

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

Brother Industries, Ltd.
November 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 Q2 (Jul.-Sep.)

Sales revenue was flat year-on-year due to positive FX effects. Business segment profit increased substantially, mainly due to higher consumables sales and effects of price adjustments in the P&S business.

◆ Sales revenue **199.2 billion yen/+1.2% (year-on-year)**

- ✓ Sales revenue was flat year-on-year due to positive FX effects from the weaker yen.
- ✓ Excluding FX effects, sales revenue was down, mainly due to effects on the Machinery business from sluggish market conditions in China and lower hardware sales in the P&S business.

◆ Business segment profit **17.6 billion yen/+57.7% (year-on-year)**

- ✓ Despite higher sales promotion and SG&A costs and effects from lower sales in the Machinery business, business segment profit was up substantially due to higher consumables sales and effects of price adjustments in the P&S business, lower logistics costs, as well as positive FX effects.

Forecast for FY2023

Although positive FX effects were reflected, the forecast for sales revenue was revised downward due to effects from sluggish market conditions in China mainly on the Machinery business.

The forecast for profit remains unchanged as a whole, while the breakdown among the business segments was adjusted.

Financial Results for FY2023 Q2

Sales revenue was flat year-on-year due to positive foreign exchange effects.

Business segment profit increased substantially, mainly due to higher consumables sales and effects of price adjustments in the P&S business.

Sales revenue

A year-on-year increase of 1.2% to **199.2** billion yen.

Despite the impact of sluggish market conditions in China on the Machinery business and a decline in sales of hardware in the P&S business, sales revenue was flat year-on-year due to the positive impact of foreign exchange rates resulting from yen depreciation.

Business Segment Profit

Business segment profit increased by 57.7% year-on-year to **17.6** billion yen.

Despite higher sales promotion and SG&A costs and effects from lower sales in the Machinery business, business segment profit was up substantially due to higher consumables sales, effects of price adjustments in the P&S business, and lower logistics costs, as well as positive foreign exchange effects.

Forecast for FY2023

Although positive foreign exchange effects were reflected, the forecast for sales revenue was revised downward due to effects from sluggish market conditions in China on the Machinery business and other businesses.

The forecast for profit remains unchanged as a whole, while business segment breakdown was adjusted.

Results for FY2023 Q2 (Jul.-Sep.)

Consolidated Results for FY2023 Q2



Sales revenue was flat year-on-year due to positive FX effects.
Business segment profit was up substantially, mainly due to higher consumables sales and effects of price adjustments in the P&S business.

(100 Millions of Yen)

	22Q2	23Q2	Change (w/o FX)	Rate of change (w/o FX)
Sales revenue	1,969	1,992	23 (-76)	1.2% (-3.8%)
Business segment profit	111	176	64 (36)	57.7% (32.4%)
Business segment profit ratio	5.7%	8.8%		
Other income/expense	13	1	-12	
Operating profit	124	177	53	42.2%
Operating profit ratio	6.3%	8.9%		
Income before tax	129	183	54	42.1%
Net income				
attribute to parent company	129	127	-2	-1.6%
USD	138.68	145.44	6.76	
EUR	140.32	157.70	17.38	

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Sales revenue in the second quarter of FY2023 was **199.2** billion yen, up 2.3 billion yen from the same period of the previous year.

In terms of profits,

Business segment profit

increased by 6.4 billion yen to **17.6** billion yen

Operating profit

increased by 5.3 billion yen to **17.7** billion yen

Net income attributable to parent company

decreased by 0.2 billion yen to **12.7** billion yen
due to the difference in tax rate in accounting.

Results for FY2023 Q2 by Business Segment



(100 Millions of Yen)

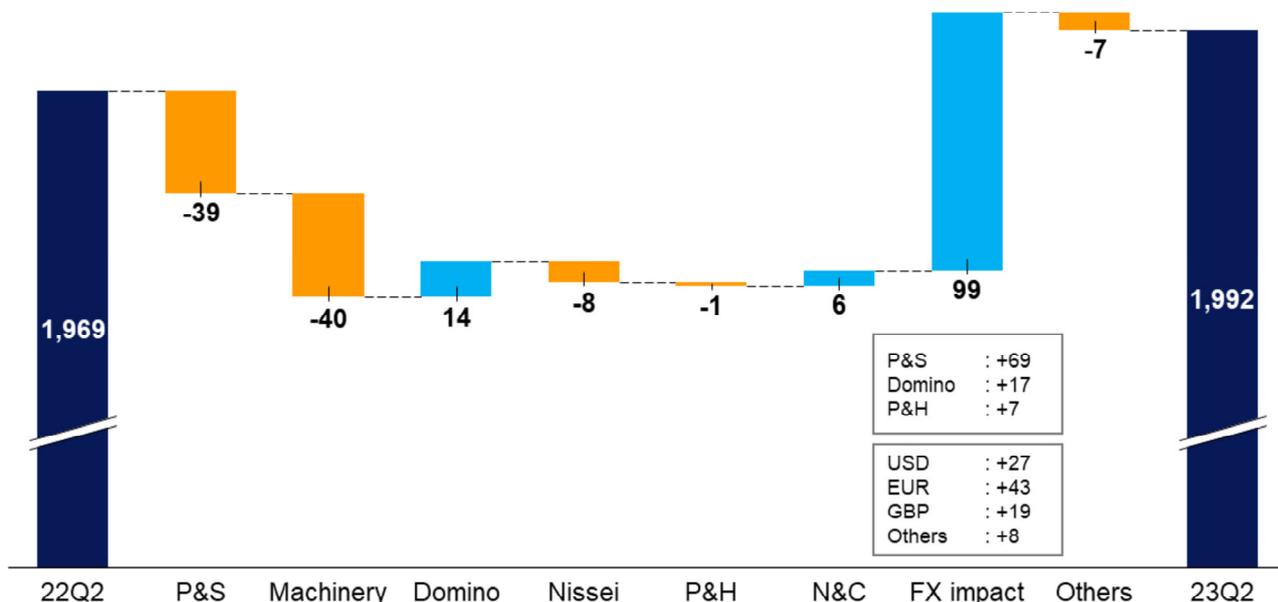
	Sales revenue			Business segment profit			Operating profit		
	22Q2	23Q2	Change	22Q2	23Q2	Change	22Q2	23Q2	Change
P&S	1,187	1,216	30	51	143	92	54	140	86
Machinery	240	204	-36	32	9	-23	34	9	-25
Domino	251	283	31	13	17	4	18	18	0
Nissei	59	52	-7	6	1	-5	6	0	-6
P&H	116	122	6	7	2	-5	8	2	-6
N&C	85	91	6	1	4	4	2	5	3
Other	31	24	-7	2	0	-2	2	3	0
Total	1,969	1,992	23	111	176	64	124	177	53

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

Here is the summary of each business segment.

Despite lower sales revenue due to effects on the Machinery business from sluggish market conditions in China and lower hardware sales in the P&S business, sales revenue was flat year-on-year as a result of positive FX effects.

(100 Millions of Yen)



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

Factors contributing to increases or decreases in sales revenue in the second quarter of FY2023.

• **P&S**

Regarding communications and printing equipment, although consumables sales were steady, hardware sales were down.

As for labeling, sales of hardware were steady compared to the previous fiscal year when there were supply constraints, but the P&S business as a whole reported lower sales revenue.

• **Machinery**

Sales revenue in the Machinery business was down due to the effects of worsening market conditions on both machine tools and industrial sewing machines.

• **Domino**

Sales revenue increased as consumables sales were steady for both C&M and DP.

