

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

**Brother Industries, Ltd.**  
**February 6, 2024**

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 Q3 (Oct.-Dec.)

**Sales revenue was down, despite positive FX effects.**

**Business segment profit increased substantially, due to lower logistics costs and other factors.**

### ◆ Sales revenue **213.1 billion yen/-1.7% (year-on-year)**

- ✓ Sales revenue was down despite positive FX effects, due to effects on the Machinery business from sluggish market conditions in China and Asia, lower hardware sales in the P&S business and other factors.

### ◆ Business segment profit **20.9 billion yen/+30.3% (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 lower logistics costs and higher consumables sales in the P&S business, as well as positive FX effects.

## Forecast for FY2023

**No change from the previous forecast, including sales revenue and profit and income on each level.**

### Financial Results for FY2023 Q3

Sales revenue was down, despite positive foreign exchange effects.

Business segment profit increased substantially, due to lower logistics costs and other factors.

#### Sales revenue

Sales revenue decreased by 1.7% year-on-year to **213.1** billion yen.

Sales revenue was down despite positive foreign exchange effects, due to effects on the Machinery business from sluggish market conditions in China and Asia, lower hardware sales in the P&S business, and other factors.

#### Business Segment Profit

Business segment profit increased by 30.3% year-on-year to **20.9** 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 lower logistics costs and higher consumables sales in the P&S business, as well as positive foreign exchange effects.

#### Forecast for FY2023

Despite the possibility of slight variations in each business, the previous forecast announced on November 7, 2023, including the breakdown by business, remains unchanged.

## Results for FY2023 Q3 (Oct.-Dec.)

# Consolidated Results for FY2023 Q3



Sales revenue was down despite positive FX effects, but business segment profit increased substantially.

(100 Millions of Yen)

	22Q3	23Q3	Change (w/o FX)	Rate of Change (w/o FX)
Sales revenue	2,168	<b>2,131</b>	-37 (-123)	-1.7% (-5.7%)
Business segment profit	160	<b>209</b>	49 (28)	30.3% (17.5%)
Business segment profit ratio	7.4%	<b>9.8%</b>		
Other income/expense	55	<b>4</b>	-51	
Operating profit	215	<b>214</b>	-2	-0.9%
Operating profit ratio	9.9%	<b>10.0%</b>		
Income before tax	219	<b>223</b>	4	1.8%
Net income attributable to parent company	127	<b>177</b>	50	39.3%
USD	141.16	<b>147.00</b>	5.84	
EUR	143.74	<b>158.82</b>	15.08	

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4

Sales revenue in the third quarter of FY2023 was **213.1** billion yen, down 3.7 billion yen from the same period of the previous fiscal year.

Business segment profit	increased by 4.9 billion yen to <b>20.9</b> billion yen.
Operating profit	decreased by 0.2 billion yen to <b>21.4</b> billion yen.
Net income attributable to parent company	increased by 5.0 billion yen to <b>17.7</b> billion yen due to the difference in tax rate in accounting.

In the same period of the previous year, we reported gains on the sale of fixed assets as other income or expense.

# Results for FY2023 Q3 by Business Segment



(100 Millions of Yen)

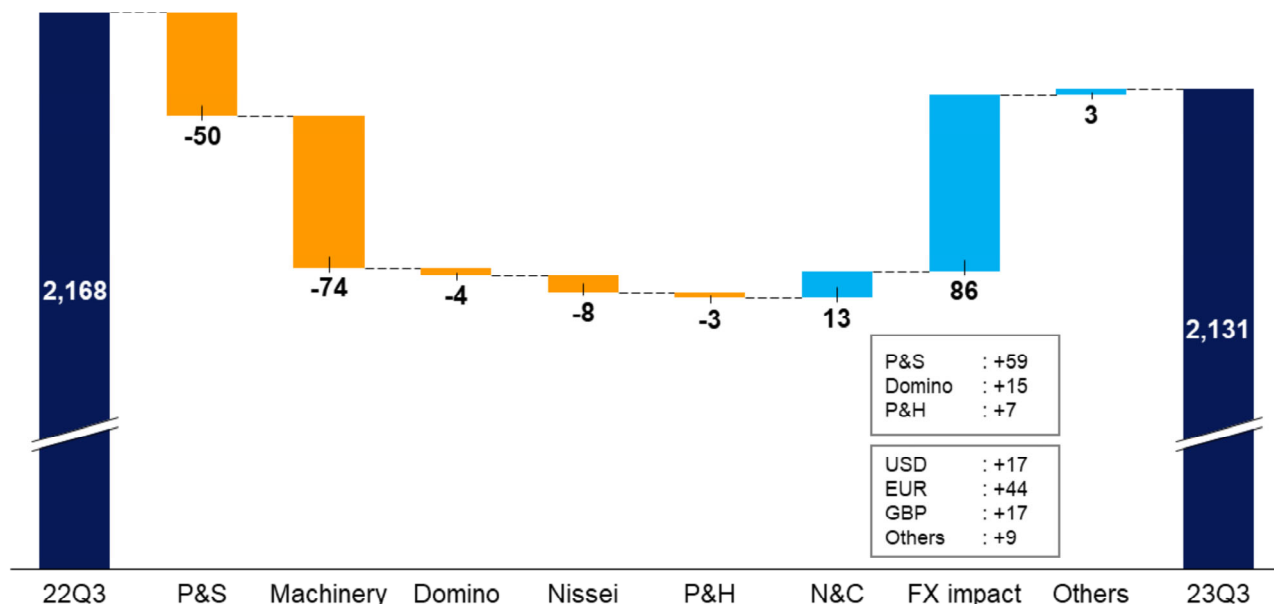
	Sales revenue			Business segment profit			Operating profit		
	22Q3	23Q3	Change	22Q3	23Q3	Change	22Q3	23Q3	Change
<b>P&amp;S</b>	1,337	1,346	9	91	164	73	102	170	67
<b>Machinery</b>	257	187	-70	28	7	-21	26	6	-20
<b>Domino</b>	255	266	11	11	7	-4	3	2	-1
<b>Nissei</b>	61	53	-7	7	4	-3	7	4	-3
<b>P&amp;H</b>	137	141	4	21	18	-3	21	17	-4
<b>N&amp;C</b>	91	104	13	2	6	5	1	6	5
<b>Other</b>	31	34	3	2	4	2	55	9	-47
<b>Total</b>	<b>2,168</b>	<b>2,131</b>	<b>-37</b>	<b>160</b>	<b>209</b>	<b>49</b>	<b>215</b>	<b>214</b>	<b>-2</b>

