

Stay-at-home demand has run its course in many areas, and sales of middle- and high-end models decreased, mainly in Europe and the U.S.

Business segment profit was **700** million yen.

Profit decreased substantially, affected by factors such as the worsening of the product mix caused by a decrease in sales of middle- and high-end models, and a significant increase in parts and materials costs, in addition to decrease in revenue.

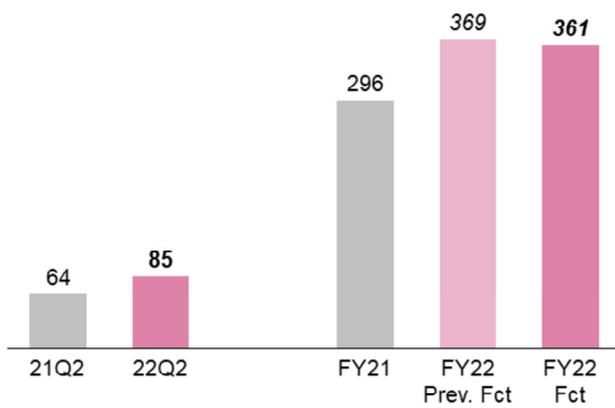
Network & Contents Sales Revenue & Profit

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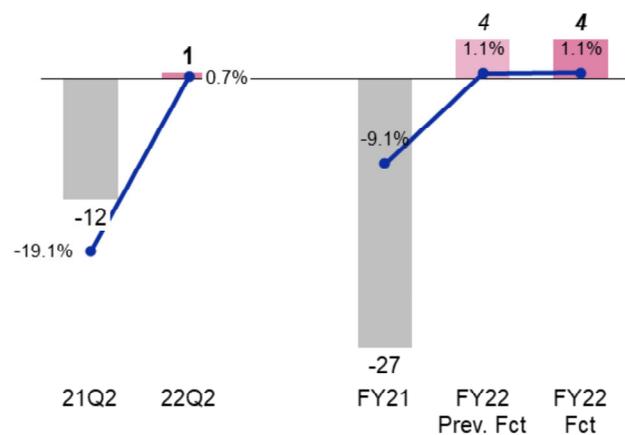
(100 Millions of Yen)

	21Q2	22Q2	Change	FY21	Previous Forecast	FY22 Forecast	Change vs LY
Sales Revenue	64	85	33.7%	296	369	361	22.2%
Business Segment Profit	-12	1	-	-27	4	4	-
Operating Profit	-5	2	-	-6	4	4	-

<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 second quarter, an increase of 33.7% year-on-year.

The number of karaoke customers recovered following the easing of activity restrictions for preventing the spread of COVID-19.

Business segment profit was **100** million yen, compared to a business segment loss of 1.2 billion yen in the same period of the previous fiscal year.

Benefits such as compensation for reduced operating hours and employment adjustment subsidies had positive effects on operating profit.

ESG Initiatives

Lastly, I will share our ESG initiatives.

Established the Sustainability Committee chaired by the President in April 2022
 Globally promoting various activities centered on the materiality initiatives
 based on the Basic Policy on Sustainability



Subcommittee	Role	Progress of activities for FY2022
Climate Change Subcommittee	Promotes company-wide activities to resolve materiality issues related to protecting the earth	Promoting activities toward achievement of targets for reducing CO ₂ emissions and resources circulation • Scope 1, 2: Although energy-saving and creation activities have progressed steadily, considering additional reduction measures that compensate for effects from the worsening global energy situation • Scope 3 & resources circulation: Progressing as planned in each business
Society Subcommittee	Promotes company-wide activities to resolve materiality issues related to contributing to society	• To support people's value creation, promoting activities specified under sustainability targets in the Industrial Equipment business and the P&S business • Conducted an engagement survey (Brother Industries) • Conducted supply chain human rights due diligence • Conducted a Conflict Minerals Survey • Acquired RBA Gold certification at the Vietnam factory
Corporate Governance Subcommittee	Creates corporate governance to help realize the Brother Group's vision and formulate an effective management strategy to achieve it	• Provided Outside Directors with internal information that contributes to discussions at the Board of Directors • Held exchange meetings between Outside Directors and internal personnel and an Outside Directors Round Table

In April 2022, we established the Sustainability Committee chaired by the President.

We also established three subcommittees under the Sustainability Committee—the Climate Change Subcommittee, the Society Subcommittee, and the Corporate Governance Subcommittee—and these subcommittees are proceeding with activities according to their respective materiality-related roles.

Please take a look at the progress of their activities up to this point that are described in the slide.

Released the Japanese Integrated Report 2022 on the website at the end of October
 English version will be released at the end of November

- ✓ Placing the spirit of “At your side.” at the core, organized the report with a focus on the correlation of our Vision, medium-term business strategy, and materiality
- ✓ Revised the value creation process based on discussions at the Sustainability Committee
- ✓ Presented an Outside Directors Round Table



Cover



Value creation process

URL: <https://global.brother/en/sustainability/report-archive/bir>

We also released a Japanese version of the Integrated Report 2022 on our website at the end of October.

Last year, the Brother Group issued its first integrated report. This time, which marks the second year of issuance, we organized the report with a focus on the correlation of our Vision and medium-term business strategy that started this fiscal year, and materiality.

In revising the value creation process, we held discussions several times at the Sustainability Committee. We also added new contents, such as an Outside Directors Round Table.

Please note that an English version of the report will be released at the end of November 2022.

Vietnam Factory's Acquisition of RBA Gold Certification



BROTHER INDUSTRIES (VIETNAM) LTD., which produces P&S products, became the first in the Brother Group to receive Gold certification from the RBA



BROTHER INDUSTRIES (VIETNAM) LTD.

Responsible Business Alliance (RBA)
A global organization whose member companies are committed to fulfilling their social responsibilities through the establishment of sustainable supply chains



RBA Gold certificate

Brother Group's five materialities

- | | |
|-----------------------|---|
| Contribute to society | <ul style="list-style-type: none"> ● Supporting people's value creation ● Realizing a diverse and active society ● Pursuing a responsible value chain |
| Protect the earth | <ul style="list-style-type: none"> ● Reducing CO₂ emissions ● Circulating resources |

Target for FY2024:

“Attain RBA Gold certification for three Group manufacturing facilities”

- **Attained at one facility**
- Two other facilities are also working toward acquisition of certification

Lastly, I will mention RBA certification.

BROTHER INDUSTRIES (VIETNAM) LTD., which is our core production facility of printers and All-in-Ones, received Gold certification from the Responsible Business Alliance (RBA) in September. This marks the Brother Group's first acquisition of RBA certification.

The Brother Group has identified five materialities, including "pursuing a responsible value chain." We have set attaining RBA Gold certification for three Group manufacturing facilities as FY2024 goal. With this latest acquisition of certification, we have met the goal at one facility.

Two other facilities are also working toward acquisition of certification.

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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>			
	Domino								
Consumer area	Printing	Printing & Solutions	Labeling	Commercial & Industrial Labeling	 <p>Commercial & Industrial use label printer</p>	 <p>Mobile printer</p>	 <p>Labeling system</p>	 <p>Printer</p>	 <p>All-in-One</p>
			Home & Office Labeling	Communications & Printing Equipment					
	Home & Culture	Personal & Home		Network & Contents		 <p>Home sewing machine</p>	 <p>Home cutting machine</p>	 <p>Online Karaoke system</p>	