• **Nissei**

Sales revenue for both gearmotors and gears was down due to sluggish demand for capital investment resulting from a deterioration in market conditions.

• **P&H**

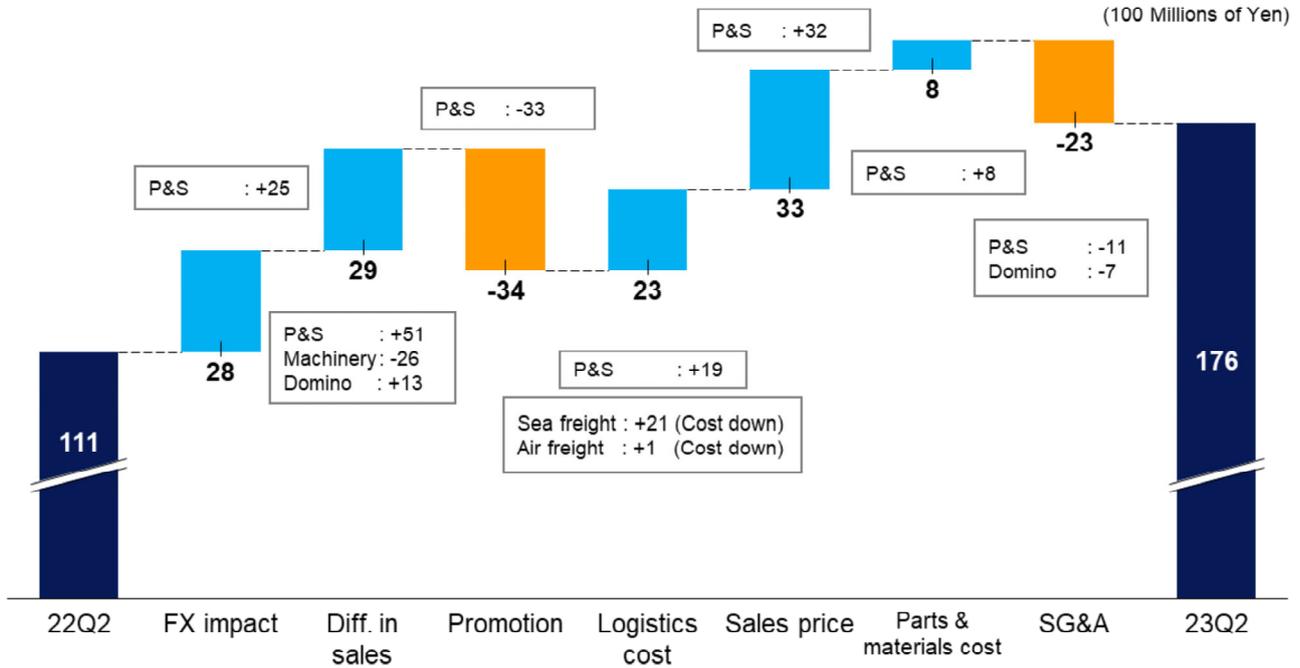
Sales revenue was down due to worsening market conditions, primarily in the U.S.

• **N&C**

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

As a result of these factors as well as positive foreign exchange effects of 9.9 billion yen resulting from the weaker yen, company-wide sales revenue increased by 2.3 billion yen to **199.2** billion yen.

Despite higher sales promotion and SG&A costs and effects from lower sales in the Machinery business, business segment profit was up substantially due to higher consumables sales and effects of price adjustments in the P&S business, lower logistics costs, as well as positive FX effects.



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Factors contributing to increases or decreases in business segment profit.

• **FX impact**

Foreign exchange effects were positive, mainly in the P&S business.

• **Differences in sales**

Despite effects from lower sales of machine tools and industrial sewing machines in the Machinery business, an increase in consumables sales in the P&S business and other factors had a greater impact.

• **Promotion expenses**

Promotion expenses in the P&S business increased as a result of the return of a competitive environment in conjunction with the resolution of the supply constraints from competing companies.

• **Logistics costs**

Logistics costs decreased, mainly in the P&S business, due to a stabilization of rising sea freight costs.

• **Sales price**

Average unit prices in the P&S business increased as a result of effects from price adjustments.

• **SG&A cost**

SG&A costs increased due to reinforcement of sales activities and other factors.

As a result of these factors, business segment profit was **17.6** billion yen, up 6.4 billion yen compared to the same period of the previous fiscal year.

Results for FY2023 First Half (Apr.-Sep.)

Consolidated Results for FY2023 1H

Due to positive FX effects, sales revenue was flat year-on-year and business segment profit increased.

(100 Millions of Yen)

	FY22 1H	FY23 1H	Change (w/o FX)	Rate of change (w/o FX)
Sales revenue	3,967	3,996	30 (-155)	0.7% (-3.9%)
Business segment profit	359	407	48 (5)	13.3% (1.5%)
Business segment profit ratio	9.1%	10.2%		
Other income/expense	15	-10	-25	
Operating profit	375	397	23	6.0%
Operating profit ratio	9.4%	9.9%		
Income before tax	382	410	28	7.3%
Net income attribute to parent company	303	289	-14	-4.5%
USD	133.46	141.31	7.85	
EUR	138.79	153.51	14.72	

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Sales revenue in the first half of FY2023 was **399.6** billion yen, up 3.0 billion yen from the same period of the previous year.

In terms of profits,

Business segment profit

Operating profit

Net income attributable to parent company

increased by 4.8 billion yen to **40.7** billion yen

increased by 2.3 billion yen to **39.7** billion yen

decreased by 1.4 billion yen to **28.9** billion yen
due to the difference in tax rate in accounting.

Results for FY2023 1H by Business Segment



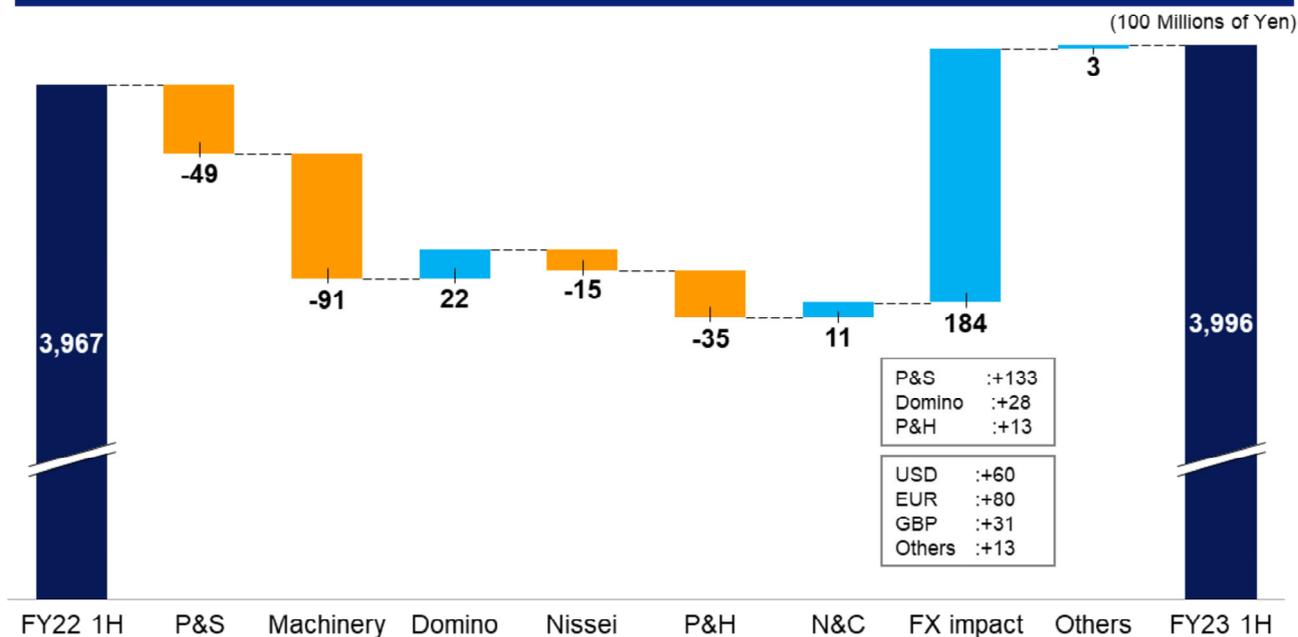
(100 Millions of Yen)