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

Here is the summary of each business segment.

Sales revenue was down despite positive FX effects, due to effects on the Machinery business from sluggish market conditions in China and Asia, lower hardware sales in the P&S business, and other factors.

(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 third quarter of FY2023.

• **P&S**

Regarding communications and printing equipment, although consumables sales were steady, hardware sales were down due to effects from sluggish market conditions.

As for labeling, sales of hardware were steady compared to the previous fiscal year, when there were supply constraints.

The P&S business as a whole reported lower sales revenue due to effects from decreased hardware sales of communications and printing equipment.

• **Machinery**

Sales revenue in the Machinery business was down substantially due mainly to the effects of sluggish market conditions in China and Asia on machine tools.

• **Domino**

Sales of consumables overall were steady, but demand for capital investment softened and sales revenue was down due to lower hardware sales in both C&M and DP.

• **Nissei**

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

• **P&H**

Sales revenue was down due to sluggish market conditions in the U.S.

• **N&C**

Sales revenue increased due to higher sales of karaoke systems in conjunction with the introduction of new products and 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, despite positive foreign exchange effects of 8.6 billion yen resulting from the weaker yen, company-wide sales revenue decreased by 3.7 billion yen to **213.1 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 lower logistics costs and higher consumables sales in the P&S business, as well as positive FX effects.



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7

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 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, mainly in the P&S business, increased as a result of the return of a competitive environment with the resolution of supply constraints in each company.

• **Logistics costs**

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

• **Sales price**

There were effects from price adjustments, mainly in the P&S business.

• **SG&A costs**

SG&A costs increased as a result of the reinforcement of sales activities, mainly in the P&S and Domino businesses, and other factors.

As a result of these factors, business segment profit was **20.9** billion yen, up 4.9 billion yen compared to the same period of the previous fiscal year.

## Results for FY2023 Q3 YTD (Apr.-Dec.)



# Consolidated Results for FY2023 Q3 YTD

Due to positive FX effects, sales revenue was flat year-on-year and profit and income on each level increased.

(100 Millions of Yen)

	FY22 Q3 YTD	FY23 Q3 YTD	Change (w/o FX)	Rate of change (w/o FX)
Sales revenue	6,135	<b>6,128</b>	-7 (-278)	-0.1% (-4.5%)
Business segment profit	520	<b>616</b>	96 (33)	18.6% (6.4%)
Business segment profit ratio	8.5%	<b>10.1%</b>		
Other income/expense	70	<b>-5</b>	-76	
Operating profit	590	<b>611</b>	21	3.5%
Operating profit ratio	9.6%	<b>10.0%</b>		
Income before tax	601	<b>633</b>	32	5.3%
Net income attributable to parent company	430	<b>466</b>	36	8.5%
USD	135.40	<b>142.76</b>	7.36	
EUR	140.42	<b>155.19</b>	14.77	

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9

Despite positive foreign exchange effects, sales revenue for the third quarter of FY2023 year-to-date was down 0.7 billion yen to **612.8** billion yen.

Business segment profit increased by 9.6 billion yen to **61.6** billion yen.  
 Operating profit increased by 2.1 billion yen to **61.1** billion yen.  
 Net income attributable to parent company increased by 3.6 billion yen to **46.6** billion yen.

In the same period of the previous fiscal year, we reported gains on the sale of fixed assets as other income or expenses.

# Results for FY2023 Q3 YTD by Business Segment



(100 Millions of Yen)

	Sales revenue			Business segment profit			Operating profit		
	FY22 Q3 YTD	FY23 Q3 YTD	Change	FY22 Q3 YTD	FY23 Q3 YTD	Change	FY22 Q3 YTD	FY23 Q3 YTD	Change
<b>P&amp;S</b>	3,742	3,834	92	320	500	179	326	490	164
<b>Machinery</b>	731	579	-152	80	25	-55	85	26	-58
<b>Domino</b>	743	804	61	41	45	4	40	38	-2
<b>Nissei</b>	180	159	-21	19	9	-9	19	9	-10
<b>P&amp;H</b>	395	377	-18	48	14	-34	49	13	-36
<b>N&amp;C</b>	260	285	25	5	16	10	10	17	7
<b>Other</b>	83	89	6	7	7	1	61	17	-44
<b>Total</b>	<b>6,135</b>	<b>6,128</b>	<b>-7</b>	<b>520</b>	<b>616</b>	<b>96</b>	<b>590</b>	<b>611</b>	<b>21</b>