	Sales revenue			Business segment profit			Operating profit		
	FY22 1H	FY23 1H	Change	FY22 1H	FY23 1H	Change	FY22 1H	FY23 1H	Change
P&S	2,405	2,488	83	230	336	106	224	320	96
Machinery	474	392	-82	53	19	-34	58	21	-38
Domino	489	539	50	30	38	8	37	36	-2
Nissei	119	105	-14	12	6	-6	13	5	-7
P&H	258	237	-22	27	-4	-31	28	-4	-32
N&C	169	181	11	4	10	6	9	11	2
Other	52	55	3	5	3	-1	5	9	3
Total	3,967	3,996	30	359	407	48	375	397	23

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

Here is the summary of each business segment.

Despite effects on the Machinery business from sluggish market conditions in China, lower hardware sales in the P&S business, and effects of aggravating market conditions on the P&H business, sales revenue was flat year-on-year due to positive FX effects.



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

Factors contributing to increases or decreases in sales revenue in the first half of FY2023.

• **P&S**

Regarding communications and printing equipment, although consumables sales were steady, hardware sales were down.

As for labeling, sales of hardware were steady compared to the same period of the previous fiscal year, when there were supply constraints, but the P&S business as a whole reported lower sales revenue.

• **Machinery**

Sales revenue in the Machinery business was down due to the effects of worsening market conditions on both machine tools and industrial sewing machines.

• **Domino**

Sales revenue increased as consumables sales were steady for both C&M and DP.

• **Nissei**

Sales revenue for both gearmotors and gears were down due to sluggish demand for capital investment resulting from a deterioration in market conditions.

• **P&H**

Sales decreased due to a deterioration in market conditions in each region.

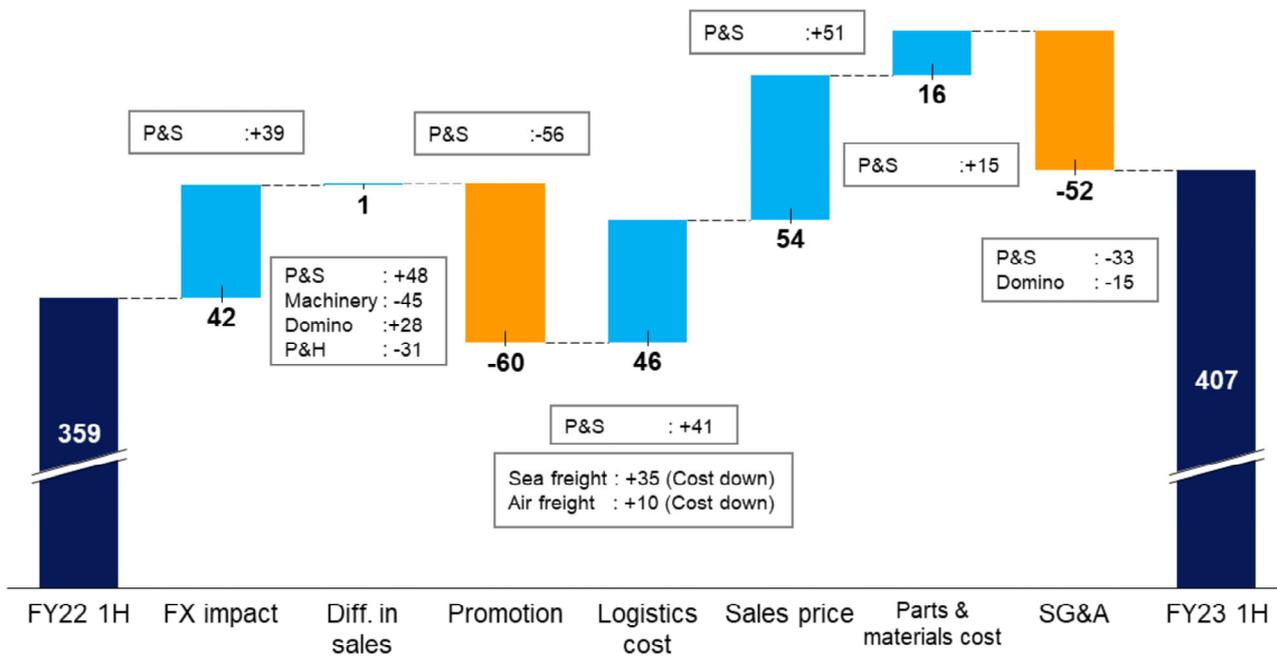
• **N&C**

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

As a result of these factors as well as positive foreign exchange effects of 18.4 billion yen resulting from the weaker yen, company-wide sales revenue increased by 3.0 billion yen to **399.6** billion yen.

Although sales promotion and SG&A costs increased, business segment profit was higher, mainly due to the effects of price adjustments and lower logistics costs in the P&S business, as well as the positive FX effects.

(100 Millions of Yen)



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

• **FX impact**

Foreign exchange effects were positive, mainly in the P&S business.

• **Differences in sales**

Despite effects from lower sales in the Machinery business and P&H business, an increase in consumables sales in the P&S business, changes in the Domino business product mix, and other factors had a greater impact.

• **Promotion expenses**

Promotion expenses, mainly in the P&S business, increased as a result of the return of a competitive environment in conjunction with the resolution of the supply constraints from competing companies.

• **Logistics costs**

Logistics costs decreased, mainly in the P&S business, due to a stabilization of rising sea freight costs.

• **Sales price**

Average unit prices, mainly in the P&S business, increased as a result of effects from price adjustments.

• **Parts and materials costs**

Cost-cutting measures had an impact, mainly in the P&S business.

• **SG&A costs**

SG&A costs increased due to reinforcement of sales activities and other factors.

As a result of these factors, business segment profit was **40.7** billion yen, up 4.8 billion yen compared to the same period of the previous fiscal year.

Forecast for FY2023

Forecast for FY2023

Although positive FX effects were reflected, the forecast for sales revenue was revised downward due to effects from the prolongation of sluggish market conditions in China mainly on the Machinery business. The forecast for profit remains unchanged as a whole, while the breakdown among business segments was adjusted.

(100 Millions of Yen)

	Previous Forecast	FY23 Forecast	Change (w/o FX)	Rate of Change (w/o FX)	FY22 Actual	Change (w/o FX)	Rate of Change (w/o FX)
Sales revenue	8,400	8,200	-200 (-526)	-2.4% (-6.3%)	8,153	47 (-290)	0.6% (-3.6%)
Business Segment Profit	700	700	0 (-65)	0.0% (-9.3%)	604	96 (33)	15.9% (5.5%)
Business Segment Profit Ratio	8.3%	8.5%			7.4%		
Other income/expense	0	0	0		-50	50	
Operating Profit	700	700	0	0.0%	554	146	26.4%
Operating Profit Ratio	8.3%	8.5%			6.8%		
Income before Tax	700	700	0	0.0%	570	130	22.9%
Net Income attribute to parent company	500	500	0	0.0%	391	109	27.9%
USD	135.00	143.37	8.37		134.95	8.42	
EUR	140.00	152.51	12.51		141.24	11.27	

• The exchange rates for the forecast period have been changed to 145 yen to the USD, 150 yen to the EUR

This slide shows our forecast for FY2023.

In light of recent conditions, the exchange rates used as preconditions for our forecasts were revised from 135 yen to 145 yen for 1 USD and 140 yen to 150 yen for 1 EUR.

Although positive FX effects were reflected, the forecast for sales revenue was revised downward due to effects from the sluggish market conditions in China, mainly on the Machinery business, being prolonged longer than expected. The forecast was revised downward by 20 billion yen from the previous forecast announced on May 8, 2023 to **820** billion yen.

The forecast for company-wide profit remains unchanged, but the breakdown by business segments was adjusted.

Positive foreign exchange effects were incorporated, and the main changes were a downward revision for the Machinery business and an upward revision for the P&S business.

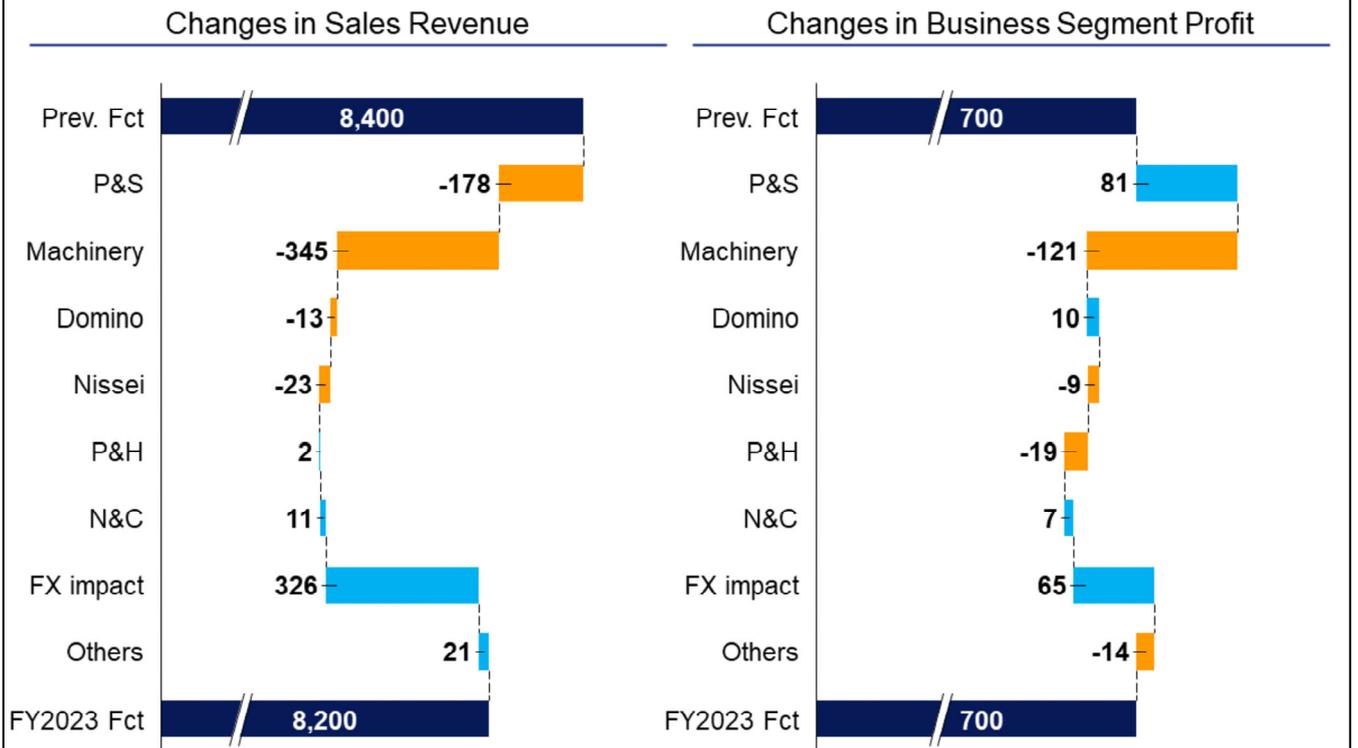
Forecast for FY2023 by Business Segment

(100 Millions of Yen)

	Sales revenue			Business segment profit			Operating profit		
	Previous Forecast	FY23 Forecast	Change	Previous Forecast	FY23 Forecast	Change	Previous Forecast	FY23 Forecast	Change
P&S	4,970	5,025	55	415	547	132	415	531	116
Machinery	1,156	828	-328	148	35	-113	148	37	-111
Domino	1,058	1,091	33	45	56	11	45	55	10
Nissei	242	222	-20	21	12	-9	21	13	-8
P&H	511	540	29	44	30	-14	44	30	-14
N&C	375	386	11	9	16	7	9	16	7
Other	88	108	21	18	4	-14	18	18	0
Total	8,400	8,200	-200	700	700	0	700	700	0

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

Here is the summary of each business segment.



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

The main causes of the revision from the previous forecasts for sales revenue and business segment profit in FY2023 are as follows.

• **P&S**

Despite a downward revision of sales revenue as a result of reflecting lower hardware sales, the forecast for business segment profit was revised upward, mainly in light of the upturn in the first half of the fiscal year.

• **Machinery**

The forecasts for sales revenue and business segment profit were revised downward substantially to reflect the downturns in machine tools and industrial sewing machines in the first half and the lower forecast for the second half.

Positive foreign exchange effects were added to this, and despite the lower forecast for overall sales revenue, the forecast for business segment profit remains unchanged.

Financial Position

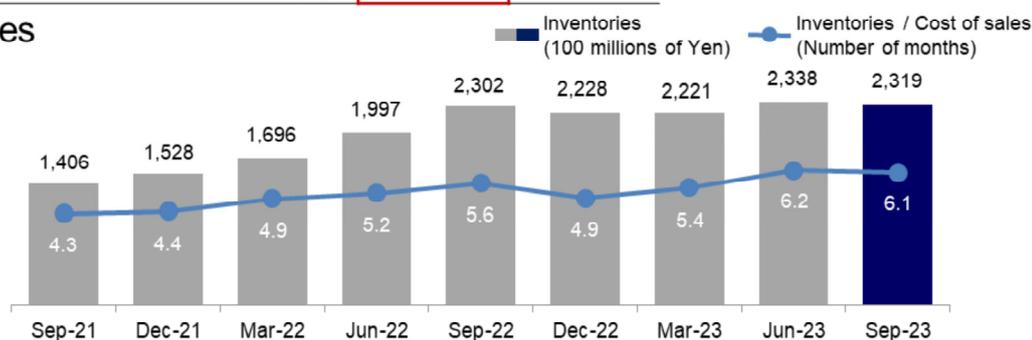
(100 Millions of Yen)

	End of Mar 23	End of Sep23	Change
Current assets	5,117	5,118	1
Cash&Cash equivalents	1,190	1,154	-37
Inventories	2,221	2,319	98
Non-current assets	3,387	3,645	258
Total liabilities	2,538	2,147	-391
Interest-bearing debt	374	6	-368
Shareholders' equity*	5,966	6,615	649
Total assets	8,505	8,763	258

*Equity attributable to owners of the parent company

	End of Mar 23	End of Sep23	Change
Net cash	816	1,148	332
Shareholders' equity ratio	70.2%	75.5%	5.3
ROE	6.8%	-	-

Inventories



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Net cash was 114.8 billion yen.