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

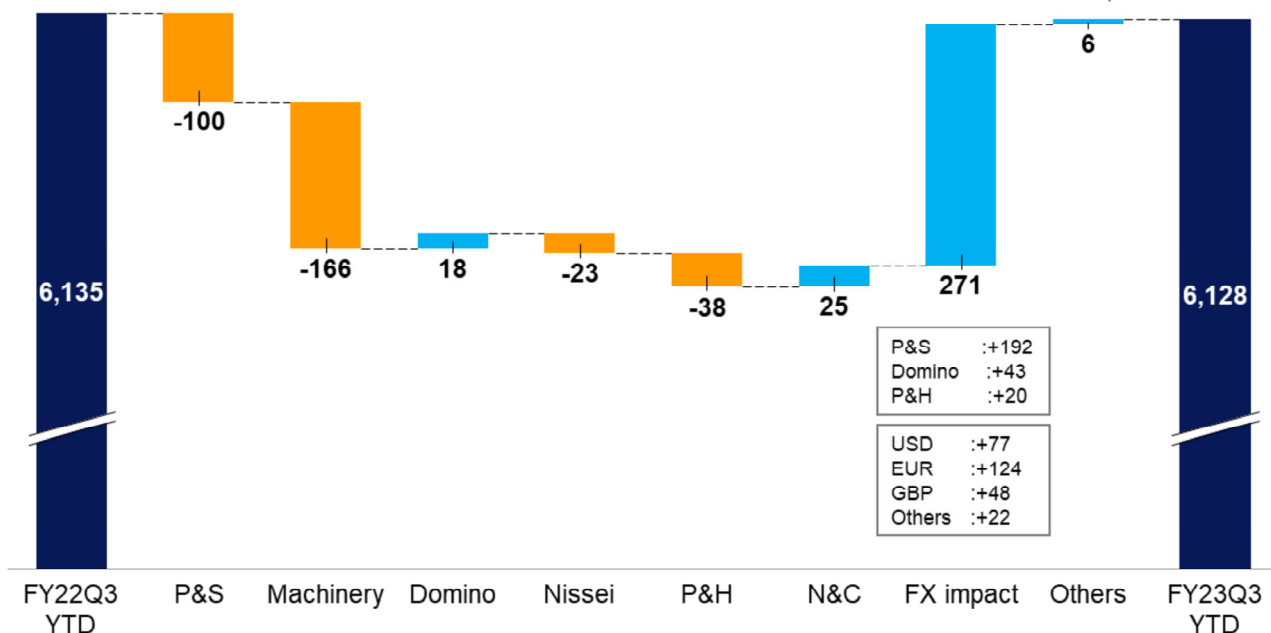
Here is the summary of each business segment.

# FY2023 Q3 YTD

## Main Factors for Changes in Sales Revenue

Despite effects on the Machinery business from sluggish market conditions in China and Asia and lower hardware sales in the P&S business, sales revenue was flat year-on-year 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 contributing to increases or decreases in sales revenue through the third quarter of FY2023 year-to-date.

### • P&S

Regarding communications and printing equipment, although consumables sales were steady, hardware sales were down due to effects from sluggish markets.

As for labeling, sales of hardware were steady compared to the same period of the previous fiscal year, when there were supply constraints.

The P&S business as a whole reported lower sales revenue due to effects from decreased hardware sales of communications and printing equipment.

### • Machinery

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

### • Domino

Although hardware sales decreased due to effects from economic slowdown, sales revenue increased as sales of consumables overall were steady.

### • Nissei

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

### • 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, despite positive foreign exchange effects of 27.1 billion yen resulting from the weaker yen, company-wide sales revenue decreased by 0.7 billion yen to **612.8** billion yen.

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

(100 Millions of Yen)



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12

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 and P&H businesses, increases in sales in the P&S and Domino businesses 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 with the resolution of supply constraints in each company.

• **Logistics costs**

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

• **Sales price**

There were effects from price adjustments, mainly in the P&S business.

• **SG&A costs**

SG&A costs increased as a result of the reinforcement of sales activities, mainly in the P&S and Domino businesses, and other factors.

As a result of these factors, business segment profit was **61.6** billion yen, up 9.6 billion yen compared to the same period of the previous fiscal year.

## Forecast for FY2023

# Forecast for FY2023

Despite the possibility of slight variations in each business, no change has been made from the previous forecast announced on November 7, 2023.

(100 Millions of Yen)

	FY22 Actual	FY23 Forecast	Change (w/o FX)	Rate of Change (w/o FX)
Sales revenue	8,153	<b>8,200</b>	47 (-292)	0.6% (-3.6%)
Business segment profit	604	<b>700</b>	96 (23)	15.9% (3.9%)
Business segment profit ratio	7.4%	<b>8.5%</b>		
Other income/expense	-50	<b>0</b>	50	
Operating profit	554	<b>700</b>	146	26.4%
Operating profit ratio	6.8%	<b>8.5%</b>		
Income before tax	570	<b>700</b>	130	22.9%
Net income attributable to parent company	391	<b>500</b>	109	27.9%
USD	134.95	<b>143.03</b>	8.08	
EUR	141.24	<b>154.54</b>	13.30	

- The exchange rates for the forecast period remain unchanged at 145 yen to the USD, 150 yen to the EUR

This slide shows our forecast for FY2023.

Despite the possibility of slight variations in each business, we have not made any changes from the previous forecast announced on November 7, 2023, including the breakdown by business.

The exchange rates for the forecast period have not been revised from the previous 145 yen for 1 USD and 150 yen for 1 EUR.