Assets, liabilities, and equity all increased as a result of the weaker yen.

Both inventories and inventory turnover remained at high levels, but we continue to adjust production in line with demand, and both have decreased when excluding the impact of exchange rates.

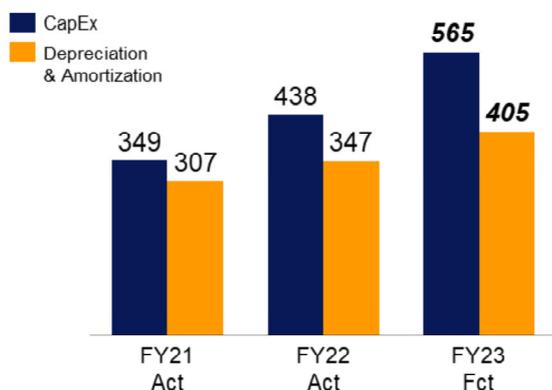
We will, however, continue to work on rationalization, as inventory levels remain high, particularly in the P&S business.

Capital Expenditure, Depreciation and Amortization/ R&D Expenses

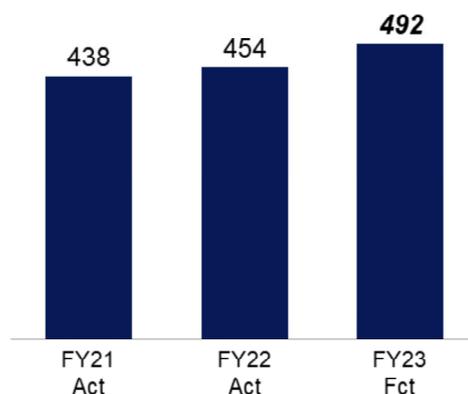


(100 Millions of Yen)

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
Total	349	438	565

Breakdown by business (R&D)

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

* 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.

We will continue to make prior investments for the future as stated in the medium-term business strategy CS B2024.

Shareholder Returns

The interim dividend for FY2023 is 34 yen per share.
The forecast for the annual dividend remains unchanged.

[Basic policy] Implement stable and continuous shareholder returns

- Minimum annual dividend of **68 yen** per share
- Consider additional shareholder returns, including an increase in the dividend level, depending on factors such as business performance. In addition, flexibly carry out repurchase of our own shares

	Interim dividend	Year-end dividend	Annual dividend
FY2021	30 yen	34 yen	64 yen
FY2022	34 yen	34 yen	68 yen
FY2023	34 yen	34 yen (planned)	68 yen (planned)

This is information regarding shareholder returns.

The interim dividend for FY2023 will be **34** yen per share.
The forecast for the annual dividend remains unchanged.

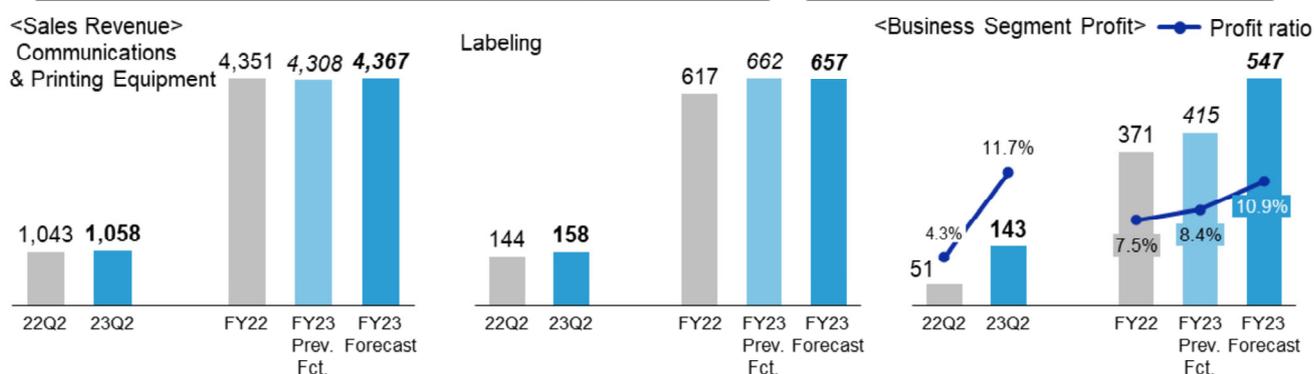
Business Segment Information

Printing & Solutions Sales Revenue & Profit

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(100 Millions of Yen)

	22Q2	23Q2	Change	Change w/o FX	FY22	FY23 Prev. Fct.	FY23 Forecast	Change vs LY	Change w/o FX
Sales revenue	1,187	1,216	2.5%	-3.3%	4,967	4,970	5,025	1.2%	-3.6%
Communications & printing equipment	1,043	1,058	1.4%	-4.3%	4,351	4,308	4,367	0.4%	-4.4%
Americas	392	450	14.7%	10.3%	1,688	1,695	1,726	2.3%	-2.2%
Europe	295	310	5.2%	-6.8%	1,351	1,308	1,366	1.1%	-6.5%
Asia & others	240	207	-13.6%	-16.1%	847	856	848	0.1%	-2.6%
Japan (incl. OEM)	116	90	-22.2%	-23.3%	464	449	428	-7.9%	-9.3%
Labeling	144	158	10.2%	4.1%	617	662	657	6.6%	1.7%
Americas	65	75	15.1%	10.9%	286	309	296	3.7%	-0.8%
Europe	39	47	22.8%	8.8%	186	193	208	11.5%	3.4%
Asia & others	30	25	-16.5%	-18.4%	98	103	104	5.8%	3.5%
Japan	10	11	9.4%	9.4%	46	56	49	6.2%	6.2%
Business segment profit	51	143	181.3%	-	371	415	547	47.5%	-
Operating profit	54	140	157.5%	-	365	415	531	45.7%	-



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In the P&S business, sales revenue in the second quarter was **121.6** billion yen.

Growth on a local currency basis was negative 3.3%.

• Communications & printing equipment

Sales revenue was **105.8** billion yen.

Growth on a local currency basis was negative 4.3%, due mainly to the effects of worsening market conditions in China, but sales revenue increased due to positive foreign exchange effects.

The details are explained on the next page.

• Labeling

Sales revenue was **15.8** billion yen. Growth on a local currency basis was positive 4.1%, due to an increase in sales of hardware compared to the same period of the previous fiscal year when there were effects from supply constraints caused by shortages of parts and materials.

Business segment profit was **14.3** billion yen.

Despite an increase in sales promotion and SG&A costs, business segment profit increased substantially due to higher consumables sales, effects of price adjustments, and lower logistics costs, 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
LBP														
Sales revenue growth rate (JPY/YoY)														
Hardware	-10%	-4%	-9%	-8%	41%	45%	42%	36%	4%	-17%	-	-	-8%	41%
Consumable	21%	15%	14%	16%	18%	-8%	0%	4%	3%	15%	-	-	16%	3%
Sales revenue growth rate (LC/YoY)														
Hardware	-16%	-9%	-15%	-13%	25%	23%	21%	23%	-1%	-21%	-	-	-13%	23%
Consumable	12%	9%	6%	9%	7%	-20%	-13%	-6%	-3%	7%	-	-	9%	-8%
IJP														
Sales revenue growth rate (JPY/YoY)														
Hardware	90%	95%	17%	15%	18%	32%	46%	39%	5%	3%	-	-	45%	33%
Consumable	11%	-6%	-3%	2%	19%	-2%	8%	13%	15%	16%	-	-	0%	9%
Sales revenue growth rate (LC/YoY)														
Hardware	79%	87%	11%	10%	8%	16%	30%	27%	2%	-2%	-	-	38%	20%
Consumable	5%	-10%	-7%	-2%	11%	-12%	-2%	4%	9%	9%	-	-	-4%	0%
Consumable ratio														
	56%	57%	58%	59%	53%	47%	49%	53%	54%	53%	-	-	57%	51%
Growth rate of hardware (Units/YoY)														
LBP	-28%	-16%	-20%	-16%	14%	9%	3%	8%	-1%	-21%	-	-	-20%	8%
IJP	65%	101%	1%	7%	8%	16%	42%	43%	4%	0%	-	-	34%	26%

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This slide shows the sales revenue growth rates of major printing products in the second quarter (local currency basis, year-to-year comparison).

The laser (LBP) sales growth was negative 21% for hardware and positive 7% for consumables. The rates for inkjet (IJP) sales were negative 2% for hardware and positive 9% for consumables.

• Hardware

Regarding lasers, sales were down significantly in China and decreased in nearly all regions.

As for inkjet, sales of tank models increased in emerging markets other than China, but decreased in other regions.

• Consumables

Sales were steady compared to the same period of the previous fiscal year, when sales were down.

Machinery Sales Revenue & Profit

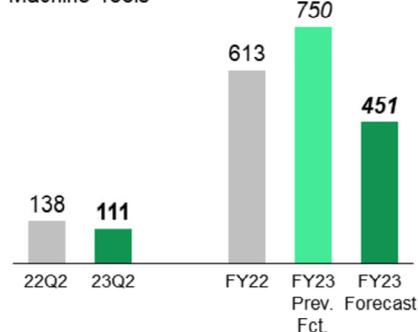
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(100 Millions of Yen)

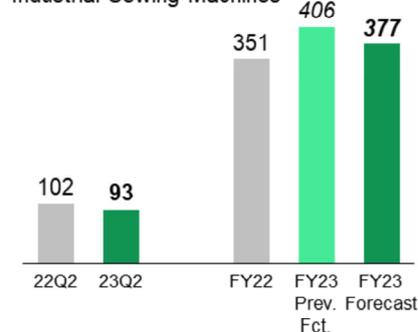
	22Q2	23Q2	Change	Change w/o FX	FY22	FY23 Prev. Fct.	FY23 Forecast	Change vs LY	Change w/o FX
Sales revenue	240	204	-15.0%	-16.8%	964	1,156	828	-14.1%	-16.2%
Machine tools	138	111	-20.0%	-20.0%	613	750	451	-26.4%	-26.8%
Americas	5	9	66.5%	-	41	38	35	-14.2%	-
Europe	6	7	32.5%	-	38	42	36	-4.7%	-
Asia & others	107	55	-48.6%	-	432	534	254	-41.2%	-
Japan	21	39	91.5%	-	103	137	126	23.2%	-
Industrial sewing machines	102	93	-8.0%	-12.5%	351	406	377	7.4%	2.2%
Americas	27	36	32.3%	26.7%	105	121	125	18.8%	13.1%
Europe	19	19	-2.6%	-13.8%	74	85	86	16.4%	7.9%
Asia & others	51	33	-34.5%	-36.2%	155	178	146	-5.6%	-9.3%
Japan	4	6	27.3%	27.3%	17	22	20	15.7%	15.7%
Business segment profit	32	9	-71.0%	-	95	148	35	-63.3%	-
Operating profit	34	9	-73.5%	-	98	148	37	-62.4%	-

<Sales Revenue>

Machine Tools

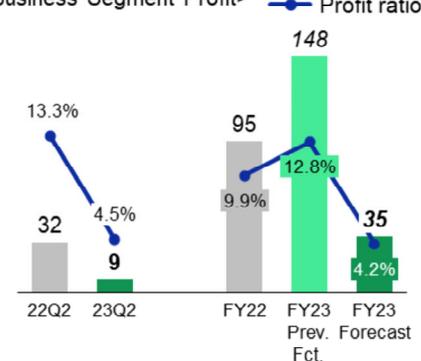


Industrial Sewing Machines



<Business Segment Profit>

Profit ratio



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In the Machinery business, sales revenue in the second quarter was **20.4** billion yen.

Growth on a local currency basis was negative 16.8%.

• Machine tools

Sales revenue was **11.1** billion yen. Growth on a local currency basis was negative 20.0%.

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 **9.3** billion yen. Growth on a local currency basis was 12.5%.

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

Sales of garment printers increased, mainly in the Americas.

Overall sales of industrial sewing machines decreased despite the positive impact of exchange rates.

Business segment profit was **0.9** billion yen.

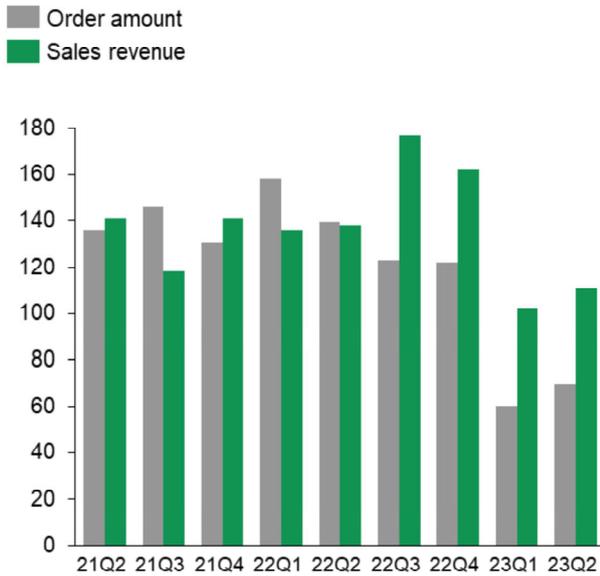
Business segment profit decreased substantially due to lower sales revenue.

Machinery (Machine Tools) Order Trends

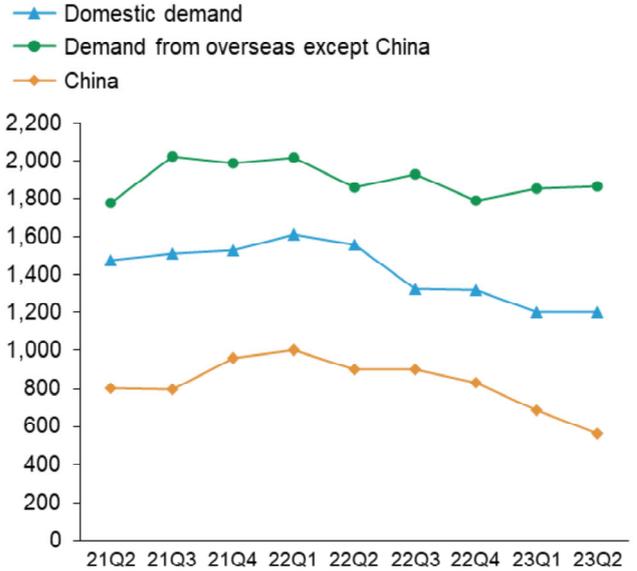


(100 Millions of Yen)

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.

Although order amounts bottomed out in the first quarter of FY2023, they remained at low levels in the second quarter due to effects from aggravating market conditions in China.