# Forecast for FY2023 by Business Segment (vs Prev. Year)

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(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	5,025	57	371	547	176	365	531	166
<b>Machinery</b>	964	828	-136	95	35	-60	98	37	-61
<b>Domino</b>	1,008	1,091	83	56	56	0	-58	55	113
<b>Nissei</b>	235	222	-13	19	12	-7	18	13	-5
<b>P&amp;H</b>	510	540	30	58	30	-28	59	30	-29
<b>N&amp;C</b>	353	386	33	5	16	11	8	16	8
<b>Other</b>	116	108	-7	1	4	3	64	18	-46
<b>Total</b>	<b>8,153</b>	<b>8,200</b>	<b>47</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.

# Financial Position

	End of Mar 23	End of Dec23	Change	
Current assets	5,117	<b>5,038</b>	-79	(100 Millions of Yen)
Cash & Cash equivalents	1,190	<b>1,333</b>	143	
Inventories	2,221	<b>2,116</b>	-105	
Non-current assets	3,387	<b>3,629</b>	241	
Total liabilities	2,538	<b>2,126</b>	-412	
Interest-bearing debt	374	<b>6</b>	-368	
Shareholders' equity*	5,966	<b>6,540</b>	574	*Equity attributable to owners of the parent company
Total assets	8,505	<b>8,667</b>	162	

	End of Mar 23	End of Dec23	Change
Net cash	816	<b>1,327</b>	511
Shareholders' equity ratio	70.2%	<b>75.5%</b>	5.3
ROE	6.8%	-	-

## Inventories



The overall balance sheet has expanded as a result of the weaker yen.

Although inventories and inventory turnover were also impacted by exchange rates, both decreased due to production adjustments in line with demand.

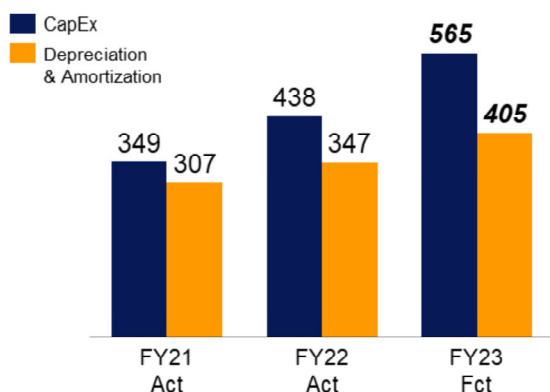


# Capital Expenditure, Depreciation and Amortization/ R&D Expenses

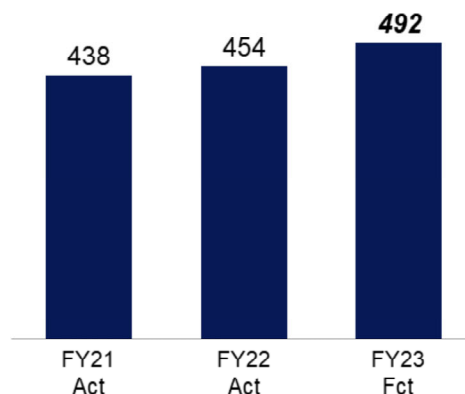


(100 Millions of Yen)

## 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.

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

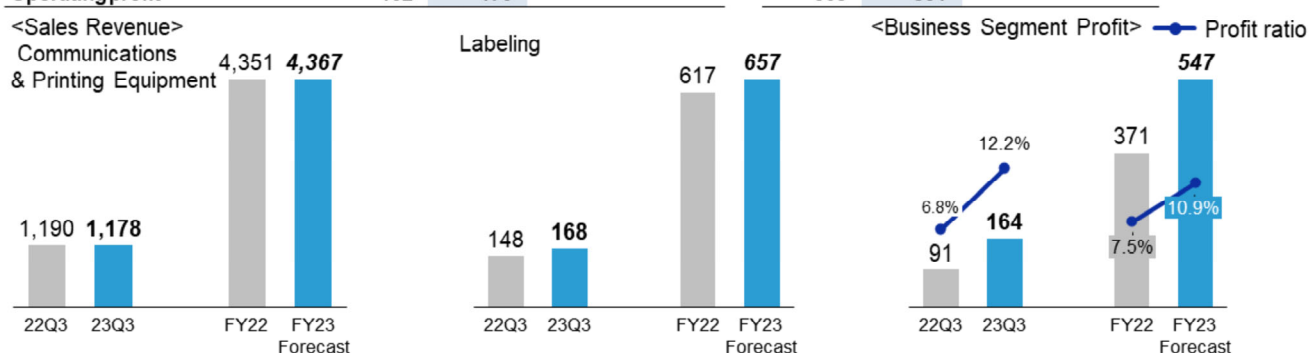
## Business Segment Information

# Printing & Solutions Sales Revenue & Profit

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(100 Millions of Yen)