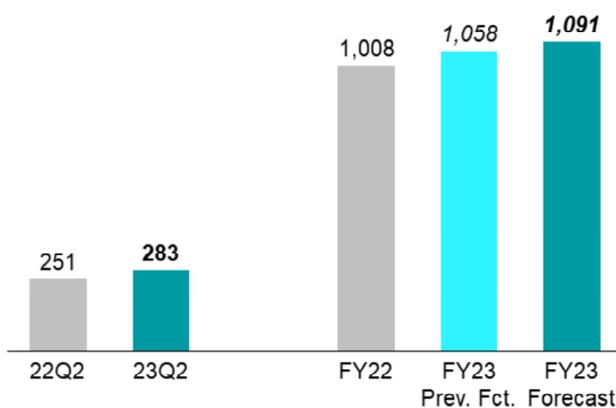
Domino Sales Revenue & Profit

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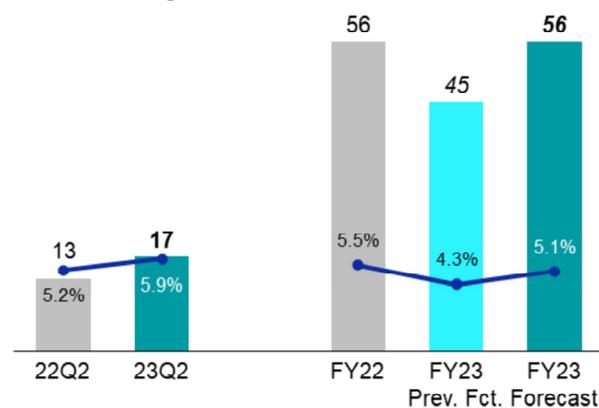
(100 Millions of Yen)

	22Q2	23Q2	Change	Change w/o FX	FY22	FY23 Prev. Fct.	FY23 Forecast	Change vs LY	Change w/o FX
Sales revenue	251	283	12.4%	5.5%	1,008	1,058	1,091	8.2%	3.1%
Americas	57	70	22.5%	5.9%	243	271	275	13.3%	0.3%
Europe	111	122	10.0%	4.9%	437	437	471	7.9%	3.4%
Asia & others	72	81	12.6%	9.5%	288	306	306	6.5%	6.6%
Japan	11	10	-15.5%	-15.5%	41	43	39	-6.4%	-6.4%
Business segment profit	13	17	27.4%	-	56	45	56	0.5%	-
Operating profit	18	18	2.8%	-	-58	45	55	-	-

<Sales Revenue>



<Business Segment Profit> Profit ratio



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In the Domino business, sales revenue in the second quarter was **28.3** billion yen. Growth on a local currency basis was positive 5.5%.

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

Business segment profit was **1.7** billion yen.

Although SG&A costs increased in conjunction with the reinforcement of sales activities and updating of backbone business systems, business segment profit increased substantially due to the effects of higher sales revenue and changes in the product mix.

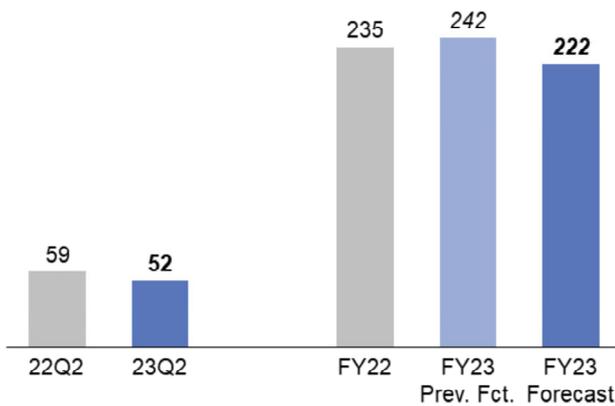
Nissei Sales Revenue & Profit

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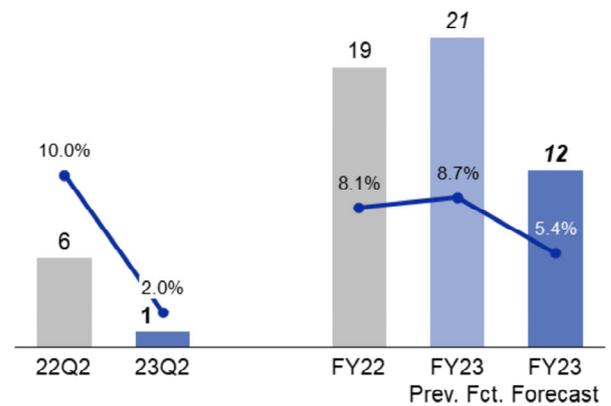
(100 Millions of Yen)

	22Q2	23Q2	Change	Change w/o FX	FY22	FY23 Prev. Fct.	FY23 Forecast	Change vs LY	Change w/o FX
Sales revenue	59	52	-12.1%	-13.4%	235	242	222	-5.5%	-6.8%
Americas	8	8	0.1%	-5.4%	38	38	37	-3.4%	-9.1%
Europe	-	-	-	-	-	-	-	-	-
Asia & others	11	8	-24.2%	-27.2%	37	38	36	-2.4%	-5.0%
Japan	40	36	-11.3%	-11.3%	160	167	149	-6.7%	-6.7%
Business segment profit	6	1	-82.0%	-	19	21	12	-36.9%	-
Operating profit	6	0	-92.0%	-	18	21	13	-28.5%	-

<Sales Revenue>



<Business Segment Profit> Profit ratio



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In the Nissei business, sales revenue in the second quarter was **5.2** billion yen.
Growth on a local currency basis was negative 13.4%.

Sales of both gearmotors and gears have been sluggish, mainly due to sluggish demand for capital investment in response to worsening market conditions in China, resulting in a decline in sales revenue.

Business segment profit was **0.1** billion yen.

Business segment profit decreased substantially due to lower sales revenue.

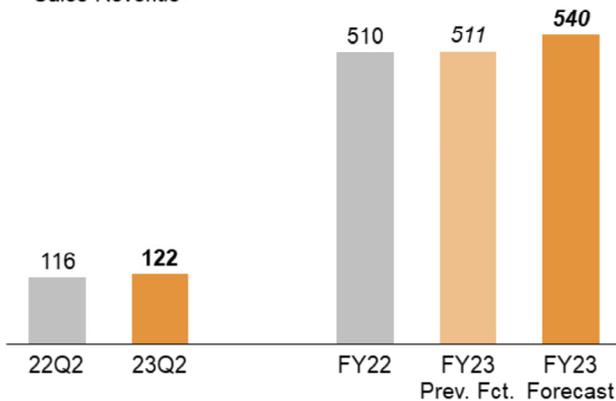
Personal & Home Sales Revenue & Profit

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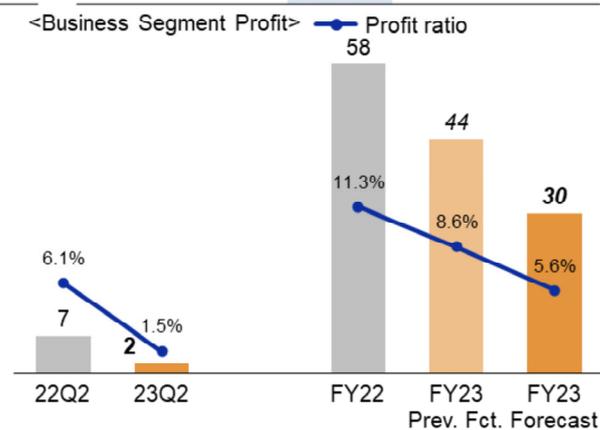
(100 Millions of Yen)

	22Q2	23Q2	Change	Change w/o FX	FY22	FY23 Prev. Fct.	FY23 Forecast	Change vs LY	Change w/o FX
Sales revenue	116	122	5.0%	-1.1%	510	511	540	5.9%	0.7%
Americas	77	77	0.1%	-4.7%	316	311	335	6.0%	0.8%
Europe	20	27	38.6%	23.0%	112	113	122	8.9%	1.1%
Asia & others	14	12	-12.2%	-14.1%	52	56	54	2.6%	0.5%
Japan	6	6	-2.3%	-2.3%	29	31	29	-1.2%	-1.2%
Business segment profit	7	2	-73.7%	-	58	44	30	-48.1%	-
Operating profit	8	2	-75.4%	-	59	44	30	-48.7%	-

<Sales Revenue>



<Business Segment Profit>



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In the P&H business, sales revenue in the second quarter was **12.2** billion yen. Growth on a local currency basis was negative 1.1%.