	22Q3	23Q3	Change	Change w/o FX	FY22	FY23 Forecast	Change vs LY	Change w/o FX
<b>Sales revenue</b>	<b>1,337</b>	<b>1,346</b>	<b>0.7%</b>	<b>-3.8%</b>	<b>4,967</b>	<b>5,025</b>	<b>1.2%</b>	<b>-3.6%</b>
<b>Communications &amp; printing equipment</b>	<b>1,190</b>	<b>1,178</b>	<b>-1.0%</b>	<b>-5.4%</b>	<b>4,351</b>	<b>4,367</b>	<b>0.4%</b>	<b>-4.4%</b>
Americas	472	426	-9.9%	-11.5%	1,688	1,726	2.3%	-2.2%
Europe	369	396	7.2%	-2.5%	1,351	1,366	1.1%	-6.5%
Asia & others	217	222	2.4%	-1.1%	847	848	0.1%	-2.6%
Japan (incl. OEM)	131	134	2.5%	1.4%	464	428	-7.9%	-9.3%
<b>Labeling</b>	<b>148</b>	<b>168</b>	<b>13.9%</b>	<b>9.0%</b>	<b>617</b>	<b>657</b>	<b>6.6%</b>	<b>1.7%</b>
Americas	64	73	13.2%	11.3%	286	296	3.7%	-0.8%
Europe	49	55	11.3%	1.3%	186	208	11.5%	3.4%
Asia & others	23	29	23.5%	19.5%	98	104	5.8%	3.5%
Japan	11	12	8.8%	8.7%	46	49	6.2%	6.2%
<b>Business segment profit</b>	<b>91</b>	<b>164</b>	<b>80.6%</b>	<b>-</b>	<b>371</b>	<b>547</b>	<b>47.5%</b>	<b>-</b>
<b>Operating profit</b>	<b>102</b>	<b>170</b>	<b>65.6%</b>	<b>-</b>	<b>365</b>	<b>531</b>	<b>45.7%</b>	<b>-</b>



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19

In the P&S business, sales revenue in the third quarter was **134.6** billion yen. Growth on a local currency basis was negative 3.8 %.

## • Communications & printing equipment

Sales revenue was **117.8** billion yen. Growth on a local currency basis was negative 5.4%, due to sluggish market conditions mainly in the U.S.

The details are explained on the next page.

## • Labeling

Sales revenue was **16.8** billion yen.

Growth on a local currency basis was positive 9.0%, 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 **16.4** billion yen.

Despite increases in sales promotion and SG&A costs, business segment profit increased substantially due to lower logistics costs and higher consumables sales as well as positive foreign exchange effects.

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

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20

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

The laser (LBP) sales growth was negative 16% for hardware and positive 5% for consumables.

The rates for inkjet (IJP) sales were negative 8% for hardware and negative 4% for consumables.

## • Hardware

Sales of both lasers and inkjets were down, particularly in the U.S., and decreased in nearly all regions due to effects from sluggish markets.

## • Consumables

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

Sales of inkjets were down, mainly in developed countries.

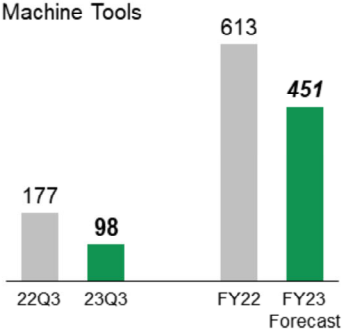
# Machinery Sales Revenue & Profit

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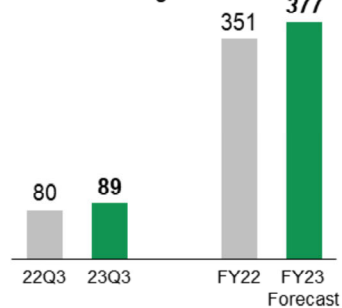
(100 Millions of Yen)

	22Q3	23Q3	Change	Change w/o FX	FY22	FY23 Forecast	Change vs LY	Change w/o FX
<b>Sales revenue</b>	<b>257</b>	<b>187</b>	<b>-27.2%</b>	<b>-28.8%</b>	<b>964</b>	<b>828</b>	<b>-14.1%</b>	<b>-16.2%</b>
<b>Machine tools</b>	<b>177</b>	<b>98</b>	<b>-44.9%</b>	<b>-45.4%</b>	<b>613</b>	<b>451</b>	<b>-26.4%</b>	<b>-26.8%</b>
Americas	13	8	-36.2%	-	41	35	-14.2%	-
Europe	12	7	-38.1%	-	38	36	-4.7%	-
Asia & others	123	55	-55.1%	-	432	254	-41.2%	-
Japan	30	27	-9.2%	-	103	126	23.2%	-
<b>Industrial sewing machines</b>	<b>80</b>	<b>89</b>	<b>12.4%</b>	<b>8.1%</b>	<b>351</b>	<b>377</b>	<b>7.4%</b>	<b>2.2%</b>
Americas	28	33	19.5%	16.9%	105	125	18.8%	13.1%
Europe	17	18	5.9%	-3.5%	74	86	16.4%	7.9%
Asia & others	31	33	8.1%	4.5%	155	146	-5.6%	-9.3%
Japan	4	5	22.7%	22.7%	17	20	15.7%	15.7%
<b>Business segment profit</b>	<b>28</b>	<b>7</b>	<b>-75.7%</b>	<b>-</b>	<b>95</b>	<b>35</b>	<b>-63.3%</b>	<b>-</b>
<b>Operating profit</b>	<b>26</b>	<b>6</b>	<b>-77.4%</b>	<b>-</b>	<b>98</b>	<b>37</b>	<b>-62.4%</b>	<b>-</b>

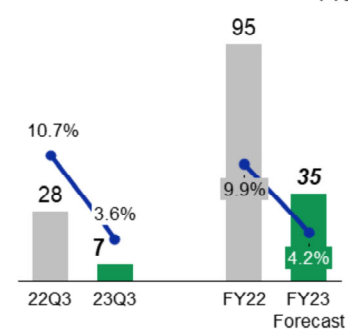
<Sales Revenue>  
Machine Tools



Industrial Sewing Machines



<Business Segment Profit> — Profit ratio



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21

In the Machinery business, sales revenue in the third quarter was **18.7** billion yen. Growth on a local currency basis was negative 28.8%.

## • Machine tools

Sales revenue was **9.8** billion yen. Growth on a local currency basis was negative 45.4%.

Capital investment demand in the automotive and general machinery markets was sluggish in China and Asia, resulting in a substantial decrease in sales revenue.

## • Industrial sewing machine

Sales revenue was **8.9** billion yen. Growth on a local currency basis was positive 8.1%.

With regard to industrial sewing machines, demand for capital investment among apparel manufacturers in Asia has continued to be sluggish. On the other hand, sales of garment printers increased mainly in the U.S.

Sales of industrial sewing machines overall increased, due in part to the positive impact of exchange rates.

Business segment profit was **0.7** billion yen.

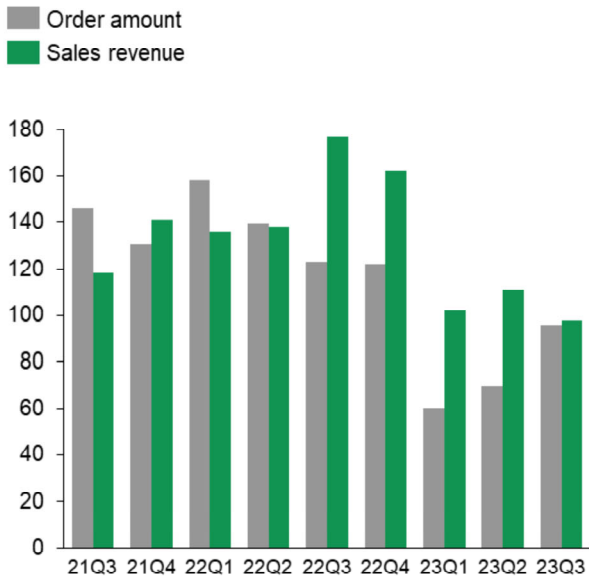
Business segment profit decreased substantially due to lower sales revenue.

# Machinery (Machine Tools) Order Trends

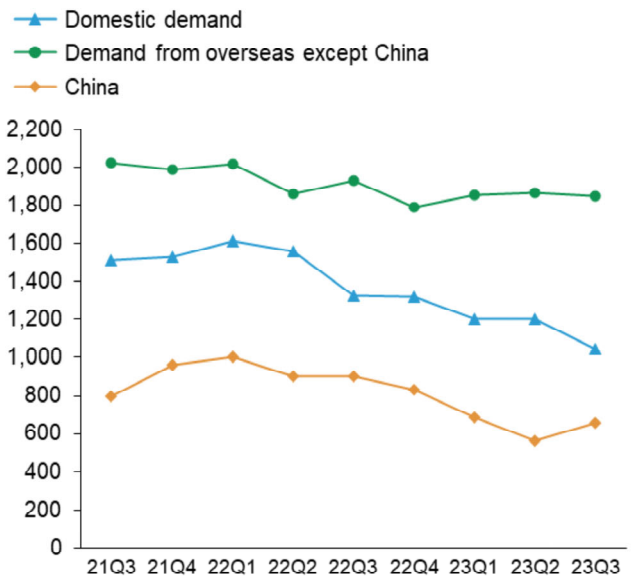


(100 Millions of Yen)

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, the speed of recovery is gradual and the impact of sluggish market conditions in China continues.

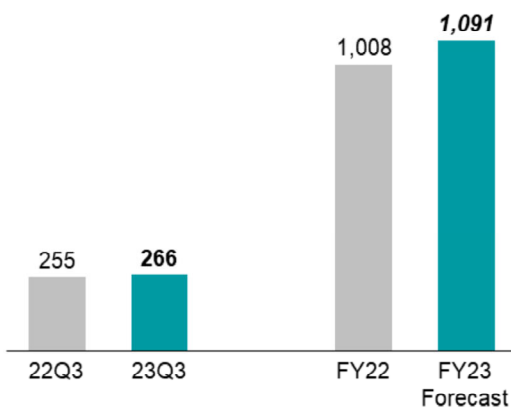
# Domino Sales Revenue & Profit

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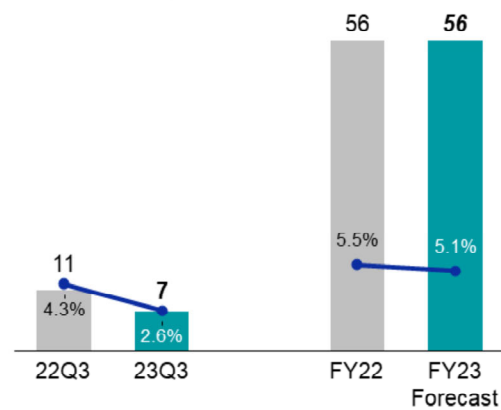
(100 Millions of Yen)

	22Q3	23Q3	Change	Change w/o FX	FY22	FY23 Forecast	Change vs LY	Change w/o FX
<b>Sales revenue</b>	255	266	4.4%	-1.6%	1,008	1,091	8.2%	3.1%
Americas	63	72	14.0%	-2.1%	243	275	13.3%	0.3%
Europe	108	111	2.1%	-1.2%	437	471	7.9%	3.4%
Asia & others	73	74	1.6%	-0.5%	288	306	6.5%	6.6%
Japan	10	9	-10.2%	-10.2%	41	39	-6.4%	-6.4%
<b>Business segment profit</b>	11	7	-38.7%	-	56	56	0.5%	-
<b>Operating profit</b>	3	2	-21.9%	-	-58	55	-	-

<Sales Revenue>



<Business Segment Profit> Profit ratio



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23

In the Domino business, sales revenue in the third quarter was **26.6** billion yen. Growth on a local currency basis was negative 1.6%.