Although sales of mid- to high-end models decreased due to worsening market conditions, particularly in the U.S., sales revenue increased as a result of positive foreign exchange effects.

Business segment profit was **0.2** billion yen.

Business segment profit decreased substantially due to negative changes in the product mix caused by a decrease in sales of mid-to-high-end models, and higher sales promotion and SG&A costs.

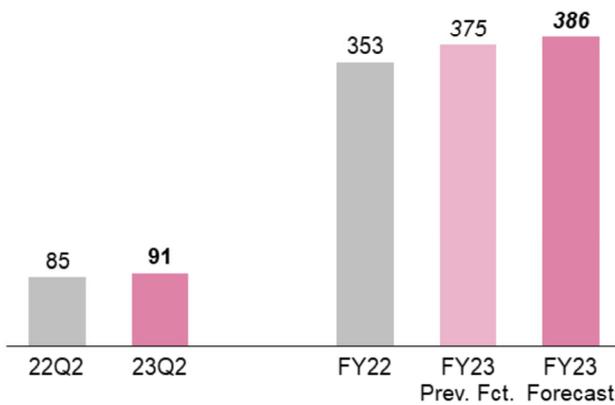
Network & Contents Sales Revenue & Profit

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at your side

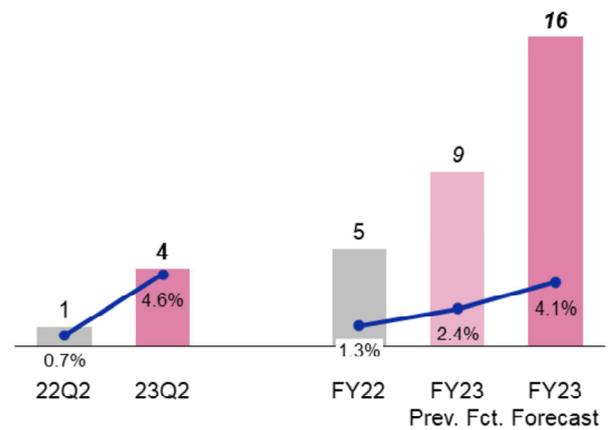
(100 Millions of Yen)

	22Q2	23Q2	Change	FY22	FY23 Prev. Fct.	FY23 Forecast	Change vs LY
Sales revenue	85	91	6.9%	353	375	386	9.5%
Business segment profit	1	4	Approx. 7.4X	5	9	16	Approx. 3.5X
Operating profit	2	5	Approx. 2.5X	8	9	16	Approx. 2.0X

<Sales Revenue>



<Business Segment Profit> — Profit ratio



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In the N&C business, sales revenue in the second quarter was **9.1** billion yen, a year-on-year increase of 6.9%.

Sales at karaoke clubs increased and sales revenue was up as a result of a recovery in customer traffic in conjunction with the reclassification of COVID-19 as a Class 5 (lower level) infectious disease in Japan.

Business segment profit was **0.4** billion yen, increased due to higher sales revenue.

ESG Topics

BROTHER TECHNOLOGY (SHENZHEN) Acquires RBA Platinum Certification



BROTHER TECHNOLOGY (SHENZHEN) LTD., which produces P&S products, acquired the Brother Group’s first RBA platinum certification. This is the Group’s second RBA certification, following the acquisition of gold certification by the BROTHER INDUSTRIES (VIETNAM) LTD.

■ BROTHER TECHNOLOGY (SHENZHEN) LTD. Acquires RBA Platinum Certification

- The Responsible Business Alliance (RBA) is a global organization that aims for member companies to fulfill their social responsibilities through the development of sustainable supply chains.
- BROTHER TECHNOLOGY (SHENZHEN) LTD. produces printers and All-in-Ones.
- The company was recognized for its proper management of labor, safety, the environment, ethics, and supply chain, as well as its management systems for these items, and was awarded platinum certification receiving 200 points, the highest possible score.



BROTHER TECHNOLOGY (SHENZHEN)



RBA Platinum Certificate

■ Progress in achieving sustainability targets for “pursuing a responsible value chain” in the Materiality

FY2024 Target	Acquire RBA gold certification at three Group manufacturing sites
Progress	<ul style="list-style-type: none"> ➤ 2022 BROTHER INDUSTRIES (VIETNAM) LTD. acquired RBA gold certification ➤ 2023 BROTHER TECHNOLOGY (SHENZHEN) LTD. acquired RBA platinum certification <p>Measures are underway for acquisition of certification at one additional site</p>

China-based BROTHER TECHNOLOGY (SHENZHEN) LTD., which produces printers and All-in-Ones, recently acquired the Brother Group’s first RBA platinum certification.

This is the Group’s second RBA certification, following the acquisition of gold certification by BROTHER INDUSTRIES (VIETNAM) LTD. in the previous fiscal year.

The company was recognized for its proper management of labor, safety, the environment, ethics, and supply chains, as well as its management systems for these items, and was awarded platinum certification, receiving 200 points, which is the highest possible score.

The Brother Group has set “pursuing a responsible value chain” as one of its five materiality issues, and has made “acquiring RBA gold certification at three Group manufacturing sites” as its FY2024 Target.

Having achieved the acquisition of certification at these two sites, the Group is currently implementing measures in order to obtain certification at one additional site.

The Japanese version of the Integrated Report 2023 was released on the Company's website on October 31.
The English version is scheduled to be released at the end of November.



Cover

Featured Contents

- **Vision roundtable discussions by employees**
- **Roundtable discussion by an institutional investor and outside directors**
- **Enhanced disclosure about human capital including DX strategies and human resource development programs**
- **Reform of value creation process diagrams**
- **Presentation of case studies concerning expansion in Industrial areas and transformation of the Printing area for achieving business portfolio transformation**



Vision roundtable discussions by employees

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

The Japanese version of the Integrated Report 2023 was released on the Company's website on October 31.

This is the third year in which an integrated report has been published.

New projects in this year's report include a report on the Vision roundtable discussions in which employees talked candidly and with a view to the future about initiatives for achieving the Brother Group Vision "At your side 2030".

In addition, a new roundtable discussion between an institutional investor and outside directors was conducted, at which the progress and challenges of the medium-term business strategy "CS B2024", initiatives to increase corporate value, and other measures were discussed, and disclosure concerning human capital was enhanced.

The English version of the report is scheduled to be released at the end of November 2023.

Please be sure to take a look at the report.

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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	Garment Printing	 <p>Garment printer</p>	 <p>Coding and marking equipment</p>	 <p>Digital printing equipment</p>		
	Industrial Printing	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		 <p>Home sewing machine</p>  <p>Home cutting machine</p>  <p>Online Karaoke system</p>						
	Network & Contents								