In the hardware business, demand for capital investment softened, particularly in Europe, and sales of both C&M and DP decreased.

Consumables as a whole remained firm.

Overall, sales revenue increased due to positive foreign exchange effects.

Business segment profit was **0.7** billion yen.

Business segment profit decreased due to higher SG&A costs in conjunction with the reinforcement of sales activities and updating of backbone business systems as well as negative foreign exchange effects.

Operating profit was **0.2** billion yen due to foreign exchange losses.

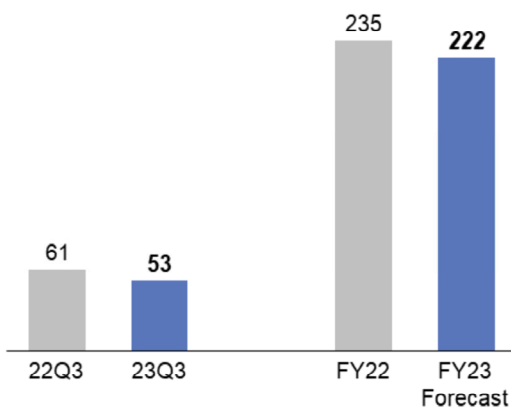
# Nissei Sales Revenue & Profit

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at your side

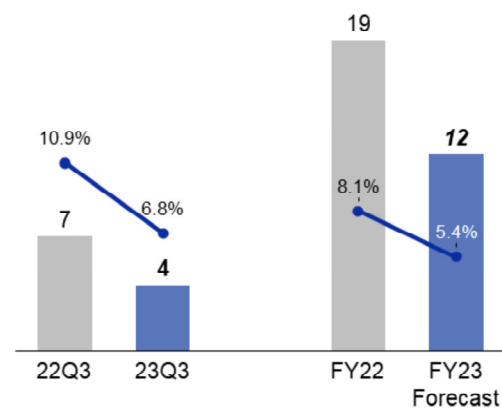
(100 Millions of Yen)

	22Q3	23Q3	Change	Change w/o FX	FY22	FY23 Forecast	Change vs LY	Change w/o FX
<b>Sales revenue</b>	61	53	-11.9%	-13.0%	235	222	-5.5%	-6.8%
Americas	11	8	-31.1%	-33.3%	38	37	-3.4%	-9.1%
Europe	-	-	-	-	-	-	-	-
Asia & others	10	9	-9.1%	-13.6%	37	36	-2.4%	-5.0%
Japan	40	37	-7.3%	-7.3%	160	149	-6.7%	-6.7%
<b>Business segment profit</b>	7	4	-45.1%	-	19	12	-36.9%	-
<b>Operating profit</b>	7	4	-44.2%	-	18	13	-28.5%	-

<Sales Revenue>



<Business Segment Profit> Profit ratio



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24

In the Nissei business, sales revenue in the third quarter was **5.3** billion yen. Growth on a local currency basis was negative 13.0%.

Sales of both reducers 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 **0.4** billion yen. Business segment profit decreased due to lower sales revenue.



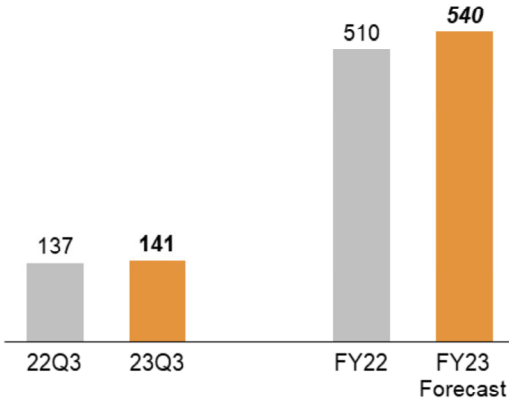
# Personal & Home Sales Revenue & Profit

brother  
at your side

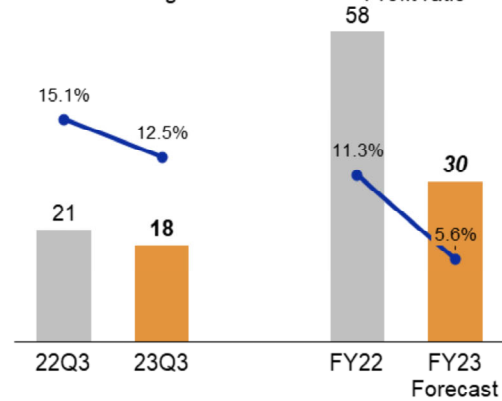
(100 Millions of Yen)

	22Q3	23Q3	Change	Change w/o FX	FY22	FY23 Forecast	Change vs LY	Change w/o FX
<b>Sales revenue</b>	<b>137</b>	<b>141</b>	<b>2.7%</b>	<b>-2.3%</b>	<b>510</b>	<b>540</b>	<b>5.9%</b>	<b>0.7%</b>
Americas	84	79	-6.1%	-9.4%	316	335	6.0%	0.8%
Europe	33	41	24.9%	13.6%	112	122	8.9%	1.1%
Asia & others	14	14	1.4%	-1.4%	52	54	2.6%	0.5%
Japan	6	7	7.5%	7.5%	29	29	-1.2%	-1.2%
<b>Business segment profit</b>	<b>21</b>	<b>18</b>	<b>-14.8%</b>	<b>-</b>	<b>58</b>	<b>30</b>	<b>-48.1%</b>	<b>-</b>
<b>Operating profit</b>	<b>21</b>	<b>17</b>	<b>-17.9%</b>	<b>-</b>	<b>59</b>	<b>30</b>	<b>-48.7%</b>	<b>-</b>

<Sales Revenue>



<Business Segment Profit> Profit ratio



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25

In the P&H business, sales revenue in the third quarter was **14.1** billion yen. Growth on a local currency basis was negative 2.3%.

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

Business segment profit was **1.8** billion yen.

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

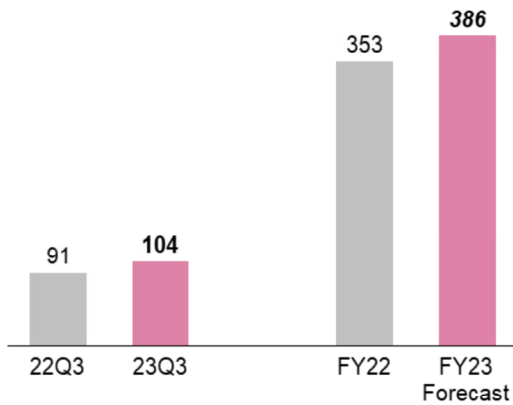
# Network & Contents Sales Revenue & Profit

brother  
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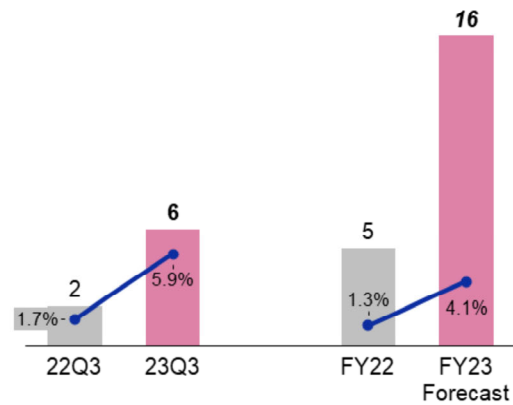
(100 Millions of Yen)

	22Q3	23Q3	Change	FY22	FY23 Forecast	Change vs LY
Sales revenue	91	104	14.7%	353	386	9.5%
Business segment profit	2	6	Approx. 4.1X	5	16	Approx. 3.5X
Operating profit	1	6	Approx. 6.1X	8	16	Approx. 2.0X

<Sales Revenue>



<Business Segment Profit> — Profit ratio



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26

In the N&C business, sales revenue in the third quarter was **10.4** billion yen, a year-on-year increase of 14.7%.

Sales revenue increased due to higher sales of karaoke systems with the introduction of new products and higher sales at karaoke clubs as a result of a recovery in customer traffic in conjunction with the classification of COVID-19 being changed to a lower level in Japan.

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

Although SG&A costs increased in conjunction with the introduction of new products, business segment profit increased as a result of the effects of higher sales.

## Topics

# BROTHER INDUSTRIES (PHILIPPINES) Acquires RBA Platinum Certification



BROTHER INDUSTRIES (PHILIPPINES), INC., which produces P&S products, acquired RBA platinum certification. It is the Brother Group’s third site to acquire RBA certification and the second to acquire platinum certification.

## ■ BROTHER INDUSTRIES (PHILIPPINES), INC. 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.
- 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 INDUSTRIES (PHILIPPINES)



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**

Date	Site	Certification acquired
September 2022	BROTHER INDUSTRIES (VIETNAM) LTD.	Gold
October 2023	BROTHER TECHNOLOGY (SHENZHEN) LTD.	Platinum
November 2023 (current)	<b>BROTHER INDUSTRIES (PHILIPPINES), INC.</b>	<b>Platinum</b>

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.

BROTHER INDUSTRIES (PHILIPPINES), INC., which produces P&S products, recently acquired RBA platinum certification.

This is the third Brother Group site to acquire RBA certification, following BROTHER INDUSTRIES (VIETNAM) LTD., which has acquired gold certification, and BROTHER TECHNOLOGY (SHENZHEN) LTD., which has acquired platinum certification, and is the second site to acquire platinum certification.

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.

Going forward, we will continue our efforts throughout the supply chain to contribute to the development of a sustainable society.

# BROTHER INDUSTRIES (PHILIPPINES) Completes New Factory Building



The new factory building of BROTHER INDUSTRIES (PHILIPPINES), INC. has been completed. As a multi-functional site, it will aim to respond flexibly to changes in the business environment.

- The new factory building (Factory No. 3) of BROTHER INDUSTRIES (PHILIPPINES), INC., which produces P&S products, was completed in January 2024.
- Investment amount: Approx. 9 billion yen



BROTHER INDUSTRIES (PHILIPPINES) Factory No. 3

**As a multi-functional site, it will respond flexibly to changes in the business environment**

Increased production capacity

Flexible production of various P&S products

BCP support through parts and products warehousing functions

Use of renewable energy from solar panels

The new factory building (Factory No. 3) of BROTHER INDUSTRIES (PHILIPPINES), INC., which produces P&S products, was completed in January 2024.















The new factory is able to produce a variety of products and is also equipped with warehousing functions to store parts and products in support of BCP.

In addition, solar panels were installed on the rooftop. The production capacity of the solar panels is 3,736 MWh annually, accounting for approximately 40% of the total power generating capacity at Brother Group sites.

Not only will the new factory respond to production increases, but as a multi-functional site, it will respond flexibly to future changes in the business environment.

**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	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 &amp; 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										